



## Welcome to the 2009 Pre-Application Workshop

Help yourself to refreshments and handouts  
Please silence communication devices  
Restrooms are to the right down the hall

Thank you for participating!

Office of Affordable Housing  
Georgia Department of Community Affairs



## Relocation and Application Requirements

Lynnette Watson



## DCA Relocation & Displacement Policies

### Are applicable to:

- HOME Projects
- Neighborhood Stabilization Program (NSP)
- 9% Tax Credit project
- 4% Tax Credit project

Properties that receive both HOME and Tax Credit funding must adhere to the most restrictive regulation and requirement of that particular program.

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## DCA Relocation & Displacement Policies

- All funded projects must ensure that all reasonable steps are taken to minimize the displacement of persons (families, individuals, businesses, non profit organizations) as a result of the construction or rehabilitation of the project.
- Compliance with URA helps ensure the HUD funded programs do not cause homelessness.

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## Applicants are required to:

- Consider whether displacement will occur.
- Identify potential displacement or relocation of existing tenants due to rent burdened, income eligible, over-income, change in student status, housing type and size changes at initial application stage.
- Develop a relocation plan and budget for costs associated with relocation of tenants before, during and after rehabilitation.
- Pursuing projects without adequately budgeting for relocation costs will result in additional unanticipated expenses.

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## DCA Review Process

- DCA will review plans for any proposed displacement and relocation of tenants impact on the community in determining whether to approve.
- Any displacement of existing tenants is subject to DCA's approval on a case by case basis.
- Stage relocation in order to minimize disruption to the existing tenants.

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## Pre-Application Reminder

- The obligation to pay relocation benefits accrues upon the submission of a pre-application
- Pre-application applicants are reminded that issuing the required General Information Notice to all residents at the property can help demonstrate that any subsequent move (that occurs before the initiation of negotiation date) was voluntary by the tenant and not caused by the project.

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## Relocation Application Package

Complete application package must include:

- Tenant Household Data Form
- Detailed Project-Specific Relocation Plan and Budget
- Multifamily Tenant Relocation Plan Certification
- Relocation Displacement Spreadsheet
- Temporary Relocation Cost Estimate
- Occupancy history (recent three months)
- Site Map of property (current/propose)

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## Relocation Application Package Cont....

- General Information Notices/GIN (Federal Funds) L-4
  - Proof of delivery
    - Personally served with signature receipt
    - Certified or registered first class mail
    - Return Receipt requested

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## HOME Relocation & Displacement

- DCA encourages Owners to seek expert advice from their own relocation professionals to ensure that all Federal requirements are followed.
- It is the Owners responsibility to comply with all applicable Federal URA and 104(d) requirements covered in the HUD Handbook 1378.
- DCA Relocation and Displacement Manual.

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## Common Application Errors

- Incomplete or omitted Tenant Data Sheets.
- Failure to provide a list of comparables to temporarily relocate tenants.
- Incomplete and inaccurate Relocation Displacement Spreadsheet.
- Insufficient Relocation Plan.
- Providing documentation of available vouchers
- Considering whether other funding sources triggered the URA and/or 104 (d) requirements.

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## Helpful Resources

- HUD Regional Relocation Specialist: Phillip Fortenberry ([phillip.j.fortenberry@hud.gov](mailto:phillip.j.fortenberry@hud.gov))
- HUD Handbook 1378
- ([www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm](http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm))
- DCA Relocation and Displacement Manual
- (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/OAHplansGuidesManuals.asp>)
- Failure to follow any or all of these policies will be considered a major instance of noncompliance and may prevent participants from receiving future funding from DCA.

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## Pre-approval & Waiver Submissions

Cathy Johnson



### Pre-Approval/Waiver Submission Instructions

- Binder Instructions
- Electronic Submission Instructions
- Submission Number

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### Section 1: Architectural

- Tab 1 Offsite 3rd Party Amenities Approval\*
- Tab 2 Architectural Standards Waiver\*
- Tab 3 Environmental Noise Waiver\*
- Tab 4 Amenities Pre-Approval\*
- Tab 5 Unit Cost Limitation Waiver\*
- Tab 6 Required Services Waiver (small rural projects only)
- Tab 7 State Designated 30% Basis Boost
- Tab 8 20% Developer Fee for Sustainable Development

*\* a DCA form is required*

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### Section 2: Underwriting

- Tab 9 Payment and Performance Bond Waiver\*
- Tab 10 Operating Expense Waiver
- Tab 11 Tenancy Characteristic Pre-Approval
- Tab 12 HOME Loan Pre-Applications\*

*\* a DCA form is required*

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### Section 3: Legal/Compliance/Tier One

- **Tab 13 Performance Workbook, which includes:**
  - Experience Waiver\*
  - Experience Determinations\*
  - Compliance Score and/or Team Score Determinations\*
  - Tier One Designation\*
- **Tab 14 Probationary Experience Participation**

*\* a DCA form is required*

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### Pre-Approval/Waiver Submissions

- Due no later than:      4 PM, April 16, 2009
- Deliver to:              DCA  
60 Executive Park South, NE  
Atlanta, GA 30329  
Attn: Andria Williams
- Attach check payable to: Georgia Housing & Finance Authority (GHFA)

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## Architectural Waiver Submissions

Michael Collins



### Arch. Waivers/Pre-Approvals

**Tips:**

- Use forms provided (Offsite 3rd Party Amenities Approval, Architectural Standards Waiver, Environmental Noise Waiver, Amenities Pre-Approval, Unit Cost Limitation Waiver)
- Refer to the QAP and its requirements for those waivers or pre-approvals without DCA forms (Required Services Waiver, State Designated 30% Basis Boost, Developer Fee for Sustainable Development)
- Provide adequate documentation to support your request and speed the process of the review

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## Underwriting Pre-approvals & Waiver Submissions

Willa Turner  
Cassandra Knight  
Marie Palena



### Payment and Performance Bond Waiver

- A 100% Payment and Performance Bond is required for all developments funded with HOME Loans
- Cost of Bonds must be included in the six percent general requirements limit for the construction contract
- When an Identity of Interest exists and the contractor cannot obtain a payment and performance bonds, a waiver may be granted if a letter of credit or construction loan is utilized in lieu of the payment and performance bond

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### Payment & Performance Bond Waiver

**A waiver will not be considered unless:**

- The Owner agrees to provide a construction completion guaranty and payment guarantee, secured by a letter of credit  
OR
- The Owner agrees to secure a construction loan with private financing. GHFA will disburse funds during the construction period, in an amount not to exceed \$10,000 per construction draw.

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### Operating Expense Waiver

- For projects where minimum operating expenses per unit (\$3,600 urban/\$3,000 rural) appear unjustified
- Justification for request must be detailed
- Comparable property information preferable whether regarding major components, structural features or management techniques

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## Tenancy Characteristic Pre-Approval

- Projects that have funding from a program which has a different tenancy definition than those set forth above must seek DCA's approval of the definition prior to Application Submission.
- DCA will consider waivers to the tenancy characteristics requirements on a case-by-case basis. Applicants must submit sufficient documentation to justify the basis of the request.



## HOME Loan Pre-Application

- DCA will provide Consent Letter by May 1, 2009. Preliminary Commitment provided at conclusion of the 2009 Multifamily Competitive Round
- Must include DCA Consent in Application or will not pass Threshold
- If approved, must utilize HOME funds, or risk withdraw of tax credit Application or future Compliance scoring



## HOME Loan Pre-Application

- 2009 HOME & NSP Consent Application Form
- Project Description/Narrative
- Environmental/Relocation Notice
- Performance Workbook



**HOME Workshop**  
**Thursday, March 12, 2009**  
**1:30 to 4:00**



## Performance: Experience

Cassandra Knight



## Performance-- Experience KEY PROVISION:

Every Owner, Developer and Manager applicant must be determined experienced to participate in the 2009 competitive round and other OAH programs (except for those deemed experienced in 2008)



## Performance– Compliance & Experience

- **Key Provision:**
  - **Prior determinations are no longer valid except those given in 2008**
  - Experience evaluated from January 1, 2002
  - Every Owner, Developer and Manager applicant must complete the Performance Workbook, which contains Tier One provisions.
  - Basic experience must be passed prior to a determination of Tier One.

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# Performance: Compliance

Nan Maddux



## Performance – Compliance & Experience

### Compliance History Scoring

#### Pre-Application Submissions

1. **Compliance Questionnaire**
  - General Partner / Tier One
  - Developer
  - Management Company
  - Project Consultant

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## Performance – Compliance & Experience

### cont...

2. Organization Chart
3. Copy of each Compliance Certification sent to other state financing agency where participant has received LIHTC or HOME funding
4. **DCA Compliance History Summary (CHS)**  
Must include all projects in which and entity or principal has participated in the Ownership, development or management in the State of Georgia and in any other State

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## Performance – Compliance & Experience

- Compliance detail must only be completed for the last three years (2006, 2007 and 2008).
- This information will be scored with the requirements set forth in Appendix II
- Base score 15
- Points deducted for non-compliance
- Points added for successfully participation in GA LIHTC properties

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## Performance Workbook

### Walkthrough of Performance Workbook

- Used for:
  - Experience Determinations
  - Experience Waivers
  - Compliance Scoring
  - Tier One Determination

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## ARE YOU A TIER ONE DEVELOPER?



**Charles Clark**



### Tier One Designation Time Line

- Submission of Request 4/16/09
- DCA Preliminary Review 4/16/09 - 4/23/09
- DCA Clarification Period 4/23/09 - 5/07/09
- DCA Determination 5/07/09
- DCA Notification 5/07/09 - 5/14/09

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### Tier One Criteria

- **Must demonstrate the following:**
  - Strong Financial capacity
  - Sustained Commitment to affordable multifamily housing development and ownership
  - Ability to successfully develop proposed tax credit properties within program requirements

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### Minimum Tier One Standards

- Development/Ownership experience
  - Successful development and continued ownership of not less than either:
    1. 400 Georgia affordable housing units in a minimum of 4 projects, or
    2. 600 total affordable housing units in a minimum of 6 projects
  - Projects must have been awarded credits in 2000 or subsequent year.
  - Projects must have been placed in service by January 1, 2008

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### Minimum Tier One Standards (Cont)

- Clean credit history (Applicant & principals)
- Stable and viable financial resources
- Excellent compliance history with 2009 compliance score greater than 10
- Sufficient working capital and cash flow
- Must meet minimal risk-based Liquidity requirement (See subsequent section)
- Experienced staff

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### Minimum Tier One Standards (Cont)

- No outstanding financial, credit or legal liabilities which could adversely impact Applicant's financial viability
- History of successful development and operation of affordable multifamily housing
- Sufficient financial and staff capacity to complete and stabilize projects under construction and proposed

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## Documentation to be Submitted



- Requests for Tier One Designation
- Fully completed Performance Workbook for the Applicant and each principal
- Brief narrative describing the experience of the Applicant with regards to the development and operation of subsidized affordable housing
- Organization chart (legal structure/staff)

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## Documentation (Continued)



- Resumes of key personnel
- Real Estate Schedule
  - Completed by Applicant and each principals
  - All properties In which Applicant/Principals have an interest
  - Use DCA Real Estate Schedule in Performance Workbook
- Credit Bureau report from one of the three major credit bureaus on each principal of the Applicant

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## Documentation (Continued)



- Financial Statements:
  - Required from all Applicants and Principals
  - Individuals
    - DCA Personal Financial Statement form

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## Documentation (Continued)



- For-profit entities
  - Audited financial statements for FY 2006 and 2007  
If no audits:
    - Unaudited financial statements for FY 2006 and 2007 certified as true & correct by CFO
    - Tax returns for 2006 and 2007
  - Unaudited financial statements for FY 2008 certified as true & correct by CFO
  - Unaudited YTD 2009 financial statements through the end of the month immediately preceding the month of submission.

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## Documentation (Continued)



- Non-profit entities
  - Audited financial statements for FY 2006 and 2007
  - Unaudited financial statements for FY 2008 certified as true & correct by CFO
  - Unaudited YTD 2009 financial statements through the end of the month immediately preceding the month of submission.

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## Documentation (Continued)



- Documentation supporting Liquidity
  - Last 3 months bank and brokerage statements
  - Other as requested by DCA
- Authorization for DCA to conduct the following due diligence:
  - Obtain a Dun & Bradstreet report (or similar credit agency report) on the Applicant, principals and related entities
  - Conduct credit investigations
  - Search of public records filings

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## Documentation (Continued)



- DCA reserves the right to request additional information during the DCA Clarification Period as it deems necessary to fully and accurately evaluate Applicant's Applications.

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## Disqualifications



- DCA may disqualify any Applicant from Tier One designation if DCA determines that an adverse financial event ("Adverse Financial Event") has occurred, or exists, with respect to the Applicant and/or any entity related to the Applicant by direct or indirect ownership.
- An adverse financial event will include, but not be limited to, foreclosure, deed in lieu of foreclosure, voluntary or involuntary transfer of general partnership interest, bankruptcy filing or legal judgment. The determination of what constitutes an adverse financial event will be at the sole and unconditional discretion of DCA.

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## Disqualifications (Continued)



- With respect to DCA related debt (a "DCA Loan"):
  - Currently in arrears more than 30 days or has a history of being frequently delinquent in excess of 30 days.
  - Currently subject to a forbearance agreement, waiver/moratorium of debt service or any other loan workout agreement
  - A project financed in part by low income tax credits has experienced, or been related to an entity that has experienced, an adverse financial event within either the Compliance Period (Tax Credits) or the Period of Affordability (HOME)

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## Disqualifications (Continued)



- With respect to any non-DCA Loan (public or private sector debt):
  - Currently in arrears more than 30 days or has a history of being frequently delinquent in excess of 30 days.
  - Currently subject to a forbearance agreement, waiver/moratorium of debt service or any other loan workout agreement.
  - Has experienced, or been related to an entity that has experienced, an adverse financial event within the last ten (10) years. An adverse financial event is discussed above.

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## Disqualifications (Continued)



- 2009 Compliance Score of 10 or less
- Currently involved in material litigation that could result in a material adverse change in the Applicant's financial condition. The determination of what constitutes "material litigation" and "material adverse change" will be at the sole and absolute discretion of DCA
- Has a history of not timely completing and/or converting projects to permanent financing

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## Liquidity



### Liquidity is defined by OAH as:

- Cash and Cash Equivalent
- 50% of Net Marketable Securities (market value of securities less (i) margin debt and (ii) non-margin debt secured by the securities)
- Less:
  - Restricted Cash
  - Short Term unsecured debt (debt with maturity less than one year)
  - Cash pledged to secure debt

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## Liquidity (Continued)



- Minimum Required Liquidity is Greater of:
  - \$100,000, or
  - Three Percent (3%) of Hard Cost to Complete of all projects currently under construction
- With respect to determining Liquidity, liquid assets maintained in single asset, project level entities will not be considered.
- Liquid assets that are restricted will not be considered
- Liquid assets maintained by individual principals and related operating entities (development, management, construction, etc.) will be counted

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## General Conditions



- All forms submitted to DCA must be fully completed with all applicable schedules completed in detail and all applicable questions answered in full detail.
- All determinations as to financial condition and capacity as it related to qualification for Tier One designation shall be at the sole and unconditional discretion of DCA
- Any financial statements submitted that are Consolidated Statements, must be accompanied by Consolidating Statements

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## QUESTIONS AND CONCERNS



Contact:

[oharound2009@dca.ga.gov](mailto:oharound2009@dca.ga.gov)

THANK YOU FOR COMING!

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