

2014
QUALIFIED ALLOCATION
PLAN APPLICATION
WORKSHOP



February 27, 2014

WELCOME

Laurel Hart



DCA UPDATE

Fenice Taylor
Marie Palena
Joe Collums



2013 Round Results

Application Submissions

- 53 Applications Submitted

- 30 Applications Selected
 - \$21.7 million of LIHTC awarded
 - \$14.1 million of HOME awarded
 - 2,300 Total units financed



2013 Round Results

Application Submissions (continued)

- 18 of 30 Selected Applications Targeted to Seniors
- 12 of 30 Selected Applications In Rural Areas



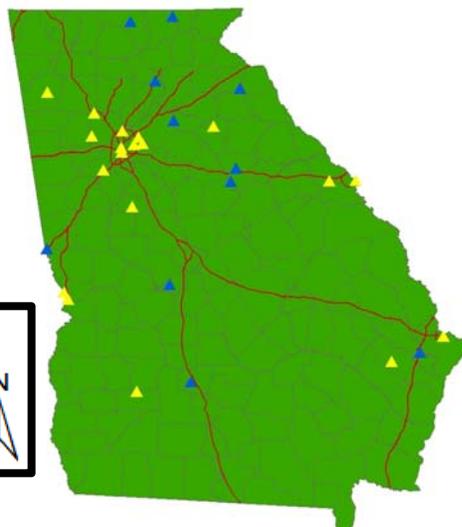
2013 Round Results

2013 Georgia Urban and Rural Tax Credit Properties

Application Submissions (continued)

Legend

- ▲ Rural Developments
- ▲ Urban Developments



2014 HOME NOFA Update

- 7 applications received
- \$23.5M of HOME funds requested
- Has no bearing on funds available in 2014 round



Upcoming Policy Issues

- Per Unit Cost Limits
- Operating Expense Database
- Program Trends



New HOME Rule

- Issued July 24, 2013
- Most Provisions Effective August 23, 2013
- Most Notable Change Impacting 2014 Round:
 - Community Housing Development Organization (CHDO) qualifications:
 - Financial capacity
 - Developmental capacity (knowledge/experience)
 - (Paid) Staff capacity



New HOME Rule

- CHDO Sponsor in LIHTC Project
 - Must be either:
 - SOLE GP in LP or
 - SOLE managing member in LLC
 - Development capacity through paid staff
 - Paid staff not required to be Full Time, but hours must be appropriate to role in organization
 - Volunteers, board members and staff of parent organization are fine, but cannot be basis of capacity
 - Independent contractor is fine; would be expected to train regular staff in anticipation of contract expiration



New HOME Rule

- CHDO Sponsor in LIHTC Project (continued)
 - Consultants that demonstrate capacity
 - Only considered during the organization's first year as a CHDO



New HOME Rule

- DCA has historically considered financial capacity, experience, credit worthiness and staffing in HOME underwriting.
- Now each PJ must certify to the positive results of that review when qualifying the CHDO entity AND prior to Committing HOME funds for all Owners/Developers.
- CHDO certification is required EACH time funds are committed.



New HOME Rule

- Utility Allowances
 - HUD has postponed effective date to January 24, 2015
 - Expect further guidance from HUD

- Expect Further Guidance on Several Provisions of the 'New' Rule



Housing for Individuals with Disabilities

Carmen Chubb
Laurel Hart



WORKSHOP OVERVIEW

Marie Palena



New Workshop Format!!

- Both Roundtable sessions will begin promptly at 1:00 (folks will be stationed to help you get to the right area)
- Both Roundtable sessions will have a 10 minute break at 2:00
- At the break you are welcome to switch rooms or continue in the same session



A8

New Workshop Format!! (cont'd)

- Please be patient as we work to improve our delivery of important information to our customers.
- Each registrant will receive an electronic survey shortly after the Workshop. Please complete it and include any suggestions to help us to serve you better.
- We are very proud of our work and are ever mindful that it is only possible because of **your** work.



New Workshop Format!! (cont'd)

- WE HOPE THAT YOU LIKE IT!
- THANKS FOR COMING!!



IMPORTANT TIPS FOR QAP PROCESS

Sandy Wyckoff



Important Dates & Deadlines

- Pre- Applications and Pre-Determinations
 - March 12, 2014
- 9% Credit Applications
 - June 5, 2014
- 4% Credit Applications
 - Due no later than 75 days before bond closing
- Notification of Delayed Financing Awards
 - July 10, 2014
- Alternate Financing Deadline
 - July 24, 2014



Questions & Answers

- Q&A begins February 28, 2014
- Q&A Submission Form
- General Questions
- Project Specific Questions
- Last Day to Submit Questions: Friday, May 16, 2014

All Q&A Submission Forms should be sent to
hfdround2014@dca.ga.gov



Pre-Applications & Pre-Determinations

- Architectural Standards & Design Options
- HOME Loan Consent
- Qualification Determination
- Operating Expense Waiver
- Payment & Performance Bond Waiver
- Pre Unit Cost Limitation Waiver
- Credit Award Limit Waiver
- State Basis Boost Request (extra ordinary circumstances)
- Sustainable Communities Site Analysis Packet or Feasibility Study



Pre- Application & Pre-Determinations (cont'd)

- Pre-Applications & Pre-Determinations Due:
Wednesday, March 12, 2014
no later than 4PM
- Please address all submissions to:
Georgia Department of Community Affairs
60 Executive Park South NE
Atlanta, GA 30329
Attention: Andria Williams



Application Day

- **June 5, 2014**
 - Applications accepted from **9AM – 4PM**
 - Applications accepted at DCA Central Office only: 60 Executive Park South, NE
Atlanta, GA 30329
- Application Submission Package
 - Directions for assembly found in Core Application Instructions



Housing Finance & Development News

- Email Updates
 - Events (public hearing, workshops, etc.)
 - Website Postings
 - NOFA's
 - Program News

- Join our email distribution list
 - Multifamily Web Page
 - Sandy.Wyckoff@dca.ga.gov



DCA Contacts

- | | |
|--|-----------------|
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SCORING

Joe Collums
Drew Swope
Marie Palena
Charice Heywood



Rural Pool and Flexible Pool

- **New In 2014**
- Applicants must elect to compete in either Rural Pool or Flexible Pool
- Applicants will only be evaluated and considered for selection under the pool they elect, regardless of overall score
- 35% of credits reserved for Rural Pool
- Allows for some Scoring categories to be tailored to the Rural context



Rural/Flexible: Scoring Differences

- Community Transportation Options (p. 6 of 30)
 - Flexible Pool:
 - 4 points available
 - For sites owned by transit agency targeted for housing
 - Rural Pool:
 - 2 points available
 - For “publicly operated/sponsored and established transit service (including on-call or fixed-route service)...”



Rural/Flexible: Scoring Differences

(cont'd)

- Sustainable Developments (p. 8 of 30)
 - Sustainable Communities Certification
 - only available for Flexible Pool
 - Sustainable Buildings Certification
 - available in both pools



Rural/Flexible: Scoring Differences

(cont'd)

- Stable Communities (p. 10-11)
 - Flexible Pool
 - Tiered points available based on poverty level of site's census tract (5%, 10%, 15%)
 - Rural Pool
 - Site in low poverty census tract (<15% or <20%)
AND
 - Median Family Income is greater than 100%



Rural/Flexible: Scoring Differences

(cont'd)

- Phased Developments (p. 13)
 - Flexible Pool only
- Rural Priority points (p. 16)
 - Rural Pool
 - New construction only



Rural/Flexible: Scoring Differences

(cont'd)

- Leveraging of Public Resources (p. 16-17)
 - Grants/Loans
 - Rural Pool receives points on different scale
 - Offsite Improvements
 - Rural Pool receives points on different scale
 - 2 points if investment is at least 5% of TDC



Rural/Flexible: Scoring Differences

(cont'd)

- Community Driven Housing Strategies (p. 19)
 - 3 points awarded to 1 Flexible Pool application
- AND
- 1 Rural Pool application



Integrated Supportive Housing

- Incentivizes participation in Section 811 rental assistance program for individuals with disability
- 15% of low income units must be 1-BR to qualify
- Those same 1-BR units must be at 50% AMI to qualify



Integrated Supportive Housing

(cont'd)

- Must include a required Memorandum of Understanding with local service provider that shows:
 - Referral Process
 - Description of service provider experience/capacity
 - Commitment and communications plan w/ provider



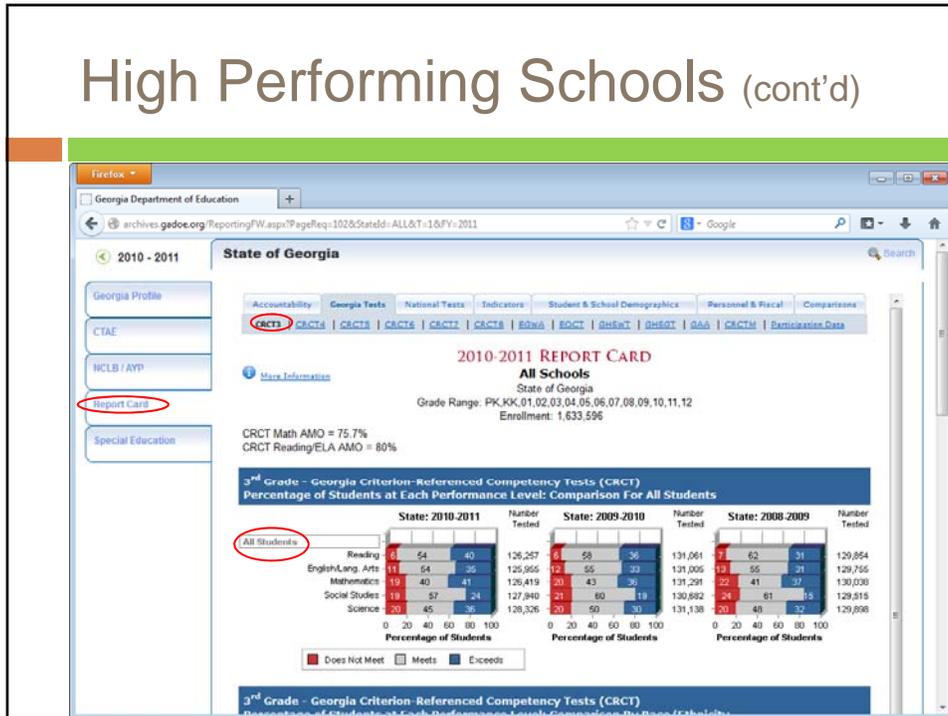
High Performing Schools

- Page 25 of 30
- One (1) point will be awarded to an Application proposing to develop a Family property located in the attendance zone of a high-performing elementary school
- Documentation:
 - Must submit a copy of the school's most recent Georgia Department of Education Report Card results
 - Must submit a copy of the State's average Report Card results

High Performing Schools (cont'd)

The screenshot shows the Georgia Department of Education website. The header includes the department's logo, name, and tagline "Making Education Work For All Georgians!". A search bar and social media links are also present. The main navigation menu includes Home, Students, Parents, Teachers, Business & Industry, and Contact Us. A yellow alert banner reads "ALERTS Disaster Preparedness Resources for Schools". The main content area features a "College and Career Ready Performance Index (CCRPI)" section with a photo of students and a "School Reports" section with a map of Georgia and a pencil icon. A dropdown menu for "School Reports" is open, showing options: "By State" (highlighted with a red circle), "By District", and "By School".

High Performing Schools (cont'd)



High Performing Schools (cont'd)

Georgia Department of Education
 Making Education Work For All Georgians!

Dr. John D. Barge, State School Superintendent

Home | Students | Parents | Teachers | Business & Industry | Contact Us

ALERTS Disaster Preparedness Resources for Schools

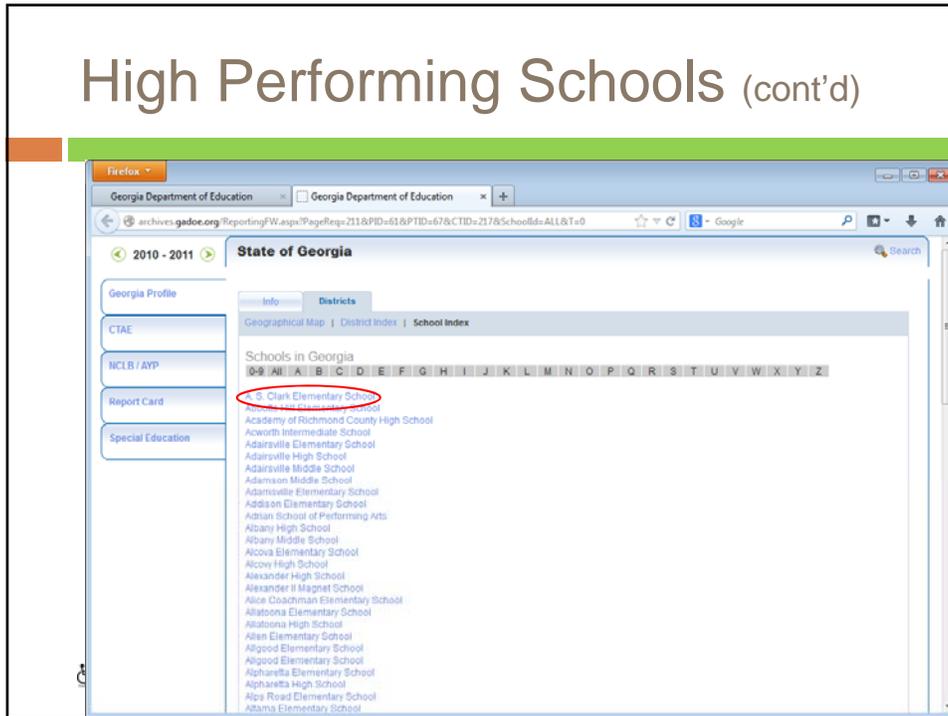
College and Career Ready Performance Index (CCRPI)

Dr. John D. Barge, State School Superintendent

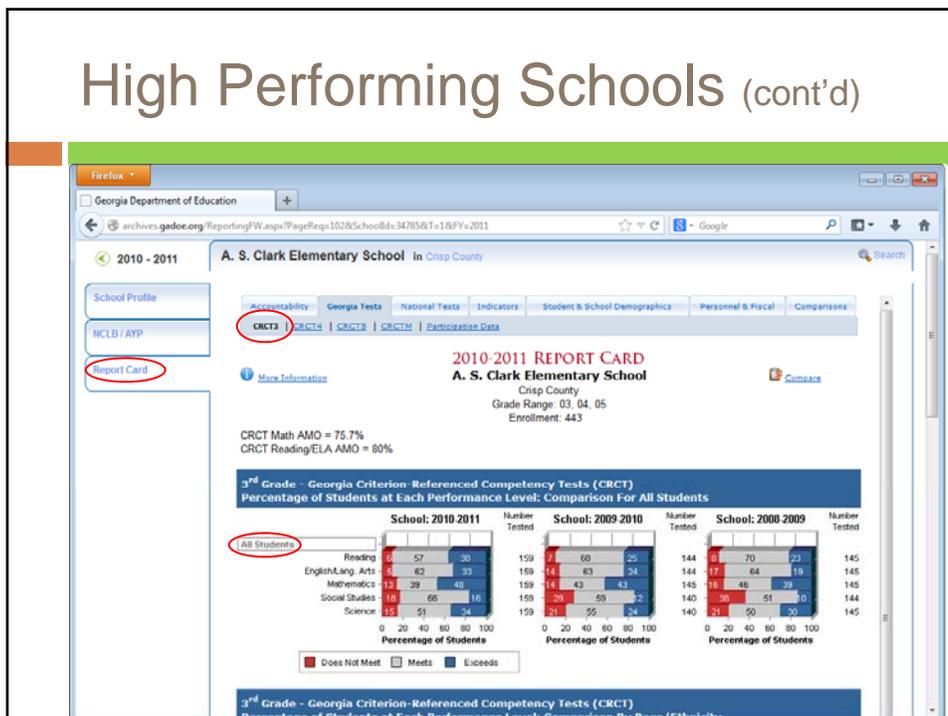
School Reports

- By State
- By District
- By School**

High Performing Schools (cont'd)



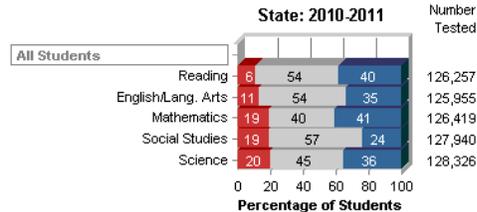
High Performing Schools (cont'd)



High Performing Schools (cont'd)

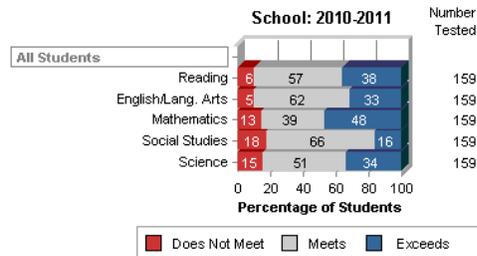
2010-2011 REPORT CARD

All Schools
 State of Georgia
 Grade Range: PK, KK, 01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12
 Enrollment: 1,633,596



2010-2011 REPORT CARD

A. S. Clark Elementary School
 Crisp County
 Grade Range: 03, 04, 05
 Enrollment: 443



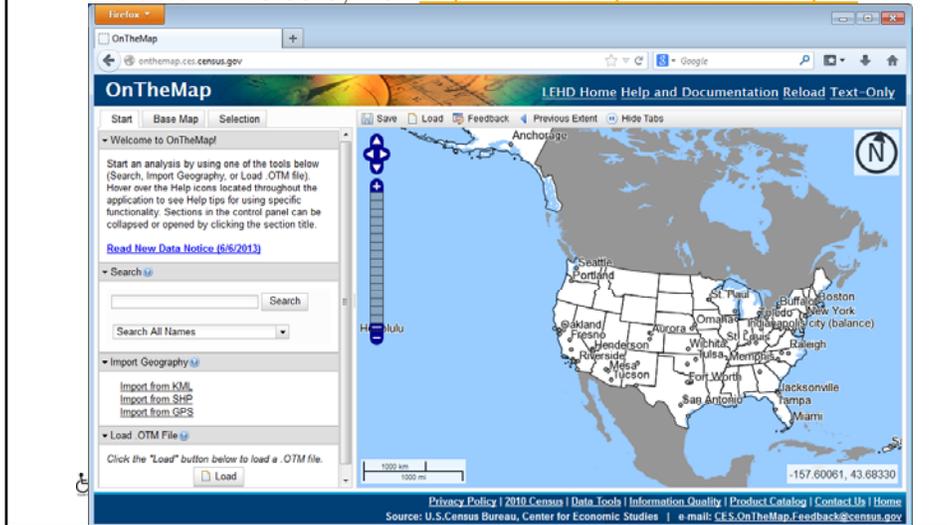
Workforce Housing

- Page 25 of 30
- Pts awarded to proposed sites in area w/access to local jobs and where employees have significant commute distances based on U.S. Census data.
 - Two pts
 - Proposed site meets minimum jobs threshold AND
 - >60% of workers in 2-mile radius travel >10 mi to work
 - One pt
 - Proposed site meets minimum jobs threshold AND
 - >50% of workers in 2-mile radius travel >10 mi to work

City of Atlanta	Atlanta MSA (Cherokee, Clayton, Cobb, DeKalb, Douglas, Fayette, Fulton, Gwinnett, Henry and Rockdale counties)	Other MSA	Rural Area
20,000	15,000	6,000	3,000

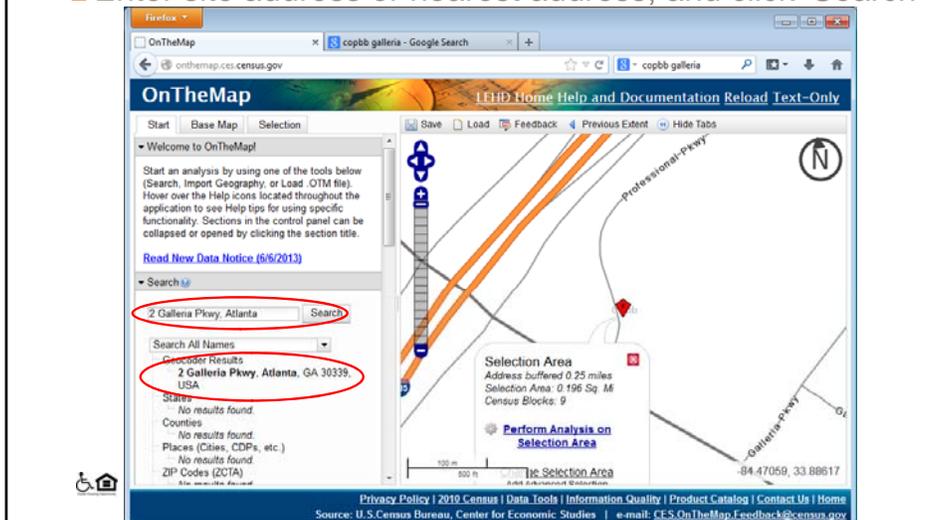
Workforce Housing (cont'd)

- To obtain this data, visit <http://onthemap.ces.census.gov/>



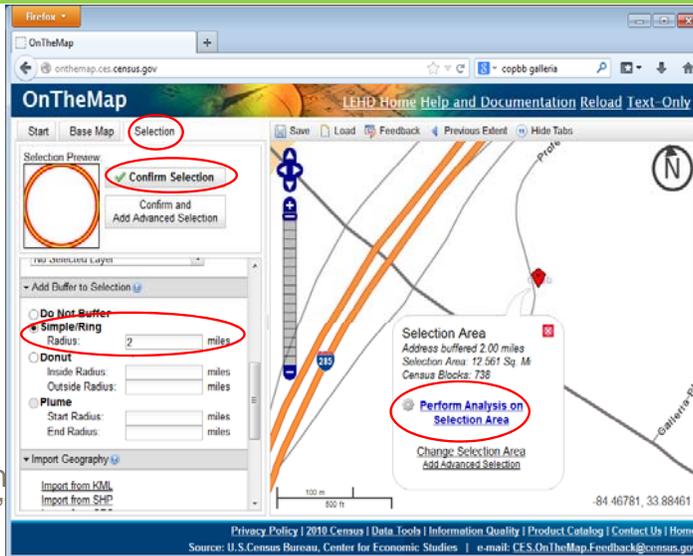
Workforce Housing (cont'd)

- Enter site address or nearest address, and click 'Search'



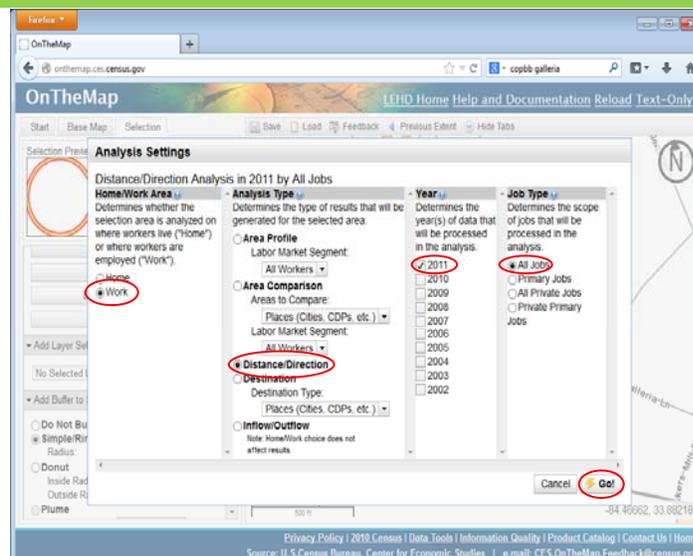
Workforce Housing (cont'd)

- Click "Selection" tab at top of page.
- Click "Simple Ring" under "Add Buffer to Selection."
- Enter "2" into "Radius" box.
- Click "Confirm Selection."
- Click "Perform and Analysis on Selection Area."



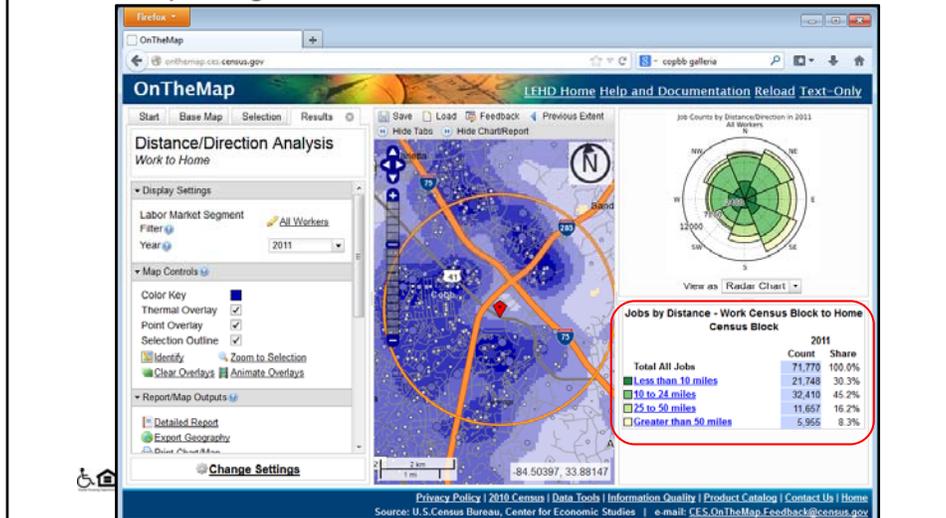
Workforce Housing (cont'd)

- W/in "Analysis Settings" box that appears, choose:
- "Work" under 1st column
- "Distance / Direction" under 2nd column
- Most recent year under 3rd column
- "All jobs" under 4th column.



Workforce Housing (cont'd)

□ Interpreting Results



Preservation Priority Points (cont'd)

- Pay attention to the date requirements - PBRA or other subsidy prepayment or expiration;
- HUD designation requirements;
- Be sure rent rolls provide the information required:
 - Six (6) individual monthly rent rolls
 - **Clearly** show occupied units AND vacant units



Preservation Priority Points

- Five (5) points for up to seven (7) Applications
- The highest scoring 7 Applications within this category will receive the 5 Preservation Priority Points
- Points under XIX are not counted toward the total self score, but only counted as 5 points for up to 7 Applications



Preservation Priority Points (cont'd)

- Consider exclusions including, *but not limited to*:
 - Major non-compliance issues
 - Functional obsolescence
 - Post rehab or redevelopment rent increase > 10%
 - No need for recapitalization
 - Willful deferral of maintenance
 - Creates loss of low income units
 - No impact to affordability if converted to market
 - Purpose of sale is to subsidize ownership transfer



Nonprofit Scoring

- Three (3) Applications sponsored by Nonprofit Organizations will each receive 3 points. The Nonprofit Sponsor will be evaluated on the following criteria:
 - LIHTC Technical Expertise
 - Financial/Operating Sustainability
 - Governance/Management Independence
 - Community Impact
 - Services for “At Risk” Population



QUALIFYING PROJECT TEAMS

Vanessa Adams
Erica Etterling



Qualifying Project Teams

- Each Project Team (GP, developer, and the principal(s) thereof) must demonstrate the qualifications necessary to successfully own, develop and operate the proposed tax credit project.
- Management companies must be approved by DCA Portfolio Management prior to the placed in service date.



Qualifying Project Teams (cont'd)

- DCA will look at entity experience and/or principal experience in determining whether a project team is qualified.
- DCA defines a principal as an individual who has at least a direct ownership interest in the general partnership or developer entity and who materially participates in the ownership, development and operation of a project.
- For non profits, the executive director is considered as a principal



Qualifying Project Teams (cont'd)

- Minimum Eligibility Requirements
 - Receive a DCA qualification determination for the proposed Project.
 - Current in all fees owed to DCA as of Application Submission date.
 - Substantially compliant with DCA and Section 42 Program requirements and regulations.
 - Financially solvent with the capacity to successfully complete project, pay all costs associated with development, and operate property for compliance period and extended use period.



Qualifying Project Teams (cont'd)

- Adverse Circumstances
 - Adverse Circumstances may affect the capacity or qualifications of the Project Team members.
 - Adverse circumstances do not necessarily require a determination of ineligibility, but may be indicative of a Project Team's capacity to own and develop the proposed property.



Qualification Categories

- Possible Determinations
 - Qualified Without Conditions
 - Qualified With Conditions
 - Not Qualified
 - Ineligible Due to Significant Adverse Events



Qualification Categories (cont'd)

- Qualified - Without Conditions
 - Five or more successful tax credit projects with 20% or more ownership interest **AND** no adverse conditions for any team members
 - Projects must be completed and converted after January 1, 2005 **AND** have a current 90% occupancy rate **AND** Project team must have been involved from initial allocation of credits.



Qualification Categories (cont'd)

- Qualified - With Conditions
 - Does not currently own or operate the requisite number of projects (5)
 - Does not have the required 20% or more ownership interest in the projects
 - Has one (1) or more adverse circumstance
 - Has had a material change in key personnel or organization



Qualification Categories (cont'd)

- Not Qualified
 - Lack of Capacity to complete proposed development
 - Insufficient credit history or financial strength to participate in the Tax Credit process



Qualification Categories (cont'd)

- Options for Non-Qualified Entities
 - Partnering with a Qualified Without Conditions entity
 - Capacity Building for Industry Professionals (Probationary Designation)



Qualification Categories (cont'd)

- Ineligibility Due to Significant Adverse Events
 - A proposed Project Team will be ineligible to participate in the 2014 competitive round if the entity, its principals, officers, directors or agents incurred a Significant Adverse Event.
 - If DCA determines that an entity is ineligible to compete for DCA tax credit and HOME resources, the principals of that entity will also be considered ineligible.



Qualifying Project Teams

Adverse Condition	Period of Ineligibility (from date of adverse condition)
Financial Insolvency of Participant	Until insolvency is cured and all potential liabilities have been resolved
Debarment, proposed debarment, or suspension by a federal agency	Until reinstated
Nonpayment of DCA Compliance Fee or DCA Tax Allocation fee	Until paid
Uncured Default in DCA HOME loan payment.	Until cured
Ownership of a LIHTC or HOME property that does not meet Program property standards and has been designated by the state HFA as having significant uncured deferred maintenance	Until cured

Qualifying Project Teams (cont'd)

Adverse Condition	Period of Ineligibility (from date of adverse condition)
DCA HOME loan default/Project failure resulting in extinguishment of a DCA HOME loan security interest and resulting loss of affordability during period of affordability.	10 Years
Project Team Bankruptcy, multiple project Failures, determination of a pattern of willful noncompliance	10 Years
Submission of fraudulent information to DCA or any other government entity	10 years
The abandonment and/or Closure of a tax credit or HOME property	8 years

Qualifying Project Teams (cont'd)

Adverse Condition	Period of Ineligibility (from date of adverse condition)
Foreclosure of a loan which is secured by a tax credit property before the credit period ended	5 years
Default in a DCA HOME loan which results in a DCA foreclosure and removal of the Owner. Property retains affordability	5 years
Failure to meet the federal placed in service deadline for a project that has been awarded LIHTC resulting in the loss or significant recapture of credits	5 years
Foreclosure of a loan which is secured by a tax credit property after the credit period ended	3 years

Qualifying Project Teams (cont'd)

□ Waiver Considerations

- A minimum of ten (10) successful Tax Credit properties
- A strong performance history and is in material compliance with program regulations
- Has documented its engagement in good faith efforts to remedy the adverse condition and/or has expended significant resources



Required Documentation

- Performance Workbook
- Completed Compliance History
- Resumes/Organizational Chart
- Completed Questionnaire for Project Team Members
- Background Releases
- Multi-state Release Form
- Audited Financial Statements
- Documentation related to foreclosures, suspension or debarment by governmental or quasi-governmental entity.



Compliance Scoring

- All Proposed Project teams begin with 10 points
- Point deductions for Project Team members or entities are deducted from total points.



Compliance Scoring (cont'd)

Point Deductions

73

Examples of Adverse Circumstances (p 27 of 30)

- DCA Program Administrative
 - Non-compliance 1 pt
- Uncured Audit Findings 1 pt
- General Partner Failure 1 pt
- Federal Regulatory Non-Compliance 2 pts
- Failure to Operate Property in Accordance with DCA and/or Program Requirements (LIHTC, HOME, etc.) 3 Pts
- Financial/Organizational Failure 5 Pts

Compliance Scoring (cont'd)

□ Point Additions

If Compliance Score is less than 10, may add:

<i>Pts</i>	<i>for</i>	<i>Nbr of Successful Projects</i>
□ 1		10 - 14
□ 3		15 - 19
□ 4		20
□ 5		21+

□ Factors to Remember:

All Georgia Tax Credit and HOME projects funded from 1990 to 2012 must be completed in MITAS – DCA’s web-based property management system

- Tenant Information
- Contact Information

LIHTC / HOME



PRE-APPLICATION PROCESS

Willa Turner



Pre-Application Process

- Pre-application requests and waivers due:
 - **March 12, 2014 (4:00 PM)**
- Required: DCA HOME Loan Consent Request Form
- One hard copy and one electronic copy (on flash drive) – Application in Excel format
- Required fees and Pre-application deadlines (Exhibit A QAP Core)



DCA HOME Loan Consent Request Form

- 2014 Core Application Narrative and Tabs I-VII (only)
- Rural Designation
- CHDO Certification Documentation
- Organizational Chart
- Successful HOME Loan and Other HUD funded Project Experience Form
- Narrative Project Description



DCA HOME Loan Consent Request Form (cont'd)

- Executed Release for each Principal of the General Partners and Developer Entity for Credit History – Upon Request only
- Conceptual Site Development Plan
- HOME Environmental / Relocation Requirement Acknowledgement
- Public Benefits Affidavit
- 2014 Request for Qualification Determination



Pre-Application Waivers and Requests

- Architectural Standards & Design Options
- HOME Loan Consent Request
- Qualification Determination
- Operating Expense Waiver
- Payment & Performance Bond Waiver
- Per Unit Cost Limitation Waiver
- Credit Award Limit Waiver
- State Basis Boost Request (extraordinary circumstances)
- Sustainable Communities Site Analysis Packet or Feasibility Study



Operating Expense Waiver

- Standards for minimum requirement
(Threshold Appendix I Exhibit A1)
- Documentation from real estate taxing authority detailing its method of calculation and an estimate of real estate taxes for the project required
- Detailed operating statements for the most recent 12 months of stabilized operations (or two years of previous operations if a rehab)



Operating Expense Waiver (cont'd)

- Rents must be at least 10% below lower of tax credit / HOME maximum or market
- Strong justification is required
- Standard Revenue, Vacancy, and Expense Trends still apply
(Threshold Appendix I Exhibit A1)



Payment and Performance Bond Waiver

- See Exhibit A to Appendix 1(Threshold)
- 100% Payment and Performance Bond (P&PB) required for all projects financed with DCA HOME funds
- When P&PB cannot be obtained due to an Identity of Interest between the Developer and the Contractor, a waiver may be requested.



Payment and Performance Bond Waiver (cont'd)

- Alternatives to a P&PB are as follows:
 - Owner provides construction completion guaranty and payment guarantee secured by a letter of credit* with a value of at least 50% of the total construction cost**
- * Letter of credit must be from a federally-insured institution
- **Including builder's profit and overhead



Payment and Performance Bond Waiver (cont'd)

- Alternatives to a P&PB (cont'd)
 - Owner secures construction loan w/private financing

GHFA will disburse not more than \$10,000 per month during the construction period, then pay-off (or pay down*) the construction loan after the construction cost certification has been approved.

* LIHTC equity must repay any remaining balance on the construction loan



State Designated Basis Boost

- See QAP Core Section 9
- No Pre-Approval Required for the following:
 - Multifamily Rural projects without HOME
 - Historic Rehab Projects qualifying for historic rehab credits with an equity commitment
 - Multifamily projects in areas that qualify for 3 points for Stable Communities



State Designated Basis Boost (cont'd)

- Request must be submitted no exceptions
 - Extraordinary circumstances which further the policies in the QAP.
 - Extraordinary circumstances shall be defined as what is not expected or usual for the development of an affordable multifamily tax credit property.
 - Low rents, high utility costs and proximity to QCT are **not** considered to be extraordinary circumstances.



State Designated Basis Boost (cont'd)

- Required to Defer 1% of Total Developer Fee for every 1% of State Designated Boost requested
 - Not applicable if project has commitment for new loan or grant from an independent non-related party \geq 30% of Total Developer Fee
 - Assumptions are not considered 'new loans'; USDA 515 financing may be an exception

Note: Projects located in a QCT or DDA are eligible to receive 30% basis boost for new construction and/or rehabilitation and are not subject to State Designated Basis Boost provision.



Selection Criteria for HOME Consent

- Selection Criteria (QAP Core, Section F)
 - Projects in Rural areas electing to compete in the Rural Pool.
 - CHDO Projects
 - Projects that are proposed to have no debt other than DCA HOME unless the lender is willing to subordinate to the statutory period of affordability
 - Project Teams that are determined by DCA to be Qualified without Conditions
 - Successful HOME Loan or other successful HUD experience of Owner and Developer (experience must include minimum 20% Owner/Developer interest)
- 
 ■ Compliance History

Selection Criteria for HOME Consent

(cont'd)

- Selection criteria will be evenly weighted.
- All submissions will be evaluated to determine those that best meet the majority of criteria.
- Projects selected for DCA HOME are ineligible of State Basis Boost.
- Each Applicant is limited to only one HOME Consent.



HOME



HOME

- Minimum HOME Request: \$1,000,000
- Maximum HOME Request: \$2,500,000
- 2014 Qualification Determination required
– Project team must be pre-Qualified with or without conditions
- Failure to use HOME funds may result in the withdrawal of the tax credit award or impact future compliance scoring



New HOME Rule

- Four (4) Year Project Completion Deadline
 - Begins when the project is Committed in HUD's system (loan closing).
 - Allows for one (1) twelve month extension with documented justification subject to HUD's approval.
 - Projects not completed are deemed terminated before completion and the PJ is required to repay the HOME funds invested  in the Project.

New HOME Rule (cont'd)

- Initial Occupancy Requirements

If a HOME-assisted unit is not occupied by a qualified initial tenant within:

 - Six (6) months of project completion:
 - The PJ, and therefore the Owner, must provide information on marketing efforts and, if appropriate, a marketing plan to get the unit(s) leased.
 - Eighteen (18) months of project completion:
 - HUD requires repayment of HOME funds invested in the units 

New HOME Rule (cont'd)

- HOME and Public Housing
 - Clarification: HUD interpretation of prohibition
 - Exception to prohibition permits the use of HOME funds to develop a unit that receives HOPE VI funds for development, so long as no Capital funds are used to develop the units.
 - HOME funds may be used to develop or rehabilitate affordable housing units in projects that contain public housing units funded by Section 9, HOPE VI or other funds.



New HOME Rule (cont'd)

- HOME and Public Housing
 - Public Housing - Annual Contributions Contract (ACC) Operating Subsidies Converting to Rental Assistance Demonstration (RAD) program:
 - HOME funds can be Committed (loan can close) however, no HOME funds can be disbursed until HUD has confirmed that each unit has converted out of the ACC to the RAD Housing Assistance Payment contract.



New HOME Rule (cont'd)

- HOME Monitoring Fees Now Permitted
 - Fees, if charged to the project, must be based on a documented average of per unit staff time and materials consumed by compliance monitoring
 - Fees charged to the project must be included in the underwriting (they can not be funded 'up front' as part of the development cost)
 - HUD is providing more guidance - no change to DCA programs for 2014 anticipated



HOME

- Underwriting Policies: Exhibit A to Appendix I (Threshold)
- Underwriting Post-Award
 - Credit worthiness will be reviewed
 - Updated financials required
 - Third party review may be required to assess owner/developer's capacity and fiscal soundness
- Projects must close by July 15, 2015.



HOME (cont'd)

□ HOME Investment per HOME Assisted Unit

- | | |
|-----------------------|----------|
| □ Less than \$15,000 | 5 Years |
| □ \$15,000 - \$40,000 | 10 Years |
| □ More than \$40,000 | 15 Years |
| □ New Construction | 20 Years |

(DCA requires the period of affordability to coincide with the term of the HOME loan)



HOME – Facts to Remember

- All Low Income units are “HOME-assisted units”
 - Projects with 5 or more “HOME-assisted units”
 - At least 20% of the HOME assisted units must be occupied by very low income families ($\leq 50\%$ AMI)
 - Remaining HOME-assisted units must be occupied by families with incomes $\leq 60\%$ AMI
- HOME-assisted (*all* low income) unit rents may **not** exceed HUD Fair Market Rent (FMR)



HOME – Facts to Remember (cont'd)

□ Loan Terms

- Interest during construction: 0%
- Convert to perm within: 24 months
- Permanent interest rate: 1%
- Term: Fully amortizing
15-35 yrs

- All final terms determined during underwriting



HOME – Facts to Remember (cont'd)

□ Rent Limits

- HOME-assisted unit rents are limited to the lesser of the HUD Fair Market Rent (FMR) for appropriate bedroom size or the applicable rent at proposed Area Median Income (AMI)
- National Non-Metropolitan Area rents cannot be used with HOME funding



HOME – Facts to Remember (cont'd)

- Most Frequent Errors
 - Fair Market Rents not used when applicable
 - Applying National Non-Metro rents
 - Outdated or incorrect Utility Allowances



EVALUATION PROCESS FOR COMPETITIVE APPLICATIONS

Ronit Hoffer



Completeness Review

- Application binder and flash drive organized to mirror Tabs Checklist
 - Paper and electronic copies match;
 - Flash drive functions properly;
 - All supporting documentation included
- Required third party reports included.



Threshold Review Financial Adjustments

- Projects must meet all QAP Threshold requirements
- Applications that fail to meet Threshold will be notified in writing.
 - Applicant must respond in writing within five (5) calendar days.
 - Response must provide a clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect.



Threshold Review Financial Adjustments (cont'd)

- WHAT CLARIFICATION IS FOR:
 - Missing or incomplete documents existing prior to Application Submission
 - Clarification of information submitted
 - Correction of minor inconsistencies
- WHAT CLARIFICATION IS NOT FOR:
 - Modifying applications
 - Providing documents that were not in existence at Application



Threshold Review Financial Adjustments (cont'd)

IMPORTANT

Documentation submitted for clarification cannot be utilized for scoring.

For example...

Applicant excludes legal opinion for non profit set aside from application. If legal opinion didn't exist on June 5th, 2014, the project does not qualify for the set aside.

If legal opinion did exist on June 5th, 2014, it can be counted in the set aside, but is not eligible for non profit points.



Threshold Review Financial Adjustments (cont'd)

To Avoid Threshold Failures

- Development Budget
 - Double check Sources & Uses, Total Cost & Eligible Basis columns
 - No new financing to cover adjustments
 - DDF must be payable within 15 yrs
- Make sure your Market Study follows guidelines and makes sense. (Ex. extended market area).
- Understand the Environmental Report summary and know when you must comply (8-Step Process)

Common Feasibility Mistakes

- Developer Fee Calculation
 - DF calculated based on the LESSER of TDC or project cost limit.
 - When there is an Identity of Interest between the Developer and Contractor, builder profit must be subtracted from TDC.
 - Developer Fee must be allocated between Acquisition and Rehab basis.
- Loan terms in the Source of Funds must be reflected in the loan documentation submitted.

Scoring Review

- Applications within each pool ranked in descending order by total DCA point score.
 - Rural Pool applications selected first to meet 35% set aside;
 - Flexible Pool
- Comments to Preliminary Score must be received within 48 hours and be limited to opinions regarding scoring determinations.
 - No additional documentation accepted.



Selection

- Applications with highest DCA score within each Pool and favorable market studies will be allocated resources.
- Only one project in a particular market area will be selected
 - Possible Exceptions
 - New construction & occupied rehab in same locality.
 - A family and a senior project.
 - 2+ projects with competing scores in same market, with same tenancy and building activity:
 - Projects with HOME funds will be selected over projects without HOME funds.



Non-Selection for Market Reasons

- DCA will limit the number of projects in “close proximity” to:
 - Ensure faster lease up;
 - Increase the marketability of the project; and
 - Increase the likelihood of syndication of projects.
- Project(s) located in close proximity to projects awarded credits between 2011 and 2013, serving the same population will be considered for non-selection.
 - “Close proximity”: 10-mile radius around each recently financed Rural development or 2-mile radius around each recently financed non-Rural development (Phased projects are excluded).



Non-Selection for Market Reasons

(continued)

- DCA will consider exceptions including, but not limited to, the following:
 - The Application proposes to serve a different tenancy (Senior vs. Family) than the tenancy served at the recently financed project.
 - Applications proposing occupied rehabilitations
 - Applications located in close proximity to recently financed occupied rehabilitations.



Tiebreaker

- DCA resources per unit
- 1st selected project for the Project Team in this round
- Applicants that received a HOME Consent
- PHA sponsored projects using RFF
- Demonstrated, documented need
- Family projects



Questions?

PLEASE

If you have a question, raise your hand and wait for a DCA staff member to bring a microphone to you before you begin, so that everyone can hear your question clearly.

Thank you for your cooperation, patience and understanding.

