

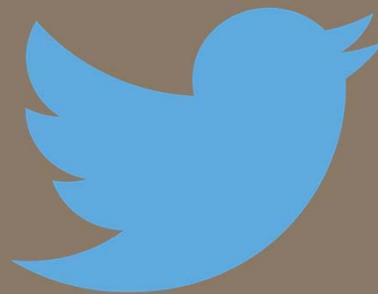
Georgia 2015 Housing Credit Workshop



Feb. 19, 2015

Commissioner Knowles, Carmen Chubb, Laurel Hart

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Feb. 19, 2015

2015 QAP Application Workshop

Welcome!



Feb. 19, 2015

Fenice Taylor, Marie Palena

Commissioner Camila Knowles



The RESPECT Institute

“The RESPECT Institute offers life-changing, transformational experiences for people as they learn how to tell their stories. We’ve watched people heal in those three days. Our graduates are also transforming their audiences by helping people to see the humanity beyond the illness. Once you’re able to see that humanity, it’s easier to treat someone with respect.”

Recognition of Property Awards

 Georgia Department of
Community Affairs

Feb. 19, 2015

Fenice Taylor

Allen Wilson

Recipient

Decatur Housing Authority

Awards

City of Decatur - *Design Award*
EarthCraft - *Community of the Year*

Allen Wilson



Brentwood Place

Recipient

In-Fill Housing, Inc.

Award

CAHEC

Outstanding Family Development

Brentwood Place



The Forest at York

Recipients

Vantage Development, LLC &
National Affordable Housing Preservation
Associates

Award

EarthCraft
2014 Multifamily Project of the Year

The Forest at York



The Commons at Imperial Hotel

Recipients

Columbia Residential &
National Church Residences

Awards

Charles L. Edson
Award for Tax Credit Excellence

Build Georgia
*Best Sustainable Practices &
Award of Excellence*

Atlanta Urban Design
Commission
Award of Excellence

NALHFA
Exemplary Project

The Commons at Imperial Hotel



New DCA Staff



Feb. 19, 2015

Fenice Taylor, Marie Palena

New DCA Staff

- Robert Fink Tax Credit Program Manager
- Aaron Patrick Construction Service Manager
- Philip Gilman Policy Analyst
- Robert Keeler Underwriter
- Lina Grassano Underwriter

New DCA Staff

- Chelsea Arkin Federal Compliance Officer
- Chiji Ebbis Asset Mgt Program Specialist
- Tameka Gibson Asset Mgt Program Specialist
- Wesley Brooks Senior Policy Analyst

Housing Credit Workshop Overview



Feb. 19, 2015

Fenice Taylor, Marie Palena

Overview for Today

- Integrated Housing Opportunities
- Updates Impacting the Development Community
- Review of 2014 Results
- Technical Updates
- Scoring and Threshold
- Review of Application Process
- Final Tips for Applicants

2015 Dates to Remember

- February 20 Round Table (full)
Q&A Begins
- February 25 Round Table (2nd Session)
- May 15 Q&A Ends
- **JUNE 11** **APPLICATION SUBMISSION DAY!**
- July 10 Award Commitment deadline
- July 24 Alternate Financing Submission
- September 1 Evidence of Undesirable Conditions
Mitigated

Integrated Opportunities for Persons with Disabilities



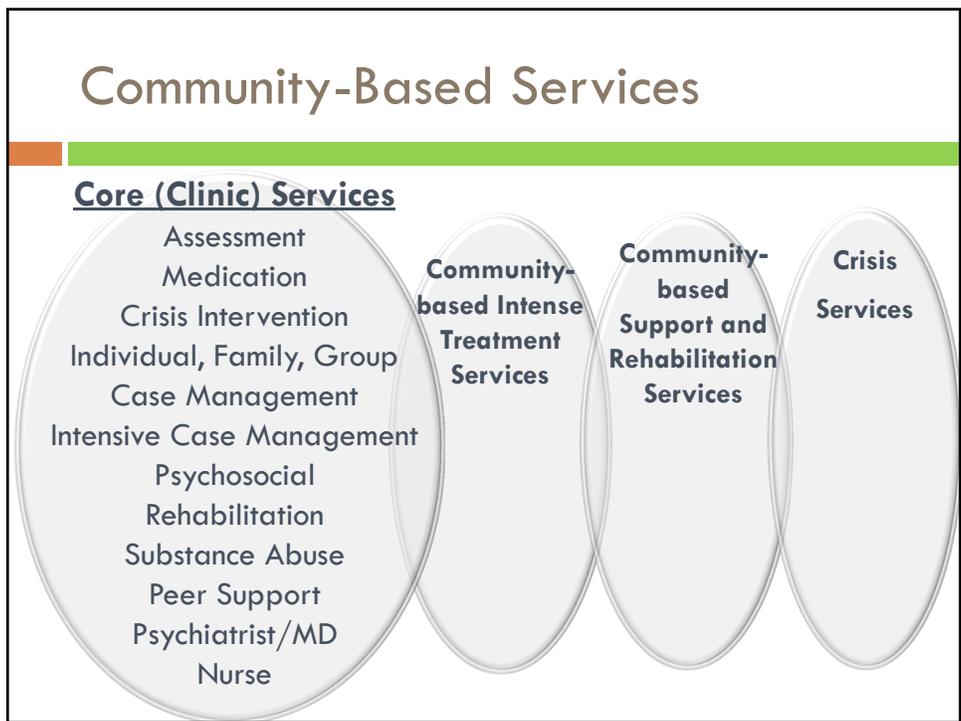
Feb. 19, 2015

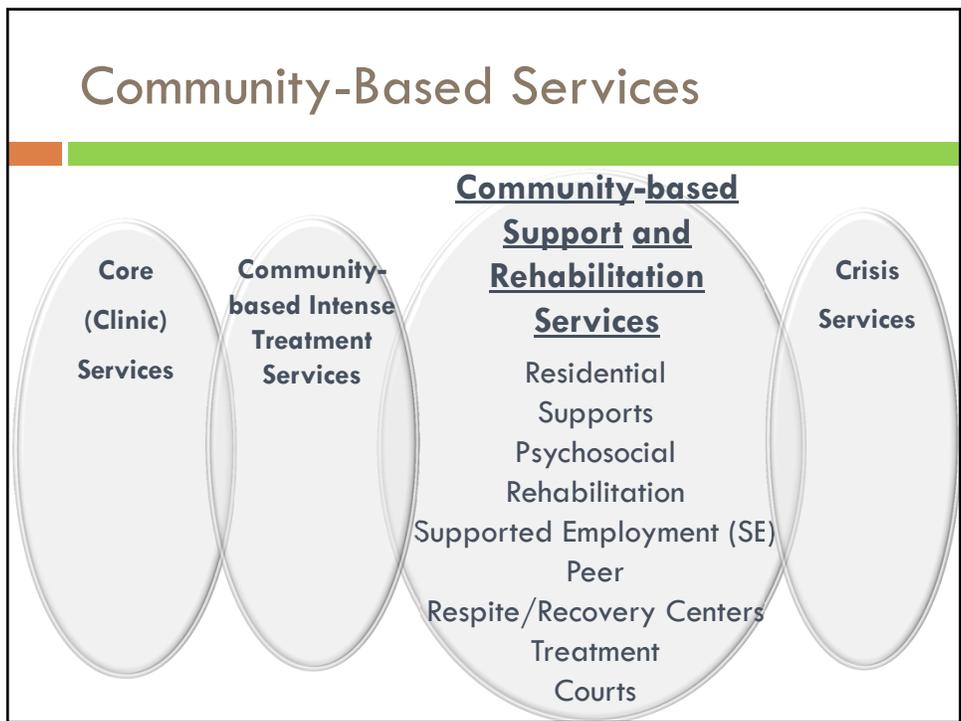
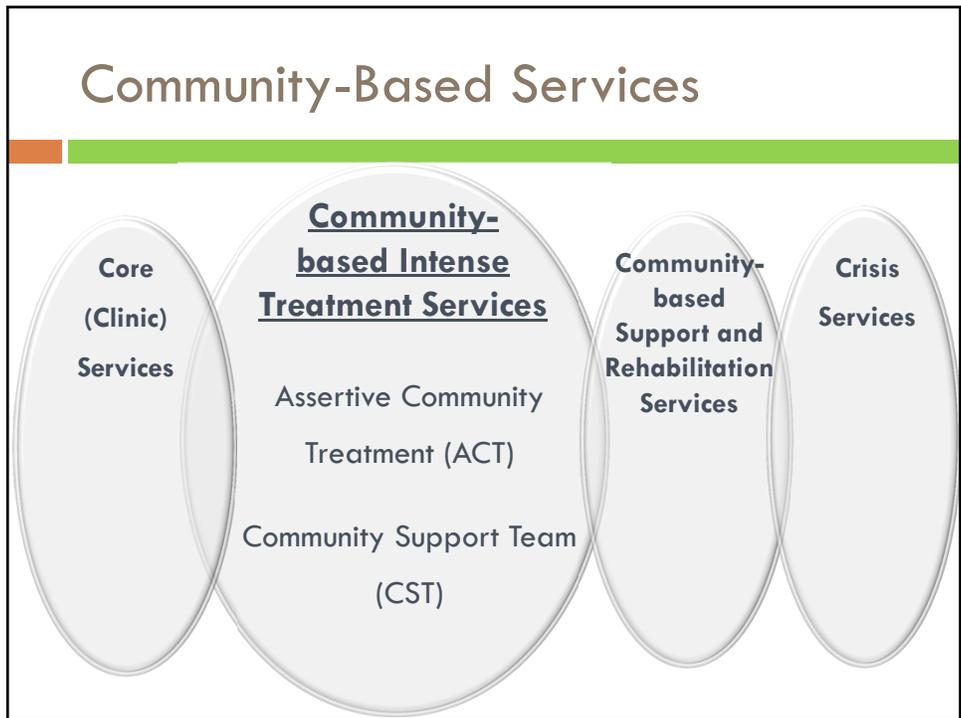
Carmen Chubb, Laurel Hart, Terri Timberlake

Strategic Plan

- Providing a Spectrum of Housing Options
- Matching Resident Choice and Eligibility with Available Housing Stock
- Working with Partners to Ensure Coordinated Services







Community-Based Services



FY15 Array of Services

- ❑ Assertive Community Treatment (ACT)
- ❑ Supported Employment (SE)
- ❑ Case Management/Intensive Case Management (ICM, CM)
- ❑ Community Support Team (CST)
- ❑ Crisis Stabilization Unit (CSU)
- ❑ Core
- ❑ Mobile Crisis
- ❑ Crisis Respite Apartments

FY15 Array of Services (cont'd)

- ▣ Residential Support Services; Community residential rehabilitation(CRR), Supported Housing
- ▣ Crisis Service Center (CSC)
- ▣ Behavioral Health Crisis Center(BHCC)
- ▣ Projects for Assistance in Transition from Homelessness (PATH)
- ▣ SOAR (SSI/SSDI Outreach, Access, and Recovery)
- ▣ Peer Supports
- ▣ Mental Health Treatment Courts

Integrated Supported Housing

- ▣ Integrated Housing/Congregate Housing
- ▣ Justice Department Mandate
- ▣ Definition of Disabled Person
- ▣ Preservation Targeting
- ▣ New Construction Properties Targeting

Integrated Supported Housing Points

- Basic Requirements
- Section 811 project based rental assistance or other DCA offered rental assistance
- Up to 10% of the units committed for Targeting
- Change: 5% of units must be 1 bedroom

Integrated Supported Housing Points

- Overview of 811 Program
- 30 year Restriction
- Roll out in five Metro areas
- Coordinated referral process between DCA and DBHDD
- No other units targeting persons with disabilities

Targeted Population Preference

- Section 8 PBRA Commitment /5 year Commitment
- Tenant Selection Preference by PHA
- HUD Approval of Preference Required
- Change in Administrative Plan Required
- 15% of Units must target Olmstead Population
- Note: Technical Assistance Roundtable for PHA's to be scheduled

Affirmatively Furthering Fair Housing

Marketing Plans must include:

- Outreach efforts
- Affirmatively market to persons with disabilities and the homeless
- Relationships with Service Providers
- Referral and screening process
- Under served populations 2-4 months prior to occupancy
- Applications in public locations and with night hours

Federal and State Legislative Update



Feb. 19, 2015

Jet Toney, Philip Gilman, Laurel Hart

Georgia Legislative Update

Jet Toney

Cornerstone Communication

Georgia Legislative Update



Georgia Legislative Update

- ▣ HB 954 (2014 Session)

- ▣ 2015 Legislation:
 - ▣ HB 20 Treatment of Partners
 - ▣ HB 170 Transportation Funding
 - ▣ HB ??? Add USDA projects to HB 954 list

State Initiatives

- Re-Entering Citizens: A Top Initiative of Governor Deal
 - Goal: Safer Neighborhoods and Better Citizens
 - Roll-out: Atlanta, Augusta, Columbus, Macon, Savannah
- DCA Effort in Removing Barriers to Housing:
 - GeorgiaHousingSearch.org Training
 - Re-entry Housing Partnership Program
 - Partnership with Department of Juvenile Justice
 - Helping End Discharge of Institutionalized Individuals into Homeless Shelters

Federal Legislative Update

- Tax Reform
 - Working Groups
 - Reconciliation
 - Mark-ups
- Housing Trust Fund: Estimated \$120 million in 2016
 - 31 Designations
 - 23 Finance/Development Authorities
- President's Budget: Generous or Restored Funding?
 - LIHTC proposals State Flexibility
- Supreme Court: Disparate Impact
 - HUD report: "Whom the LIHTC Program Serves"

Program Update

- HOME Final Rule Update
- Affirmatively Furthering Fair Housing Changes
- USDA Designated Areas
- QCT and DDA areas – 2016 Changes in DDA
- Occupancy Protections for HUD Assisted Households

2014 Outcomes and Programs

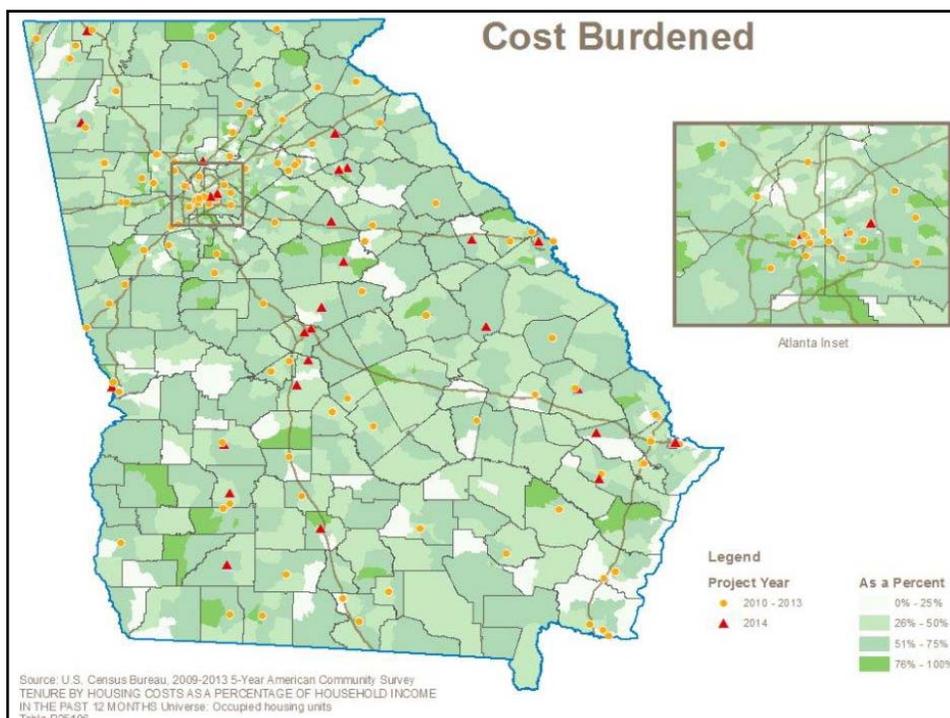


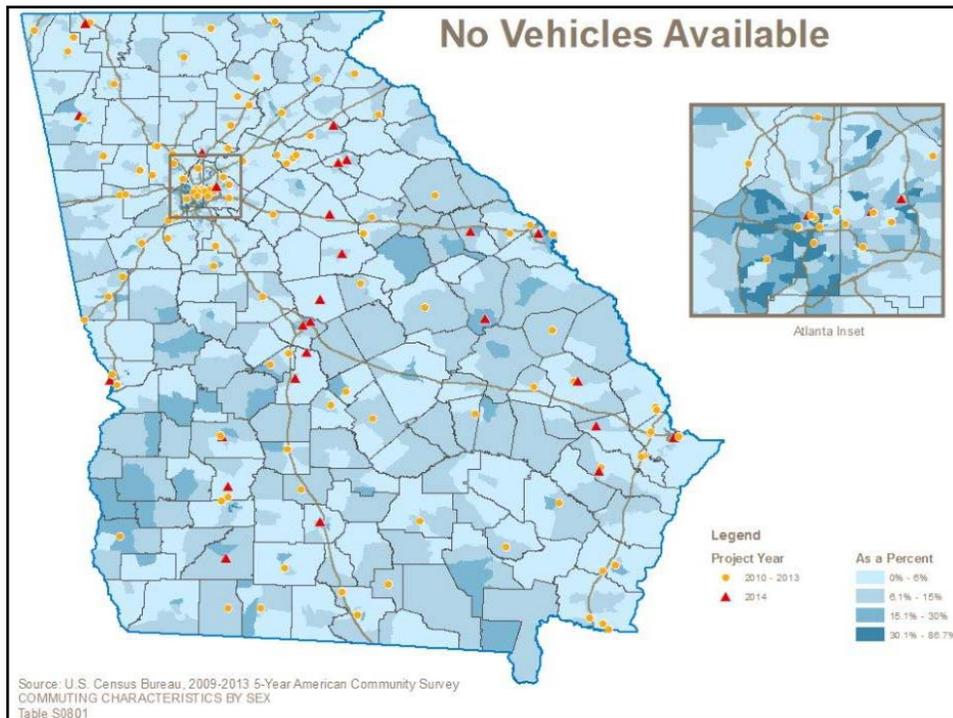
Feb. 19, 2015

Philip Gilman, Drew Swope, Marie Palena

2014 LIHTC Round Selection Analysis

- ❑ 30 of 57 Applications were selected for funding
- ❑ 14 selected properties in the Rural Pool
(7 Senior, 7 Family)
- ❑ 16 selected properties in the Flexible Pool
- ❑ 1 Rural property submitted in the Flexible pool
- ❑ 7 Rehab or Substantial Rehab Selected
- ❑ 16 Family properties, 14 Senior Properties
- ❑ 7 properties with DCA HOME selected





2014 LIHTC Round Point Analysis

- ▣ Leveraging of Public Resources
- ▣ Preservation
- ▣ Superior Project Concept
- ▣ Stable Communities
- ▣ Community Initiatives
- ▣ Non Profits

2014 LIHTC Round Analysis

Scoring Sections Impacting Allocation

Scoring Section	Applications Applied	Applications Scored	Applications Funded
Preservation	11	7	6
Superior Project Concept	7	3	3
Leveraging	35	28	19
Non-Profit	6	3	1

Rural Update

- 4% Credits
 - 37 Rural projects with USDA 515 and Fannie Mae
 - 19 Rural projects with USDA 515 and 538
 - 1,982 units
- 9% Credits
 - 826 Units in 2014
 - 742 Units in 2013
- Total Units over 2 year period: 3,550

NEW: RAD Multi-Site Bond

- Grouping small- and mid-sized PHAs
- 4% LIHTC and Private Activity Bond Transaction
- Goal: Scale, Developer Capacity, Unified Process
- Planned Launch in mid-March
 - Developer RFQ release in mid-April
 - Developer provides preferred structure, etc.
 - PHAs select developer in conference or vote

Georgia TCAP Program Development

- Nearly \$29 million available in program income
- 15-year, 80% AMI affordability requirement
- Plan to develop program(s) for use of funds
 - Guidance available on DCA values
 - Comment period open: values or uses
 - Community Roundtable on March 5
(Registration is Closed)
 - Q&A available on DCA website

Tax Credit Program Technical Discussion



Feb. 19, 2015

Fenice Taylor, Robert Fink

Extender Bill

The Tax Increase Prevention Act of 2014

- ❑ Signed into law December 19, 2014
- ❑ Retroactively applies
- ❑ Extension of 9% Floor for LIHTC
 - ❑ New construction / rehab
 - ❑ No increase in credit allocation
 - ❑ Excess qualified basis

Financial Feasibility & Equity Pricing

- Full Disclosure of All Funding Sources
- Reasonableness of Federal and State Equity Pricing
(pg. 3 of 60)
- DCA's Subsidy Layering Responsibility
(Adjust Price and/or Amount of Credit to Ensure
Projects Not Over-Subsidized)

Financial Feasibility & Equity Pricing

Review of 2014 Adjustment

- Median Combined Federal and State Price
 - Flexible Pool \$1.20
 - Rural Pool \$1.20
- Adjustment Made to Proposed Pricing substantially
below the Median
- Impact to GAP Calculation and Credit Amount

Environmental Review Update of Manual



Feb. 19, 2015

Joan Sasine, Laura Williams, Chelsea Arkin

Major Changes

- ▣ Streamlined text
- ▣ Imbedded cross-references to regulatory standards
- ▣ Updated ASTM E1527-13 requirements:
 - ▣ RECs, CRECs, HRECs
 - ▣ Environmental database records review
 - ▣ Vapor encroachment

What Has Not Changed

- Must follow ASTM E1527-13
- Must include detailed site map and backup documentation
- Evaluation requirements unchanged for: state waters, floodplain, noise, water leaks/mold, asbestos, LBP, lead in drinking water, PCBs, endangered species, historic preservation

A DCA-Compliant Phase I

DCA requires more than ASTM E1527-13

- “User” responsibilities must be included
- Additional documentation is mandatory
- “Non-Scope” issues must be considered

RECs

- Clearly identify Recognized Environmental Conditions (RECs)
- Additional testing or analysis?
- Rationale?

Controlled RECs

- Controlled RECs (CRECs) are RECs
- Statement regarding regulatory authority approval
- Description of controls remaining in place

Historical RECs

- Identify and describe historical RECs (HRECs)
- Description of past remedial measures; and/or
- Property meets unrestricted use

Environmental Records Review

- All standard sources in ASTM E1527-13
- Minimum of three additional sources
- Field verification of distance to sources
- Regulatory file review OR justification for lack of review

Wetlands

- ▣ If wetlands will not be disturbed:
 - ▣ Site drainage not affecting wetland
 - ▣ Documentation of permanent covenant

- ▣ If wetlands will be disturbed:
 - ▣ Wetland Management 8-Step Process or Protective Covenant

Vapor Intrusion

- ▣ Tier 1 Vapor Encroachment Condition (VEC) Screening
 - ▣ Contamination identified on site or on adjacent property
 - ▣ Must follow ASTM E2600-10

- ▣ Tier 2 Screening if Tier 1 cannot rule out VEC

- ▣ Further evaluation if Tier 2 cannot rule out VEC
 - ▣ EPD and/or EPA guidelines

Vapor Intrusion (cont.)

- Documentation included in Phase I
- Proposed vapor intrusion mitigation, if necessary
- Potential annual certification may be required

Phase I Report Format

- Slight changes to mandatory Phase I report format
- Combination of land title, judicial, and lien record information
- Deletion of separate valuation reduction provision

Common Errors and Omissions

- “User” responsibilities
 - Search for recorded environmental cleanup liens
 - Consideration of valuation of property, if uncontaminated
- Age of Phase I Report
- Consideration of data gaps and data failures
- Mandatory forms not included

Environmental Requirements

- Phase I Environmental Study
 - 2015 DCA Environmental Manual
- Non Scope Items:
 - Asbestos
 - Mold
 - Lead-Based Paint
 - Lead in Drinking Water
 - Noise
 - Radon
 - PCBs
 - Floodplains, Wetlands, State Waters

Things to Note

- Timelines
- Formatting
- DCA Non-Scope Items
- Professional Opinion Requirements
- Signing and Reviewing the Documentation
- Phase II Reporting

Timelines

- Phase I and/or Phase II Report must be completed less than one hundred eighty (180) days before Application submission date (June 11, 2015)
 - Earliest could be December 13, 2014
- Environmental Professional must review and sign both Phase I and II Reports

Formatting

The Phase I report must be in the format as specified in the 2015 DCA Environmental Manual!

Noise

▣ Sources of noise

Site is within:

- ▣ Five (5) miles
- ▣ Fifteen (15) miles
- ▣ 1000 feet
- ▣ 3000 feet

Of a:

- Civil airport
- Military airfield
- Major highway or busy road with greater than 10,000 average daily traffic count
- Railroad or rail line

Noise (cont'd)

- Projects must meet the DCA limits for sound
 - 45 dB for interior locations
 - 65 dB for exterior amenities
 - 10 year noise projections
- Threshold:
 - 65 dB maximum
- Noise Attenuation Plan
- No Noise Waiver

Floodplain, Wetlands, & State Waters

- Avoid developments in floodplains and wetlands
- Require the observance of all federal and state wetland and waters buffers
- 8-Step Process or restrictive covenant is required for HUD-funded projects

ASTM Phase II Testing

- A Phase II Report may be required based on the Phase I findings.
- The Report Must include:
 - thorough documentation of methods utilized to conduct sampling and research
 - qualified laboratory results with professional recommendations

Requirements - Phase II Scope of Work

- The proposed scope of work must:
 - Recognize environmental conditions, suspected environmental concerns, and/or non scope issues.
 - Specify locations and depth of any proposed monitoring wells, soil borings, and or samples; include a Site Map showing same.
 - Specify the number of samples and depth of samples.
 - Specify test methods and analytical methodology to be used
 - Include a cost assessment for all Phase II reporting activities
- It is **highly recommended** that Applicant contact DCA before beginning scope of work

Additional Environmental Resources

- ❑ Environmental Protection Agency: www.epa.gov
- ❑ Final Rule: 40 CFR Part 312
- ❑ Day/Night Noise Level Electronic Assessment Tool:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/dnlcalculator
- ❑ Tribal Directory Assessment Tool (TDAT):
<http://egis.hud.gov/tdat/Tribal.aspx>
- ❑ Web Soil Data (Farm Land):
<http://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx>

Innovation



Feb. 19, 2015

Laurel Hart, Drew Swope

Innovative Project Concept and Design

DCA values developments seeking solutions to complex problems:

- Innovative Collaborations
- Place Based Strategies
- Cost Effective Service Delivery
- New Building Techniques

Innovative Project Concept and Design

Identify Complex Issues

- Integrated Supportive Housing
- Integration of Health and Housing
- Emerging Sustainable Building Design or Techniques
- Community-driven Housing Strategies

Innovative Project Concept and Design

- ❑ Only one project in each of the four (4) identified issue categories will receive points
- ❑ Applicants may apply for points in only one category
- ❑ The design concept should result in innovative and replicable solutions
- ❑ Comparative Judging
- ❑ Tiebreaker - Leveraging

Strong Communities



Feb. 19, 2015

Drew Swope, Philip Gilman, Sandy Wyckoff

Quality Education

Quality education options are essential for a thriving, strong community.

- CCRPI
(College and Career Ready Performance Index)
- Kindergarten to High School

Stable Communities

- State Priority: Strong Communities
- Goal: Development in areas of Opportunity
- Changes: Rural Median Income, Deadline
 - Example: Morgan County
- Ideal application: Time Stamp

Maintained by the FFIEC. For suggestions regarding this site, [Contact Us](#).
Last Modified: 07/01/2014 12:00 PM

<http://www.ffiec.gov/census/report.aspx?year=2014&county=211&state=13&report=demog...> 2/3/2015

Stable Communities (cont.)

Tract Code	Tract Income Level	Distressed or Under-served Tract	Tract Median Family Income %	2014 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	2014 Est. Tract Median Family Income
0101.00	Middle	No	89.98	\$70,100	\$63,076
0102.00	Moderate	No	75.53	\$70,100	\$52,947
0103.00	Middle	No	90.62	\$70,100	\$63,525
0104.00	Middle	No	89.68	\$70,100	\$62,866
0105.00	Moderate	No	61.07	\$70,100	\$42,810
9999.99	Middle	No	85.67	\$70,100	\$60,055

Community Transportation Options

Access to transit options is essential for low-income families who can't afford personal transportation.

- TOD and Transit Hubs
- Established Pedestrian Walkways Definition
- Fixed Route and Fixed Daily Schedule
- Rural Pool vs. Flexible Pool

Revitalization/Redevelopment Plans

- State Priority: Strong Communities
- Goal: Community-driven planning and support
- Changes: Non-QCT, Planning Grant, Timing
- Ideal application:
 - Affordable housing as a clear goal
 - Searchable plan with specific time frames
 - Executed documents, including addendum

DCA Community Initiatives

- State Priority: Strong Communities
- Goal: Community-driven planning & support
 - Clear communication by GICH/Government
- Changes: Executed by GICH Primary or Secondary Contact (UGA record)
- Ideal project: Clear support, planning, and narrative from the GICH community

Workforce Housing Need

Access to jobs is essential for any family to move out of poverty, DCA encourages the development of Tax Credit properties near employment centers.

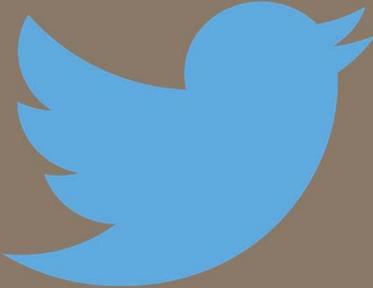
- OnTheMap
 - Internet Browser
- Job Thresholds
- Commute Distances

LUNCH
please return at 1:00

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Feb. 19, 2015

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Feb. 19, 2015 2015 QAP Application Workshop

Geographic
Distribution
of Resources

Georgia[®] Department of
Community Affairs

Feb. 19, 2015 Drew Swope, Philip Gilman

Competitive Pools

- Goal: Geographic distribution of resources
 - An apples-to-apples comparison
- Rural Pool: 35% of the available credits
 - 2014: 14 selected (47%), \$8.9 m (40%)
- Flexible Pool: Remaining available credits
 - 2014: 16 selected (53%), \$13.5 m (60%)
 - Rural projects no longer eligible

Previous Projects

- Since 1990 DCA has provided funding in 148 of 159 Georgia counties. DCA seeks to continue to invest in new localities and counties throughout the state.
- Scoring Previous Projects
- Political Jurisdictions where 9% tax credit properties have never been developed

Competitive Application Selection

- Highest DCA score
- Exception: HOME Consent Properties
- Market Analysis

2015 Change: Eliminated provision which consider project funded in past years. Solely a market issue in 2015.

Geographic Limitations

- Not the same as Market
- Local Government Limitations
- Rural Pool – 1 project located, except that a new construction and an occupied, in-place rehab may be selected.
- Flexible Pool - Two projects (senior vs family)
(City of Atlanta, additional occupied, in place rehab)

Preservation of Existing Affordable Housing



Feb. 19, 2015

Fenice Taylor, Laurel Hart

Preservation Priority Goals

- Retain historic structures through adaptive re-use
- Mitigate risk of losing affordable housing units due to market conversion, physical deterioration, or financial instability
- Maintain affordability through the retention of federal rental assistance
- Update existing affordable units with current energy efficiency tools

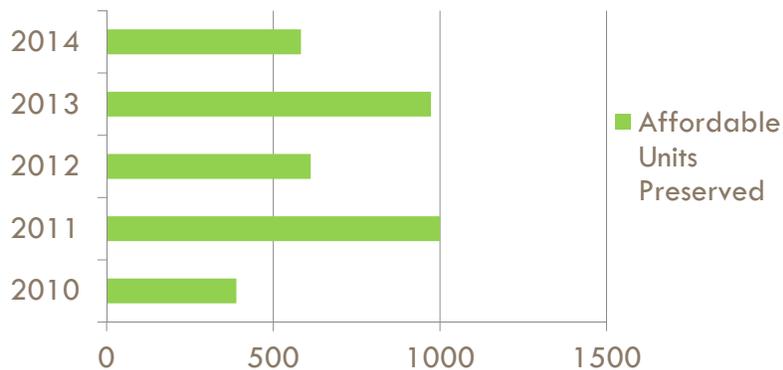
Preservation Priority Scoring

New for 2015

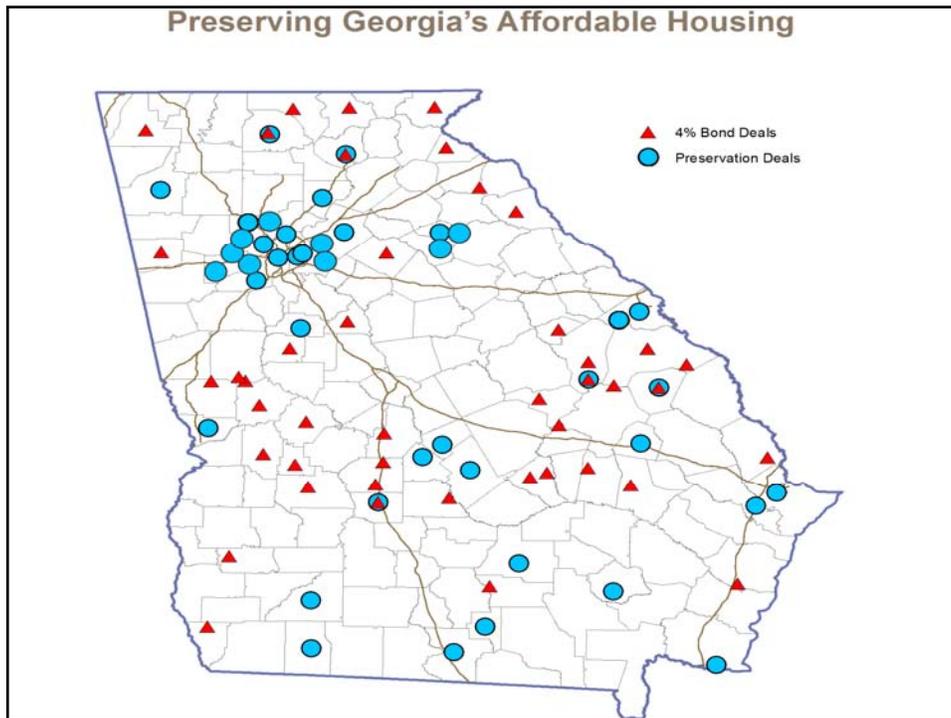
- Fewer subsidized units required
- Fewer points for USDA/HUD high priority designation
- One priority letter
- Fewer points for projects with expired tax credit compliance
- New point category for projects designated as high priority by DCA Portfolio Management
- New point category for rehabilitation of an existing project serving as congregate housing for Persons with Disabilities

Preservation Priority Scoring (cont'd)

Affordable Units Preserved



3,557 Total Units Preserved over Five Years



Quality Sustainable Buildings



Feb. 19, 2015

Aaron Patrick, Chelsea Arkin

Rehab Requirements

- ❑ Minimum per unit hard cost of \$25,000, excluding the construction of new community buildings and community building additions.
- ❑ Replacement of any component of the building or site with a Remaining Useful Life less than 15 years (Fannie Mae Expected Useful Life)
- ❑ Waivers and Reserves may be required

Building Sustainability

- ❑ Minimum standard for energy efficiency and sustainable building practices.
- ❑ All units must comply with the following:
 - ❑ Compliance with Georgia State Minimum Standard Energy Code
 - ❑ Duct and building envelope leakage
 - ❑ Bathroom fans
 - ❑ Lighting
 - ❑ Plumbing fixtures
 - ❑ Water heaters
 - ❑ Energy Star appliances

Integrated Design Review Charrette

- The full-day Charrette must:
 - Be facilitated by an accredited sustainability professional for the desired certification
 - Ensure that required participants should be representatives from all the major disciplines that influence the design and construction of a property.
- A detailed report comprised of outcomes of the Charrette with action items for each discipline is required with Step 2 Construction Documents.

Accessibility Standards

- All projects that receive allocations or funding under the Plan must comply with all applicable Federal and State accessibility laws
- Regardless of whether a project anticipates using federal HOME funds as a funding source, all proposed projects must meet Section 504 Design requirements

Accessibility Standards

- Each project selected for allocation is required to retain a DCA qualified consultant to monitor the project for accessibility compliance.

- The DCA qualified consultant must perform the following:
 - Pre-construction plan and specification review
 - Site inspection after framing.
 - Final inspection

Qualified Project Teams



Feb. 19, 2015

Vanessa Adams, Erica Etterling

Qualified Project Teams

Qualifications

- Project Team Performance
 - Project Team - general partner, developer, and the principal(s)
 - Minimum Eligibility Requirements
 - Adverse Circumstances
 - Significant Adverse Events
 - Changes:** Deed in lieu of foreclosure, team bankruptcy, and senior lender loan default were added to the chart of Significant Adverse Events

Qualified Project Teams

Waiver Requests & Considerations

- The entity or individual has developed and currently owns and operates a minimum of ten (10) successful Tax Credit properties
- Strong performance history and in material compliance with program regulations

Qualified Project Teams

Qualification Determination Categories

- Qualified without Conditions
- Qualified with Conditions
- Ineligible
- Not Qualified
 - Options for Not Qualified Entities (Probationary Designation)

Qualified Project Teams

Required Documentation

- Performance Workbook
 - Changes: Compliance History Summary & Multi-State Release form
- Financials – Audited vs. Unaudited
- Must provide an explanation for all “Yes” answers in the Performance Workbook
- Management Companies must be approved by DCA Portfolio Management prior to the placed in service date

Compliance Scoring

- All Project Teams begin with 10 Points
- Point deductions for Project Team are deducted from the total points
 - Any deductions for any member of the Project Team will be deducted from the total
 - Approved waiver requests may result in point deductions

Compliance Scoring

- Point Deductions:
 - 1 Point DCA Program Administrative Non-compliance or Uncured Audit Findings
 - 2 Points General Partner Failure or Federal Regulatory Non-Compliance
 - 3 Points Failure to Operate Property in Accordance with DCA and/or Program Requirements
 - 5 Points Financial/Organizational Failure

Compliance Scoring

▣ Examples of Point Deductions

- ▣ Properties not updated in MITAS
- ▣ Properties not listed in GA Housing Search
- ▣ Annual Owner's Certification not submitted
- ▣ Failure to notify Portfolio Management of Management Agent change

Compliance Scoring

▣ Point Additions

- ▣ Maximum of 5 additional points
Clarification: Total points not to exceed 10 points for Proposed Project Team
- ▣ Minimum Requirements
Change: An additional point category was added and the minimum number of successful properties was changed from 10 to 5

Compliance Scoring

□ Point Additions (cont'd)

- If the Project Team has point deductions, additional points may be added for a maximum of 10 points:

<u>Points</u>	<u>Nbr of Successful Projects</u>
1	5
2	10
3	15
4	20
5	21+

Application Review Process

LIHTC Application Review

- ▣ Strategy based evaluations
 - ▣ Teams and Team Leaders
 - ▣ Strategies
 - ▣ Quality Review
 - ▣ Transparency
- ▣ Communication
 - ▣ Clarifications
 - ▣ Preliminary Scoring
 - ▣ Appeals

Threshold Failures and Non Selection of Application

Threshold Review

- Projects must meet Threshold requirements at time of Application Submission
- If project fails Threshold requirements, Applicant will be notified in writing
- 5 calendar days to respond to DCA's preliminary Threshold failure

Threshold Review (Cont.)

- Response must clearly and specifically explain why initial determination incorrect
- Applications that don't meet Threshold requirements may not be scored
- DCA may request clarification for deficiencies

Threshold Review (Cont.)

- Clarification can not be used to modify Applications or to provide documents that were not in existence prior to Application Submission
- Response must be made during Clarification period
- Documentation provided during this period will be reviewed ONLY for Threshold and not for the purpose of scoring

Threshold Failure

- Project Feasibility
- Market Failure
- Environmental Report
- Scope of Work
- Use of wrong rents, operating expenses, etc
- Zoning

Non-Select Due To Tie-Breaker

- Least amount of DCA resources per unit
- 1st selected project for Project Team in this round
- PHA sponsored project that utilize RFF and reduce waiting lists
- Family projects
- Projects with DCA HOME funds

Appeal Process

- REQUEST FOR RECONSIDERATION
- Request must be in writing within 14 calendar days from date of Notice of Final Threshold Failure or final score

Appeal Process (cont.)

- Submit to Director of Office of Housing Finance
- Meeting will be scheduled
- Applicant will have opportunity to explain why failure and/or scoring decision was not correct

Appeal Process (cont.)

- Only documentation that meets QAP requirements considered
- Documents NOT submitted with Application or as part of a Threshold clarification will NOT be considered
- Applicant has burden of proof

Appeal Process (cont.)

- Reconsideration Review Committee issues written Decision Letter affirming or reversing final threshold and/or scoring decision
- If Applicant seeks further review, request for Appeal Review to Deputy Commissioner of Housing is due within 7 calendar days of Decision Letter

Appeal Process (cont.)

- Additional review of previously submitted documentation
- Applicant may request a meeting
- Decision of Appeal Review Committee is the final decision of DCA and not subject to further internal review

Using HOME in a Tax Credit Application



Feb. 19, 2015

Marie Palena, Ronit Hoffer

HOME Consents - Basics

- ❑ Pre-App deadline: March 12, 2015
- ❑ Maximum: \$2.5 million
- ❑ Minimum: \$1 million
- ❑ One HOME consent per Applicant
- ❑ Utilize credits and show a need for HOME
- ❑ Failure to use HOME funds may result in withdrawal of tax credit award

HOME Consents - Eligibility

- ❑ Projects located in another PJ are NOT eligible.
- ❑ Projects receiving a state basis boost are NOT eligible.
- ❑ Projects in a QCT or DDA MAY be eligible.

HOME Consents - Selection Criteria

- ❑ Fully amortizing
- ❑ No other debt
- ❑ Project Teams -- Qualified without Conditions
- ❑ Successful HOME Loan/HUD experience in past 10 years
- ❑ Successful federal compliance history
- ❑ No Default in HOME payments

HOME Consents - Selection Criteria (cont.)

- ❑ Projects in areas that have not had HOME
- ❑ Compliance History of Project Participants
- ❑ HOME experience will be evaluated as follows:
 - ❑ 10 or more Successful Projects with no compliance issues
 - ❑ 5 or more Successful Projects
 - ❑ Less than 5 Successful Projects

HOME Consents - Post Award

- ❑ Commence construction within 9 mos. of preliminary award
- ❑ Must close by July 15, 2016
- ❑ Owner/Developer may be required to guarantee payment of HOME loan until conversion
- ❑ HOME loans must convert within 24 mos. of closing

Community Housing Development Organizations (CHDO) - Set aside

- \$4 million set aside
- Must apply for CHDO qualification, HOME Consent & Qualification Determination at Pre-App
 - CHDO ownership interest does not count toward Maximum Ownership Interests limit
- Developer Fee not required to be split in proportion to Ownership Interest

CHDO Selection Criteria

- Strength of Project Team
- Local government support for the project
- Additional investment through a grant/soft debt
- Preservation of properties with DCA HOME funds at risk
- Number of units supporting State Priorities

CHDO Qualification

- Certification required with funding application
- Certification requires that CHDO is involved in a particular project
- Revised definitions of Owner, Developer & Sponsor

CHDO Qualification (cont'd)

- In a limited partnership, (LP) the CHDO or its subsidiary must be the sole general partner (GP).
- In a limited liability company, (LLC) the CHDO or its subsidiary must be the sole managing member.
- LP must provide for GP removal only for cause CHDO must be replaced with another CHDO.

CHDO Qualification (cont'd)

- ❑ CHDO Capacity
- ❑ Employs staff with the housing development experience
- ❑ Staff has the experience in producing the particular type of housing proposed - i.e., multi-family rental
- ❑ Staff must be paid by the organization. Volunteers, board members or staff “borrowed” or “donated” from other organizations do not fulfil this requirement.

Project Feasibility



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Leveraging of Public Resources

- New Grants/Loans – up to 4 points
 - GA State Housing Trust Fund - not available
 - New Markets Tax Credits
 - Foundation grants
 - Unrelated 3rd party private foundation
 - History of grants to affordable housing
 - No Pass-Through

Leveraging of Public Resources (cont.)

- Local PHA/Gov't Contribution (ground lease) – 2 points in leveraging only
- Off Site Improvements – up to 2 points
 - Unrelated 3rd party investment in resources
 - Off site infrastructure i.e., parks/green space, shared amenities, rec facilities
 - Property adjacent to project
 - Not community wide in scope

Deeper Targeting

Applicants may claim points either through Rent Restrictions or through new PBRA contracts, but not both.

Deeper Targeting

■ Rent Restrictions

- One (1) point for applicants that agree to set income limits at 50% AMI for at least 15% of total units.
- Two (2) points will be awarded to Applicants that agree to set income limits at 50% AMI for at least 20% of total units.

Deeper Targeting

- New PBRA Contracts
 - Applications that have an award of new government-funded PBRA for at least 15% of total units over a minimum of 10 years shall be awarded three (3) points.
 - HUD RAD / HUD-approved conversion programs are eligible for these points.

Rents

- Gross Rents from most recent AMI and HUD published rent tables
- HUD program rent limits must be used regardless of Rural designation
- Propose rents at reasonable and achievable levels for both market and Low-Income units.

Rents

- National Non-Metropolitan Income (NNMI) cannot be used to determine rents in Submitted Applications
- If eligible, a project may utilize the NNMI rents upon DCA Portfolio Management approval, prior to lease-up.

Rents

- HOME Rents with Tax Credits
 - Must utilize the most restrictive rent limit for each program
- Tax Credits only, (no HOME)
 - Gross rents may not exceed 30% of 60% of the effective AMI table for the appropriate bedroom size

Utility Allowances (UA)

When determining the applicable UA the following order of priority is used:

- USDA-Assisted Buildings
- USDA-Assisted Tenants
- HUD
- PHA (DCA administers Section 8 for 149 counties in Georgia)

Utilities Allowances (cont'd)

- Tax Credit Buildings with no HOME
 - For Application purposes, use the UA established by the public housing authority (PHA)
 - In operation, owner can request to change the UA methodology to one of the following:
 - PHA administering Section 8
 - Housing Credit Agency
 - HUD Utility Schedule Model

Utility Allowances (cont'd)

2013 HOME Final Rule States:

- ▣ For HOME properties funded after January 24, 2015 - UA must be calculated utilizing either:
 - ▣ HUD Utility Schedule Model
 - ▣ Other Models approved by HUD

Development & Construction Costs

- ▣ Cost Limits
 - ▣ New for 2015: defined by HUD Public & Indian Housing Office of Capital Improvements
 - ▣ Based on building design type, number of bedrooms, and geographic location
 - ▣ Properties in specified MSA's in 2014 Unit Total Development Cost Limits use those limits
 - ▣ All others use Valdosta MSA limits

Development & Construction Costs

- ▣ Cost Limits (cont'd)
 - ▣ Qualified Historic Rehabilitation limited to 110% of the applicable cost limit
 - ▣ All cost limits represent a ceiling
 - ▣ DCA evaluates reasonableness of soft and hard costs, land costs, and considers location, population served and other relevant factors

Final Tips for Submitting a Competitive Application



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Tips for Successful Applications

- ❑ Explain fully each point category
- ❑ Use all comment sections
- ❑ Review third party reports
- ❑ Check tax credit calculation
- ❑ Use Q&A process
- ❑ Read all posted Q&A even if they are not yours
- ❑ Use Tabs Checklist
- ❑ Research other properties in the area
- ❑ Recheck underwriting criteria
- ❑ Read Application Instructions

