



STATE OF GEORGIA  
2023 QUALIFIED ALLOCATION PLAN  
**Georgia Housing Credit Program**



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STATE OF GEORGIA 2023  
QUALIFIED ALLOCATION PLAN

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# Core Plan

## I. 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. 50-26-8(a)). As required by §42(m)(1) of the Code, GHFA approved this 2023 Qualified Allocation Plan (QAP) after extensive public consultation including three public hearings, one through an online webinar as well as in-person hearings in Atlanta and Dublin, and a thirty-day public comment period. The final 2023 QAP has been approved by the Board of Directors of GHFA and the Governor of the State of Georgia.

The purpose of the 2023 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 Housing and Finance Authority for the State of Georgia.
- Selection criteria.
- Process for evaluating funding requests and awarding of resources.

## II. 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.

**“Adaptive Reuse”** means a proposed development that will be repurposed from what it was originally built and designed for. Except where stated otherwise, rehabilitation requirements in *Threshold* apply to Adaptive Reuse projects.

**“Adjacent”** means either immediately contiguous to or abutting a neighboring property, lot or walkway, and excludes property, lots, or walkways across the street from, or diagonally opposite across an intersection from the subject property, lot, or walkway.

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

**“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 for purposes of a competitive process.

**“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.

**“Atlanta Metro Pool”** refers to a geographic boundary defined by the following counties: Fulton, DeKalb, Gwinnett, and Cobb. Applications within one of these four counties are considered in the Atlanta Metro Pool regardless of whether they are also in an USDA-eligible area.

**“Bond Allocation”** means tax-exempt private activity bond volume made available for rental housing which will generate the 4% Credit.

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

**“CDBG-DR”** means Community Development Block Grant Disaster Recovery.

**“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.

**“Code”** means Internal Revenue Code (IRC).

**“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, resident certification consultants. All consulting fees are considered part of the calculation of the maximum allowable developer fee for each project.

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

**“Credit(s)”** means the Federal and State Housing Tax Credit program.

**“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 and 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. Any Person that receives more than 5% of the developer fee including “consultants” are considered in any QAP provision which relates to “caps”.

**“Disabled Person”** 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.

**“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).

**“Extended Use Period”** means the period beginning on the 1st day in the Compliance Period 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 4% Credit and/or 9% Credit, as specified or implied in context.

**“Federal Financial Institutions Examination Council (FFIEC)”** means the interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions.

**“General Partner”** means the General Partner in the Owner 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 General Partner entity. The term also means the managing member of a limited liability company.

**“GHFA”** means the Georgia Housing and Finance Authority.

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

**“HOME Loans”** means DCA’s HOME Investment Partnership Program loans.

**“HOME Regulations”** means the regulations at 24 CFR Part 92 governing the use of HOME funds, promulgated by HUD, including any subsequent amendments to such regulations.

**“Housing for Older Persons”** means housing intended and operated for occupancy by persons 55 years of age or older (“Older Persons”). At least 80% of the total occupied units in such a housing

development must be occupied by at least one Older Person. Owners 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. This definition also includes Public Housing properties that have combined Older Persons with disabled residents in accordance with HUD program requirements.

**“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, financial support, 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 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)).

**“Interest - Direct or Indirect”** refers to a person or entity having ownership, financial or controlling interest in another entity.

**“IRS”** means the Internal Revenue Service.

**“Letter of Determination (LOD)”** means a notice issued by GHFA to the issuer of tax exempt bonds for a specific project, which states that the project is eligible for 4% Credits and sets forth conditions which must be met before GHFA will issue the IRS Form(s) 8609.

**“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 of a HOME-funded project.

**“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.

**“Major Project Failure”** means foreclosure of an affordable housing property or significant non-compliance resulting in loss of affordability or credit recapture.

**“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.

**“Metro Pool”** means the Atlanta Metro Pool or Other Metro Pool.

**“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.

**“New Supply”** means Applications proposing new construction or Adaptive Reuse.

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

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

**“Other Metro Pool”** refers to all areas not located in the Rural Pool or Atlanta Metro Pool.

**“Owner”** means the single purpose legal entity holding title to the property.

**“Period of Affordability”** means the time during which HOME Loan financed units must remain affordable to eligible households, as defined by HOME program regulations or the term of the HOME Loan, whichever is greater.

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

**“Plan”** means this 2023 Qualified Allocation Plan.

**“Preservation”** means either of the following:

- substantial rehabilitation of existing housing units
- demolition and reconstruction of housing units on the same site

**“Principal”** means an individual who has at least a direct ownership interest in the general partner or developer entity and who materially participates in the ownership, development and operation of the

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

**“Project Participants”** mean the Owner, Developer, Management Company, Consultants, and Syndicator.

**“Project Team”** means the General Partner, Developer, Consultant and the Principal(s) thereof for a proposed tax credit project. For purposes of project participant qualifications, consultants with less than 5% interest in the project are not considered members of the Project Team.

**“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.

**“RAD”** means the HUD Rental Assistance Demonstration program.

**“Rural”** means those areas designated by USDA as being eligible Rural areas. A list of USDA Rural areas can be accessed on the USDA website at <http://eligibility.sc.egov.usda.gov/>

**“Rural Pool”** refers to all USDA eligible areas except those located within the Atlanta Metro Pool.

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

**“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 program income from the Tax Credit Assistance Program.

**“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.

### III. STATE PRIORITIES

DCA Housing Strategic Goals:		
Increasing access to thriving communities through outreach and development in areas of opportunity	Partnering across Georgia to grow and achieve local visions for strong communities	Fostering inclusive communities free of barriers to individuals underserved by existing housing programs
<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 measurable 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>

1. Integrated Housing Opportunities for Persons with Disabilities:

DCA has a strong commitment to provide Integrated Housing options for Persons with Disabilities. DCA’s commitment to provide a full range of housing options drives the decision to focus funding on 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 residents 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 congregated housing for Persons with Disabilities.)

2. Health Outcomes for Residents:

Physical and mental health are necessities for thriving individuals and families. The location where a household lives strongly influences household health through components like access to quality care,

education, and healthy foods. In addition, safe, quality affordable housing provides the foundation and central location for encouraging healthy lifestyles. As such, DCA has a strong commitment to encouraging better health outcomes for residents through site selection, site design, community partnerships, and focused services.

### 3. 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.

### 4. 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 residents. 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.

### 5. Innovation:

Resources for affordable housing have been significantly reduced while the need for housing Georgia's residents including seniors, persons with special needs, re-entering citizens, 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, place-based strategies, cost-effective delivery of services, and new building techniques can be an important part of broader or comprehensive neighborhood improvement. Innovations can also work to mitigate barriers for individuals that face difficulties in obtaining safe, quality affordable housing, such as re-entering citizens who may need more individualized resident screen criteria. These strategies have the capability to fundamentally change the character of a neighborhood through measurable community impact.

### 6. 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.

## IV. DISCRETION

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In the process of administering the Federal Credit Program, DCA will make decisions and interpretations regarding project Applications and the 2022 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 Federal Credits and to take all other actions and impose all other conditions which are required by federal law or which DCA determines are necessary or convenient. Such conditions may include barring or limiting applicants from participation and imposing more stringent conditions.

DCA may require additional explanation, documents, or information pertaining to any portion of an Application even if not specifically required in the QAP. DCA will not fund or select projects that are not financially viable and sustainable for the entire Extended Use Period or that constitute a waste or risk to state resources and/or assets, regardless of their competitive score.

DCA may interpret or provide guidance on the QAP 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 analysis of submitted Applications.

## V. APPLICATION DESIGNATIONS

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DCA applies the below designations to ensure policies can be adjusted to differing development contexts.

### A. New Supply and Preservation Competitions

- The 9% and 4% Credits competitions involve separate rankings based on the construction type (see “New Supply” and “Preservation” definitions).
- Applications proposing a mix of New Supply and Preservation will be assigned to a competitive ranking based upon which construction type applies to the majority of units in the proposed development.

### B. Geographic Pools

- DCA assigns Applications to a geographic pool based on the site location (see “Rural,” “Other Metro,” and “Atlanta Metro” definitions).
- For certain Scoring Criteria, the requirements vary by the geographic pool.

## VI. 9% FEDERAL CREDIT COMPETITIVE ROUND

### A. 9% Credits Competitive Round Timeline

Submission	Timeline
<b>Pre-Application Deadline</b>	Deadline: March 3, 2023 at 5:00 pm
<b>Intent to Apply</b>	Deadline: April 19, 2023 at 5:00 pm
<b>Full Application Deadline</b>	Deadline: May 19, 2023 at 5:00 pm

### B. Application and Award Limitations

#### 1. Maximum Number of Applications

Each Developer may submit no more than four (4) Applications for 9% Credits in which they have direct or indirect interests. This limitation applies to Ownership interests of all proposed Project Participants except for Syndicators and Management Companies. If it is determined that a Project Participant has proposed Ownership interests in excess of the above limitations, DCA will only evaluate the first submissions up to the applicable limitation. Any other Applications which include the same Project Participant will be considered ineligible and will not be evaluated.

#### 2. 9% Round Award Limitations

##### a) Project Limitations

DCA will not award more than the following 9% Credit amounts to an Application:

Application Type	Credit Award Limit
Preservation Set Asides	\$1,035,000
(New Supply) Atlanta Metro or Other Metro Pool	\$1,150,000
(New Supply) Rural Pool	\$1,035,000

##### b) Maximum Ownership/Development Interests

All Applicants may have direct or indirect Ownership/Development interest in a maximum of two (2) selected projects in which the combined total Federal Credit from the 2022 competitive funding round cannot exceed \$2,100,000. This limitation applies to all proposed Project Participants except Syndicators and Management Companies. For non-profit Applicants, DCA will make the determination based on Executive Directors,

common threads of effective control, and whether different non-profit entities have met DCA Qualification requirements through the same individuals or entities.

DCA generally encourages entities that have insufficient technical expertise and/or experience to partner with Certifying Entities to gain experience and capacity in the Tax Credit program. DCA may, but is not required to, grant a waiver of development/credit award limitations for the proposed certifying partner.

## C. Application Requirements

### 1. Pre-Application Requirements

Application Type	Pre-Application Requirements
All applications	<ul style="list-style-type: none"> <li>• Requests to waive any requirements listed in the QAP and documentation supporting the request. Examples include:               <ul style="list-style-type: none"> <li>○ Architectural standards waiver</li> <li>○ Accessibility waiver</li> <li>○ Underwriting waivers</li> </ul> </li> <li>• QAP Scattered Site Legal Opinion with completed QAP Conceptual Site Development Plan, if applicable</li> <li>• (optional) Amenity Request</li> <li>• Request for state-designated basis boost (“extraordinary circumstances” only), if applicable</li> <li>• (optional) All documentation necessary to pass <b>(Threshold Criteria) Experience, Capacity, and Performance Requirements for General Partner and Developer Entities</b> <ul style="list-style-type: none"> <li>○ Applicants that wait to submit this information with their Full Application are at greater risk of failing Threshold or receiving point deductions under <b>(Scoring Criteria) Application Completeness.</b></li> </ul> </li> <li>• All documentation necessary to meet requirements for <b>(Scoring Criteria) Minority- and Women-Owned Business Engagement</b>, if seeking points under the “Project Team Eligibility” option.</li> </ul>
New Supply	<ul style="list-style-type: none"> <li>• Applications proposing adaptive re-use or rehabilitation for any units must submit the following, if requesting architectural standards waivers for said units:               <ul style="list-style-type: none"> <li>○ DCA Rehabilitation Work Scope Form</li> <li>○ DCA Physical Needs Assessment Fannie Mae Forms</li> <li>○ Physical Needs Assessment report</li> </ul> </li> <li>• No additional requirements for applications proposing new construction only</li> </ul>
Preservation	<ul style="list-style-type: none"> <li>• All documentation necessary to meet requirements for <b>Threshold Criteria, Occupied Developments</b></li> <li>• If requesting architectural standards waivers:               <ul style="list-style-type: none"> <li>○ DCA Rehabilitation Work Scope Form</li> <li>○ DCA Physical Needs Assessment Fannie Mae Forms</li> <li>○ Physical Needs Assessment report</li> </ul> </li> </ul>

## 2. Intent to Apply

The Intent to Apply is a short survey response covering basic development information including but not limited to Applicant information, site location, and funding requested. This survey supports DCA staff planning for competitive rounds.

## 3. Full Application

Under the 9% Credits Competitive Round, a Full Application comprises both:

- All documentation necessary to meet all Threshold Criteria applicable to the development
- All documentation necessary to meet any Scoring Criteria for which the Application is claiming points

### Threshold Criteria

Application Type	Threshold Criteria Applicability
<b>All applications</b>	<ul style="list-style-type: none"> <li>• Project Feasibility</li> <li>• Tenancy Characteristics</li> <li>• Required Services</li> <li>• Market Feasibility</li> <li>• Appraisals</li> <li>• Environmental Requirements</li> <li>• Site Control</li> <li>• Site Access</li> <li>• Required Amenities</li> <li>• Site Information and Conceptual Site Development Plan</li> <li>• Building Sustainability</li> <li>• Accessibility Standards</li> <li>• Architectural Design &amp; Quality Standards</li> <li>• Experience, Capacity, and Performance Requirements</li> <li>• Affirmatively Furthering Fair Housing</li> <li>• Optimal Utilization of Resources (DCA determination)</li> <li>• If applicable:                             <ul style="list-style-type: none"> <li>○ Eligibility for Credit under the Non-profit Set Aside</li> <li>○ Required Legal Opinions</li> <li>○ Occupied Developments</li> </ul> </li> </ul>
<b>Additional requirements for New Supply</b>	<ul style="list-style-type: none"> <li>• Site zoning</li> <li>• Operating Utilities</li> <li>• Public Water/Sanitary Sewer</li> </ul>

Application Type	Threshold Criteria Applicability
<b>Additional requirements for Preservation</b>	<ul style="list-style-type: none"> <li>• Rehabilitation Standards</li> <li>• Eligibility for Credit under the Preservation Set Aside</li> </ul>
<b>Construction type combination</b>	<ul style="list-style-type: none"> <li>• Applications proposing a mix of New Supply and rehabilitation should review all Threshold Criteria to determine whether requirements from the competition that they are not competing under (New Supply or Preservation) apply.</li> </ul>

### Scoring Criteria

Application Type	Scoring Criteria Applicability
<b>All applications</b>	<ul style="list-style-type: none"> <li>• Application Completeness (DCA determination)</li> <li>• Extended Affordability Commitment</li> <li>• Internet Access</li> <li>• Minority and Women-Owned Business Engagement</li> <li>• Enriched Property Services</li> <li>• Exceptional Nonprofit/Public Housing Authority</li> <li>• DCA Community Initiatives</li> <li>• Favorable Financing</li> <li>• Compliance Performance</li> <li>• Integrated Supportive Housing</li> </ul>
<b>New Supply</b>	<ul style="list-style-type: none"> <li>• Deeper Targeting / Rent / Income Restrictions</li> <li>• Desirable/Undesirable Activities</li> <li>• Community Transportation Options</li> <li>• Quality Education Areas</li> <li>• Revitalization/Redevelopment Plans</li> <li>• Community Transformation</li> <li>• Stable Communities</li> <li>• Mixed Income Developments</li> <li>• Phased Developments</li> <li>• Previous Projects</li> <li>• Community Designations</li> <li>• Historic Preservation</li> </ul>

Application Type	Scoring Criteria Applicability
<b>Preservation</b>	<ul style="list-style-type: none"> <li>• Occupancy</li> <li>• PBRA Contracts</li> <li>• Property Restrictions and Age</li> <li>• Market Characteristics</li> <li>• Tiebreaker Information (subsection "Preservation Priority")</li> </ul>

## D. Set Asides and Allocation Targets

### 1. Non-Profit Set Aside

DCA will set aside 10% of the available 9% Credits for non-profit sponsored Applications.

### 2. General Set Aside

DCA may award up to \$1,150,000 of 9% Credits to an Application it determines will further its mission, goals, initiatives, set asides and/or priorities, irrespective of the ranking by the evaluation factors. The General Set Aside award must be approved by the DCA Commissioner. The designation of the General Set Aside may be made either during Application review or within 45 days of the announcement of awards.

### 3. Preservation Set Asides

#### a) USDA-assisted Housing

DCA may award one Application that proposes rehabilitation of USDA Rural Development Section 515 properties.

#### b) Housing Tax Credit Properties

DCA may award four Applications proposing rehabilitation of existing occupied housing in its Extended Use Period. DCA will not select more than one award per county.

#### c) HUD-assisted Housing

DCA may award one Application proposing rehabilitation of an existing property that is either:

- Subsidized by an existing contract for federal project-based rental assistance administered by HUD or a PHA, or;
- Undergoing a Rental Assistance Demonstration program conversion.

### 4. Disaster Rebuilding Set Aside

DCA may award 9% Credits to up to three (3) Applications which will help communities respond to damage for disaster events in areas which received or will receive CDBG-DR funding. Scoring Criteria in the QAP will not apply. DCA may develop separate scoring criteria

for this set aside. Selected developments will not be considered in the QAP geographic limitations.

### 5. Broad Geographic Distribution of New Supply

In determining awards, DCA will target the below geographic allocation targets in the New Supply competition. The percentage of credits may vary slightly depending on actual awards and credits allocated. DCA will attempt to minimize the difference between the assigned percentage and the actual credits allocated per pool.

<b>Geographic Pool</b>	<b>Target Allocation of 9% Credits: New Supply competition</b>
<b>Rural</b>	35%
<b>Other Metro</b>	35%
<b>Atlanta Metro</b>	30%

### E. State-Designated Basis Boost

Projects may receive an allocation of 9% Credit based upon 130% of the eligible basis. The minimum request is 10% and must be on a full percentage point. DCA will determine the need at Application Submission and again at final project allocation application.

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

- Multifamily Rural projects without DCA HOME as a source.
- 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).
- Extraordinary circumstances not expected or usual for the development of an affordable multifamily tax credit property (does not include low rents, high utility costs, and proximity to a QCT).

All requests for the state-designated basis boost must indicate which category (or categories) and include any supporting documentation.

Requests under extraordinary circumstances must be made at the time of Pre-Application or after selection of an Application.

DCA will require projects defer 1% of the total Developer Fee for every 1% in state-designated basis boost granted unless the project receives a new loan or grant from an independent non-related party equal to at least 30% of the total developer fee (does not include assuming an existing loan). Applicants with USDA 515 funding may request that DCA waive the matching deferred developer fee.

## F. Evaluation of 9% Credit Competitive Applications

### 1. Completeness Review

DCA will review Applications for completeness, including but not limited to:

- Organization of electronic Application Submission.
- Inclusion of all required Application forms.
- Submission of all required supporting documents.
- Completed Electronic Core Application.

DCA may determine substantially incomplete Applications to be ineligible.

### 2. Threshold Review

DCA staff will only conduct a Threshold Criteria review for Applications that DCA has determined are complete and will score highly enough to have a reasonable chance of receiving an award.

If DCA identifies Application deficiencies for any Threshold Criteria, DCA will notify Applicants in writing (by email) of specific requirement(s) that the Application did not meet. An Applicant may respond in writing within five business days from the date of the DCA's preliminary Threshold failure notification letter with a clear and specific explanation of why the initial determination was incorrect. DCA will then make a final determination. Applicants will have the right to appeal a Threshold Failure under the DCA appeal procedures.

*Threshold Deficiencies:* DCA may request correction or clarification for administrative deficiencies in an email to the Applicant.

Applicants receiving a clarification request have five business days to supply missing or incomplete information and respond to the specific items identified. Responses cannot modify an Application or provide materials that did not exist prior to submission and will not affect scoring.

### 3. Scoring

DCA will score complete Applications. DCA will provide Applicants the preliminary results of the Competitive Scoring, and Applicants will have a forty-eight (48) hour period to respond with opinions. Applicants may not submit additional items. DCA will review responses prior to assigning each project its final score.

### 4. Selection

#### a) Competitive Application Selection for the New Supply Competitive Process

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 Application receives a competitive score in the

same market area and will serve the same tenancy, DCA will select the higher scoring Application. For purposes of this subsection, Family, Elderly, HFOP, and Other are each distinct tenancies.

#### b) **Sequence of Competitive Round Award Determinations**

DCA will determine awards between set asides and pools in the order below. Except where stated otherwise, this order will determine all 9% Competitive Round outcomes dependent on decisions within another pool or set aside, including but not limited to tiebreakers, if applicable.

- **Preservation Set Asides**
  - USDA-assisted Housing
  - Housing Tax Credit
  - HUD-assisted Housing
- **New Supply**
  - Rural Pool
  - Other Metro Pool
  - Atlanta Metro Pool
- If the non-profit set aside is not met after the above award determinations, DCA will select the highest-scoring eligible non-profit sponsored applications from the New Supply competition in the following pools order until the set aside percentage is reached:
  - Rural Pool
  - Other Metro Pool
  - Atlanta Metro Pool

#### c) **Geographic Allocation Limitations for Projects selected in the New Supply Competitive Process**

- DCA will not select more than one phase of a planned multi-phase development.
- DCA will select only one Rural Application located in the same Local Government Boundary.
- DCA will select up to two Metro Pool Applications located in the same Local Government Boundary.
- DCA will allocate up to 10% of Credits, excluding set asides, among Applications for funding in the City of Atlanta. DCA will not award less than an Applicant's 9% Credit request to reach this cap.

#### d) **Tie-breakers**

If necessary, DCA will use these tiebreakers in the order presented.

- First selected Application for the Project Team in this round. DCA will determine “first selected Application” by assessing if the Project Team has any other Applications that will be funded regardless of tie-breakers in another Geographic Pool or Set Aside.
- Application receives points under **(Scoring Criteria) Enriched Property Services**, subsection “A. Owner-provided Services”
- Earlier year of the most recent 9% Credits award for the Local Government Boundary.
- For ties between Preservation applications:
  - Soonest year that all Housing Credit, HUD, and/or USDA affordability restrictions are set to expire
  - “Preservation Priority” narrative, see **(Scoring Criteria) Tiebreaker Information**
  - Occupancy rate of comparable properties, see **(Scoring Criteria) Market Characteristics**
  - Rent advantage, see **(Scoring Criteria) Market Characteristics**
- Applications that use the least amount of 9% Credits per low-income unit.
- Applicants with documentation that the property will reduce public housing waiting lists.

## 5. Special Allocation Considerations

DCA may allocate 9% Credits up to the first day of the Pre-Application deadline based on the prior year’s allocation plan with all applicable terms and conditions to projects that received an allocation in the prior year.

## 6. Reconsideration/Appeal Process

An Applicant may use the following process to request further review for Competitive Round Applications for a Threshold determination or a point deduction only if a reversal of the DCA initial decision would result in an award and the Application’s self-score was sufficient to be selected.

- a) The Request for Reconsideration is in writing, submitted within fourteen (14) calendar days from the date on the notice of a final Threshold determination or notification of a 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.
- b) DCA will schedule a meeting with the Applicant.
- c) DCA will issue a decision and notify the Applicant.
- d) 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. The review will consider only documentation that meets the requirements of the QAP and submitted with the Application or as part of a Threshold clarification.
- e) The burden of proof is on the Applicant to prove that DCA’s decision was incorrect.
- f) The Appeal Review meeting may be recorded and available for transcription upon Applicant’s request.
- g) The decision of the Appeal Review Committee is the final decision of DCA and not subject to further internal review.
- h) The administrative procedures for Appeal meetings can be found on the DCA website.

**7. Final Notification**

DCA will provide the final results of the Competitive Scoring process to all Applicants after the process has been completed.

**VII. 4% FEDERAL CREDIT – BOND FINANCED PROJECTS**

This section reflects the DCA implementation of **2020 Georgia Code, Title 36 Local Government, Chapter 82 Bonds, Article 8 - Georgia Allocation System** as it pertains to bonds issued to support rental housing development.

**A. 4% Credits/Bonds Competitive Round Timeline**

Submission or Event	Timeline
<b>DCA Announcement : Competitive Review Application Deadline</b>	At least 120 days prior to deadline
<b>Intent to Apply</b>	One month prior to Competitive Review Application deadline
<b>Competitive Review Application Deadline</b>	Deadline to be announced
<b>Pre-Application Deadline</b>	Deadline: 40 days following selection notice
<b>Full Application Deadline</b>	Deadline: 60 days following DCA Pre-Application Approval

**B. Application and Award Limitations**

- a) Application Limitations
  - Two Competitive Review Submissions per qualified Developer. A Developer may submit one additional Submission if submitting under a joint venture with either of the following:
    - A Developer qualifying under Probationary Participation who currently owns and operates at least one Successful Tax Credit Project.
    - Public Housing Authority
  - Joint ventures between two fully Qualified Developers may submit three Competitive Review Applications.
- b) Award Limitations
  - Applicants may have direct or indirect Ownership/Development interest in a maximum of two (2) selected Competitive Review Applications.
- c) The above limitations apply to Ownership interests of all proposed Project Participants except for Syndicators and Management Companies. If DCA determines that a Project

Participant has proposed Ownership interests in excess of the above limitations, only the first submission will be eligible.

## C. Application Requirements

### 1. Intent to Apply

The Intent to Apply is a short survey response covering basic development information including but not limited to Applicant information, site location, and funding requested. This survey supports DCA staff planning for competitive rounds.

## 2. Competitive Review Application Requirements

### Threshold Criteria

Application Type	Competitive Review Application: Threshold Criteria Required
<b>All applications</b>	<ul style="list-style-type: none"> <li>• Market Feasibility</li> <li>• Environmental Requirements                             <ul style="list-style-type: none"> <li>○ USDA Portfolio Set Aside Applications can meet this requirement at Full Application.</li> </ul> </li> <li>• Site Control</li> <li>• Experience, Capacity, and Performance Requirements for General Partners and Developer Entities</li> <li>• Optimal Utilization of Resources (DCA determination)</li> <li>• Additional Requirements for 4% Credits/Bonds Competitive Review Applications</li> <li>• Occupied Developments (if applicable)</li> </ul>
<b>New Supply</b>	<ul style="list-style-type: none"> <li>• Site Zoning</li> <li>• Public Water/Sanitary Sewer</li> <li>• Operating Utilities</li> </ul>
<b>Preservation</b>	<ul style="list-style-type: none"> <li>• Applications proposing a mix of New Supply and rehabilitation must also complete:                             <ul style="list-style-type: none"> <li>○ Site Zoning</li> <li>○ Public Water/Sanitary Sewer</li> <li>○ Operating Utilities</li> </ul> </li> </ul>

### Scoring Criteria

Application Type	Competitive Review Application: Scoring Criteria
<b>All applications</b>	<ul style="list-style-type: none"> <li>• Application Completeness</li> <li>• Extended Affordability Commitment</li> <li>• Internet Access</li> <li>• Minority and Women-Owned Business Engagement</li> <li>• Favorable Financing</li> <li>• Compliance Performance</li> <li>• Deeper Targeting / Rent / Income Restrictions (subsection "Deeper Targeting Through New PBRA Contracts" only)</li> <li>• Integrated Supportive Housing</li> <li>• Tiebreaker Information, subsection "Readiness to Proceed"</li> </ul>

Application Type	Competitive Review Application: Scoring Criteria
<p><b>New Supply</b></p>	<p>Applicants may claim points in any of the below Scoring Criteria related to site characteristics. However, no more than 33 points overall from these criteria will contribute towards the application score:</p> <ul style="list-style-type: none"> <li>• Desirable/Undesirable Activities</li> <li>• Community Transportation Options</li> <li>• Quality Education Areas</li> <li>• Revitalization/Redevelopment Plans</li> <li>• Stable Communities</li> <li>• Community Designations</li> </ul>
<p><b>Preservation (excluding USDA "Portfolio" Set Aside)</b></p>	<ul style="list-style-type: none"> <li>• Occupancy</li> <li>• PBRA Contracts</li> <li>• Property Restrictions and Age</li> <li>• Market Characteristics</li> <li>• Tiebreaker Information, subsection "Preservation Priority"</li> </ul>
<p><b>USDA "Portfolio" Set Aside</b></p>	<p>Applications also claim points in:</p> <ul style="list-style-type: none"> <li>• USDA "Portfolio" Additional Criteria</li> </ul> <p>Further, the following Scoring Criteria will be evaluated as follows:</p> <ul style="list-style-type: none"> <li>• PBRA Contracts: based on total number of PBRA units</li> <li>• Property Age: based on average for all buildings</li> <li>• Occupancy: average for all buildings</li> </ul>

### 3. Pre-Application Requirements

If selected under the Competitive Review Process, Applicants must submit a complete Pre-Application by the deadline indicated at the top of this section. DCA may revoke selection under the Competitive Review process for failure to meet this deadline.

Application Type	Pre-Application Requirements
<b>All applications</b>	<ul style="list-style-type: none"> <li>• Requests to waive any requirements listed in the QAP and documentation supporting the request. Examples include:                             <ul style="list-style-type: none"> <li>○ Architectural standards waiver</li> <li>○ Accessibility waiver</li> <li>○ Underwriting waivers                                     <ul style="list-style-type: none"> <li>▪ Projects with a commitment for at least 15-year project based rental assistance from HUD or USDA for the majority of units may request waivers of underwriting requirements based on written confirmation from the federal agency that the conditions requiring a waiver of QAP requirements have been approved. DCA may rely on third party reports accepted by the federal agency.</li> </ul> </li> </ul> </li> <li>• Optional Amenity Request</li> <li>• QAP Scattered Site Legal Opinion with completed QAP Conceptual Site Development Plan, if applicable</li> </ul>
<b>New Supply</b>	<ul style="list-style-type: none"> <li>• Applications proposing adaptive re-use or rehabilitation for any units must submit the following, if requesting architectural standards waivers for said units:                             <ul style="list-style-type: none"> <li>○ DCA Rehabilitation Work Scope Form</li> <li>○ DCA Physical Needs Assessment Fannie Mae Forms</li> <li>○ Physical Needs Assessment report</li> </ul> </li> <li>• No additional requirements for applications proposing new construction only</li> </ul>
<b>Preservation</b>	<ul style="list-style-type: none"> <li>• If requesting architectural standards waivers:                             <ul style="list-style-type: none"> <li>○ DCA Rehabilitation Work Scope Form</li> <li>○ DCA Physical Needs Assessment Fannie Mae Forms</li> <li>○ Physical Needs Assessment report</li> </ul> </li> </ul>

### 4. Full Application Requirements

- Once DCA issues Pre-Application approval, Applicants must submit a complete Full Application by the deadline indicated at the top of this section. DCA may revoke selection under the Competitive Review process for failure to meet this deadline. DCA will not hold Applications that are being restructured or modified.

- A Full Application comprises documentation necessary to meet all Threshold Criteria applicable to the development not previously approved during the Pre-Application or Competitive Review stages. Requirements are based on all applicable requirements in the QAP in effect at the time of submitting the Competitive Review Application.
- The Full 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 Full Application. If clarifications are needed, DCA reviews may take longer than 75 days.
- DCA may require Applicants to update market studies to reflect proposed Applications in the same market area.

## 5. Following Letter of Determination (LOD) Issuance

- Following Full Application approval, DCA will issue an LOD. Applications proposing rehabilitation must include a work scope/plan review conference prior to issuing the LOD.
- After LOD issuance, significant changes in the financing structure, syndicator, or scope of work must be approved in writing by DCA.
- Owners must:
  - Close the bond financing within 180 days of the LOD issuance;
  - Have DCA approval for any significant change in the financing structure or scope of work set out in the Application before the start of construction;
  - Commence construction/rehabilitation activity within 30 days of bond finance closing date;
  - Complete all construction activity by December 31, 2024;
  - Complete and submit the "DCA Placed in Service" form at the time the first building is placed in service; and
  - Apply for Final Allocation and request for issuance of IRS form(s) 8609 by September 13, 2025.
- DCA will not issue Form(s) 8609 as buildings are placed in service.
- DCA will not issue a LOD or Form(s) 8609 to Applicants exhibiting a continual pattern of noncompliance or demonstrating an inability or unwillingness to resolve noncompliance matters in a timely manner.
- Owners must execute and record the LURC at or prior to bond closing. All construction and/or permanent financing must be subordinated to the requirements of Section 42(h)(6)(E)(ii) of 26 U.S. Code § 42.

## D. Minimum Bond Allocations by Priority

### 1. Urban Residential Finance Authority Allocation

DCA will set aside approximately \$97 million of bonds for applications in the City of Atlanta, as is required by the Urban Housing Reservation provision (GA Code § 36-82-190).

## 2. Balancing New Supply and Preservation

DCA will rank New Supply and Preservation applications separately based on Scoring Criteria specific to each competition. DCA will, as closely as is possible, select applications from the New Supply and Preservation competitions on a 1-to-1 basis.

## 3. Broad Geographic Distribution of Bonds

DCA will identify all Congressional Districts (“District(s)”) for which an application site is located within the District boundaries. DCA will ensure broad geographic distribution of bonds based on the following:

- For each District, DCA will ensure at least one of the selected applications is located within these Districts, provided at least one application within the District meets all application submission requirements.
- However, no county will receive multiple allocations based on this minimum geographic distribution strategy.

For purposes of this geographic distribution strategy:

- DCA will use the Georgia Congressional District boundaries as approved on November 22, 2021.
- DCA will not consider District 005 which encompasses the City of Atlanta. Atlanta receives its minimum share based on the Urban Housing Reservation provision (GA Code § 36-82-190).

## 4. “Portfolio” Preservation of USDA Housing

DCA will set aside \$30 million of bond allocation to support one development proposing to rehabilitate USDA Rural Development Section 515 properties on a “portfolio” basis. For purposes of this set aside, a portfolio transaction refers to a large-scale, scattered site rehabilitation development proposal that would otherwise not meet the scattered site requirements listed under **(Core Plan) Eligibility of Certain Project Configurations**.

## E. Tiebreakers

### 1. Tiebreakers within the same competition

In the event of a tie between applications within either the New Supply or Preservation competitions, DCA will apply the following tiebreakers in this order:

- a) The Congressional District(s) that have not yet received a selected application from the competition (New Supply or Preservation), when considering ranking and selection determinations made prior to this tie.
- b) The Count(ies) that have not yet received a selected application from the competition (New Supply or Preservation).

- c) Count(ies) with the lower average housing vacancy rate
- d) Issuer territor(ies) with the lower average housing vacancy rate (if comparable Census data exists for all tying issuer territories)
- e) "Readiness to Proceed" narrative (see **Scoring Criteria, Tiebreaker Information**)
- f) For ties between Preservation applications:
  - i. Soonest year that all Housing Credit, HUD, and/or USDA affordability restrictions are set to expire
  - ii. Preservation Priority narrative (see **Scoring Criteria, Tiebreaker Information**)
  - iii. Occupancy rate of comparable properties, if applicable (see **Scoring Criteria, Market Characteristics**)
  - iv. Rent advantage, if applicable (see **Scoring Criteria, Market Characteristics**)
- g) Census tract(s) with the lower average occupancy rate
- h) Higher ratio of private investment to bond financing
  - o For purposes of this tiebreaker, "private investment" is defined as all development funds not generated through tax-exempt bonds or 4% credits. Deferred developer fee does not qualify.
- i) Lower total development cost per qualified residential rental unit

## 2. Selection between competitions

If due to remaining bond allocation DCA must select between the next highest-scoring New Supply application and the next highest-scoring Preservation application, DCA will:

- a) Rank the two applications based on Scoring Criteria common to both competitions
- b) If necessary, apply the tiebreakers above (excluding tiebreakers specific to the Preservation competition)

## F. Competitive Application Evaluation

For the 4% Credits/Bonds Competitive Round, DCA will implement the same competitive review procedures used for the 9% Credits Competitive Round regarding the following:

- Completeness Review
- Threshold Review
- Scoring

## VIII. DCA EXPERIENCE AWARD LIMITATION

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### Minimal DCA Experience

Applicants with minimal experience developing affordable housing under DCA programs face the following awards limitation:

- One award per competitive round for Applications wherein the entity with minimal experience is the Certifying Entity.

For purposes of this section, minimal experience is defined such that one of the following applies:

1. The entity only qualifies under the probationary determination
2. The entity is not currently the managing member of any DCA-funded property for which all of the following apply:
  - a. The entity has been the managing member from initial allocation to present
  - b. The property qualifies as a "Successful Project"
  - c. Either of the following:
    - i. If DCA has inspected the property at least once: the property has no outstanding DCA or program noncompliance concern.
    - ii. If DCA has not yet inspected the property: the Applicant does not receive a Significant Adverse Event points deduction under the current competitive round (see **Scoring Criteria, Compliance Performance**).

### Adjustment to Maximum Allowed Awards

In the event an Owner/Developer fails to meet project deadlines, has a significant number of projects under development but not completed, or is experiencing a financial issue with regard to an existing development, DCA may do either of the following:

- Reduce the maximum number of developments that can be awarded
- Remove an Owner/Developer from awards consideration

## IX. HOUSING OPPORTUNITIES FOR PERSONS WITH DISABILITIES

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DCA is committed 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 for Persons with Disabilities have supported congregate housing development. Therefore, DCA's

commitment to providing a full range of housing options requires focusing resources to develop supportive housing for Persons with Disabilities in an Integrated Setting.

Therefore, DCA will not fund new construction of congregate housing for Persons with Disabilities 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 that supportive housing developments meet DCA's goals, DCA will review each proposed Application as a whole to determine whether the project constitutes congregate housing for Persons with Disabilities. Applicants considering submitting an Application for a project that serves Persons with Disabilities should specifically discuss how the project meets the definition of integration as set forth in the Statement on Enforcement of the Olmstead Integration Mandate in terms of its proximity to community resources and the opportunity for residents 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.

## X. TAX CREDIT ADMINISTRATION

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### A. Land Use Restrictive Covenant (LURC)

The Owner and Lessor must execute and record GHFA's prescribed form of the LURC prior to final allocation. The LURC shall reflect all representations made in the original Application and any changes made to the original Application that have been approved in writing by GHFA. The LURC will be drafted after GHFA's receipt of the certification of the 10% test and must be recorded upon its execution. All permanent financing must be subordinated to the requirements of Section 42 (h)(6)(E)(ii) of the Code.

### B. Tax Credit Pricing

DCA will not allow an adjusted (also referred to as "blended") credit price due to downward credit pricing adjustors for timing (as listed in the final Limited Partnership Agreement) at Final Allocation Application.

### C. Cost Reasonableness

Front End Cost Review: Owners must conduct and submit a Third-Party Front-End Cost Review ("FECR"). DCA will have forty-five (45) days to respond, plus any days added for questions or clarifications. Owners may not close equity until after the earlier of this time period expiring or DCA's approval.

Contractor Cost Certification: Owners must submit a Contractor Cost Certification prepared in accordance with the standards for a HOME contractor cost certification.

## D. Additional 9% Credits and Future Application Scoring

Project Teams with Developments awarded 9% Credits under a competitive round governed by the Plan that later request and are awarded additional 9% Credits will receive a two-point deduction on all applications submitted in a subsequent competitive round for 9% Credits. For this provision, a consultant with an ownership interest below 20% will not count as a member of the Project Team.

# XI. ELIGIBILITY OF CERTAIN PROJECT CONFIGURATIONS

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## A. Eligibility of Scattered Sites

1. Applications proposing scattered sites must meet the following requirements:
2. All residential units are income and rent restricted under Section 42 of the Code.
3. All buildings must be under the ownership of one entity, developed under one plan of financing, considered a single project by all funding sources, and managed by one management entity.
4. The scattered sites must be appraised, if applicable, as a single proposed development.
5. Each site must meet all applicable Threshold and Scoring criteria. DCA may consider Architectural Standards and/or Amenities Waiver requests.
6. 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.
7. Include a legal opinion on scattered site to support the project's development.

## B. Detached Single-Family Rental Housing

Applications proposing detached single family housing proposals must meet the following requirements:

1. Include in its operating budget the costs associated with the continuous upkeep of each rental house, including ground maintenance, as supported by a detailed maintenance plan.
2. Include a detailed Replacement Reserve analysis and plan.
3. The house designs must reflect architectural diversity using different elevations and styles.
4. Landscaping must be appropriate for detached, single family housing.

## C. Single Room Occupancy (SRO)

New construction and preservation of single room occupancy developments (does not have an in-unit kitchen and/or bathroom) are ineligible.

## D. Preservation of Existing Housing Credit Developments

Preservation of existing Federal Credit developments with a placed-in-service date within 15 years of Application Submission is ineligible.

## XII. PROJECT RECONFIGURATION/APPLICATION MODIFICATION

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### A. Prior to Award

Applicants cannot make any changes to a Submitted Application prior to the announcement of awards. DCA may allow Applicants to correct deficiencies if necessary to award all 9% Credits overall or in a set-aside.

### B. After Award

Subsequent to awards, tenancy, land and/or existing structure purchase prices, the number of units, and the scope of work cannot change. DCA must approve the proposed construction budget if increasing by more than 10% from the Application. The utility allowance utilized may not change until 18 months after placing in service.

The final completed property shall meet all requirements of this QAP and all promises made in the submitted Application. The failure to receive points in a category does not release an Applicant from obligations undertaken in the Application.

Applicants may submit a request for a change in amenities, services, direct or indirect transfers of a General Partner or Developer's interest using DCA's Project Concept Form.

This provision applies to any changes throughout the project's Extended Use Period or Period of Affordability, whichever is longer.

## XIII. FEES AND DEADLINES

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The fees indicated in this section vary based on the legal status of the Applicant. Payment must be by certified funds made payable to the "Georgia Housing and Finance Authority." All fees remitted to GHFA are non-refundable.

### A. Compliance Monitoring Fees

Owners will pay all compliance monitoring fees no later than the placed in-service date. Failure to do so may adversely affect the ability to compete in future funding rounds. When DCA

monitors for compliance with more than one program, Owners will pay the applicable fees for each.

## B. Non-Compliant Properties

DCA will assess additional fees to projects having instances of DCA or program noncompliance that require additional review and follow-up.

## C. HOME Asset Management Fees

Developments with DCA HOME will pay an ongoing annual asset management fee while HOME restrictions apply.

# XIV. GEORGIA OPEN RECORDS ACT

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Applicants must agree in the Application to hold harmless DCA and GHFA for any and all losses associated with disclosures in accordance with GORA.

# XV. MONITORING AND COMPLIANCE

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## A. Construction Monitoring

### 1. Requirements

Construction work must adhere to the standards and requirements contained in this Plan, the respective DCA Architectural program manuals, the Application, LURC or LURA, and all manufacturers recommended installation procedures/guidelines.

### 2. Inspections

- After application award all Owners will be assigned a DCA-approved and contracted inspector to perform quarterly inspections and complete DCA inspection checklist along with report form. Reports must address any concerns pertaining to construction quality, safety, progress and, if applicable, resident safety and treatment of resident belongings.
- DCA and/or the assigned DCA approved inspector may perform monthly and/or unannounced visits for any instances of non-compliance.
- Quarterly inspections will be billed directly to DCA (see Exhibit A for reference). Additional costs for inspections required due to non-compliance will be the responsibility of the Owner.
- All properties funded with a DCA Georgia Housing and Finance Authority (GHFA) loan and/or grant (including but not limited to: HOME, NHTF, CDBG-DR, TCAP, etc.) will continue with monthly inspections by a DCA-assigned and contracted inspector.

### 3. Construction Non-compliance Determinations

- Quality and safety: DCA will determine construction quality and safety non-compliance by how long the Project Team takes to resolve issues identified in requested inspection reports. A DCA inspector must return to the site in the below timeframes to confirm issue resolution.
  - 48 hours for site safety, resident safety, and treatment of resident belongings;
  - three months for construction quality.
- Progress: DCA will determine construction progress non-compliance based on an exchange of 9% Credits or an extension of a statutory place in service deadline.

### 4. Construction Non-compliance Penalties

DCA may:

- Require a cease of construction activity for findings related to safety.
- Cease reviewing pending Applications for which any Project Team member is the same as for the development exhibiting non-compliance.
- Impose the following restrictions on Applications for which any Project Team member is the same as that for the development exhibiting non-compliance:
  - No more than one award per competitive round
  - General Contractor must not have an identity of interest relative to any other Project Team member

## B. Credit Compliance Monitoring Procedures

See DCA Compliance Manual and addendum to the QAP, *Compliance Monitoring Procedures, Requirements, and Penalty Criteria*. 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 manual 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.

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, Pre-Application Fees and Deadline Schedules.

Additional fees may be charged to properties that require additional follow-up due to non-compliance findings. See the DCA website for all compliance monitoring fees. Failure to pay these fees will be considered an Administrative noncompliance issue.

DCA charges an asset management fee for all HOME-funded developments (See 2013 Final HOME Rule). Recipients will be required to pay the fee annually during the affordability period as indicated in Exhibit A, Pre-Application Fees and Deadline Schedules. Failure to pay these fees will be considered Administrative noncompliance.

## C. Reasonable Accommodation

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.

## D. Housing Rights for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking

An Owner awarded Federal Credits and/or a HOME Loan must comply with the provisions of the Violence Against Women Reauthorization Act of 2013 (VAWA 2013) and any final rule promulgated pursuant thereto.

## E. Screening Criteria

All properties awarded under the Plan must have a clearly defined screening policy that establishes criteria for renting to prospective residents and, at a minimum, include the following:

- Arrests records are not a valid reason to deny an applicant housing.
- Applicants with a criminal conviction may be denied housing only if the reason for their convictions clearly demonstrates that the safety of residents and/or property is at risk.
- No blanket terms such as “Any criminal convictions will be denied.”

## XVI. MODIFICATION/WAIVER OF PLAN

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. Generally, DCA will not waive QAP requirements unless there is a specific process for a waiver described in a QAP requirement.

# Exhibit A

## DCA PRE-APPLICATION FEES AND DEADLINE SCHEDULES

For Profit, Non-profit, and for Profit/Non-profit Joint Ventures

	Fees	9% Deadline	4% Deadline
Architectural Standards & Design Waiver (up to 10 items per waiver)*	\$2,500 per waiver	Pre-Application	Pre-Application
Optional Amenity Request*	\$2,500 per request	Pre-Application	Pre-Application
Qualification Determination (Required for all Deals; any change in Project Team requires a separate QD fee)	\$2,000	Pre-Application	Competitive Review Application
Underwriting Waiver*	\$1,500 per waiver	Pre-Application	Pre-Application
State-Basis Boost request under Section 8.D* (“extraordinary circumstances”)	NONE	Pre-Application	N/A

	Fees	9% Deadline	4% Deadline
2023 Bond/4% Credit Letter of Determination	<ul style="list-style-type: none"> <li>• \$6,500 For Profits</li> <li>• \$6,500 For Profits/Non- profits Joint Venture</li> <li>• \$5,500 Non-profits (Resubmission fee of</li> <li>• \$500 due for incomplete submissions)</li> </ul>	N/A	Application Submission no later than <b>75 days before bond closing</b> (fee not required at application if submitted with pre- application)
2023 Credit Application Fee and Third Party Review Fees	<ul style="list-style-type: none"> <li>• \$10,000 For Profits</li> <li>• \$10,000 For Profits/Non- profits Joint Venture</li> <li>• \$8,000 Non-profits</li> </ul>	Full Application	N/A
Payment & Performance Bond Waiver	\$1,500 per project	Full Application	N/A
Notification of delayed Financing Awards (AHP) or other competitive funding sources	NONE	7/7/23	N/A
Alternate Financing Deadline, if Notification deadline has not or will not be met	NONE	7/21/23	N/A
Evidence of 8 step process completion	NONE	8/29/23	N/A

## DCA POST AWARD DEADLINES AND FEE SCHEDULE\*

### For Profit, Non-profit, and for Profit/Non-profit Joint Ventures

	Fees	9% Deadline	4% Deadline
<b>DURING SCORING ROUND</b>			
Project Application Amendments	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
Environmental Review Costs	Based on actual costs incurred by DCA to retain consultants	Upon invoicing by DCA.	Upon invoicing by DCA.
<b>AFTER CARRYOVER AWARD OR LETTER OF DETERMINATION (LOD)</b>			
Post Award/LOD Project Concept Amendments	\$2,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
Management Company Approval per DCA's Management Company Approval policy	See DCA's Management Company Approval policy	After Award	At LOD

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
<b>Credit Processing Fee</b>	8% of annual Federal Credit amount	At time Applicant executes the carryover allocation, except for Non-profit sole general partners who can submit at or before construction commencement deadline.	Due by the 5th day following the month of the issuance of the tax-exempt bonds
<b>Appraisal Fee (HOME Loans Only)</b>	Based on DCA cost	Upon invoicing by DCA during underwriting	N/A
<b>60 Day Submission</b>	NONE	No later than March 30, 2023	No later than 60 days after announcement of awards (including projects with DCA HOME)
<b>Construction Monitoring Inspection Fee</b>	\$6,000	Must be included with Construction 60 Day Submission package (see date above for deadline)	Must be included with Construction 60 Day Submission package (see date above for deadline)
<b>DCA Review Submission (HOME Loans Only)</b>	NONE	Due 45 days prior to Construction Loan Closing (Must include Front End Cost Review)	

	Fees	9% Deadline	4% Deadline
Front End Cost Review		Included as part of DCA Commencement Submission (Due October 15, 2024)	Included as part of DCA Commencement Submission (Due within 30 days of construction commencement)
HOME Construction Loan Closing Submission	NONE	Due 10days prior to DCA Construction Loan Closing	Due 10 days prior to DCA Construction Loan Closing
<b>LOAN CLOSING</b>			
Construction Loan Closing (Tax Credit only Projects)	NONE	No Later than November 15, 2024	Within 180 days of LOD Issuance
<b>CONSTRUCTION COMMENCEMENT</b>			
Commencement Submission	NONE	Due October 15, 2024 (Due 30 days prior to construction commencement)	Due 30 days prior to construction commencement
<b>CONSTRUCTION COMPLETION</b>			

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
<b>Credit Compliance Monitoring Fee</b>	See the DCA website for applicable Credit Compliance Monitoring Fees	No later than the Placed in Service date	No later than the Placed in Service date
<b>DCA Placed in Service Notification</b>		Within 30 days of the 1st building being placed in service	Within 30 days of the 1st building being placed in service
<b>Certificates of Occupancy/ Placement – In-Service</b>	NONE	Issued by local jurisdiction/all buildings placed in service before end of business: <ul style="list-style-type: none"> <li>• Dec 31, 2025 for 2023 allocated credits</li> <li>• June 30, 2026 for 2024 forward allocated credits</li> </ul>	Issued by local jurisdiction/all buildings placed in service before end of business: Dec 31, 2025 for 2023 LOD Awards
<b>Completion of Work Scope</b>	NONE	No later than: <ul style="list-style-type: none"> <li>• Dec 31, 2025 for 2023 allocated credits</li> <li>• June 30, 2026 for 2024 forward allocated credits</li> </ul>	No later than Dec 31, 2025 for 2023 LOD Awards
<b>Affirmative Fair Housing Marketing Plan (AFHMP)</b>	NONE	Prior to lease-up. No later than 30 days after 1st building placed in service.	Prior to lease-up. No later than 30 days after 1st building placed in service.

	Fees	9% Deadline	4% Deadline
<b>PREPARING FOR ISSUANCE OF 8609S</b>			
LURC Execution	NONE	Prior to submission of final allocation application	At or prior to bond closing
Final Inspection Submission (Tax Credits Only Projects)	NONE	Due within 30 days of final retainage draw certified date	Due within 30 days of final retainage pay app
Final Allocation Application Submission	NONE	<ul style="list-style-type: none"> <li>February 15, 2026 for 2023 allocated credits</li> <li>September 30, 2026 for 2024 forward allocated credits</li> </ul>	September 13, 2026 for 2023 LOD Awards
Final Allocation Application Re-Submission	\$1,500 per request	At time of request	At time of request
Construction 8609 Clearance Submission (Tax Credits Only Projects)	None	Prior to final allocation of resources: <ul style="list-style-type: none"> <li>February 15, 2026 for 2023 allocated credits</li> <li>September 30, 2026 for 2024 forward allocated credits</li> </ul>	Prior to final allocation of resources September 13, 2026 for 2023 LOD Awards

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
<b>Average Income Compliance Monitoring Policies and Procedures</b>		Following 8609 election of average income. Prior to first unit being leased.	Following 8609 election of average income. Prior to first unit being leased.
<b>AFTER 8609S ARE ISSUED (DURING COMPLIANCE PERIOD)</b>			
<b>8609s with Part II completed and signed</b>		Within 60 days of DCA's issuance of IRS Form 8609 Part 1	Within 60 days of DCA's issuance of IRS Form 8609 Part 1
<b>Post Stabilization Project Concept Changes (Ownership/GP Change; Amenities change; Loan Modification, etc.)</b>	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
<b>Non-Compliance Fees</b>	See the DCA website for the full list of applicable non-compliance fees.	Due within 15 days of invoicing by DCA	Due within 15 days of invoicing by DCA



# STATE OF GEORGIA 2023 QUALIFIED ALLOCATION PLAN

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## APPENDIX I

# Threshold Criteria

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

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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.

### 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.

- 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.
- Commitment letters must demonstrate that there will be no shortfall of funds during the construction period.
- Owner contributions outside of deferred developer fee will not be considered an allowable source for the property's permanent financing.
- Deferred developer fee, as a construction source, cannot exceed the developer fee amount earned during the construction period.
- DCA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of operating costs.

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. All financing agreements and sources must be reflected in the submitted pro forma.

#### 2. Income

Rental income plus ancillary income up to a maximum of 2% of gross potential rents (GPR) will be used in the cash flow analysis. Applicants should justify the source of ancillary income in the justification section of the Application. 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 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 construction costs, 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 operating income and not from development sources.

Applicants must measure and input residential square footage in their core applications as the area of an individual unit that is available for the exclusive use of the resident (see Architectural Standards for definition of “residential square footage”).

DCA may request a breakdown of the hard construction cost line items in the event that it determines that the proposed costs do not appear to be reasonable and consistent with the scope of work for the project or obtain a review of costs from a qualified outside source during Application review. 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 a proposed project site. During Application review or as a condition of selection, DCA may order an appraisal, to be paid for by the Applicant, 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 costs.

DCA will adjust construction costs to more accurately reflect industry standards. These changes may result in a decrease in credits awarded to a selected Application.

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

The Code requires that allocation of credit may not exceed the amount necessary for the financial feasibility and long term viability of the project. DCA will evaluate the reasonableness of the submitted equity price with the information available and may adjust the pricing and/or the amount of credits to reflect more accurate market conditions and/or industry standards.

DCA will underwrite all 9% Applications at no less than 90% of the median equity price based on applications submitted in this round. DCA will determine the median price in each geographic pool for purposes of making this adjustment. Applicants that receive a lower credit allocation as a result of this determination must submit an amended equity commitment letter or a revised pro forma showing how any funding gaps will be covered prior to the issuance of a carryover allocation.

DCA will also adjust credit prices for underwriting purposes if the equity market and/or current tax credit price significantly change during the review of the Application. Any change will be posted prior to DCA making the adjustment along with specific directions on how resulting gaps must be covered.

DCA will not subtract points for adjusting credit pricing under this paragraph.

## 5. Reasonableness of Operating Costs

Applications must reasonably estimate operating expenses for a submitted project. Projects that do not provide a reasonable estimate of operating costs may be determined to be infeasible. DCA will adjust operating costs that do not appear to reflect reasonable costs.

### Minimum Documentation:

- Supporting documentation including calculation and methodology from service provider for estimates of impact fees, taxes, and property insurance. (An example of documentation justifying real estate taxes would be documentation of taxes paid by other LIHTC properties in the same assessment area but does not include projected tax appeals).
- Annual operating expenses which differ significantly from average costs for the project area will require clear documentation of the basis for the deviation.

## 6. Rent

Rents should be based on the most up-to-date information available when submitting the Full Application.

9% Competitive Round feasibility analysis:

- Applications for 9% Credits have the alternative option to use rents in effect as of January 1, 2023.
  - For Applications that fail a DCA underwriting requirement, DCA will not re-underwrite the deal under a different set of rents.
  - Applications that fail to accurately reflect either rents option will be underwritten using rents in effect as of January 1, 2023.
- a) National Non-Metropolitan. Applications without HOME funding which are located in qualified USDA-designated rural areas may utilize National Non-Metropolitan Area Median Income Rents, if applicable. 4% credit projects are not eligible to use National Non-Metropolitan rents.
- b) Tax Credit (only). Gross rents may not exceed 30% of 60% of the effective AMI table for the appropriate bedroom size, unless an applicant is utilizing Income Averaging. Applicants must assume 1.5 persons per bedroom. If an applicant decides to use Income Averaging, DCA's Income Averaging Policy must be followed.

- 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 resident UA) restrictions. Resident 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. Rents must be supported by the Market Study provided by the applicant.

For Scattered Site projects, all units must meet gross rent and utility allowance restrictions.

## 7. Operating Utility Allowance (UA)

For any low-income units where the residents 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, 2023, must be utilized in the Application and market study. 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 Residents. 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. The applicant may use the UA established by the Public Housing Agency (PHA) that administers the Section 8 Program in the locality where the property is located, *HUD Utility Schedule Model*, *Utility company estimate*, or *Energy Consumption Model*, as allowed under Section 42 of the IRS Code, according to regulation 1.42-10 Utility Allowances.

- 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.
- If the HUD Utility Model or allowable comparable model is used, all documentation used in the calculation must be submitted.
- If submitting Energy Consumption Model, include qualifications documentation for the professional providing the model consistent with DCA Compliance Monitoring requirements for utility allowance methodology change requests.

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

Projects with PBRA that have less than ten years remaining from Application Submission Date, must be underwritten within the maximum tax credit rents and/or HOME rents, as applicable. (All units with High HOME rents and PBRA must be underwritten at the maximum HOME rent).

**Minimum Documentation:**

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

**9. Deferred Developer Fee**

Any Deferred Developer Fee shown in the Application must be included as a source of funding in the calculation of Credit. This policy will apply at application, carryover, and final allocation. All Deferred Developer fee should be in the form of a note and incorporated into the limited partnership agreement along with a detailed repayment schedule and specific terms. DCA will consider the terms and conditions contained in the debt and equity commitments in determining the project’s debt service coverage and ability to pay deferred Developer Fee within 15 years. The following are also applicable:

- 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 Fee will not be included as debt service.

**10. Market Units**

Any and all costs directly associated with developing and operating unrestricted units must be:

- Included in the Application’s development budget and pro forma.
- Covered by unrestricted financing sources.

The market rate units to total units percentage must be less than or equal to the unrestricted permanent financing to total development cost percentage. Deferred developer fee is considered an unrestricted financing source for purposes of this section.

## 11. Commitments

Commitments must be for each individual application and not be combined for more than one application.

- a) Original executed preliminary commitments for all financing must be submitted with the Application including, but not limited to, the following:
  - i. Construction financing.
  - ii. Non-DCA permanent financing.
  - iii. Bridge loans, if applicable.
  - iv. Project Based Rental Assistance agreements.
  - v. Operating subsidy agreements.
  - vi. Limited partner (tax credit) equity.
  - vii. 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), 221(d)(4), 223(f), or 202 programs 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.
  - viii. 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. Any grants or other forms of assistance utilized during the construction period or utilized as permanent financing must be documented.
  - ix. Applications that include costs 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.
  - x. 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.
  - xi. Projects proposing the utilization of Historic Tax Credits must provide a historic tax credit syndicator letter and 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 result in a 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. DCA will utilize the applicable rate effective as of May 1, 2023.
  - 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, issuer fees, application fees, origination and any additional underwriting 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. Equity Commitment Letters are required to contain, at minimum, equity pricing, total capital contribution amount, an estimated pay-in schedule, and any reserve requirement.
  - x. All reserves required by the lender/syndicator, including but not limited to replacement reserves, operating deficit reserves, HUD-required program reserves, and USDA-required program reserves.
  - xi. 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.
  - xii. 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.
  - xiii. Applicants that propose financing structures with government program loans are responsible for correctly reflecting the terms of the loan and determining whether the funds were originally “federal funds.”

**Minimum Documentation:**

- Commitment letters meeting above requirements.
- If utilizing a construction loan, applicant must provide evidence for construction interest expense estimate (e.g., draw schedule, written justification).
- Existing LURC, LURA, or other affordability use restrictions and amendments (if applicable).

## 12. Assumption of Existing Debt

Any existing debt that is not paid in full at closing must be disclosed as part of the Application. This includes existing debt which may be forgiven in part, or recycled back into the property as new debt. (Debt that is not paid in full will be considered in the appraised value of the property for purposes of determining whether the purchase price is reasonable.)

The following supporting documentation must be included for all existing debt that is in any part of the new financing structure:

- a) An approval letter signed by an officer of the lender whose debt is being assumed which certifies, no less than thirty days prior to Application Submission day:
  - 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. The type and current balances of any outstanding reserve accounts for existing loans and their disposition upon the sale of the project, if applicable.
- 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.
- e) Board resolutions approving the restructuring or assumption of existing debt.

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

1. Total development cost may be decreased or increased by DCA during its review if it is determined that line items are not reasonable or do not accurately reflect the supporting documents
  - Development budget adjustments made by DCA must be covered by deferred developer fee.

- Development costs may not be increased by the Applicant during DCA’s review.
  - No new financing sources may be added or existing financing sources modified.
  - Credits will be adjusted accordingly for each adjustment. Credits will not be increased above the amount requested in the Application.
  - Applicants may not request that one line item be reduced in order to increase or add an additional line item during the threshold clarification period.
2. DCA will not make the following revisions during its analysis of feasibility:
- a) Unit count, income mix and bedroom type.
  - b) Rent structure (rents may be adjusted upward or downward by DCA to meet applicable program requirements).
  - c) Operating expenses proposed by the Applicant decreased to make the project feasible.

## II. TENANCY CHARACTERISTICS

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

### A. Family Development

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

### B. Senior Development

A Senior development meets one of the following requirements:

1. 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 individuals 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. For further information, see DCA defined terms in Core.

### C. Other

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.

### III. REQUIRED SERVICES

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#### A. Family/Senior Properties

Family Properties must include at least two (2) services from two (2) of the following categories. Senior Properties must include at least four (4) services from three (3) of the following categories.

1. Social and recreational programs (e.g. semi-monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo).
2. On-site enrichment classes (e.g. budgeting, avoiding identity theft, 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 at pre-application (e.g. alternate services for USDA Rural properties with limited community space, requiring approved support services documentation).

#### B. Additional Policies Related to Services

1. A full-time activities manager will be allowed in the operating budgets for properties that are 100 units or more.
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.
4. 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.
5. Applicants must track resident participation in any on-site services. If participation declines continuously over a six-month window, on-site staff is expected to request resident feedback on the services provided.

### IV. 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 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 Application Submission. Applicant must ensure that the market study accurately reflects the rental structure and unit mix of the proposed project as reflected in the Core Application, and meets all DCA requirements.

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 may 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.

Bond Applications submitted close to the competitive round may be required to update market studies to reflect 9% Applications pending review with overlapping market areas. Similarly, 9% Applicants may be required to update their market studies during the review period to reflect a pending 4% bond deal in overlapping market areas. DCA will consider pending 9% and 4% Applications in its market determinations.

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

1. In Metro Pool areas, 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, 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 a Metro 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 60%.
5. Appropriate market area that does not overestimate demand.
6. An absorption period less than 24 months to reach stabilized occupancy.
7. Stabilized occupancy rate of 93% or above. Analyst must specify what the stabilized occupancy rate will be.
8. Unit mixes or target populations supported by the market.
9. No 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.
10. Strong overall market and LIHTC stabilized occupancies of 90% or greater.
11. The minimum rent differential between the proposed rents and achievable market rents, as explained in the Market Study Manual, must be 10% for 60% AMI or less. 70% or 80% AMI rents must be below market rate.
12. For Senior developments, demand may include residents from outside the market area converting from homeownership and seniors living with and/or supported by their children. If applicable, this must be documented by the market analyst.
13. DCA, when necessary, may independently evaluate the demand for additional affordable rental housing in the geographic/market area.

See 2023 Market Study Manual for complete list of requirements.

#### Adverse Impact

An Application will fail this Threshold requirement if DCA determines that the property will have an adverse financial impact on existing tax credit properties, HOME, National Housing Trust Fund, or

CDBG-DR properties within the primary market area or in close proximity to the primary market area. The demand for, and supply of, units in the market area and timing of properties placed-in-service will be taken into consideration. Applicants are required to do their own due diligence to determine pending properties near the proposed site.

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.

#### Reference Documentation:

DCA Market Study Manual.

## V. APPRAISALS

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Appraisals are required for:

- All projects awarded HOME loans
- All 4% applications
- All 9% applications for which:
  - there is an identity of interest between the buyer and seller
  - an applicant is claiming acquisition credits for existing structures

### 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 and the valuation assumptions within the application are valid.

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 must 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 must delineate the value of the land and building. The appraisal must 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 may have their funding award revoked.

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

intended user.

If a proposed development site is submitted in consecutive competitive rounds and DCA determines its acquisition cost significantly exceeded year over year growth for the market area, DCA reserves the right to commission an appraisal and reduce tax credits awarded commensurate with the impact of the discrepancy between the acquisition cost in the Application and that determined by the DCA-commissioned appraisal.

## B. Applicant-Commissioned Appraisals

DCA will accept applicant-commissioned appraisals for all competitive applications. All appraisals must include DCA as an intended user and must be commissioned by the lender or by the applicant with an effective date of not more than 6 months earlier than the date of Application submission. The effective date will be the date of inspection.

### 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 includes a seller that is a member of the proposed Project Team, including a limited partner. This appraisal must be submitted with the Application and follow the value estimates detailed in the 2023 Appraisal Manual. 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 lesser of the appraised value or actual sales price established as indicative of the value of a property. All property values must associate a land value as well as a value for the improvements. The appraisal must conform to USPAP standards.

For purposes of generating tax credits:

- For 9% Credit Applicants, properties which have been in the control of the Applicant or a related party for a period of five (5) years or less will be valued at the acquisition cost at the time the related party obtained initial site control.
- For 4% Credit Applicants, properties which have been in the control of the Applicant or a related party for a period of three (3) years or less will 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.

### 2. Scattered Site Projects

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.

### 3. Properties Claiming Acquisition Credits

All appraisals must be submitted with the Application and follow the value estimates detailed in the 2023 Appraisal Manual. Land values are required in the appraisal.

### 4. Selected Projects

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

#### Reference Documentation:

DCA Appraisal Manual.

## VI. ENVIRONMENTAL REQUIREMENTS

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The 2023 Environmental Manual is incorporated herein by reference.

### A. General

Projects will not pass Threshold until all environmental matters are resolved.

### B. Environmental Site Assessment

Applications must include a signed Phase I and applicable Phase II environmental site assessments prepared in accordance with the 2023 DCA Environmental Manual.

The Phase I 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 Environmental Site Assessment must have been conducted within six (6) months prior to the Application Submission. The Phase I Report must be issued no more than sixty (60) days after the site reconnaissance.

#### 1. Additional Standards

In addition to compliance with the standards in the "Standard Practice for Environmental Site Assessments, Phase I Site Assessment Process," ASTM 1527-21, DCA requires investigation of the following:

- a) Wetland.
- b) State waters/streams/buffers & setbacks.
- c) Flood Plains/Floodways.
- d) Endangered species.
- e) Noise.
- f) Radon gas.

- g) Asbestos.
- h) Lead.
- i) Water leaks/mold/microbial growth
- j) Vapor intrusion.
- k) Historic preservation.
- l) Other hazards and considerations.

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

The Applicant must complete additional requirements for HOME/HUD-funded projects no later than the applicable date(s) noted in *Exhibit A: DCA Pre-Application Deadlines and Fee Schedule*.

After submitting HOME consent requests, Owners and Developers of proposed projects must 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. An Applicant cannot commit or expend HUD or non-federal funds until the environmental review process has been completed.

## 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.

### Reference Documentation:

- 2023 Environmental Manual.
- 2023 HOME Rental Housing Loan Program Manual.

### Minimum Documentation:

- Phase I Environmental Site Assessment.
- Phase II Environmental Site Assessment (if applicable).
- HOME Site and Neighborhood Standards Certification and (if applicable) supporting documentation.
- Environmental Transmittal.

## VII. SITE CONTROL

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Site control must be in the form of:

- A warranty deed that conveys title to the subject property to the current General Partner or proposed Limited Partner,
- A legally binding contract to purchase the proposed project site in the name of the General Partner or proposed Limited Partner and assignment to the General Partner or proposed Limited Partner if the contract to purchase the site is in the name of an affiliate, or
- A binding long-term ground lease or an option for a binding long-term ground lease, that clearly provides the right for the applicant to execute a binding agreement upon closing, with a minimum term of forty-five (45) years. All Lessors must execute the required LURC.

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, 2023. 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, the renewal option in such contract must be enforceable by the Applicant until November 30, 2023. A copy of a recorded warranty deed or a fully executed contract must be submitted with the Application. The cost for purchase cannot be increased after Application Submission.

An Applicant may also show site control if selected through a federal government RFP process and can document that there is 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:

- Settlement statement or warranty deed from current property owner.
- Warranty Deed; legally binding Contract; or legally binding, long-term Ground Lease or Option.
- Legal description.
- Evidence of RFP selection.

## VIII. 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 DCA 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 Submission. 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.

**Reference Documentation:**

DCA Architectural Manual.

**Minimum Documentation:**

- Existing Conditions Site Plan of the Conceptual Site Development Plan (CSDP) that clearly delineates legally accessible paved road(s) Commitment for funding for paving of all non-paved legally-accessible roads to be paved during construction.
- Proof of ownership of non-utility easements.

## IX. SITE ZONING

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This section is required for Applications proposing New Supply. Applications proposing rehabilitation are exempt from this section unless the proposed unit mix comprises both New Supply and rehabilitation.

Zoning must be in place before Application Submission. Zoning of the development site must conform to the proposed Conceptual Site Development Plan. A 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 letter should be on official letterhead with the name and title of the Local Government official.

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 Conceptual Site 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.

**Reference Documentation:**

HOME/HUD Environmental Guidance.

**Minimum Documentation:**

- Letter from Local Government official which includes project name, address, or parcel ID and confirms zoning. Letter must be dated within six (6) months of Application Submission.
- Copy of applicable zoning ordinance.
- If zoning confirmation letter includes parcel ID but not project name or address, evidence that the parcel ID is the correct parcel ID for the project.

## X. OPERATING UTILITIES

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This section is required for Applications proposing New Supply. Applications proposing rehabilitation are exempt from this section unless the proposed unit mix comprises both New Supply and rehabilitation.

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

The Application must include a letter from the appropriate authorized utility authorities confirming the availability of operating utilities at the proposed development site. The letters should be on letterhead and bear signature(s) and title(s) 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(s) from authorized utility authorities that includes project name, address, or parcel ID and confirms that utilities will be available. The letter(s) must be dated within 6 months of Application Submission.
- If letter includes parcel ID but not project name or address, evidence that the parcel ID is the correct parcel ID for the project.

## XI. PUBLIC WATER/SANITARY SEWER

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This section is required for Applications proposing New Supply. Applications proposing rehabilitation are exempt from this section unless the proposed unit mix comprises both New Supply and rehabilitation.

Public water and sewer service must be available at the proposed development site at the time of 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 commitments and easements from the water and sewer authorities must be included in the Application (i.e. letters from public water/sanitary sewer authority, copies of easements necessary for water and sewer authorities to extend water and sewer to the property). 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 of the existing public water and sewer service to the site. These letter(s) from the appropriate public water and sewer authorities must be on letterhead of the local municipality or authority having jurisdiction and be included in the Application. 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 must be submitted with the Application. Any unclear or unresolved issues regarding the public water/sanitary 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 requirements.

**Minimum Documentation:**

- Letter(s) of commitment from verifiable public water/sanitary sewer authority that includes project name, address, or parcel ID and confirms that utilities will be available. The letter(s) must be dated within 6 months of Application Submission.
- If letter includes parcel ID but not project name or address, evidence that the parcel ID is the correct parcel ID for the project.
- If applicable, copies of easements necessary for water or sewer authorities to extend water and sewer service to the property.

- If applicable, verification of annexation of the property or improvements to the water/sewer system which may affect the availability of utilities to the property.

## XII. REQUIRED AMENITIES

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All amenities must meet the criteria set forth in the Architectural Manual, Appendix III: Amenities Guide.

### A. Standard Site Amenities

All properties must include the following on-site amenities:

1. A community room or building.
2. An accessible exterior gathering area located in a central area.
3. Every development must provide 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. An onsite laundry facility is not required if washers and dryers are installed in units and maintained at no additional cost to residents.

All the above amenities, except the on-site laundry, must be available to the residents 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 and Approvals

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

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 (Note: Dishwashers NOT required in "senior" USDA properties 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 Developments (Elderly and Housing for Older Persons)

1. Elevators must be installed for access to all units above the ground floor.
2. Buildings with multi-story construction must have interior conditioned and furnished gathering areas including but not limited to areas near elevators.
3. Applicants must enter all selections in the Threshold Criteria tab on the Application Form.
4. For scattered site projects, required amenities must be met for each non-contiguous parcel.

### Reference Documentation:

DCA Architectural Manual, Appendix III: Amenities Guide.

## XIII. REHABILITATION STANDARDS

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### A. Rehabilitation Construction Hard Costs

The Internal Revenue Code requires that all low-income units in a property 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. Properties 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 "dwelling unit" per unit hard cost budget of \$35,000. See Architectural Manual Rehabilitation Guide for further guidance.
2. The replacement of any component of the building or site with an Effective 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 such as attic draft stops, fire separation, rated party walls and floor/ceiling components, and caulking of all penetrations in the fire assemblies.
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.
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.

A certification from the architect and, where applicable, the 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.

The architect will be required to reconfirm this certification at construction completion prior to issuance of 8609s.

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. As a condition of the waiver, DCA may require 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 Application Submission and Capital Reserve Study completed by a DCA-qualified consultant must be included in the Application. Both must be prepared in accordance with the 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 2023 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 that confirm the scope of work submitted with the Application must be submitted to DCA in accordance with the timelines outlined in Exhibit A Post-Application and Post-Award Deadlines and Fee Schedule.

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.

**Reference Documentation:**

Architectural Manual, Appendix IV: Rehabilitation Guide for Existing Properties.

**Minimum Documentation:**

- Physical Needs Assessment must be dated within 6 months of Application Submission.
- DCA 2023 Rehabilitation Work Scope form.
- Architect Rehab Work Scope Certification Statement.

## XIV. SITE INFORMATION AND CONCEPTUAL SITE DEVELOPMENT PLAN

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

### A. Conceptual Site Development Plan

A Conceptual Site Development Plan must be included in the Application and prepared in accordance with instructions set forth in the Architectural Manual, Appendix II: Submission Requirements. The Conceptual Site Development Plan must be at least 11"x17" and include all following items (Applicant must indicate "N/A" for any not applicable items):

1. All existing and proposed easements defined and indicated on plan.
2. 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.
3. Use of all adjacent properties and structures within 100' of the subject property boundary clearly defined both graphically and in written form.
4. Zoning setbacks and restrictions graphically indicated.
5. Indication of all existing structures, tanks, slabs, utilities and any other improvements existing on the property at the time of application.
6. Indication of all driving and walking entrance access to the property and a layout of all buildings, roads, paved pedestrian walkways and parking areas.
7. Location of all interior and exterior site amenities indicated in the Application Form.
8. Areas of existing tree and vegetation preservation and new landscaping clearly defined both graphically and in written form.

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 Application Submission in accordance with Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule.

## B. Site Map and Color Photographs

Ground level color photographs taken within 6 months of Application Submission of both the proposed property and adjacent surrounding properties and structures must be included. Each photo must be numbered, include the date the photo was taken, and provide a brief description of what is captured in the photo. In addition, a Site Map formatted as either aerial color photograph within six months from the Application date or most recent online satellite map that delineates the approximate location point of each photo must be included.

## C. Aerial Photos of Proposed Site

Applicants must include either aerial color photographs that are no more than six months from the Application date or the most recent online satellite map images showing both approximate boundaries of the subject property.

### Reference Documentation:

Architectural Manual, Appendix II: Submission Requirements.

### Minimum Documentation:

- Conceptual Site Development Plan (Utilize DCA Cover Sheet Template).
- Site map and color photos.

# XV. BUILDING SUSTAINABILITY

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## A. Sustainability Standards

All completed properties must achieve a minimum standard for energy efficiency and sustainable building practices. At minimum, all dwelling units at all projects must comply with the requirements in this section.

Historic properties may apply for a waiver when compliance means loss of historic character-defining features and finishes.

1. Compliance with Georgia State Minimum Standard Energy Code (Georgia Energy Code) Compliance with Georgia State Minimum Standard Energy Code (International Energy Conservation Code with Georgia State Supplements and Amendments) that is in effect at the time of permit issuance is required and proof of compliance must be submitted prior to release of 8609s. See Architectural Manual for details regarding compliance pathways by construction type.

2. Measured duct and building envelope leakage

New construction and Adaptive Reuse units must meet new construction standards under the applicable Georgia Energy Code requirements.

Rehabilitation units are required to achieve a 20% improvement over existing conditions based upon pre-rehabilitation “duct leakage” and “dwelling unit air filtration” rates, or meet new construction standards for specified duct and envelope leakage rates. All projects must complete a “pre-rehab” duct leakage and dwelling air infiltration test to determine a baseline. 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.

3. Bathroom fans

Fans must be Energy STAR certified, wired with a light, and equipped with either a humidistat *OR* a timer that ensures the fan operates for a minimum of 10 minutes once the light has been switched off.

4. Lighting

Install fluorescent or LED lights for at least 95% (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.

5. Plumbing fixtures

Georgia Plumbing Code High Efficiency Plumbing Fixtures and Fittings in all units; shower heads  $\leq$  2.5 gpm, bathroom faucets  $<$  1.5 gpm, kitchen faucets  $<$  2.0 gpm, toilets  $\leq$  1.28 gpf.

6. Low VOC interior wall/ceiling and floor finishes

As defined by “40 CFR Part 59 – National Volatile Organic Compound Emission Standards for Consumer and Commercial Products” and maximum levels determined by the DCA QAP, *interior applied paints and finishes shall contain a maximum VOC level of:*

- 50 grams/liter for wall and ceilings (DCA QAP requirement)
- 100 grams/liter for floor finishes (DCA QAP requirement)

7. Water Heaters

Comply with ENERGY STAR Multifamily New Construction (MFNC) program (Version 1) for Uniform Energy Factor (UEF).

8. Energy Star appliances

Appliances (refrigerators, dishwashers, laundry machines) provided by owners in units and community laundries must be Energy STAR certified.

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 (Appendix I: Architectural Standards) for additional information on basic design, appliances, and equipment.

In addition to the Sustainable Building Certification verification below, a qualified professional must submit evidence that the project meets all of the requirements under this subsection prior to final allocation of resources.

## B. Sustainable Building Certification

Applicants must obtain a sustainable building certification from one of the following entities:

- **Southface Energy Institute's and Greater Atlanta Home Builders Association's** EarthCraft House Multifamily, House, or Sustainable Preservation (or single family or renovation) certification programs, based on development type.
- **Enterprise's** Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified *TA provider*).
- **US Green Building Council's** LEED for Homes certification program which includes single-family detached and multi-family low and mid-rise structures.
- **Home Innovation Research Labs'** NGBS Green Certification, meeting Bronze level or higher of the *ICC-700 National Green Building Standard* for single and multifamily buildings, both new and renovation.
- **Green Building Initiative's** Green Globes Certification for Multifamily New Construction or Multifamily Existing 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 resident and building manager education in compliance with the point requirements of the respective programs.

## C. DCA Building Sustainability Training

Applicants must complete DCA's virtual Building Sustainability training.

### Reference Documentation:

Architectural Manual, Appendix I: Architectural Standards.

### Minimum Documentation:

Draft scoring sheet for the development that includes both the expected score and the minimum score required to achieve the level of certification or criteria listed above.

## XVI. ACCESSIBILITY STANDARDS

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### A. Minimum Standards

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 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 Architectural and Accessibility Manuals.
3. For all senior (HFOP or elderly) properties, regardless of the year of first residential use, 100% of the units must be accessible and adaptable, as defined by the Fair Housing Amendments Act of 1988.

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. Mobility and Sensory Impairments

Regardless of whether a project anticipates using federal HOME funds, all proposed projects must meet 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 these units (but no less than one unit). Mobility units with more than one bathroom must have at least one bathroom with a roll-in shower.
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 structurally modified to meet accessibility requirements not required by law may request a waiver of DCA requirements.

### C. Qualified Consultant

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 initial 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. Provide at least two training sessions to the Architect, General Contractor, Job Superintendent, and a representative of every subcontractor group that will affect accessibility (grading, concrete, framing, electrical, plumbing, sheetrock, and cabinetry) 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.

**Reference Documentation:**

DCA Accessibility Manual.

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

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

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

DCA will review the type of construction and associated hard construction costs. Applications for the rehabilitation of a substandard property will not be funded if, in the opinion of DCA: the rehabilitation will not result in improved, safe and decent long-term housing; the proposed rehabilitation does not meet DCA standards; or if new construction would be more appropriate. A similar review of project financial feasibility and economic viability will be conducted for all

Applications proposing new construction to ensure that each project's construction hard costs will produce high-quality, cost-effective housing for the targeted tenant market.

## 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 Application Threshold Criteria tab one category from this list:

- a) Exterior wall faces must have an excess of 30% brick or natural or manufactured stone on each of the exterior 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. This is NOT applicable to the interior wall faces of open breezeways. 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 30% (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, natural or manufactured stone, or a product that provides a 30-year warranty. This is not applicable to the interior wall faces of open breezeways.
- d) For single family units, the total building envelope shall have 30% minimum brick or natural or manufactured stone coverage; remaining 70% must be fiber cement siding or other 40-year warranty product.

### 2. Major Building Component Materials and Upgrades

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

- 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 30% brick or natural or manufactured stone or maintaining existing 30% brick or natural or manufactured stone are not eligible for this option.
- b) Upgraded "Architectural" shingles with a warranty of 40 years.

### 3. Additional Design Options

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.

## C. Broadband Access

Applicants must provide free high-speed internet access in the required community room or building. Access must be provided through the entirety of the Compliance Period and Extended Use Period.

For purposes of this subsection, high speed means the capability to transmit at a rate of not less than 25 megabits per second (Mbps) in the downstream direction and at least 5 megabits per second (Mbps) in the upstream direction to end users.

### Reference Documentation:

DCA Architectural Manual, Appendix I: Architectural Standards.

## XVIII. EXPERIENCE, CAPACITY AND PERFORMANCE REQUIREMENTS FOR GENERAL PARTNER AND DEVELOPER ENTITIES

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### Overview

DCA must comply with statutory requirements to take into consideration the qualifications of the Project Team for a proposed project or to own and operate a tax credit property. A proposed Project Team in a submitted Application or in any request related to a transfer of an interest must have experience, capacity and successful performance in the Tax Credit Program to own and/or develop a tax credit project. Further, all properties must have Project Teams that are substantially compliant with DCA rules, Section 42 Program requirements and regulations and HOME Partnership program requirements and regulations. Overall, DCA reviews the following four areas of the proposed Project Team:

- Experience
- Capacity
- Performance
- Compliance History

Project Teams may be reviewed for qualifications at Pre-Application or Application Submission. To receive a full Threshold review at Pre-Application under this section, Applicant must have the project team and construction type finalized by Pre-Application. If either is "To Be Determined," DCA will not conduct a team qualifications review during the Pre-Application review phase.

## A. Certifying Entities

### 1. Identifying the Certifying Entity

The Project Team must have a Certifying Entity for both the General Partner and the Developer entities of the proposed project. A Certifying Entity must meet the DCA experience requirements and be determined to have the capacity to complete the proposed project. Certifying Entities must show that they have the ability to exercise effective control of decisions on behalf of each entity. Effective control can be demonstrated by an entity or Principal that:

- a) has a majority interest in the General Partner and/or Developer or
- b) is a managing member of a limited partnership or single purpose entity, or limited liability company.
- c) Other methods approved by DCA that clearly show effective control

(Alternate organizational structures may be considered to have effective control, but must have a legal opinion supporting the structure and the effective control).

### 2. Departure of a Principal or Entity from a Certifying Entity

A Principal or entity that resigns or leaves an existing entity will be considered as follows:

- a) The departing Principal or entity may claim experience earned provided the entity has no Significant Adverse Events or Adverse Conditions at the time of the departure.
- b) The Principal or entity shall receive a compliance score (both point deductions and additions) based on the previous entity's or Project Team's performance for a period of three years following departure.
- c) A Principal or entity that has left an entity (or Project Team) 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.
- d) A Principal or entity that departs from an existing entity (or Project Team) that has experienced a Significant Adverse Event will also be deemed ineligible to participate for the same period of time as the entity as more fully set forth in paragraph E below.

For purposes of non-profit entities, a Principal will be defined as the Executive Director.

## B. Requirements for Capacity (Certifying Entity)

The proposed Project Team must be 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 the portfolio of the Certifying General Partner and the Certifying Developer, or Certifying Principal 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.

A Certifying Entity's capacity to complete a proposed property may also consider experience in similar developments considering size, complexity and scope. DCA may impose conditions on a Certifying Entity's participation in the round based on the size, complexity or scope of the proposed property.

DCA will consider projects in progress (incomplete developments), performance in meeting construction commencement and statutory deadlines including but not limited to projects that could not meet a placed in service date without a credit exchange, projects with recaptured credits, and completion deadlines when determining whether a Certifying Entity has the capacity to successfully complete the promises in the Application.

## C. Requirements for Experience (Certifying Entity)

The Certifying Entity of the General Partner and Developer must each currently own and operate five (5) or more Successful Tax Credit Projects that were Placed in Service per the 8609s after January 1, 2012, based on the date the last building was Placed in Service. If the certifying General Partner and certifying Developer entities have the same Principal(s), the same projects may be counted to meet this requirement.

In order to be counted as a Successful Tax Credit Project, the following requirements must be met for each project claimed by a Certifying Entity:

1. The Certifying Entity must own a minimum 20% interest in the General Partner and Developer entities for each property claimed. The interest must be reflected in the syndicator letter and Partnership Agreement for the property.
2. The Certifying Entity must have been involved in each property from the initial allocation of credits to the present.
3. In the event a Certifying Entity undergoes a personnel change which results in the departure of key experienced Principals, previous projects owned and developed under the direct supervision of the departed Principal will not be considered in this analysis.
4. Experience of different entities or Principals may not be combined to meet the minimum experience requirements of this section.

A certifying entity that was deemed to meet experience requirements in 2022 is only exempt from submitting documentation of experience for the 2023 round. All other sections—both capacity and compliance—of the performance workbook must be completed. Only those certifying entities that have received a determination letter of "Qualified" in the 2022 round will be deemed to qualify under grandfathering.

Properties proposed by CHDO entities with a HOME consent are required to have two (2) or more Successful Tax Credit Properties.

## D. Requirements for Performance (All Project Team Members)

A proposed Project Team that has a pattern of intermittent noncompliance or poor performance (adverse circumstances) over the three-year period prior to Application Submission, in the development or operation of a tax credit property may be limited in their ability to submit an Application for funds. Poor performance is indicative of a Project Team's capacity to own and develop the proposed property in a successful manner.

In the event DCA determines that there are adverse circumstances which may impact the capacity or qualifications of the Project Team members as a result of their credit history or past involvement in affordable housing multifamily development to be successful in meeting the requirements of Section 42, DCA may impose limits on the ability of the Project Team to receive an allocation or limit the ability of the Project Team to submit an Application. DCA may determine that a Project Team should be limited in the amount or type of funding received. DCA may also allow the Project Team to submit an Application but may condition the participation including but not limited to the number of properties selected for funding.

Adverse circumstances are found in the DCA Performance Workbook and Questionnaire.

## E. Requirements for Compliance (All Project Team Members)

All members of the proposed Project Team (General Partner and Developer) must be substantially compliant with DCA rules, Section 42 program requirements and regulations and HOME Partnership Program requirements and regulations in order to receive funds under the 2023 QAP. This includes payment of all fees due to DCA by Application Submission.

The majority of non compliance is addressed through Appendix II of this Plan and/or through IV above. Non compliance that is deemed to be significant is addressed below as a "Significant Adverse Event."

## F. Significant Adverse Events

A significant adverse event is an occurrence of non compliance which cannot be cured, program fraud or misrepresentation or an event which is so significant it impacts the ability of the Project Team to receive funding or an allocation from DCA under this QAP. Project Teams that have a significant adverse event at a HOME or tax credit property during the look back period will not be eligible to submit an Application under this QAP. A determination that a significant adverse event will limit a Project Team's ability to receive funding under the 2023 Plan is not a punitive measure but is part of DCA's process to ensure the highest standards of professional conduct and ethical business practices are used by DCA's recipients and industry partners. It also ensures that DCA selects to fund properties with the most qualified project teams as part of its competitive process.

Significant adverse events and look back periods are set forth in the Performance Workbook and Questionnaire.

## G. 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 relating to a Major Project Failure for the 2023 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.

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:

- The entity or individual developed and currently owns and operates a minimum of ten (10) Successful Tax Credit properties.
- The requestor demonstrates a strong performance history and is in material compliance with program regulations in the operation of its affordable housing portfolio.
- 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 2023 competitive round provided no additional adverse conditions have occurred or the original waiver was not withdrawn. Requests for waiver renewal should also be made with the Pre-Application Submission.

The granting of a waiver for a Significant Adverse Event only serves to determine the eligibility of a Project Team member for Threshold purposes. Deductions may still be imposed for the same Significant Adverse Events in the Scoring Section of the Application.

### Minimum Documents for Waiver Request:

- Completed and Signed "Significant Adverse Event Waiver Request Form" with a narrative indicating the basis of the waiver request.
- All documents related to Significant Adverse Event Waiver Request, including third party support for the basis of the Waiver Request, where applicable and if possible.
- Documentation of Successful Tax Credit Project development and ownership.
- Documentation of resources expended, reports, if available, related to good faith efforts.
- Documentation of previous DCA waiver, if applicable.

## H. Options for Not Qualified Entities

### 1. Partnering with a Certifying Entity

DCA generally encourages entities that have insufficient technical expertise and/or experience to partner with Certifying Entities to gain experience and capacity in the Tax Credit program. For information on the impact of partnerships on awards, see *Core Plan, Submission Requirements and Award Limitations*.

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

An Applicant that has extensive experience in the tax credit industry may also be deemed qualified under a probationary designation.

DCA allows Probationary-designated industry professionals to be the Certifying Entity for the General Partner or Developer entities as follows:

Housing Credit Competition	Eligibility to be the Certifying Entity, if qualified under Probationary designation
<b>9% Credits program</b>	Entity does not have sufficient ownership and/or development experience to fully qualify
<b>4% Credits program</b>	Entity has development experience comparable to fully qualified developers but does not have sufficient ownership interests to fully qualify

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 (5) years;
- b) Evidence of material participation in the Successful development of at least three (3) 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) DCA may require evidence of sufficient liquidity to attract syndication either through the assets of the Project Team or through a guarantor; and
- g) Narrative of proposed project and organizational structure.

## I. Required Documents

The following documents are required for each Certifying Entity:

1. DCA Performance Workbook which includes:
2. Performance Questionnaire.
3. Project Narrative.
4. Organizational Chart showing all entities and Principals that are part of the General Partner and Developer entities. This form must be submitted for each Application.
5. DCA Capacity Form. This form must be submitted for each Application.
6. DCA Experience Form. Determinations of Experience will only need to be submitted once for a Certifying Entity.
7. DCA Compliance History Form. Each Compliance History Summary (CHS) form must list all projects in which a Project Team member has participated in the ownership and/or

development. If requested by DCA, Applicants 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.

8. Where applicable, a listing of Georgia DCA Affordable Properties for which the Applicant wishes to seek Point Additions in the Compliance Performance Scoring Section of the application. These properties must meet certain criteria detailed in the Compliance Performance Scoring Section of this Application.
9. Performance Workbook Certification Letter.
10. Credit & Criminal Release form, if requested by DCA.
11. Disclosures.
12. IRS Form 8609 or occupancy permit for each project listed as meeting a Certifying Entity's experience requirement.
13. Letter from Syndicator certifying role and interest of the Certifying Entity and/or Principal for each Successful Tax Credit Project used to meet experience requirements.
14. Limited Partnership Agreement that identifies the Certifying Entity's effective control for the proposed project, if the general partnership is a joint venture. The relevant Limited Partnership Agreement for a Successful Tax Credit Project may not be used as a substitute for the letter from the Syndicator to certify role and interest in the project.
15. Applicant certified trailing twelve-month occupancy reports for each of the Successful Projects included on the Applicant's DCA Experience Form.
16. Supporting documentation related to foreclosures, suspension, or debarment by governmental or quasi-governmental entity, as well as any "yes" answers in the performance workbook.

The following documents are required for all other Project Team members:

17. Performance Questionnaire.
18. DCA Compliance History Form. Each Compliance History Summary (CHS) form must list all projects in which a Project Team member has participated in the ownership and/or development. If requested by DCA, Applicants 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.
19. Performance Workbook Certification Letter.
20. Credit & Criminal Release form, if requested by DCA.

## J. Disclosures

Disclosures for all Project Team Members

The following disclosures are required (if applicable) as part of this Threshold requirement:

1. Each Project Team member 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. This disclosure will need to be submitted only upon the written request of DCA.
3. Each member of the Project Team must disclose any interest they have in an entity that may purchase federal or state Credits allocated to a project.
4. Any relationship between individuals or entities of the Project Team that could constitute a conflict of interest or Identity of Interest between the parties.
5. Complete organizational charts must be submitted for the General Partner and Developer entities that clearly show all Principals including individuals involved in the ownership and development of the project.
6. All Development fee sharing arrangements must be disclosed. DCA considers all individuals or entities that receive more than 5% of the Developer fee to be part of the Developer structure. Similarly, all fee sharing arrangements related to operating profits must be disclosed. DCA considers all individuals or entities that receive more than 5% of operating profits to be part of the General Partnership structure.
7. 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 and require additional disclosures.
8. All consulting agreements - direct or indirect, paid or unpaid - shall be disclosed.
9. All services that are provided in support of a proposed project by a syndicator that is compensated through a lower credit price or other direct or indirect fee must be disclosed.
10. Any Project Team member that has sold, withdrawn or been involuntarily removed from a HOME or Tax Credit project General Partner or Developer entity
11. All pending litigation must be disclosed.
12. Significant non-performance and/or debarment in a government or quasi-government affordable housing program (including Fannie Mae, Freddie Mac, and Federal Home Loan Bank programs) must be disclosed.
13. Adverse credit history including, but not limited to, a default in the payment of any commercial or personal loan or personal bankruptcy.

## XIX. ELIGIBILITY FOR CREDIT UNDER THE PRESERVATION SET ASIDES

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### Requirements for all preservation set asides:

The seller did not, or will not, receive any operating, maintenance, or other reserve funds as a result of or concurrent with the sale of the asset.

#### A. USDA-assisted Housing

1. USDA-administered project-based rental assistance must support:
  - At least one unit in each building, and

- At least 50% of units overall, when considering all units across all buildings
2. Applications competing under the 4% Credits/Bonds Competitive Round “portfolio” set aside must meet the following additional requirements:
- Application proposes rehabilitation of at least 400 units

**Minimum Documentation:**

- Documentation from USDA evidencing the above rental assistance requirements

## B. Housing Tax Credit Set Aside Requirements

At least 50% of units must be restricted under a LURC.

**Minimum Documentation:**

- Existing LURC.

## C. HUD-assisted Housing Set Aside Requirements

At least 50% of units must initiate new or maintain existing project-based rental assistance or project-based operating subsidies through a program administered by HUD.

**Minimum Documentation:**

- Documentation from HUD evidencing the above rental assistance and/or operating subsidies requirement
- If undergoing a RAD conversion: direct evidence that HUD has provided initial approval for the RAD conversion through a Commitment to enter into a Housing Assistance Payment (CHAP)
- If pursuing a RAD/Section 18 Small PHA Blend:
  - RAD CHAP for the total number of public housing units to be repositioned, including both RAD and Section 18 units
  - Signed DCA Template: HUD Letter for RAD / Section 18 Blends
  - Calculation of the RAD/Section 18 unit mix and rents the project is entitled to

## XX. ELIGIBILITY FOR CREDIT UNDER THE NON-PROFIT SET ASIDE

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

- A. 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.
- B. 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.

- C. 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.
- D. 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.
- E. 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.
- F. 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, if the General Partnership is a joint venture.
- G. 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.
- H. IRC Section 42(i)(7) provides nonprofit general partners a Right of First Refusal (ROFR). The ROFR can be used to obtain eventual ownership of the property at a minimum purchase price equivalent to the outstanding debt plus exit taxes. The provision allows nonprofit general partners to gain property ownership as their investors exit after year 15 of the compliance period.
  - a. To ensure that nonprofit general partners are able to exercise their rights under Section 42(i)(7), the Applicant must commit to incorporating an acknowledgment of this right in partnership documents. Either the Limited Partnership Agreement or a separate ROFR Agreement must include specific language acknowledging the nonprofit general partner’s ability to exercise the ROFR. The ROFR Purchase Price must be the minimum purchase price permissible under Section 42(i)(7)(B). DCA will review the LPA or ROFR agreement prior to issuance of Form 8609 to ensure this requirement has been met.

**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.

## XXI. REQUIRED LEGAL OPINIONS

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- A. A legal opinion regarding the acquisition Credit eligibility is required for projects involving acquisition and rehabilitation. If the project previously received Credits, the legal opinion must include sufficient documentation for DCA to confirm that the Compliance Period has ended.
- B. A legal opinion regarding Credit eligibility is required for projects operated as assisted living facilities.

- C. 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.
- D. 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.

## XXII. OCCUPIED DEVELOPMENTS

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All proposed developments with residents and non-residential tenants on-site since the earlier of pre-application, three months prior to Application Submission, and application for federal funds (if applicable) must meet the application and documentation submission requirements below and in the 2023 DCA Relocation Manual.

### A. Relocation and Displacement of Tenants

Applicants must complete the DCA relocation survey in the Core Application, specifically addressing the development history and occupancy of the proposed project, regardless of occupancy type.

The Application must include:

- a detailed relocation/displacement plan, including a projected budget and an explanation of efforts by the Applicant (including underwriting) to mitigate the impact on residents and non-residential tenants
- documentation required in the DCA Relocation Manual
- rent rolls for the most recent three months

The plan must detail projected start and end dates and construction phasing (if applicable), including projected start and end dates for each phase, when work will be performed on each unit, and distinguish between units requiring relocation, including the necessary length of time for unit rehabilitation.

DCA must approve any temporary relocation or permanent displacement of tenants. Applicants that foresee in-place rehabilitation or permanent displacement of residents or non-residential tenants must submit a waiver request at pre-application.

Applicants must provide advisory services for existing tenants, which may be done by a third party (a non-profit, advocacy group, relocation specialist or Local Government). Applications must include evidence of tenant eligibility for every unit in each building with an existing tenant.

Applicants must disclose federal and other funding sources which may trigger additional relocation requirements, and provide supporting documentation. Applications for DCA-administered federal funds (HOME, NHTF, CDBG-DR) must meet the requirements of the Uniform Relocation Act and any other applicable laws. Owners may not use DCA HOME Loan draws to finance the relocation costs.

RAD Applications must provide a relocation plan and supporting documentation as applicable, meeting RAD requirements.

In the event condemnation proceedings are pending against a proposed project, DCA's relocation policies apply to all residents and non-residential tenants residing at the property at the earlier of Application Submission or HOME consent request, if applicable.

**Reference Documentation:**

DCA Relocation Manual.

**Minimum Documentation:**

All documentation required by the DCA Relocation Manual.

## B. Resident Feedback on Existing Subsidized Housing

All Applicants must indicate a commitment to accept DCA-led resident engagement if DCA chooses to do so. Resident engagement may include:

- surveying current tenants;
- holding one or more tenant meetings about desired amenities, services, management, maintenance, and the physical building;
- sharing the tenant input with DCA to determine whether the desired changes are feasible and practical.

**Reference Documentation:**

DCA Relocation Manual.

## XXIII. AFFIRMATIVELY FURTHERING FAIR HOUSING

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It is the policy of the Georgia Department of Community Affairs to administer the Housing Tax 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 them regardless of their race, color, religion, sex, disability, familial status or national origin. All Applicants shall implement

affirmative fair housing marketing policies in soliciting residents and outreaching to underserved populations and those least likely to apply to reside in completed tax credit units.

All Applicants selected for an award of Credits must prepare and submit an Affirmative Fair Housing Marketing Plan outlining how the project will market units to underserved residents including residents with disabilities. The Marketing Plan must be submitted and approved prior to the start of lease up and must include:

- A. HUD Affirmative Fair Housing Marketing Plan (AFHMP) – Multifamily Housing Form (HUD-935.2A) with completed worksheets and supportive documentation
- B. A comprehensive documented marketing strategy to affirmatively market and attract individuals least likely to apply, including persons with disabilities and the homeless. This strategy should include:
  - Goals, outcomes and action steps to thoroughly market to target populations and to establish and maintain relationships between the management agent and all community partners noted in the marketing strategy.
  - The progress assessment plan from the Evaluation of Marketing Activities section noted in the HUD-935.2A form.
  - Examples of outreach efforts (i.e. letters, meeting dates, events, etc.) to each service provider, homeless shelter and/or local disability advocacy organization in the county in which the proposed development is located. Be sure all marketing efforts include the Fair Housing and Accessibility logos, slogan and/or statement.
  - Examples of all marketing materials distributed to underserved populations 2-4 months prior to occupancy (i.e. tear sheets with dates from newspapers and magazines, copies of ads on a website, pictures of signs on the property, etc.).
- C. A formal documented strategy and outreach examples for individuals with Limited English Proficiency (LEP) for languages identified as being prevalent in the surrounding market area. Please note: Counties and Cities required to expand their marketing to include additional languages will be listed on the QAP Website.
- D. Formal documented referral and screening process that will be used to refer residents to the development, the screening criteria that will be used, and reasonable accommodations that will be made to facilitate the admittance of persons with disabilities or the homeless.
- E. A list of the public locations in and near the community where the development will be located, including at least one that has night hours, where applications for affordable units shall be made available.

The Applicant agrees to provide reasonable accommodation for these residents in the Property Management’s resident application. The leasing criteria must clearly facilitate admission and inclusion of the targeted population residents and must not violate federal or state fair housing laws.

## XXIV. OPTIMAL UTILIZATION OF RESOURCES

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DCA is required to take any actions necessary or convenient to ensure the complete, effective, efficient, and lawful allocation and utilization of the Housing Tax 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:

- A. Property acquisition and rehabilitation cost versus the cost to demolish and build a similar property in the same market area.
- B. Ratio of acquisition costs versus rehab hard costs.
- C. Work scope for rehabs.
- D. DCA resources allocated to develop each unit.
- E. Effectiveness and aesthetics versus the cost of a mitigation plan.
- F. Efficient and marketable use of the site, considering size and layout, to accommodate the number and type of units and amenities proposed.
- G. Undue enrichment of any Project Participant or contractor particularly where there are Identities of Interest.
- H. Impact on affordable housing stock.
- I. Other uses proximate to the site.
- J. Market information generated by or available to DCA.
- K. Property is already affordable and not a priority for receipt of resources
- L. Transaction appears to be primarily driven by the transfer of the property
- M. Per unit costs not reasonable.
- N. Excessive soft costs.
- O. Oversized units.
- P. Number of bedrooms high for proposed market.
- Q. High acreage.
- R. Other factors which are contrary to the policies and objectives of DCA.
- S. Applications that misrepresent sources of funds or attempt to conceal pertinent facts related to the proposed project.

## XXV. ADDITIONAL REQUIREMENTS FOR 4% CREDITS/BONDS APPLICATIONS

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1. Each Competitive Review Application must be associated with one bond issuance.

2. Scattered site Competitive Review Applications are only eligible for consideration if proposing rehabilitation of properties funded by USDA, undergoing a RAD conversion, or approved by DCA prior to the Competitive Review Application deadline.
3. The bond allocation request within a Competitive Review Application cannot exceed \$30 million.
4. No more than 55% of a development's aggregate basis can be financed by tax-exempt bonds.
5. Competitive Review Application must include bond inducement resolution from issuing authority.
6. DCA will not select any Competitive Review Application submitted by an Owner and/or Developer that has a 4% Credits/Bonds property that received an LOD from DCA in 2021 or earlier that has not closed their financing and started construction on that property as of the Competitive Review Application deadline.

#### Minimum Documentation

- Bond inducement resolution

# Exhibit A to Appendix I

## DCA UNDERWRITING POLICIES

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### 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. \$5,000 per unit for projects within the City of Atlanta,
  - ii. \$4,500 per unit for projects located in a Metropolitan Statistical Area (MSA) other than the City of Atlanta,
  - iii. \$3,750 per unit for Rural projects in an MSA
  - iv. \$3,250 per unit for non-MSA Rural projects, and
  - v. DCA will determine the reasonableness of the budgeted operating expenses for developments that include 515 USDA loans on a deal by deal basis.
  
- 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 of the state, 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. Applicable Credit Percentage

Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9 percent.

Section 42 (b) (3), provides that in the case of any new or existing building to which 42 (b)(2) does not apply and which is placed in service by the taxpayer after December 31, 2020, the applicable percentage cannot be less than 4 percent.

## 3. 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. DCA will use a pro rata of the land to total value based on the appraisal to derive the allowance cost in the development budget.

## 4. Builder Cost Limitations (Contractor Services)

Builder Profit is limited to a maximum of 6% of the subtotal of Land Improvements & Structures (on Core Application. Part IV – Uses of Funds). Builder Overhead is limited to a maximum of 2% of the subtotal of Land Improvements & Structures. General Requirements is limited to a maximum of 6% of the subtotal of Land Improvements & Structures. 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.

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

## 5. Community Service Facilities

DCA requires that the adjusted basis of any CSF included in eligible basis cannot exceed \$1,250,000.

The costs associated with the CSF must be broken out separately within DCA's Core Application.

## 6. Construction Contingency

For new construction, the construction contingency is limited to a maximum of 5% of the total construction hard costs. For rehabilitation, the construction contingency is limited to a maximum of 10% of the total construction hard costs.

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

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

## 7. Debt Coverage Ratio (DCR)

As part of its financial feasibility analysis, DCA will require that developments with 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 developments involving rehabilitation. For purposes of determining the debt coverage ratio, deferred Developer Fee will not be considered 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 and 1.25 for rehabilitation during the 15-year Compliance Period for a tax credit only property and 20 years for new construction properties with a DCA HOME loan. All developments with debt must meet DCA's debt coverage ratio requirement and have a minimum Effective Gross Income to Total Annual Expenses (including reserve for

replacement) ratio of 1.10 for new construction and 1.15 for developments involving rehabilitation. DCA will review each development carefully to determine whether a development is over subsidized and whether the amount of HOME funds and/or credits is the best use of DCA resources. DCA reserves the right to reduce credit allocations to Applications that have high DCRs and has enough cash flow to support debt. DCA will scrutinize Applications with DCRs exceeding 1.50 in Metro Pool areas and 1.40 in Rural areas. 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 15 years. Documentation to support these higher debt coverage ratios should be provided.

DCA may waive its minimum debt coverage ratio for USDA 515 developments 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. Developments 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 and 1.15 for developments involving rehabilitation is 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.

## 8. Development Costs

These are costs shown in the development budget and include, but are not limited to, the cost for land, on-site improvements, on-site development, construction cost, financing cost, professional fees, and mandatory reserve accounts. Development costs are limited to on-site development activities.

DCA will conduct a line by line review of development costs to determine the reasonableness of each estimate. Applicants are encouraged to utilize accurate estimating data in determining this budget and to provide supporting documentation when available. DCA may require that development costs be reviewed by a third party consultant approved by DCA as a condition of funding.

## 9. 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. The developer fee cannot be increased after Application Submission.

## 10. Developer Fee Amounts

Developer fee awards will be set on a per-unit basis as follows:

- \$27,500 per unit for first 50 units
- \$22,000 per unit for units 51-70
- \$16,500 per unit for units 71 or higher

For developments with more than one eligible basis activity (new construction, acquisition, rehabilitation), the developer fee should be split proportionally between each activity based on the total basis for each activity to total project basis.

The Developer Fee for Applications for additional Credits (in the year the project is placed in service), shall be limited to the original approved Developer Fee.

Deferred Developer Fee must be payable within 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 in the Developer fee calculation.

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

- \$2,000,000 for 9% credits competitive Applications
- \$3,500,000 for 4% credits Bond Financed Projects

## 11. 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.

## 12. Identity of Interest

**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.

**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.

### 13. 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.

### 14. 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. In order to ensure that Management fees are competitive and drive by the market, fee sharing is not allowed.

## 15. Operating Deficit Reserve

All developments must budget for and fund operating deficit reserves. 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.

## 16. Permanent Debt Financing

Permanent debt financing shall have a minimum term of 10 years.

## 17. Preliminary Financing Commitment Letters

See Appendix I Threshold Section I.A for Financing Commitment requirements. DCA reserves the right to evaluate the reasonableness of the interest rate of any loan and adjust it based on the market information available to DCA.

If 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.

## 18. Rehabilitation Hard Costs

Average "dwelling unit" per unit rehabilitation hard costs must equal or exceed \$35,000. See Architectural Manual Rehabilitation Guide for further guidance.

## 19. 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.

## 20. 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

(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.

## 21. 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.

## 22. 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.

## 23. 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.

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

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When paired with the Housing Credit program, DCA administers HUD funding such as HOME through Notices of Funding Availability (NOFAs) outside of the competitive review processes detailed in the QAP.

### DCA Underwriting Process

#### Overview of DCA HOME Underwriting Process

- All properties with a DCA HOME consent will be subject to a stringent underwriting review. Prior to commitment, the proposed loan must be approved by the DCA Project Loan Committee (Committee). DCA underwriting staff will work with development staff to present deals in their best light but cannot guarantee that a proposed loan will be approved by the Committee. The presentation of a workable loan is the sole responsibility of the Applicant.
- Properties that are determined by the Committee to pose an undue risk of loss to DCA or GHFA through recapture during the period of affordability or default prior to payment in full will not receive a final commitment of funds.
- DCA underwrites the loan based on the proposed pro forma submitted by the Borrower. Underwriting staff also performs a “sensitivity” analysis. The sensibility analysis will show whether the expenses or revenue proposed by the applicant can be less than 10% and still show a viable repayment structure. This means that tax credit rents will be underwritten both at the maximum allowable amount and at 10% less than the maximum amount. The ability of the proposed loan to “pass” this sensitivity analysis is used as part of the overall analysis of the risk of recapture and/or default.
- A proposed application that is selected for funding in the 9% round with a DCA HOME consent will have their tax credit award rescinded if the proposed HOME loan cannot be approved by the DCA loan committee within a reasonable time of the tax credit reservation (if applicable).
- The Committee will only approve loans where the proposed financing structure reasonably shows repayment of all HOME funds. Recapitalization at year 15 is not considered as a basis for repayment of the proposed loan. The value of the property at the end of the Period of Affordability may be considered as a source of repayment.
- The adherence to underwriting criteria increases the chances of a project receiving final committee approval but is not a guarantee of approval. One or more Waivers or exceptions to DCA underwriting guidelines increases the chances that a proposed loan will not be approved by the Committee even if the waiver or exception is allowed by DCA underwriting staff.
- Risk of default after the end of the period of affordability may be mitigated by a market appraisal showing that the property has a value in excess of the loan balances.

## HOME Underwriting Policies

### 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. Construction Commencement

All HOME projects must be able to commence construction within nine (9) months of the preliminary award letter.

### 4. 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.

### 5. Construction Hard Cost Financing

HOME Loan funds must be used to finance construction hard costs (site development, unit/building construction), and Contractor Services (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 unless expressly approved by DCA.

### 6. 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 entities also guarantee the completion of construction and payment of the HOME Loan until Conversion.

### 7. Conversion

Projects receiving HOME Loans must be scheduled to convert within twenty-four (24) months of the HOME construction loan closing.

### 8. Developer Fee Disbursement Limitations

The maximum amount of the Developer's and Consultant's Fee (if applicable) that can be drawn before Project Completion 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.

## 9. 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. If applicable, HOME and TCAP funds will be drawn in equal amounts during the period of construction.

## 10. 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.

## 11. General Contractor

DCA must approve the General Contractor prior to commencing work on any HOME project. The General Contractor for all DCA construction projects must be properly licensed in the State of Georgia and must not be on the HUD debarment list.

Request for approval of a General Contractor (Contractor Qualification Package) 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 (low income housing, tax credit, multifamily, 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) 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, along with evidence of insurance that meet the State of Georgia minimum requirements.

- k) 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.
- l) A copy of General Contractor's license.

## 12. 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.

## 13. 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 will 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) Priority of each lender's interest in the collateral for the loans.

## 14. 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.

## 15. 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 20 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. (See DCA Loan Product term sheets for additional information on loan terms.)

## 16. 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).

## 17. Excess Cash Flow Reserve

For all permanent non-fully amortizing Rural 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 all debt service, approved deferred developer fee payments 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 and will be credited towards the HOME Loan balance on an annual basis.

## 18. 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.

## 19. 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. All withdrawals from the operating deficit reserve must be requested in writing and approved in advance by DCA. Interest earned on the operating deficit reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions.

## 20. Over-Income Resident Restrictions

When DCA HOME Loans are used, additional over-income restrictions shall apply. Upon re-certification of a previously eligible resident, if it is determined that the resident's income exceeds 60% of AMI, then the resident's rent must be increased to the lesser of: 30% of the resident'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.

## 21. 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.

## 22. 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.

## 23. 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 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.
- b) 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.

## 24. Replacement Reserve Withdrawals

All withdrawals from the Replacement Reserve account must be approved by DCA in advance. If the replacement reserve is held by the senior lender, the account must be maintained 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. Requests for replacement reserve withdrawals must be made within 90 days of the capital expenditure. "Capital Improvements or Capital Expenditures" mean substantial improvements or expenditures for 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.

## 25. Construction Draws and Retainage

- a) Construction Draws:
  - i. Construction draws must be drawn as set forth in the Loan documents.

- ii. Draws of HOME loan proceeds may be submitted no more frequently than monthly, or less frequent than quarterly.
  - iii. 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.
  - iv. In no case may more than ten (10) months elapse between disbursements of HOME funds.
- b) 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: If the project completion is 0-50.0% of the General Contractor's contract sum, the AIA G702/703 must show at least 10% retainage on the current month's work completed to date. If the project completion is 50.1-100% of the General Contractor's contract sum, the AIA G702/703 must show at least 5% retainage on the entire contract sum. The construction contract must provide and the contractor must acknowledge that GHFA has the right to withhold such retainage and that the retainage will not be disbursed until full and final completion of the construction and all conditions of the final draw are met.

## 26. Loan Modifications

DCA recognizes that affordable housing properties may involve greater financial risk than market rate properties. To mitigate this increased financial risk and meet the requirement of maintaining the property as safe, decent affordable property, 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 a change in circumstances or other extenuating circumstances beyond the control of the owner. 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.

## 27. 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.

## 28. 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.

### **29. 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.

### **30. Syndicator Asset Management Fee**

Syndicator asset management fees will be paid after HOME debt service.

### **31. 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, resident 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.

### **32. 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.



# STATE OF GEORGIA 2023 QUALIFIED ALLOCATION PLAN

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## APPENDIX II

# Scoring Criteria

## I. DOCUMENTATION AND JUSTIFICATIONS

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### A. Minimum Documentation

Applications without Minimum Documentation and any other documents necessary to determine the Application meets the subsection criteria will not be eligible for the points. Applications must explain any alternate document to a minimum document.

### B. Scoring Justifications

Applicants must use each scoring justification section in the scoring workbook to fully explain the basis for points claimed in each category. The justification must be complete and not refer to supporting documents. Applications containing 2-4 sections without a full scoring justification will lose one (1) point, and each additional section will result in a one (1) point deduction.

Examples of unacceptable justifications include but are not limited to:

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

## II. APPLICATION COMPLETENESS

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### Up to 10 Points

Each Application will earn 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 necessary for Core or Threshold Sections.
2. Every two (2) Incomplete, Inaccurate, or Illegible Documents necessary for Core or Threshold.
3. Applications not organized in accordance with Tab Checklist and the Application Instructions.

### B. Financial and Other Adjustments

DCA may correct minor errors in the Application or make minor adjustments (financial or otherwise) to the Application during Threshold review. Applications requiring 2-4 adjustments will lose **one (1) point**, and each additional will result in a **one (1) point** deduction.

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

- Incorrectly calculating developer fee.
- Incorrectly allocating the developer fee between acquisition and rehab.

- Additions to line item development costs.
- Application errors that result in a change in the allowable tax credits.
- Failure to include DCA required reserves in the pro forma.
- Incorrectly calculating rents and/or utility allowances.
- Inaccuracies between submitted financial documentation and Core application information.

### III. DEEPER TARGETING/RENT/INCOME RESTRICTIONS

#### Up to 3 Points

Applicants may claim points under either A or B.

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.

The overall AMI percentage will be calculated based on the total residential units. (Common spaces and employee units will not be included in the total residential units.)

#### A. Deeper Targeting Through Rent Restriction – 2 Points

**Two (2) points** to Applications with an overall property area median income, calculated based on the imputed income and rent limitations (20%, 30%, 40%, 50%, 60%, 70%, 80%) for each affordable unit, equal to or less than 58%. Applicants may do so by utilizing either

- income averaging, or
- the 40% at 60% minimum set-asides and targeting units at lower levels.

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

#### B. Deeper Targeting Through New PBRA Contracts – 3 Points

**Three (3) points** to Applications with an award of new government-funded project based rental assistance (PBRA). Applicants shall be eligible for points in this category provided all of the following requirements are met:

- PBRA is for at least 30% of total residential units (common spaces and employee units will not be included); and
- 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.

#### Minimum Documentation:

Commitment for PBRA executed by authorized regulatory agency.

## IV. DESIRABLE/UNDESIRABLE ACTIVITIES

### Up to 20 Points

#### A. Desirable Activities

Applications will earn points for each desirable activity/characteristic category as set forth below, up to a maximum of **twenty (20) points** under this section.

##### 1. Requirements

- a) Driving or walking routes must originate from geo-coordinates of the pedestrian or vehicle site entrance and end at the geo-coordinates of the desirable amenity.
- b) Each building/entity/location will be assigned to only one (1) desirable category, with the exception of an amenity under (a), (c), or (l) below, which may be assigned to up to two (2) desirable categories. (Example: a public park may have a gymnasium and/or a swimming pool, or a supermarket may have a pharmacy).
- c) 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 Applicant Submission.
- d) For Scattered Site Projects, desirable amenities must be measured from the center point of each Scattered Site locations.

##### 2. Eligibility

The following Desirable activities/characteristics are eligible for points:

Category	Item	Amenity	Points Group
Retail & Restaurants	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)	1
	b	Retail/clothing/department store (full range of clothing/household items)	2
	c	Supermarkets and grocery stores with meat, dairy, and produce (high-end specialty stores and convenience stores not eligible)	1
	d	Restaurants	2
Medical Care	e	Hospital (outpatient centers or emergency care facilities not eligible)	1

Category	Item	Amenity	Points Group
	f	Medical care provider (e.g. clinic, physician/dental office)	1
	g	Pharmacy	1
Education & Child Care	h	Child care service licensed by Georgia Dept. of Early Care and Learning	1
	i	Institution that is part of the Technical College System of Georgia	2
	j	Elementary, middle, or high school	1
Community Assets	k	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 (only applicable to Rural properties)	1
	l	Community or recreational center (e.g. YMCA, Boys & Girls Club, public pool, public gymnasium, senior community or multipurpose facility)	1
	m	Public park/public community garden greater than 25,000 sq ft	1
	n	Public park/public community garden less than 25,000 sq ft	2
	o	Public library	1
	p	Fire station or police station	2
	q	Federally insured banking institutions (ATMs not eligible)	2
	r	Place of worship	2
	s	Post office	2

### 3. Point determinations

Points for each Desirable activity/characteristic are assigned based on the following tables. Distances may be based either on driving or walking routes.

Point determinations:

Distance (miles)	0.5	1	1.5 (Metro Pool) or 2.5 (Rural Pool)
Points (Group 1)	2.5	2	1.5
Points (Group 2)	2	1.5	1

## B. Undesirable/Inefficient Site Activities/Characteristics

**Two (2) points** will be **deducted** from the Applicant’s Desirable points for each Undesirable activity/characteristic located within the radius of 0.25 miles of the proposed site.

For scattered-site projects, the Applicant must evaluate the 0.25-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, including but 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, including but not limited to 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/or detract from an area’s physical appearance, diminish living conditions and/or safety of the neighborhood, and/or decrease the marketability of the proposed sites (DCA will determine “abandoned” based on unsecured windows and doors and lack of maintenance).
- d) 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.
- e) Extensive mitigation that can translate to a less efficient use of resources, including but not limited to 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.

- f) Property is in a USDA-defined food desert. This point deduction will not be applied to properties qualifying for supermarket or grocery store point determinations under subsection A. Desirable Activities.

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 residents in determining a point deduction.

## 2. Exceptions to Undesirable Deductions:

The point deduction will not apply if the Applicant has knowledge at the time of Application that an undesirable activity/characteristic is temporary and that a change or mitigation will remove it as set forth below.

- Mitigation performed by a third party that will remove the undesirable condition is scheduled to occur prior to September 1, 2023. Applicants will need to provide proof of completion by this date.
- Mitigation by the Applicant or a Local Government must be completed by the placed in-service date.
  - Applicants must provide documentation of the site control and resources to complete the mitigation.
  - A Local Government must provide documentation that the specific mitigation will occur prior to the placed in service date.

### Minimum Documentation:

- Desirable/Undesirable Certification Form.
- Google Maps driving or walking route for each claimed desirable starting from the walking and/or driving entrance of the desirable amenity.
- Evidence of mitigation of undesirable activity/characteristic from the third party responsible for the mitigation by the date noted above, if applicable.
- If (h): Documentation of State license.
- Site map indicating the specific location of the nearest grocery store (including distance from site).
- USDA Food Access Research Atlas showing "LI and LA at 1 and 20 miles" layer with site location clearly marked, using the most recent USDA data available. USDA Food Access Research Atlas is available at:  
<http://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas.aspx>

## V. COMMUNITY TRANSPORTATION OPTIONS

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### Up to 6 Points

Applicants may claim points in A or B.

Community Transportation Options must meet the following criteria:

- Transportation service is publicized to the general public via website or published brochure.
- Transportation service is available to all residents of the proposed development/site.
- For subsection A, transportation route has a local route. Multi-stop express routes providing regional transit are only eligible under subsection B.
- Routes that only run direct will not qualify.
- On-call transportation services are not eligible for points in the Atlanta Metro Pool.

DCA will measure required distances from the geo-coordinates of a pedestrian site entrance to the proposed transit stop. DCA will not identify and/or measure any route other than the route submitted in the Application to determine points.

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

No Project Participants or affiliates may fund transportation options for purposes of claiming points in this scoring section.

## A. Transit-Oriented Development – 6 Points

For purposes of this subsection, a transit hub is a station that has three or more bus routes, rail options, and/or other affordable mass transit options.

1. **Six (6) points** to Metro Pool Applications proposing a site owned by a public or local transit agency which has been strategically targeted by the agency to create housing with on-site or adjacent access to a transit hub. 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.
2. **Up to five (5) points** to Metro Pool Applications that propose a site within walking distance of a transit hub. 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.

Walking distance	Points
0.25 miles	5
0.5 miles	4.5
1 mile	4

### Minimum Documentation:

- Narrative submitted and signed by a representative of the transit agency describing the strategic plan for the proposed site (Item “A1” only).
- Documentation showing the local transit agency’s land ownership (Item “A1” only).

- Walking distance route obtained from Google Maps from the geo-coordinates of the pedestrian site entrance to the transit stop.
- PDF of the transit service webpage including the items below. If the PDF of the transit service webpage does not include all items listed, a letter from the transit agency is required, including all items listed, as well as a contact name or department, phone number and email address:
  - URL
  - Cost of service
  - Relevant transit route(s)
  - Route schedule

OR

## B. Access to Public Transportation – 3 Points

Applicants may only claim points for one option below.

1. **Up to three (3) points** to Metro Pool Applications that propose a site within walking distance of a public transportation stop.
  - DCA will only consider points for a site within walking distance of a public transportation stop that exists at the time of Application Submission.
  - The public transit service must serve the public no less than 5 days per week.
  - The public transportation stop must rest along a transit line that follows a fixed route and daily schedule.

Walking distance	Points
0.25 miles	3
0.5 miles	2
1 mile	1

2. **One (1) point** to Metro Pool Applications for which a publicly operated/sponsored on-call transportation service is available on-site. The service must serve the public no less than 5 days per week.
3. **Two (2) points** to Rural Pool Applications demonstrating that a publicly operated/sponsored transit service that exists at the time of Application Submission will provide a reliable and available transportation option to all residents. If the transportation option is a fixed-route service, the stop must be within a 0.5-mile walking distance of the site. If the transportation option is on-call, the service must be available on-site.

**Minimum Documentation:**

- Map showing the location of the transit stop in relation to the proposed site and clearly indicating the site entrance or pedestrian site entrance to be used in calculating distance (not applicable to on-call options).
- Google Map walking routes must originate from geo-coordinates of the pedestrian site entrance or the nearest physical address and end at the transit stop (not applicable to on-call options).
- PDF of the transit service webpage, including the items below. If the PDF of the transit service webpage does not include all items listed, a letter from the transit agency is required, including all items listed, as well as a contact name or department, phone number, and email address for the transit service.
  - Webpage URL
  - Cost of service
  - Relevant transit route(s) (not applicable to on-call options)
  - Route schedule (not applicable to on-call options)
  - Confirmation that the service is available on-site at the proposed development (not applicable to fixed-route options)

## VI. QUALITY EDUCATION AREAS

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### Up to 3 Points

For a school to qualify it:

- cannot have district-wide enrollment unless the school is the only school in the district;
- must serve grades between Kindergarten and 12th grade; and
- cannot conduct student admission on a selective basis (e.g., lottery, competitive application).

Each school qualifying for points must meet requirements for A, B or C.

- A. College and Career Readiness Performance Index (CCRPI) scores are above the average posted on DCA's website. Only scores posted since the 2018 CCRPI update qualify under this section.
  - Schools with three years of published CCRPI scores must use a 3-year average.
  - Schools with only two years of published CCRPI scores may use a 2-year average. Schools with only one year of published CCRPI scores may use 1-year data.
  - Schools serving grades that span multiple Grade Clusters as defined by Georgia Department of Education (Elementary, Middle, and High School) must have a CCRPI score greater than the lowest score of the multiple clusters.
- B. School receives 2018 or more recent "Beating the Odds" designation
- C. School meets both of the following:
  - Average year-over-year change in CCRPI score between 2015 and 2019 is positive (excluding changes between 2017 and 2018, due to CCRPI methodology adjustment).

- Average CCRPI score over the same time period is in the top 75% of all statewide average scores for the grade cluster.

**Scoring table:**

Tenancy	All tenancies		HFOP, Elderly, Other	Family
Grades K-12 in schools meeting (a), (b), or (c)	3	7	All K-12	All K-12
Points	1	1.5	2	3

- Many Georgia schools have fewer grades than a full Grade Cluster (e.g., a Middle School with only grades 7 and 8). Points will be awarded based on the number of grades within schools that meet the requirements of A, B, or C and property tenancy. Some recently established schools do not have data for options A through C. For such schools, the Applicant may utilize scores of the applicable grade cluster for the school district.
- If two or more qualifying schools overlap in grades, an individual grade will only count once.

**References:**

- Quality Education Areas Scoring Data posted to DCA website.
- CCRPI website.  
<http://ccrpi.gadoe.org/>
- Beating the Odds Analysis.  
<https://gosa.georgia.gov/accountability/beating-odds-analysis>

**Minimum Documentation:**

- School district map(s) showing both the site location and full attendance zone boundaries indicated on the school district map(s). Maps must be published by official school district source. If the school district map is unavailable or unobtainable, a letter from a school district representative evidencing that the proposed site is within the school district boundaries (must include the project location).
- For each charter school, a letter from a charter school system representative not more than six (6) months old confirming that admissions is not conducted on a selective basis, that residents in the attendance zone are able to attend as of right.
- Applicable CCRPI data for each school.
- Each school name highlighted in a copy of each associated “Beating the Odds Designations” report.

## VII. REVITALIZATION/REDEVELOPMENT PLANS

### Up to 7 Points

Applicants are ineligible to claim points in Revitalization/Redevelopment Plans if claiming points in Stable Communities or Community Designations.

- Applicants may claim points in A and/or B.

### A. Revitalization Plan/Qualified Census Tract – 5 Points

Submitted revitalization/redevelopment plans must meet the following requirements to be considered Community Revitalization Plans (CRPs):

- Clearly delineate one targeted area within a Local Government Boundary that includes the proposed site. For applications in a Metro Pool, the targeted area must not encompass the full Local Government Boundary.
- Discuss housing as a goal of the CRP.
- Include an assessment of the targeted area's existing infrastructure.
- Designate implementation measures.
- Be officially approved or re-approved by a Local Government within ten (10) years of Application Submission.

A document is ineligible for consideration as a CRP if it is a short-term work plan, comprehensive plan, consolidated plan, municipal zoning plan, or land use plan.

1. **Two (2) points** to Application sites located within the targeted area of a qualifying CRP.
2. Applications eligible for the above points are also eligible for any or all of the following:
  - **One (1) additional point** if the Local Government solicited public input and engagement during CRP creation prior to the day of adoption.
  - **One (1) additional point** if the Local Government demonstrates financial commitment to advancing the CRP in the form of funds raised, funds allocated, tax incentives, or local government fee waivers. Funds raised or allocated are only eligible for this point if the amount would be eligible for at least one (1) point under subsection B. *Third-Party Capital Investment*.
  - **One (1) additional point** if the site is located within a Qualified Census Tract.

#### Minimum Documentation:

- A PDF of the full Community Revitalization Plan.
- Map of CRP's targeted area clearly marked with location of proposed development.
- Either:
  - Direct evidence of Local Government approval or re-approval (e.g., Local Government resolution or meeting minutes) occurring within the required timeframe; or
  - Signed letter from Local Government representative confirming the date of the Local Government's official approval or re-approval of the CRP within the required timeframe.

- A letter from a Local Government representative substantiating the nature of the financial commitment to advance the CRP (if applicable).
- Either (if applicable):
  - Direct evidence of public input and engagement (e.g., advertisements of public meetings, agendas, sign-in sheets); or
  - Signed letter from representative of entity responsible for CRP summarizing the CRP’s public input and engagement process.

## B. Third-Party Capital Investment – 2 Points

Up to **two (2) points** if a foundation, trust, business and/or government not qualifying as a Related Party designates an investment of resources that will result in an off-site place-based improvement which:

- is within a 0.5-mile radius of the proposed site;
- will serve the residents;
- was not completed more than five (5) years prior to Application Submission;
- has an expected completion date before January 1, 2026, and
- is to be paid for in full by the unrelated third party.

Examples include, but are not limited to:

- community assets (e.g., parks, trails, community center)
- infrastructure improvements (e.g., water, sewer, drainage, streets)

Applications will earn points according to the following scale of investment amount within a 0.5-mile radius of the proposed site.

Points by Amount				
<b>Greater than:</b>	\$500,000	\$1 million	\$2 million	\$4 million
<b>Less than or equal to:</b>	\$1 million	\$2 million	\$4 million	(N/A)
<b>Points</b>	.5	1	1.5	2

### Minimum Documentation:

- Evidence from the unrelated 3rd party demonstrating source of investment, amount of investment, and timeline for completion.
- Description and location of improvements on site map.

## VIII. COMMUNITY TRANSFORMATION

### 3 Points

Applicants are ineligible to claim points in *Community Transformation* if claiming points in *Stable Communities* or *Community Designations*.

DCA will select up to **five (5)** Applications that will receive **three (3) points** for qualifying under the requirements listed below. All applications will compete against each other, regardless of Pool.

An Applicant is only eligible to claim points in this section if it meets the following criteria:

- Three (3) or more points under Revitalization/Redevelopment Plans.
- Each Project Team may submit only one Application for Community Transformation.
- Only one Applicant will be selected from each defined neighborhood.

The selection will be based on the Community Transformation Rubric posted to the DCA website.

Together, the Community-Based Developer and the Community Quarterback—the Community-Based Team—commit to Subsection D, undertaking Community Engagement and Outreach and creating a Community Transformation Plan targeting the Defined Neighborhood. These terms are defined below:

- **Defined Neighborhood:** a targeted area that includes the proposed site. For applications in a Metro Pool, the defined neighborhood must not encompass the full Local Government Boundary. If the Local Government has adopted a Community Revitalization Plan (CRP), the Defined Neighborhood should align or fall within the targeted area of the CRP.
- **Community-Based Developer (CBD):** a Project Team member that demonstrates an ongoing commitment to developing collaborative, holistic community solutions.
- **Community-Based Team:** Community-Based Developer and the Community Quarterback Board
- **Community Quarterback Board (CQB):** a coalition of public/private entities serving the Defined Neighborhood that
  - Drives the revitalization initiative to make sure all related components are successful and sustainable;
  - Ensures the people in the Defined Neighborhood are engaged, included, and served; and
  - Serves as a single point of accountability for partners and funders.

Transformation requires housing developers to work in coordination with the Local Government, community stakeholders and service providers to achieve access to place-based opportunity for all residents. Project Teams selected must be prepared to undertake considerable Community Engagement and Outreach necessary for this transformation.

### A. Community-Based Developer

DCA will judge projects requesting points in this section comparatively, so Applicants must provide sufficient evidence and documentation to substantiate claims regarding the strength,

capacity, and experience of the Project Team member as a Community-Based Developer. In the event of a tie, DCA will prioritize projects based on the following tiebreakers:

- Application receives points under Scoring Criteria, Enriched Property Services, subsection A. Owner-provided Services.
- Earlier year of the most recent 9% Credits award for the Local Government Boundary.
- Lower *Housing Stability* score for census tract according to Enterprise Community Partners [Opportunity 360](#).
- Applications that use the least amount of 9% Credits per low-income unit.
- Applicants with documentation that the property will reduce public housing waiting lists.

In order to be eligible for Community Transformation points, the Application must document the following:

### 1. Community Partnerships

The CBD has successfully partnered with two (2) or more established community organizations that serve the area in which the proposed property will be located and can document that these partnerships have measurably improved community or resident outcomes, such as improved educational achievement or increased access to health services. The length of each partnership must be at least two years. If the CBD has not supported a development in the community in which the proposed property will be located, the CBD may meet the requirement by documenting measurable improvement from community partnerships that the CBD has formed in support of their development in another community.

*“Community organizations”* are entities (a) that serve the geographic focus area noted above, and (b) whose stated mission is to increase residents’ access to community services such as education, health, employment, and/or transportation. *“Successful”* partnerships are those resulting in replicable, measurable improvement in residents’ access to education, health, employment, and/or transportation services as a result of the partnership.

#### Reference Documentation:

Community Transformation Rubric.

#### Minimum Documentation:

- Each established community partner must provide a letter that
  - Recognizes the length of their partnership with the Applicant and confirms that this relationship is ongoing; and
  - Discusses how the partnership has measurably improved community development outcomes.
- Quantitative/numerical data evidencing that the joint effort between partners has measurably improved residents’ access to education, health, employment, and/or transportation services. Examples include increased attendance and/or student performance, increased number of books available to children, higher rates of

community members reporting employment, and/or improved community health indicators.

## 2. Philanthropic Activities

In the last three years, the CBD has participated in or led philanthropic activities benefitting either the community in which the proposed development is to be located or a targeted area surrounding their development in another Georgia community.

- A “philanthropic activity” is the consistent and ongoing charitable donation of:
  - Goods
  - In-kind services, or
  - Cash
- The donation must not be an isolated event: it must have occurred more than once between May 25, 2020 and Application Submission Deadline.
- The recipient of “philanthropic activities” may be more than one individual or nonprofit, including grant-making entities.
- Donations dedicated to support services required at a DCA-funded property are not considered.
- The donation must have been made or fundraised by the CBD.

### Reference Documentation:

Community Transformation Rubric.

### Minimum Documents:

Developer Entity’s IRS tax returns documenting the charitable donation or grant statements, press releases, letters, or other documentation substantiating the local philanthropic activities. Documents must include the CBD, date, and donation amount/activity.

## 3. Community Improvement Fund

Applicants have received a commitment of funds for services to support the provision of community services and resources to the proposed development’s future residents and/or neighbors. The commitment may be from the Applicant itself or another entity. The funds must be directed to a designated financial account that is capable of documenting specific deposits and expenditures. The funds must be spent out over a period of five (5) years after the development is placed in service.

### Reference Documentation:

Community Transformation Rubric.

### Minimum Documents:

- Commitment of funds.
- Detailed use of funds.

#### 4. Equitable Allocation

Applicants will be rated less competitively in this selection process if:

- The development proposed is within or overlaps a Defined Neighborhood already containing a Transformational Community initiative funded in 2020, 2021, or 2022
- The Project Team member associated with the submitted partnership letters was awarded Community Transformation points for an application awarded 9% Credits in 2020, 2021, or 2022.

**Minimum Documents:**

Map clearly displaying boundaries of Defined Neighborhood.

## B. Community Quarterback Board

The CQB should reflect the Project Team’s local community partnerships that will drive Community Engagement and Outreach and support Community Transformation. The Applicant must convene a CQB that meets the following requirements:

1. At least one-third must be residents of the Defined Neighborhood who self-certify their income at less than 80% of AMI, other individuals who self-certify their income at less than 80% of AMI, or elected representatives of neighborhood organizations serving the Defined Neighborhood.
2. At least one-third must include three (3) of the five (5) following representatives:
  - a) Education representative
  - b) Employment services representative.
  - c) Transportation services representative.
  - d) Health services representative
  - e) Local Government representative – the elected official representing the district in which the proposed development is located or a member of the Local Government administration staff.
3. The CQB should build on existing community structures and local partnerships.
  - a) If the Project Team qualifies as a CHDO, the Project Team may appoint one or more members of their Board of Directors to the CQB.
  - b) If the community is a GICH participant or alumni, the Project Team may appoint one or more members of the GICH Community Housing Team to the CQB.

**Minimum Documentation:**

- Signatures from representatives listed under item B1 indicating commitment to serve on the CQB.
- Letter from each CQB representative listed under item B2 stating commitment to serve on the CQB.
- A completed Community Transformation Plan Certificate.

## C. Community-Based Team Responsibilities

If selected, the Applicant is required to ensure that the Community-Based Team complies with the following responsibilities and timeline:

1. Between notice of selection and 60 days prior to placed-in-service date, the Community-Based Team must:
  - a) Undertake Community Engagement and Outreach as defined below; and
  - b) Create Community Transformation Plan as defined below.
2. At 60 days prior to placed-in-service date, the Applicant must submit the following documentation to DCA at [hfdround@dca.ga.gov](mailto:hfdround@dca.ga.gov) for approval:
  - a) A copy of the full Community Transformation Plan that meets DCA requirements
  - b) Community Outreach and Engagement documentation:
    - i. Evidence of substantial effort taken to reach low-income individuals (e.g., copies of public notices advertising required public meetings)
    - ii. Evidence of the occurrence of outreach and engagement (e.g., meeting agenda listing Community-Based Team members present, sign-in sheet, and/or minutes)
    - iii. Methodological report of survey (e.g., when and how long was the survey available to respondents? How were respondents selected? How many people responded?)
3. Applicant agrees to undertake the following monitoring and reporting activities on an annual basis for a period of at least five (5) years following the placed-in-service date:
  - a) Survey residents annually; and
  - b) Report progress of Community Transformation Plan goal completion to DCA.

## D. Planning for Community Transformation

An effective Community Transformation Plan contains strategies for the coordination and provision of local services and resources to those most in need in the Defined Neighborhood.

The Community Transformation Plan must show a placed-based strategy to transform the Defined Neighborhood by addressing critical problems and challenges identified by the citizens as well as public and private community partners. The solutions proposed may be existing or new but each must represent an intentional community strategy targeting both the future residents and the Defined Neighborhood.

### 1. Community Engagement and Outreach

Must be completed by the Community-Based Team prior to creation of the Community Transformation Plan as part of identifying challenges and opportunities for transformation.

At a minimum, Community Engagement and Outreach must include the following:

- a) *Public and Private Engagement*: The Community-Based Team must show documentation that the CQB held at least one (1) meeting open to the public focused on identifying challenges to Community Transformation.

- b) *Citizen Outreach*: The Community-Based Team must make substantial efforts to record feedback from the low-income population to be served on what challenges prevent this community from accessing local resources. This requirement for Community Outreach must be met through both:
- i. Two (2) public meetings led by CQB members; and
  - ii. One (1) survey of Defined Neighborhood residents.

## 2. Community Transformation Plan Requirements

The Community Transformation Plan must include a full description of all goals, solutions, metrics of success, milestones, resources committed, and entities responsible and must discuss:

- The Local Government’s current priorities and strategies for the Defined Neighborhood, which are outlined in an existing Community Revitalization Plan or other Local Government planning documents; and
  - How the Community Transformation Plan builds on those priorities and strategies.
- a) The Community Transformation Plan must clearly identify specific challenges, citing
    - i. Data from Community Engagement and Outreach that demonstrates how the local population to be served currently accesses community resources; and
    - ii. Input from Community Engagement and Outreach that identifies the challenges the local population to be served face in accessing those community resources.
  - b) The Community Transformation Plan must prioritize these challenges and, based on Community Engagement and Outreach, provide a rationale for how the community has prioritized them.
  - c) For each prioritized challenge, the Applicant must identify at least one measurable goal for increasing future residents’ access to these resources. Defining a timeframe and a marker of success is essential for creating effective milestones.
  - d) For each measurable goal, the Community Transformation Plan must name at least one solution to be implemented by Community-Based Team members. For each solution, the Community Transformation Plan should note what resources have been committed by these entities or others to achieve this outcome.

## IX. STABLE COMMUNITIES

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### Up to 9 Points

Applicants are ineligible to claim points in *Stable Communities* if claiming points in *Revitalization/Redevelopment Plans*, *Community Transformation*, or *Community Designations*.

Applicants may claim points in A and/or B.

## A. Low-Poverty Communities – 5 Points

Applicants are eligible for only one of the following items, 1-5.

1. **Five (5) points** to Applications that are in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>):
  - a) Poverty level (see Income):
    - Metro Applications: less than **5%** below Poverty level
    - Rural Applications: less than **10%** below Poverty level
  - b) Designated Middle or Upper Income level (see Demographics)
  
2. **Four (4) points** to Applications that are located within 0.25-mile of a census tract meeting the requirements of A(1) above, measured as the driving distance from an Application's site entrance to the census tract border.
  - Application must also receive at least the following under *Scoring Criteria, Desirable/Undesirable Activities*, subsection A. *Desirable Activities*:
  - 9% Competitive Round: 15 points
  - 4% Competitive Round: 9 points
  
3. **Four (4) points** to Applications that are in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>):
  - a) Poverty level (see Income):
    - Metro Applications: less than **10%** below Poverty level
    - Rural Applications: less than **15%** below Poverty level
  - b) Designated Middle or Upper Income level (see Demographics)
  
4. **Three (3) points** to Applications that are located within 0.25-mile of a census tract meeting the requirements of A (3) above, measured as the driving distance from an Application's site entrance to the census tract border.
  - Application must also receive at least the following under *Scoring Criteria, Desirable/Undesirable Activities*, subsection A. *Desirable Activities*:
  - 9% Competitive Round: 15 points
  - 4% Competitive Round: 9 points
  
5. **Three (3) points** to Applications 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) Poverty level (see Income):
    - Metro Applications: less than **15%** below Poverty level
    - Rural Applications: less than **30%** below Poverty level
  - b) Designated Middle or Upper Income level (see Demographics)

Applicants within a 2020 census tract for which there is no FFIEC data may use FFIEC data for their 2010 census tract. If no data exists for their 2020 or 2010 census tract, applicants may use FFIEC data for the nearest census tract that has data available.

**Minimum Documentation:**

- Each page of FFIEC census report demonstrating the proposed site meets requirements. Data must be from the most current FFIEC census report as of January 1, 2022.
- If applicable, map clearly showing distance from site entrance to border of census tract meeting requirements.

**B. Local Health and Economic Indicators – 4 Points**

Applications will earn points based on the site being located in Census tracts with values above certain percentiles for statistics from the Census Bureau and Centers for Disease Control and Prevention (CDC). For purposes of this section, percentiles will be calculated as follows by pool:

- Metro Pools: using all census tracts in Georgia.
- Rural Pool: using all census tracts in the Rural Pool.

Statistics	Health Insurance Rate Employment Rate		Median Income		Max Points	
	Percentile Threshold	1 metric above 60 <sup>th</sup>	2 metrics above 60 <sup>th</sup>	Above 60 <sup>th</sup> , less than 80 <sup>th</sup>		80 <sup>th</sup> or above
Points		1	2	1	2	4

Applicants within a census tract without data for a metric may use the value of the nearest census tract with data for that metric.

By default, Applications qualify for points based on the most up-to-date information available as of November 1, 2022. DCA will publish the data to be utilized for this subsection on the DCA website. If the Census Bureau conducts data updates between November 1, 2022 and the Application Submission Deadline, the Applicant may claim points based on the higher statistics set.

**Reference Documentation:**

- American Community Survey (Census Bureau).
- DCA Health and Economic Indicators Table.

**Minimum Documentation:**

Map confirming distance from site to census tract with data, if applicable.

## X. MIXED INCOME DEVELOPMENTS

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### 1 Point

Applicants may claim points in A or B.

#### A. Unrestricted Unit – 1 Point

**One (1) point** will be awarded to Applications that include at least 10% unrestricted market rate units, and will not make the income averaging minimum set-aside election.

#### B. Income Averaging – 1 Point

**One (1) point** will be awarded to Applications that will make the income averaging minimum set-aside election, and do not include market rate units.

**Reference Documentation:**

DCA Market Study Manual.

## XI. COMMUNITY DESIGNATIONS

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### Up to 10 Points

Applicants claiming points in this section are ineligible for points under *Revitalization/Redevelopment Plans, Community Transformation, and Stable Communities*.

Applicants may claim points in either A or B.

#### A. HUD Choice Neighborhood Implementation (CNI) Grant – 10 Points

**Ten (10)** points to an Application located in an area that has received a HUD CNI Grant and identified in the CNI Grant application. The CNI awardee may select only one (1) Application to receive these points.

**Minimum Documentation:**

- The CNI grant award.
- Evidence that the proposed project is included in the targeted area.

- Letter from the CNI awardee confirming that the proposed property has been selected to receive these points.

## B. Purpose Built Communities – 10 Points

Purpose Built Communities may select one (1) Application to receive these points.

### Minimum Documentation:

Letter from Purpose Built Communities nominating one (1) proposed development that discusses how the proposed development will further the neighborhood's holistic community revitalization strategy.

## XII. PHASED DEVELOPMENT

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### Up to 3 Points

Applicants may only claim points in either *Phased Development* or *Previous Projects*. For purposes of this section, "Phased Development" means:

- One 9% Credit development that will be developed in several physically adjacent phases with different allocations.
- The community was originally designed as one development with different phases.
- The phases share common planning documents, including a master site plan and may also include documents including parks, green space, and shared amenities between the different phases.
- Each phase of the property has affiliated entities.
- The site is a second or third phase.
- The Applicant must have site control for all phases at the time the initial phase was closed.

**Three (3) points** to Applications if the proposed property is part of a Phased Development in which one or more phases received an allocation of 9% Credits or 4% Credits within the past six (6) QAPs and at least one phase has commenced construction by Application Submission deadline. Only one phase of a project can receive points during a funding round.

### Minimum Documentation:

- Master site plan with complete project concept showing all phases.
- Legal documentation that site control was established for all phases when the initial phase was closed.

## XIII. PREVIOUS PROJECTS

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### Up to 5 Points

Applicants may only claim points in either Phased Developments or Previous Projects. Applicant is eligible for only one option within either A, B, or C.

Rural HOME Preservation set aside funded applications are not included in the analysis of previous competitive funding cycles.

## A. 15 Years Lookback Period – 5 Points

For purposes of this subsection A, if proposing a development in an incorporated area, the Local Government boundary must be of a municipality incorporated on or before January 1, 2017.

1. **Five (5) points** if the proposed site is within a current Local Government Boundary that has not been awarded 9% Credits within the last 15 DCA Housing Credit Competitive Rounds.
2. **Four (4) points** if the proposed site is within a current Local Government boundary that has only received one (1) 9% Credits award within the last 15 DCA Housing Credit Competitive Rounds. The most recent 9% Credits award must have been received prior to January 1, 2017.

## B. Four to Six Years Lookback Period – 3 Points

For purposes of this subsection B, the buffers for each pool are the following:

- Metro pools: 1-mile radius
  - Rural pool: Local Government Boundary
1. **Three (3) points** if the proposed site is not within the pool-specific buffer of a 9% Credit development that has received an award in the last six (6) DCA competitive funding cycles.
  2. **Two (2) points** if the proposed site is not within the pool-specific buffer of a 9% Credit development that has received an award in the last four (4) DCA competitive funding cycles.

## C. Two to Three Years Lookback Period: Transit Proximity – 3 Points

1. **Three (3) points** will be awarded to Metro pool Applicants if the proposed site is:
  - within a 1-mile radius of a transit hub as defined in Community Transportation Options and;
  - not within a 1-mile radius of a 9% Credit development that has received an award in the last three (3) DCA competitive funding cycles.
2. **Two (2) points** will be awarded to Metro pool Applicants if the proposed site is:
  - within a 1-mile radius of a transit hub as defined in Community Transportation Options and;
  - not within a 1-mile radius of a 9% Credit development that has received an award in the last two (2) DCA competitive funding cycles.

**Reference Documentation:**

- Interactive map of previous awards posted on DCA website.
- List of previous awards posted on DCA website.

**Minimum Documentation:**

If annexation has occurred which impacts point eligibility for this section, and current boundaries are not reflected on DCA’s Housing Tax Credit Properties Map, applicants must submit documentation of annexation.

Applicants claiming points due to proximity to a transit hub must submit documentation substantiating that:

- the public transportation stop qualifies as a transit hub under the definition in *Scoring Criteria, Community Transportation Options*.
- the proposed development is within a 1-mile radius of the transit hub.

## XIV. EXTENDED AFFORDABILITY COMMITMENT

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### Up to 4 Points

Applicants may claim points in A or B. Applicants claiming points in A may also claim a point in C.

#### A. Waiver of Qualified Contract Right – 3 Points

1. **Three (3) points** to Owners willing to forgo the Qualified Contract "cancellation option."
2. **Two (2) points** to Owners willing to forgo the Qualified Contract "cancellation option" for at least 10 years.
3. **One (1) point** to Owners willing to forgo the Qualified Contract "cancellation option" for at least 5 years.

#### B. Resident Ownership – 1 Point

**One (1) point** to Owners that commit to submit a plan for resident ownership at the end of the 15-year Compliance Period outlining the Applicant’s exit strategy, calculation of the estimated affordable purchase price for the unit occupied by the resident, pre-purchase homeownership counseling, and how the resident’s down payment will be managed. Only single-family styled units are eligible for these points. The applicant must own all sites (long-term leases are unacceptable).

**Minimum Documentation:**

Documents meeting the above requirements.

## C. Waiver of Qualified Contract Right and Right of First Refusal – 1 Point

Applicants are only eligible under this subsection if also claiming points under subsection A. *Waiver of Qualified Contract.*

**One (1) point** to Applicants for committing to provide a right of first refusal to a qualified nonprofit organization or a local housing authority (or a wholly-owned subsidiary) if the Owner elects to transfer an interest in the property during the Compliance and Extended Use Period in accordance with DCA requirements and Section 42(i)(7) of the Code. All applicants are eligible to receive points under this category, regardless of whether the sponsor is a nonprofit or a for-profit organization. Ownership transfers for the purposes of syndication will not trigger the right of first refusal.

## XV. INTERNET ACCESS

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### Up to 2 Points

DCA will award points to Applicants committing to provide free high-speed internet/broadband service that is accessible from within each unit.

Applicants are only eligible for points under this section if the costs of internet access can be covered while still meeting all QAP requirements impacted by the expenses (e.g., **Threshold Criteria, DCA Underwriting Policies**).

See **Threshold Criteria, Architectural Design and Quality Standards** for definition of high-speed internet.

#### Minimum Documentation:

- Documentation from the identified internet service provider establishing the total cost of internet service for the development, either as a whole or on a per-unit basis; or
- If Applicant is unable to obtain such documentation from the provider, submit a narrative establishing how the amount budgeted for internet service was calculated
- The costs associated with this section must be incorporated and identifiable in the development budget and underwriting model used for feasibility analysis

## XVI. MINORITY- AND WOMEN-OWNED BUSINESS ENGAGEMENT

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### Up to 2 points

Applicants may claim points in A or B.

For purposes of this section, a Qualified Business (QB) is a certified minority- or women-owned business. The following requirements must be met:

- The QB is certified under one of the programs approved and posted to the DCA website.
- QB conducts business in housing or real estate, evidenced by the respective NAICS Codes.
- QB is not a Related Party to an individual or entity that meets the requirements under *Requirements for Experience (Certifying Entity)*.

### A. Engagement Commitment and Reporting – 2 points

Applicant commits to:

- Engage QBs in the development or operation of the proposed property in amounts equal to approximately 5% of total construction hard costs as certified by the Independent Auditor Report in the Final Allocation Application.
- Submit a report with Final Allocation Application describing these efforts. This report would detail successes, obstacles, and other notes pertaining to the applicant's attempts to follow through on this commitment.

### B. Project Team Eligibility – 2 points

One or more members of the Project Team is a QB. The following additional requirements must be met:

- QB has a minimum 20% ownership in the Developer or General Partner entities.
- QB must receive a percentage of the Developer Fee greater than or equal to its ownership interest percentage.
- Experience requirements (see Threshold Criteria, section Experience, Capacity, and Performance Requirements for General Partner and Developer Entities):
  - QB has insufficient experience to qualify under *Requirements for Experience (Certifying Entity)*.
  - QB receives Probationary approval during the Pre-Application process (see *Capacity Building for Industry Professionals (Probationary Participation)*).
- If the QB partners with an entity that meets the requirements under *Requirements for Experience (Certifying Entity)* for the Application, the Applicant certifies that QB will be demonstratively and actively engaged in the oversight, management, and execution of the proposed property.

#### References:

Eligible certification programs posted to DCA website.

**Minimum Documentation:**

If claiming points under B:

- Certifications from eligible programs for development team members
- Draft Co-Developer/Draft Co-Venture agreement confirming the developer fee interest percentage

## XVII. ENRICHED PROPERTY SERVICES

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### Up to 2 Points

Applicant agrees to one of the resident services commitments below for the proposed development. Services must support resident outcomes related to education, health, transportation access, or economic security at the proposed development.

#### A. Owner-provided Services – 2 points

Owner will provide resident services at the proposed development. To be eligible for points under this subsection, an entity in the General Partnership must have received a certification from Certified Organization for Resident Engagement & Services (CORES) under the “Direct Model” or “Hybrid Model” options.

The CORES-certified entity must select only two Applications in the 9% Competitive Round for which points under this subsection can be applied. If the entity designates these points to more than two Applications, DCA will assign the option B. commitment below to all Applications for which the entity is a member of the General Partnership.

**Minimum Documentation:**

Proof of CORES certification.

#### B. 3rd Party Contractor – 2 Points

Applicant commits to accept resident services coordination from an entity certified as a “3rd Party Resident Services Coordination Contractor” by CORES or other DCA-approved program, if such an entity serves the locality and has the capacity to provide services at the property.

Applicants who prefer to partner with a particular 3rd party entity qualified under the above will not be required to partner with a different entity.

**References:**

[CORES website](#)

## XVIII. EXCEPTIONAL NONPROFIT/PUBLIC HOUSING AUTHORITY

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### Up to 2 Points

Applicants may claim points in either A or B.

A nonprofit or PHA Applicant that was awarded the Exceptional Nonprofit/PHA section points and received funding from DCA in the prior year competitive round is ineligible to claim points under this section.

### A. Exceptional Nonprofit – 2 Points

DCA will award two (2) points to two (2) Applications in which the Project Team includes a qualified nonprofit as the managing general partner. (Public housing authorities, their sponsoring entities, affiliated companies or subsidiaries are not eligible for points in this subsection.) Only projects applying and eligible for in the non-profit set aside are eligible, for points in this category, and the nonprofit must be the entity that meets requirements for the set aside requirements. 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 organization that meet IRS set aside requirements.

The scoring method for the comparative analysis is contained in the DCA Nonprofit Assessment Form. DCA will comparatively evaluate and rank nonprofits according to how well they meet each of the following criteria:

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

In the event of a tie, DCA will select first any nonprofit not awarded Exceptional Nonprofit points in the 2021 or 2022 competitive round and second the Applicant(s) with the strongest technical expertise as a tiebreaker.

#### Minimum Documentation:

- DCA Exceptional Nonprofit/PHA Assessment Form.
- Copy of organization's publicly available federal Form 990 for 2020 and 2021. If the Form 990 is not available, DCA requires a clear explanation and proof of exemption.
- Two (2) most recent annual audits completed by an independent auditor.

## B. Exceptional Public Housing Authority – 2 Points

DCA will award two (2) points to one (1) Application in which the Project Team includes a qualified Public Housing Authority (PHA), their sponsoring entities, affiliated companies or subsidiaries. A Project Team may only request these points for one Application.

The desired outcome of this category is to award points to strong, innovative, mission-oriented PHAs. PHA programs, services, and activities funded by HUD or HUD funds will not be considered in this analysis.

The scoring method for the comparative analysis is contained in the DCA PHA Assessment Form. DCA will comparatively evaluate and rank PHAs according to how well they meet each of the following criteria:

1. Technical expertise in the tax credit program.
2. Operating sustainability of the organization.
3. Management and governance of the PHA.
4. Community impact demonstrated by a record of funding and engaging in activities that have positively impacted communities in addition to housing tax Federal Credit development.

In the event of a tie, DCA will select first the PHA not awarded Exceptional PHA points in the 2021 or 2022 competitive rounds and second the PHA with the strongest technical expertise as a tiebreaker.

### Minimum Documentation:

- DCA Exceptional Nonprofit/PHA Assessment Form.
- Two (2) most recent annual audits completed by an independent auditor.

## XIX. DCA COMMUNITY INITIATIVES

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### 2 Points

### Georgia Initiative for Community Housing (GICH)

DCA will award points for projects with a letter from a DCA Georgia Initiative for Community Housing (GICH) team (currently active or certified alumni as defined by GICH administrators) which:

- Identifies the boundaries of their GICH community;
- Identifies the project as located within their stated GICH community boundaries; and
- 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 Application Submission.

Each GICH team may issue only one (1) letter for one project in this year's competitive round. Issuing more than one (1) will result in no project in that community being awarded this point.

Alumni GICH Teams which have not successfully completed a GICH Alumni Certification application in 2022 or 2023 are ineligible.

**Minimum 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 Application Submission, committing the formal support of the majority of GICH members.
- Letter from Local Government agreeing to the issuance of the letter.

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

## XX. FAVORABLE FINANCING

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### Up to 4 Points

Applicants may claim points in A and/or B.

#### Pre-Requisites

- Funding or assistance provided must be binding and unconditional except as set forth in this section.
- Resources must be utilized if the project is awarded.
- Only loans that will be used for both construction and permanent financing phases are eligible.
- Loans must be for a minimum period of 10 years at or below long term monthly AFR. DCA may include any fees in the calculation of the overall interest rate. Commitment or award documentation must meet the terms and conditions as applicable specified in Appendix I, Threshold Criteria, Section I (permanent financing, equity, deferred developer fee and other financing Commitment).

All permanent sources of funds received from an entity or related party must meet the pre-requisites above.

### A. Qualifying Sources for Favorable Financing – 3 points

1. Federal Home Loan Bank Affordable Housing Program (AHP).
2. Replacement Housing Factor funds (RHF) or other HUD public housing improvement fund.
3. HOME funds administered by an entity other than DCA.
4. Beltline Grant/Loan.
5. Historic tax credit proceeds.
6. Community Development Block Grant (CDBG) program funds.
7. Special Purpose Local Option Sales Tax (SPLOST) funds.
8. National Housing Trust Funds.

9. TCAP loans passed through a Qualified CDFI revolving loan fund (only have to meet the first two pre-requisites listed above).
10. Foundation grants, or loans based from grant proceeds that meet the following legal and financial requirements:
  - a) Must be a private foundation as defined in the US Tax Code 26 USCA 509 or a community foundation accredited by the National Standards for U.S. Community Foundations.
  - b) The foundation is not related to any project participant and has a history of supplying grants to affordable housing developments.
11. Other Federal, State, or local grant funds or loans. Loans under this category are ineligible if originated by a conventional bank.

No project participant or affiliate may guarantee, fund, advance, or otherwise provide direct or indirect funding for the purpose of an Application claiming points in this category.

If the seller of the land/property (or any related party) is providing funds to finance the development and claiming these points, the sales price will be reduced from the total funds provided.

**Point Scale.** The total amount (combined) of all new loans and/or new grants will qualify for points according to the following scale:

Points by Qualifying Sources Amount			
<b>Total funding amount</b>	\$500,000 to \$999,999	\$1,000,000 to \$1,999,999	\$2,000,000 or more
<b>OR</b>			
<b>Amount per unit</b>	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 or more
<b>Points</b>	1	2	3

**Minimum Documentation:**

- Commitment letter for such new loan and/or grant and/or historic 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 – 1 Point

**One (1) point** for Applications receiving a term ground lease of no less than 45-years from a local public housing authority, government entity, or community land trust for no more than \$100 per year and no other land costs. Leases can only be considered for points under this subsection. No funds other than what is disclosed in the Application may be paid for the lease either directly or indirectly. The Lessor must be willing to execute the tax credit Land Use Restriction Agreement in order to qualify for points in this section.

**Minimum Documentation:**

- A binding long-term executed ground lease or an executed option for a binding long-term ground lease, that provides the right for the applicant to execute a binding agreement upon closing, with a minimum term of forty-five (45) years.
- If community land trust is the lessor, articles of incorporation or bylaws detailing land stewardship and resale restrictions.
- Letter from Lessor that states it will execute the Land Use Restriction Covenant.

## XXI. HISTORIC PRESERVATION

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### 2 Points

Applicants may claim points in either A or B.

#### A. Historic Tax Credit Proceeds – 2 Points

DCA will award points if the proposed development includes historic tax credit proceeds and is an Adaptive Reuse of a structure:

- certified as historic (either listed individually on the National Register or as a contributing structure in a National Register Historic District), or
- deemed historic via an approved NPS Historic Preservation Certification Application Part 1-Evaluation of Significance to have a preliminary determination of listing on the National Register.

DCA may require awarded Applications to, as a condition of funding, provide evidence that the proposed development qualifies as a “certified rehabilitation” via an approved NPS Historic Preservation Certification Application Part 2-Description of Rehabilitation or an approved Part A-Preliminary Certification for State Income Tax Credit Program for Rehabilitated Historic Property.

The building or buildings being adaptively reused must constitute at least 30% of the total units. Slabs, sheds, gazebos, trailers/mobile homes, pavilions, pump houses, barns, garages and single-family homes are not eligible.

**Minimum 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 NPS approved Historic Preservation Certification Application Part 1 - Evaluation of Significance.
- Preliminary equity commitment for historic rehabilitation credit.

## B. Historic Structure – 2 Points

DCA will award points if a property is either a certified historic structure or is deemed historic (as both are defined above). The historic structure must house at least 50% of the total units.

### Minimum Documentation:

Copy of NPS approved Historic Preservation Certification Application Part 1 - Evaluation of Significance or copy of the approved National Register of Historic Places Registration Form (NPS Form 10-900) and National Register map identifying the property.

## XXII. COMPLIANCE PERFORMANCE

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### Up to 10 Points

Each Application will start with an award of ten (10) Performance Points. An Applicant's score in this section is a net score and may be negative.

### Compliance Score: Determination and Applicability

1. Compliance score deductions are based on the compliance and performance history of the General Partnership entity, Developer entity, and each Principal of both.
2. Negative compliance history of an entity is not negated by the resignation or removal of a Principal or selling of a noncompliant Property.
3. DCA will make point deductions for each Project Team member for which both of the following apply:
  - Has a 20% or more interest in the General Partner and/or Developer entities of the proposed development.
  - Had effective control in the General Partner and/or Developer entities of the non-complying properties at the time of non-compliance. Effective control means having a majority interest in the General Partner and/or Developer or being a managing member of a limited partnership or single purpose entity, or limited liability company.
4. If a Principal withdraws from an entity with a negative compliance history, the departing Principal must claim the history for three (3) years following the date of leaving the company.

## A. Calculation of Point Deductions

### 1. Significant Adverse Events (SAE)

A **five (5) point** deduction for the occurrence of each SAE for which a waiver was granted or renewed, as listed in the Performance Workbook and Questionnaire.

### 2. Adverse Circumstances (AC)

A **two (2) point** deduction for each instance of Adverse Circumstance, as listed in the Performance Workbook and Questionnaire.

#### Minimum Documentation:

- Copy of completed Performance Workbook and Questionnaire
- Waivers related to any Point Deductions must be requested during the Pre- Application process. The document issued by DCA granting the Waiver must be included in the Compliance Performance Tab as part of the Application.
- A separate tab must be included in the Compliance History Summary Section of the Performance Workbook listing only the Georgia Properties for the entire Development Team.

## B. Calculation of Point Additions

The following points may be added back to the Compliance Score if the score after Point Deductions is less than ten (10) points. Applicants must provide documentation of Successful development and current ownership.

DCA may add Point Additions if any of the designated Project Team members can demonstrate having successfully developed and currently owns the listed number of Federal Credit or HOME properties. Applicants are eligible for only one of the following:

1. **One (1) point** for seven (7)
2. **Two (2) points** for eight (8) to ten (10)
3. **Three (3) points** for eleven (11) to fifteen (15)
4. **Four (4) points** for sixteen (16) to twenty (20)
5. **Five (5) points** for more than twenty (20)

#### Minimum Required Documents for Point Additions:

- Listing of Successful Georgia Affordable Developments owned by the Project Team.
- If applicable, a copy of the letter issued by DCA granting the SAE waiver.

- Information DCA requests regarding the properties in question.

## XXIII. INTEGRATED SUPPORTIVE HOUSING

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### Up to 3 Points

- Applicants may claim points in one of A, B, or C.
- Applicants may claim points in D alone or in addition to A, B, or C.

#### A. DCA PBRA Agreement – 1 point

The Applicant commits to accept DCA-administered PBRA at the proposed development for not more than 20% of overall units, if funding is available.

##### Eligibility:

- Proposed development has units without PBRA contracts.
- Proposed development tenancy is Family.
- New Supply Applications must propose at least 10% of total units as 1 bedroom.

It is the Applicant's responsibility to understand all applicable PBRA program requirements.

Applicants should note:

- DCA primarily intends to utilize commitments under this section for Section 811 Supportive Housing for Persons with Disabilities.
- The Section 811 program requires a 30-year use restriction for assisted units.

#### B. Non-DCA Supportive Housing PBRA – 1 point

The proposed development has non-DCA PBRA intended to provide supportive housing for individuals with disabilities.

##### Minimum documentation:

Evidence from the funding provider substantiating that the PBRA units are reserved to serve individuals with disabilities.

#### C. Tenant Selection Preference – 1 Point

DCA will award points to Applications with a commitment of HUD Section 8 project-based rental assistance from a PHA 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). Applicants must commit to designating a tenant selection preference for a minimum of 15% of the total units for persons with specific disabilities identified in the Settlement Agreement (#1:10-CV-249-CAP).

The PHA must have received HUD’s approval of the tenant selection preference and of the waiver(s) of the HUD regulation(s) prohibiting preferences for persons with specific disabilities or diagnoses (specific regulation(s) to be waived depend(s) on the housing resources that will be subject to the preference). Preference must be approved for, or the PHA must have received approval to renew the preference for, at least five years from the Application Submission Deadline or until the State of Georgia has met its housing obligations under the terms of the Settlement Agreement.

The PHA must provide associated rental assistance for no less than five (5) years from the Application Submission Deadline date. The agency or project owner must keep a separate waiting list for the target population.

**Minimum Documentation:**

- Commitment for PBRA executed by authorized regulatory agency.
- The PHA Administrative Plan allowing for the tenant selection preference
- Documentation demonstrating HUD’s review and approval of the terms and structure of the preference and waiver(s) of the HUD regulation(s) prohibiting preferences for persons with specific disabilities or diagnoses.
- If applicable, documentation demonstrating HUD’s approval to renew the preference.

## **D. DCA Section 811 Commitments: Prior Performance – 2 points**

This section applies to the following properties:

- The Applicant has a controlling interest in the General Partnership
- The Applicant has agreed to contract with DCA PBRA under a prior QAP

Property requirements:

- Property contacts have responded to DCA staff seeking to initiate a PBRA contract within the timeframes communicated
- DCA-assisted prospective residents do not face barriers in applying for a unit above those experienced by non-DCA-assisted prospective residents

## XXIV. OCCUPANCY

### Up to 6 Points

Application property exhibits average monthly occupancy over 24 months within the ranges below.

Occupancy range	Points
95% or more	6
85% to 94.9%	4
75% to 84.9%	2

#### Minimum Documentation:

- Table showing 24 consecutive months of occupancy rates ending two (2) months prior to the Application Submission Deadline.
- Rent rolls substantiating the occupancy rates table.

## XXV. MARKET CHARACTERISTICS

### Up to 12 Points

Applicants may claim points in A and/or B.

For applications seeking points under this section, DCA will commission a Preliminary Rent Analysis letter from a DCA-approved appraiser to confirm the information used to score both of the below. Applicants will be charged a fee equal to the cost of the Preliminary Rent Analysis Letter, regardless of whether their application is awarded.

#### A. Occupancy Rate of Comparable Properties

Average occupancy rate of comparable properties identified in the Rent Analysis Letter:

Average Occupancy Rate	Points
98% or higher	6
90% to 97.9%	4
Less than 90%	2

## B. Rent Advantage

Rent Analysis Letter indicates the 60% Housing Credit rent limit exhibits a rent advantage relative to market rents:

Rent Advantage	Points
30% or more	6
20-29.9%	4
10-19.9%	2

## XXVI. PBRA CONTRACTS

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### Up to 4 Points

DCA will award points based on the number of units in the proposed development mix covered by federally-funded project-based rental assistance.

PBRA Units	Points
80 or more	4
60 to 79	3
40 to 59	2

## XXVII. PROPERTY RESTRICTIONS AND AGE

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### Up to 6 Points

- 4% Competition: Applications can claim points in A or B.
- 9% Preservation Set Asides:
  - Housing Tax Credit Set Aside: only subsection A applies
  - All other Preservation Set Asides: only subsection B applies

### A. Tax Credit Restrictions – 6 points

Current Federal Tax Credit restrictions were applied to the property began during the calendar year ranges below, as determined by the date the LURC was executed by all parties.

LURC Execution Calendar Year	Points
1992 to 1996	6
1997 to 2002	4

**Minimum Documentation:**  
Executed LURC.

### B. Property Age – 4 points

Application provides certificates of occupancy evidencing the property's placed in service (PIS) date was within the time frames below.

PIS Year	Points
2002 or earlier	4
2003 to 2007	2

**Minimum Documentation:**  
Certificates of occupancy substantiating points claimed.

## XXVIII. USDA "Portfolio" Additional Criteria

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### Up to 16 points

Applicants may claim points in all of the below.

#### A. Geographic Distribution – 10 points

Applications receive 1 point for each county that a USDA property is located in, up to 10 points.

## B. Severe and Critical Need – 6 points

Average housing vacancy rate for the counties represented falls in one of the tiers below. Vacancy rate is as determined by DCA staff calculations.

Average County Housing Vacancy Rate	Points
Less than or equal to 2.5%	6
Greater than 2.5% Less than or equal to 5%	5
Greater than 5% Less than or equal to 10%	4
Greater than 10% Less than or equal to 20%	2

## XXIX. TIEBREAKER INFORMATION

### Points not applicable

Most tiebreakers are administered by DCA based on analysis of competitive round outcomes and external data. The below tiebreakers rely on additional information provided by applicants. To see which tiebreakers apply to the Application’s competition, please see each of the following:

- **(Core Plan) 4% Federal Credit – Bond Financed Projects**
- **(Core Plan) 9% Federal Credit Competitive Round**

### A. Readiness to Proceed for 4% Credits/Bonds Applications

For purposes of this tiebreaker, “readiness to proceed” refers to how quickly the development will be able to commence construction. Applicants should detail the extent to which the proposed development is ready to proceed as it pertains to elements of the pre-construction process not already captured through Threshold Criteria or Scoring Criteria in the QAP.

Applicants provide a narrative detailing any aspects of development readiness that the Applicant believes DCA should consider along with supporting evidence.

#### Minimum Documentation

- Evidence supporting the narrative

## B. Preservation Priority

Applicants should provide a narrative detailing any aspects of the existing property, current residents, local market conditions, development proposal, or other aspects of the Application that should make it a high priority for DCA within the Preservation competition.

### Minimum Documentation

- Evidence supporting the narrative

# Exhibit A to Appendix II

## DCA RIGHT OF FIRST REFUSAL (ROFR) PROCESS

Applicants receiving points under Scoring Section *Extended Affordability Commitment*, subsection C. *Right of First Refusal*, commit to provide an ROFR to a qualified nonprofit organization or a local housing authority or a wholly-owned subsidiary of such organization in accordance with Section 42(i)(7), the requirements in this section, and subject to DCA approval of the terms. The ROFR process is only triggered when a third party makes an offer on the property or for an ownership interest in the partnership.

All applicants are eligible to receive points under this category, regardless of whether the sponsor is a nonprofit or a for-profit organization. Additionally, ownership transfers for purposes of resyndication will not trigger the right of first refusal process.

The price in an ROFR transaction must not exceed the greater of the minimum purchase price set forth in Section 42(i)(7) of the Code or fair market value of the property, the latter defined to be the as-is restricted and encumbered value of the property, as determined by an appraisal to be commissioned by DCA and paid for by the Owner. DCA will commission the appraisal within thirty (30) days of receiving notification from the Owner of a third party offer.

The ROFR posting period commences on the date DCA posts the property on the DCA website for purposes of soliciting eligible offers under the ROFR process. DCA will post the property on its website once the maximum allowable price has been established according to the appraisal. The maximum duration of the ROFR posting period is 180 days.

In order to be eligible to make an offer on the property or partnership during the ROFR posting period, a potential buyer must meet the following requirements:

- A nonprofit buyer must conform to the “qualified nonprofit” definition set forth in Section 42(h)(5)(C) of the Code;
- All buyers must have achieved the highest standard for developer qualifications in DCA’s most recent review of a tax credit application from the entity. This qualification determination must have been issued in the five (5) years prior to the commencement of the ROFR posting period.

The Owner may not accept a third party offer on the property until the ROFR requirement is satisfied. The Owner is free to accept or reject any offer from an eligible buyer during the ROFR posting period, and the Owner may, at their sole discretion, accept an offer during the ROFR posting period that is less than the maximum allowable price. However, if the Owner receives an offer from an eligible buyer at the maximum allowable price during the ROFR posting period and the Owner does not accept the offer, then the ROFR requirement is not satisfied and the Owner may not accept a

third party offer upon expiration of the ROFR posting period. If the Owner does not receive an offer from an eligible buyer at the maximum allowable price during the ROFR posting period, then following the end of the ROFR posting period the Owner may accept any third party offer.

The ROFR transaction is not required to close by the end of the ROFR posting period. However, if the Owner and eligible buyer fail to close following the end of the ROFR posting period and DCA determines that failure to close was the fault of the Owner, the ROFR requirement is not satisfied. The Owner may accept a third party offer on the property or partnership if DCA determines that failure to close was the fault of the eligible buyer.

# Appendix III

## COMPLIANCE MONITORING PROCEDURES, REQUIREMENTS AND PENALTY CRITERIA

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The DCA Compliance department will conduct monitoring procedures and requirements to ensure Ownership Entity and Project compliance with Section 42 (m)(1)(B)(iii) of the Internal Revenue Code and all requirements as specified in the QAP. Please see the DCA Compliance Manual for further information.

- A. DCA will require an Owner of a Housing Tax Credit (HTC) project and/or Tax Exempt Bond/Tax Credit property to maintain records for each qualified Housing Credit building in the Project. For each year in the compliance period, the records must show the information required by the record-keeping provisions contained in Section 1.42-5 (b) of the Treasury Regulations.
- B. DCA will require an Owner to retain the records documenting compliance with Section 42 of the Internal Revenue Code (Section 42) for each year as described in Paragraph A above for at least 6 years after the due date (with extensions) for filing the federal income tax return for that year. DCA will also require Owners to retain the records for the first year of the Credit Period for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.
- C. DCA will require a first-year tenant file review and issuance of a clearance letter from an industry recognized HTC training and file review specialist. Each first-year file with all tax credit qualification documents must be reviewed by a specialist and a summary of their findings must be submitted to DCA within 18 months from the date of the first building being placed in service. Failure to submit the findings will impact future scoring as applicable under the Compliance Performance section for 9% tax credit applications submitted by the owner and the property's ability to be issued a Recertification Waiver (allowing the Ownership Entity to cease full annual recertifications and process tenant self-certifications for subsequent annual recertifications for 100% HTC properties). Each ownership entity must enter all required tenant data for each property into the DCA reporting tools as required and described in DCA's memorandum notices, Compliance Manual and Asset Management Manual, by the 10th of each month for the preceding month. The required tenant data must include a report of all tenant move-ins and move-outs (to include onsite transfers) and income recertifications.
- D. An Owner of a Housing Credit Project must submit an online Annual Owner's Certification (AOC) to DCA, under penalty of perjury and as provided in Section 1.42-5 (c)(1) of the Treasury Regulations, by the stated deadline provided on the AOC form and the Compliance Monitoring website each year. All AOC submissions will be reviewed for Section 42 compliance and timely

submission. DCA may deduct up to two (2) points from scoring in the application funding round, per Section II (A)(2) of Addendum D, for the Owner's failure to submit an AOC for any project by 5:00 p.m. EST on the stated deadline.

- E. DCA will notify the IRS of an ownership entity's noncompliance or failure to submit an AOC no later than forty-five (45) days after the end of the time allowed for correction and no earlier than the end of the correction period. DCA will notify the IRS by filing IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance for the 15-Year Compliance Period. Under certain circumstances DCA may notify HUD of a failure to submit an AOC.

- F. LIHTC with a GHFA Loan (HOME)

*Annual Audited Financial Statement Requirement:*

Every property funded with Low Income Housing Tax Credits and financed with a GHFA loan (HOME, TCAP, etc.) must submit audited annual financial statements, prepared by a licensed Certified Public Accountant, and form Schedule A to DCA by May 15th or as otherwise required by DCA.

- All financial statements must be submitted electronically. Paper financial statements will not be accepted. Properties must continue to submit audited annual financial statements until the loan is paid in full.
- Each property is required to submit annual financial data as stated in this QAP, utilizing DCA reporting tools as required and described in DCA's policy documents, memorandum notices, Compliance Manual and Asset Management Manual.
- Annual financial reporting must begin once lease-up commences and after the first financial year of operation has ended.

**All Properties**

*Annual Financial Reporting:*

Every property funded with Low Income Housing Tax Credits must submit annual financial data. Annual financial data/Year-end financial data is due no later than May 15th of the following year.

*Quarterly Financial Reporting:*

Every property funded with Low Income Housing Tax Credits must submit quarterly operating data. Quarterly financial data is due within 45 days of the last day of the month following the end of the quarter.

- Each property is required to submit the financial data as stated in this QAP, utilizing DCA reporting tools as required and described in DCA's policy documents, memorandum notices, Compliance Manual and Asset Management Manual.
- This requirement is effective through the end of the Extended Use Period or Affordability Period, whichever is later.
- Quarterly financial reporting must begin once lease-up commences and after the first financial quarter of operation has ended.

During the course of monitoring, if a property demonstrates financial or physical distress, DCA may request additional financial documents for the identification of possible solutions.

- G. The ownership entity of any property having received funding through DCA must prepare and submit an Affirmative Fair Housing Marketing Plan (AFHMP) as outlined within this QAP. More detailed and specific information is available on the DCA website with regard to frequency of submission and/or updates, outreach efforts with specific contact information, required forms, etc.
- H. DCA will inspect each required HTC project with a frequency and sample size applied as defined in the DCA Compliance Manual located on the DCA website.
- I. During each Compliance Review/Audit, the ownership entity must submit the Owner Certification of Supportive Services form with corresponding detailed backup, (letters, sign in sheets, etc.) relating to the event and the resident participation. Failure to make submissions will result in State non-compliance and potential point deductions as stated in this QAP.

Each ownership entity must allow DCA, or its designated representative, to perform additional on-site inspections of any HTC unit or building in a Project through the end of the applicable Compliance Period. These additional inspections are separate from any review of tenant files or units under Paragraph I. Inspections performed outside of Paragraph F will be at the expense of the ownership entity. Each unit or building inspection will be performed using the Uniform Physical Condition Standards (UPCS) guidelines established by HUD. The UPCS standards and related definitions provided by HUD (<https://www.hud.gov/sites/documents/appendix2-finaldictionary.pdf>) provide guidance for at least five hundred twenty (520) compliance protocols. For any additional inspections or re-inspections required by DCA, a fee will be assessed to the property payable to DCA within 30 days of notification of the fees. Re-inspections may be mandated by conditions found during a regularly scheduled inspection, information released by a media outlet, a notification of a resident concern, or any other source. See the DCA website for the applicable fee amount.

- J. DCA will promptly notify the ownership entity in writing if DCA is not provided access by either the owner or the management company to inspect and review as described in Paragraphs I and K, or otherwise discovers that the Project does not comply with Section 42. In such event, the ownership entity will be informed in writing of the stipulated period to supply missing documentation or to correct noncompliance commencing on the date of the notification letter.
- K. DCA may charge fees to cover the ongoing administrative expenses in monitoring compliance and to collect all expenses incurred in carrying out its duties as the Housing Credit agency, including, but not limited to, reasonable fees for legal and professional services.
- L. Compliance with the requirements of Section 42 is the responsibility of the ownership entity of the building for which the Housing Credits are allocated. The ownership entity of each building is responsible for compliance with all of the accessibility, adaptive design, and construction requirements, of the Fair Housing Act. Failure to comply with the requirements of Section 42 or the Fair Housing Act may result in the loss of Housing Credits pursuant to Section 1.42-9 of the Treasury Regulations.

- M. DCA monitoring of an Ownership Entity's compliance with the requirements of Section 42 and the Fair Housing Act does not make DCA or the State of Georgia liable to any Ownership Entity or to any shareholder, officer, director, partner, member or manager of any Ownership Entity or of any entity comprising any Ownership Entity for an Ownership Entity's non-compliance therewith.
- N. It is the policy of DCA to immediately report to the appropriate federal agent any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the use of federal funds.
- O. DCA will report its compliance monitoring activities annually on IRS Form 8610.
- P. A copy of the IRS Form 8609, with Part II completed by the ownership entity, must be submitted to DCA the first year Housing Tax Credits are claimed for a building within 60 days' of DCA's issuance of IRS Form 8609 Part I.
- Q. The ownership entity must submit a copy of any health, safety, or building code violation report issued by any regulatory (local, state, or federal) or third-party entity to DCA's Compliance Department within 60 days' of receipt from said entity.
- R. If an owner wishes to change the methodology used in the calculation of the Utility Allowance at any time after the initial determination has been made, the owner must submit a written request to DCA. Only one request per calendar year may be granted by DCA. A fee shall be paid by the owner at the time the request is submitted for a change request. See the DCA website for the applicable fee amount.
- S. Applicants must ensure the management company included in all applications is approved per DCA's Management Company Approval policy by the deadline specified in Core Exhibit A. If the management company is not approved by the deadline, the applicant will be required to replace the management company in the application with a management company that is approved. For any anticipated change in a management company, beyond the initial application for funding, the ownership entity must submit a request for approval of the change per DCA's Management Company Approval policy.