

**STATE OF GEORGIA  
2021 QUALIFIED ALLOCATION PLAN  
GEORGIA HOUSING CREDIT PROGRAM  
HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS**

**CORE PLAN**

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## SECTION 1. PURPOSE

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The Georgia Housing and Finance Authority (GHFA) is authorized to allocate and issue housing credits under Section 42 of the Internal Revenue Code of 1986, as amended, and to take all other actions and impose all other conditions which are required by federal law or which in the determination of DCA are necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the housing credit program (O.C.G.A. 50-26-8(a)). As required by §42(m)(1) of the Code, GHFA approved this 2021 Qualified Allocation Plan (QAP) after extensive public consultation including three public hearings, one through an online webinar as well as in-person hearings in Atlanta and Dublin, and a thirty-day public comment period. The final 2021 QAP has been approved by the Board of Directors of GHFA and the Governor of the State of Georgia.

The purpose of the 2021 Qualified Allocation Plan (Plan) is to set forth:

- Legislative and program requirements for the Georgia housing credit program.
- Federal and State resources that will be awarded under the QAP.
- Housing priorities of the Housing and Finance Authority for the State of Georgia.
- Selection criteria.
- Process for evaluating funding requests and awarding of resources.

## SECTION 2. DEFINITIONS

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The following definitions shall apply for the purposes of this Plan:

**“4% Credits”** means Federal Credit available to Bond Financed Projects which meet the requirements of this Plan.

**“9% Credits”** means Federal Credit allocated on a competitive basis under the provisions of this Plan.

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

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

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

**“Applicant”** means the General Partner.

**“Application”** means the complete and entire set of required and requested documents, submitted by an Applicant to DCA under this Plan.

**“Application Submission”** means the date and time, as stipulated in the Core Plan, by which the Application must be submitted to DCA in order to be eligible for funding under this Plan.

**“ARRA”** means the American Recovery and Reinvestment Act of 2009.

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

**“Capital Improvements or Capital Expenditures”** mean substantial improvements or **Capital Expenditures** to the real estate, for items such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings. Capital Improvements do not include replacement of individual appliances or minor repairs.

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

**“CHDO”** means a Community Housing Development Organization, as defined in the 2013 HOME regulations at 24 CFR Part 92. CHDO “Owner”, “Developer”, and “Sponsor” are specifically defined therein.

**“Code”** means Internal Revenue Code (IRC), primarily Section 42.

**“Competitive Scoring”** means the process described in this Plan by which DCA ranks the Applications received.

**“Compliance Period”** means the initial fifteen (15) year period during which a project must operate in accordance with the Credit requirements to avoid Federal Credit recapture. The Compliance Period commences with the first taxable year of the Federal Credit period.

**“Consultant”** means a third-party entity that provides consulting services to Project Participants. An entity acting in the capacity of Owner, Developer, or General Contractor or which provides technical assistance to the Owner, Developer, or General Contractor is considered a Consultant. Consultants include, but are not limited to, construction management consultants, interior design consultants, relocation specialists, tax credit application consultants, resident certification consultants, HOPE VI consultants, etc. All consulting fees are considered part of the calculation of the maximum allowable Developer fee for each project.

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

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

**“DCA”** means the Georgia Department of Community Affairs, an executive government agency in the State of Georgia. By state law, DCA administers the programs of the Georgia Housing and Finance Authority.

**“Developer”** means the legal entity designated as the Developer in the Application as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that have a direct or indirect ownership interest in the Developer entity. Any entity or individual that receives all or part of the Developer Fee must be designated as a developer. Material Participation is required for all developers and for all entities that receive any portion of the Developer Fee.

Any Person that receives more than five (5) percent of the developer fee including “consultants” are considered in any QAP provision which relates to “caps”.

**“Disabled Person and Persons with a Disability”** means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. In general, a physical or mental impairment includes hearing, mobility, and visual impairments; chronic substance abuse issues; chronic mental illness; AIDS; AIDS-related complexes; and mental retardation that substantially limit one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself. DCA utilizes the HUD definition of “Disabled Person.” Applicants can refer to HUD guidance for further information.

**“Elderly”** means a person at least 62 years of age.

**“Elderly Housing”** means housing intended for and only occupied by Elderly persons, including a family in which all members are Elderly. All household members must be Elderly (no children, and no disabled persons under the age of 62).

**“Extended Use Period”** means the period beginning on the 1st day in the compliance period on which such building is part of a qualified low-income housing project, and ending on the later of the date specified by such agency in such agreement, or the date which is 15 years after the close of the compliance period.

**“Federal Credit”** means the Georgia Housing Tax Credit established by the federal government for the purpose of encouraging the development of affordable housing and governed by the Code.

**“Federal Deposit Insurance Corporation (FDIC) / Affordable Housing Disposition Program (AHDP)”** means the program that the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) required the Resolution Trust Corporation (FDIC) to develop for selling residential properties to provide affordable housing opportunities. In response to this provision, FDIC established the AHDP, or herein referred to as the Affordable Housing Program (AHP).

**“Federal Financial Institutions Examination Council (FFIEC)”** means the interagency body established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA) empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) and to make recommendations to promote uniformity in the supervision of financial institutions. The FFIEC website can be found at [www.ffiec.gov](http://www.ffiec.gov).

**“FMR”** means the Fair Market Rents issued by HUD.

**“General Partner”** means the Partner which has general liability for the partnership during construction, lease up, and operation of the project as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that have a direct or indirect ownership interest in the General Partner entity. If the entity in question is a limited liability company, the term “General Partner” shall also mean the managing member for the limited liability company.

**“GHFA”** means the Georgia Housing and Finance Authority, a public corporation created by the Georgia General Assembly and designated by the Governor as the State Allocating Agency for Federal and State Housing Tax Credits and the state-level grantee for federal HOME funds.

**“Guarantor Fee”** means a fee paid by an Owner/Developer to an entity or individual that will provide construction completion guarantees to the project equity investor for an agreed upon price.

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

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

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

**“Housing and Economic Recovery Act of 2008 (HERA)”** means the Act signed into law by President Bush on July 30, 2008 that covers a range of housing issues.

**“Housing for Older Persons”** means housing intended and operated for occupancy by persons 55 years of age or older (“Older Persons”). According to Georgia law, such housing must also have significant facilities and services serving the Older Persons population even though the requirement has been eliminated from the

federal definition of an elderly project. At least 80% of the total occupied units in such a housing development must be occupied by at least one Older Person.

Up to 20% of the units may be occupied by others, including the landlord's employees, the surviving spouses or children of residents who were Older Persons when they died, and caregivers. Owner must adhere to policies and procedures which demonstrate an intent by an owner to provide housing for individuals who are 55 years of age or older. DCA will monitor the required facilities and services during the applicable Extended Use Period or the Period of Affordability, whichever is longer. This definition also includes Public Housing properties that have combined Older Persons with disabled residents in accordance with HUD program requirements.

**"HTF"** means the Housing Trust Fund for the Homeless established by O.C.G.A. § 8-3-300.

**"HUD"** means the U.S. Department of Housing and Urban Development.

**"Identity of Interest"** means a situation in which a Project Participant has a direct or indirect interest in the ownership of an entity which contracts with a Project Participant to provide land, goods, loans, financial support, or services for the project or where there is a financial, familial, or business relationship that permits less than arm's length transactions.

**"Incomplete Document"** means a document submitted with the Application where the majority of the content is provided, but not the full document or the executed documents meets some but not all of DCA requirements.

**"Innovation"** means a program, design, or methodology not typically seen in affordable housing.

**"Integrated Setting or Integrated Housing"** means the "most integrated setting" which is defined as "a setting that enables individuals with disabilities to interact with non-disabled persons to the fullest extent possible." Integrated settings are those that provide individuals with disabilities opportunities to live, work, and receive services in the greater community in a manner similar to individuals without disabilities. Integrated settings are located in mainstream society and offer access to community activities and opportunities at times, frequencies, and with persons of an individual's choosing. Integrated settings also afford individuals choice in their daily life activities and provide individuals with disabilities the opportunity to interact with non-disabled persons to the fullest extent possible. Settings that are not integrated include, but are not limited to, properties which target more than 20% of the units to individuals with disabilities. (Applicants should review the Justice Department Mandate for additional guidance on this issue: [http://www.ada.gov/olmstead/q&a\\_olmstead.htm](http://www.ada.gov/olmstead/q&a_olmstead.htm)).

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

**"IRS"** means the Internal Revenue Service, a division of the U.S. Department of Treasury.

**"Letter of Determination (LOD)"** means a notice issued by GHFA to the issuer of tax exempt bonds for a specific project, which states that the project is eligible for 4% Georgia housing tax credits without receiving an allocation of credits from the state housing credit ceiling because the project satisfies the requirements of this Plan and which also sets forth conditions which must be met by the development before GHFA will issue the IRS Form(s) 8609 to the Owner.

**"Local Government"** means the controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located at the time of Application (e.g., city council if within the city limits, or county commission if in an unincorporated area).

**"LURA"** means the Land Use Restriction Agreement that is a recorded agreement between GHFA and the Owner of a HOME-funded project. The LURA is binding upon the Owner and its successors in interest, and

that encumbers the project with respect to this Plan and the requirements of the HOME program.

**“LURC”** means the Declaration of Land Use Restrictive Covenant for Low-Income Housing Tax Credits that is a recorded agreement between GHFA and the Owner. The LURC is binding upon the Owner and its successors in interest, and that encumbers the project with respect to this Plan and the requirements of Section 42 of the Code.

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

**“Material Participation”** means involvement in the development and operation of the project on a basis which is regular, continuous, and substantial as defined in Code Section 42 and 469(h) of the regulations promulgated hereunder.

**“Metro Pool”** means the Atlanta Metro Pool or Other Metro Pool, as defined in *Core Plan, Geographic Pools*.

**“Missing Document”** means a document required as part of the Application that is either not included in the application and/or not executed and dated (as applicable) prior to the Application Submission date.

**“Municipality”** means any incorporated city or town in the state.

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

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

**“Non-Metro Median Income Limits”** means the higher of the current non-metro median income (as defined in section 530 of the Housing Act of 1949) or the area median income used to calculate incomes and rents of projects located in designated rural areas, as defined by Department of Agriculture and as outlined in HERA. At this time, HUD has not authorized the use of these non-metro income limits for HOME properties.

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

**“Operating Cost”** means the costs associated with operating a DCA funded property after it is placed in service.

**“Owner”** means the single purpose legal entity holding title to the property as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that have a direct or indirect ownership interest in the ownership entity.

**“Period of Affordability”** means the time during which HOME Loan financed units must remain affordable to eligible households, as defined by HOME program regulations and this Plan. The Period of Affordability shall commence upon completion of the project and shall run for the period required under HOME regulations or the term of the HOME Loan, whichever is greater. Completion shall be defined as set forth in the HUD regulations for the HOME program.

**“Permanent Debt Financing”** means long-term debt with a minimum maturity period of 10 years.

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

**“PJ”** means a Participating Jurisdiction, which is an agency of State or Local Government that administers the HOME Program in its jurisdiction. GHFA is the PJ for the non-entitlement areas of the State of Georgia. The local PJs include the cities of Albany, Atlanta, Macon, and Savannah; Clayton, DeKalb, and Gwinnett

Counties; the consolidated governmental units of Athens-Clarke County, Augusta-Richmond County, and Columbus-Muscogee County; the counties and cities comprising the Georgia Urban County Consortium (Cobb, Marietta, Cherokee, Canton); and the Fulton County Consortium (Fulton, Roswell).

**“Plan”** means this 2021 Qualified Allocation Plan.

**“Principal”** means an individual who has at least a direct ownership interest in the general partner or developer entity and who materially participates in the ownership, development and operation of the project through regular, continuous and substantial involvement. For purposes of a non-profit entity, DCA will consider the executive director as a Principal.

**“Project Participants”** mean the Owner, Developer, Management Company, Consultants, and Syndicator for a project for which an Application is submitted.

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

**“PHA”** means a local public housing authority.

**“Related Parties”** means a relative (including but not limited to grandfather, grandmother, father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister) of any Principal or any entity that shares common Principals, executive directors, board members, or officers.

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

**“Reservation of Funds”** means the securing of funding for a particular project proposal based on the understanding that the project will fully satisfy program and Plan requirements.

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

**“Scoring Criteria”** means the criteria detailed in Appendix II by which points are assigned for the purpose of Competitive Scoring.

**“State”** means the State of Georgia.

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

**“Subsidy Layering Review”** means the DCA evaluation of projects using DCA program funds in combination with other governmental assistance to ensure that no more than the necessary amount of DCA program funds is invested in any one project to provide affordable housing. For HOME funds, the subsidy layering review will be conducted in accordance with the requirements set forth in the HUD CPD Notice 98-01 guidelines required by 24 CFR §92.250(b). For tax credit properties, the subsidy layering review is conducted at application, carryover, and before issuance of 8609s.

**“Successful Projects”** means an affordable property that has been completed, has no forbearances, bankruptcies, no defaults, no workouts, and has a physical occupancy of 90% or greater at time of Pre-Application or Application submission.

“**TCAP**” means the second round of the Tax Credit Assistance Program, with funds available from program income earned after the close out of the original program funded under the American Recovery and Reinvestment Act of 2009.

“**Total Development Cost**” means the sum of all anticipated or actual allowable development costs that are necessary to complete the proposed project.

“**UA**” means the utility allowances used during the compliance period and during the period of affordability as described in the Plan.

“**USDA**” means the United States Department of Agriculture.

### **SECTION 3. AVAILABLE RESOURCES**

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#### **A. 9% Federal Credit**

The annual Federal Credit dollar amount allocated to the State of Georgia is determined by the Internal Revenue Service and is based on Georgia’s population and indexed for cost-of-living adjustments. The amount of Federal Credit available for the 2021 funding cycle will be comprised of the State’s 2021 Federal Credit ceiling (per capita credit, unused credit, returned credit, and any national pool credit) available to the State less any Federal Credits forward committed. DCA may forward commit credits to 2021 Applications. DCA estimates that approximately \$25 million of Federal Credits will be available in the 9% Competitive Round.

#### **B. State Credit**

The annual State Credit dollar amount will equal that of the Federal Credit. The State Credit will be automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both the 9% and 4% Federal Credit) and will be available for the same time period discussed above.

This State Credit will be administered under the same rules and regulations prescribed for the Federal Credit supplemented by any rules, policies, or regulations established by the Georgia Department of Revenue and/or the Office of Insurance and Safety Fire Commissioner. DCA will underwrite the combined Credit allocations to ensure that no development proposal is over-subsidized.

#### **C. HOME Multifamily Program**

The State of Georgia receives an annual allocation of HUD HOME funds on or before July of each year.

### **SECTION 4. QAP SELECTION REQUIREMENTS**

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#### **A. Minimum Requirements**

Section 42 provides that each state allocation plan must meet certain minimal requirements. The selection criteria must include:

1. Project location.
2. Housing needs characteristics.
3. Project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan.



4. Project intended for eventual tenant ownership.
5. Tenant populations with special housing needs.
6. Sponsor characteristics.
7. Tenant populations of individuals with children.
8. Public housing waiting lists.
9. Energy efficiency.
10. Historic nature of the project.

## **B. *Statutory Preferences***

States must give preference in selection to those projects that:

1. Serve the lowest income residents.
2. Serve qualified residents for the longest period.
3. Are located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan.

## **C. *Credit Award Requirements***

The Qualified Allocation Plan sets out the priorities and selection criteria for the competitive round. In order to be selected for an award of credits:

1. The submitted Application must show that it meets all Program requirements as well as the policies and requirements contained in the Core Qualified Allocation Plan.
2. The submitted Application must meet all requirements in Appendix I (Threshold). Projects that do not meet all Threshold requirements at the time of Application Submission will not be considered for an award.
3. The projects are scored and selected for funding in accordance with the provisions of the 2021 Qualified Allocation Plan.

In the event DCA allocates credits not in accordance with the established priorities and selection criteria of the QAP, a written explanation, available for general public review, is required by Section 42.

## **D. *State Priorities***

In addition to the effective, efficient, and lawful allocation of and utilization of the Georgia housing credit program outlined in O.C.G.A. 50-26-8(a), DCA has identified the six priorities listed below for the allocation of resources under the 2021 Qualified Allocation Plan. These priorities stem from the three overarching housing strategic goals set by DCA:

DCA Housing Strategic Goals:		
<b>Increasing access to thriving communities through outreach and development in areas of opportunity</b>	<b>Partnering across Georgia to grow and achieve local visions for strong communities</b>	<b>Fostering inclusive communities free of barriers to individuals underserved by existing housing programs</b>
<p>Access to quality schools, quality jobs, diverse neighborhoods, affordable and reliable transportation</p> <p>Financing affordable housing and undertaking outreach to landlords</p> <p>Education: Demonstrating to communities the value of affordable housing</p>	<p>Concerted community development and measurable outcomes</p> <p>Capitalizing on existing local momentum and supporting new community development</p> <p>Education: Capacity building, technical assistance, and targeted financing</p>	<p>Overcoming barriers to access for people with disabilities, returning citizens, extremely low-income households, and individuals experiencing homelessness</p> <p>Increasing access to housing support and encouraging outreach to landlords</p> <p>Education: Increasing knowledge of housing options</p>

- 1. Integrated Housing Opportunities for Persons with Disabilities:** DCA has a strong commitment to provide Integrated Housing options for Persons with Disabilities. DCA's commitment to provide a full range of housing options drives the decision to focus funding on an adequate supply of housing in an integrated setting. Characteristics of integrated housing include, but are not limited to: the project's proximity to community resources and activities; opportunities for residents with disabilities to live independently and interact with non-disabled persons; the same tenancy rights as non-disabled individuals including eviction protection, choice of roommates, and choice of service providers; and the absence of restrictive, regimented rules that limit residence activities or impede residents' ability to interact with non-disabled individuals. (DCA uses the definition of integration provided by the Justice Department in its Statement on Enforcement of the Olmstead Integration Mandate in its analysis of whether a project provides Integrated or congregate housing for Persons with Disabilities.)
- 2. Health Outcomes for Residents:** Physical and mental health are necessities for thriving individuals and families. The location where a household lives strongly influences household health through components like access to quality care, education, and healthy foods. In addition, safe, quality affordable housing provides the foundation and central location for encouraging healthy lifestyles. As such, DCA has a strong commitment to encouraging better health outcomes for residents through site selection, site design, community partnerships, and focused services.

- 3. Preservation of Existing Affordable Housing:** Preservation is a key component of DCA's work to ensure an adequate supply of affordable rental housing, advance sustainability, and retain historic structures through adaptive reuse. Most importantly, preservation is a vital tool for maintaining affordability through the retention of federal rental assistance. In addition, preservation allows DCA to mitigate the risk of losing affordable housing projects due to market conversion, physical deterioration, or financial instability. Regarding sustainability, renovating existing buildings produces less construction waste, uses fewer new materials, and requires less energy than new construction. Further, little to no new utility or transportation infrastructure investments are required when existing buildings are rehabbed. Combined with energy-efficient upgrades, rehabbing and preserving both aging rental and historic buildings is a conservative, cost effective way to meet growing demand for quality affordable housing. Additionally, historic preservation advances DCA's stewardship of historic buildings and locations while maintaining cultural and community diversity. Finally, DCA seeks to utilize its 4% Bond Allocation to the maximum extent possible for preservation of affordable housing.
- 4. Quality Developments:** DCA's multifamily programs are designed to create financially and physically sustainable affordable properties. Two major components that support the development of quality affordable housing properties are quality project teams and quality buildings. The development quality created in part through these key components directly supports the long-term viability of the project and its ability to serve its residents. Selected projects should have strong Project Teams with significant capacity, a solid track record of partnership, and a history of success developing the type of affordable housing proposed. Selected projects should achieve a level of quality in architecture, design, and sustainable building methods that lay the foundation for the long-term success of the development.
- 5. Innovation:** Resources for affordable housing have been significantly reduced while the need for housing Georgia's residents including seniors, persons with special needs, re-entering citizens, Persons with Disabilities, and persons with low incomes has increased. DCA encourages projects which are innovative and seek to provide housing and services in a more efficient, sustainable, and cost-effective manner. Innovative collaborations, placed-based strategies, cost-effective delivery of services, and new building techniques can be an important part of broader or comprehensive neighborhood improvement. Innovations can also work to mitigate barriers for individuals that face difficulties in obtaining safe, quality affordable housing, such as re-entering citizens who may need more individualized resident screen criteria. These strategies have the capability to fundamentally change the character of a neighborhood through measurable community impact.
- 6. Geographic Distribution of Resources:** Georgia is a diverse state with both rural, suburban, and urban communities. The consideration of Rural areas shall be included in ensuring a balanced allocation of resources. Selection of lower scoring projects may be required to obtain a better geographic allocation.

## **SECTION 5. DISCRETION**

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In the process of administering the Georgia Housing Tax Credit Program, DCA will make decisions and interpretations regarding project Applications and the 2021 Qualified Allocation Plan. Unless otherwise stated, DCA is entitled to the full discretion allowed by law in making all such decisions and interpretations.

Such discretion shall include, but is not limited to, the right to allocate and issue low-income housing credits under Section 42 of the Internal Revenue Code of 1986, as amended, and to take all other actions and impose all other conditions which are required by federal law or which in the opinion of the authority are necessary or convenient to ensure the complete, effective, efficient, and lawful allocation of and utilization of the housing credit program and to determine the reasonableness of developmental and operational costs of the program as required by Regulation 1.42-17. Such conditions may include barring or limiting applicants from participation in the tax credit program as set forth in statutes and in the Plan and imposing more stringent conditions for receipt of the credit than are required by Section 42 of the Internal Revenue Code.

DCA may require additional explanation, documents, or information pertaining to any portion of an Application even if the Qualified Allocation Plan does not specifically require such production of such information, explanation, or documents. DCA’s review of submitted applications includes a determination that the Applicant can meet all of the obligations promised in the Application. DCA will not fund or select projects that are not financially viable and sustainable for the entire required Compliance Period, Extended Use, and/or Period of Affordability or that constitute a waste or risk to state resources and/or assets, regardless of their competitive score.

The complex nature of the program may require DCA to interpret or provide guidance on provisions of the Qualified Allocation Plan. This additional guidance may be in the form of answers to both general and specific questions, technical memos, or written guidance published on the DCA website. DCA will rely on this guidance and interpretations in the analysis of submitted Applications.

**SECTION 6. AFFORDABLE RENTAL HOUSING NEEDS**

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The State’s Annual Action Plan for Consolidated Funds identifies the proposed distribution method, geographic allocation, and guidelines for meeting federal requirements for all HOME-funded programs of the State. The HOME Program regulations require that each PJ distribute its HOME resources in accordance with the priorities and objectives outlined in its most current approved Annual Action Plan for Consolidated Funds prepared in accordance with established HUD regulations (24 CFR Part 91). The Annual Action Plan incorporates the Plan as the established policy and procedures for the State’s review and evaluation of Applications for the HOME Rental Housing Loan Program.

**SECTION 7. GEOGRAPHIC POOLS**

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Applications received are assigned a geographic pool based on the site location as defined below. Geographic pools impact Applications as follows:

- 9% Credit Applications: 9% Credits available to fund New Supply Applications are allocated to geographic pools based on the percentages outlined in the table below.

If total requests for 9% Credits within a pool are less than the amount allocated to the pool, unused Credits will be used to fund additional Applications in each of the other two pools following this prioritization: Rural pool, Other Metro Pool, Atlanta Metro Pool.

- All Applications: Certain requirements, including but not limited to those in certain sections within *Appendix II: Scoring Criteria*, vary by pool. These variations apply to all sections applicable to both 9% and 4% Credit Applications.

<b>Pool</b>	<b>Percentage of 9% credits</b>	<b>Areas</b>
Rural	35%	USDA eligible areas not within the Atlanta Metro Pool
Other Metro	35%	All areas not in Rural Pool or Atlanta Metro Pool
Atlanta Metro	30%	Fulton, DeKalb, Gwinnett, and Cobb counties

Applications within an Atlanta Metro county will be considered in the Atlanta Metro Pool, even if located within

a USDA-eligible area.

## **SECTION 8. 9% ROUND SET ASIDES**

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The estimated amount of Federal Credit available includes the following set asides:

### **A. Non-Profit Set Aside**

**10% of the available 9% Credits** are set aside for non-profit sponsored Applications pursuant to the Code. Qualified non-profit organizations must materially participate in the development and operation of a project within the meaning of Section 469(h) of the Code and meet all requirements in Code Section 42(h)(5).

### **B. General Set Aside**

**Up to \$1,000,000 of 9% Credits** available for the Competitive Round may be allocated to a strategic property that has been determined to be of high priority to the State of Georgia. These tax credits will be set aside for a property that furthers the Authority's mission, goals, initiatives, set asides and/or priorities irrespective of the ranking by the evaluation factors. The General Set Aside award must be approved by the DCA Commissioner. The designation of the General Set Aside may be made either during Application review or within 45 days of the announcement of awards.

Notwithstanding the point ranking system, geographic limitations, nor other provisions set forth in this Plan, the Authority reserves the right and shall have the power to allocate Credits and/or HOME Financing resources to a Development or waive provisions irrespective of its point ranking, if such intended allocation is:

- (1) in compliance with Section 42 of the Code;
- (2) in furtherance of the State Priorities stated herein; and
- (3) determined to be in the interests of the citizens of the State of Georgia.

Additionally, the Authority will provide a written explanation to the general public for any allocation of Credits which is not in accordance with the established goals, priorities, and selection criteria in this Qualified Allocation Plan.

### **C. HUD Rental Assistance Demonstration (RAD) Program Set Aside**

**One (1) Application** that is approved by HUD to proceed with a RAD conversion will be awarded up to \$1,000,000 of 9% Credits available in the Competitive Round.

### **D. Rehabilitation Set Aside**

Four (4) Applications will be selected that propose rehabilitation of an existing occupied property previously funded by 9% or 4% Credit equity with building(s) in the Extended Use Period while the Plan is in effect. A county receiving an award under the HUD RAD Program Set Aside will not receive an award under the Rehabilitation Set Aside, and DCA will not select more than one award under the Rehabilitation Set Aside per county.

### **E. Disaster Rebuilding Set Aside**

DCA may award 9% Credits to up to three (3) developments which will help communities respond to damage for disaster events in areas which received or will receive CDBG-DR funding from HUD. Selected developments must meet all *Appendix I: Threshold* requirements but will not be scored under *Appendix II:*

*Scoring.* DCA may develop separate scoring criteria for this set aside. Selected developments will not be considered in the geographic limitations set forth in this QAP.

#### F. CHDO Set Aside

DCA will set aside up to four million dollars (\$4,000,000) of the State’s HOME allocation for Applications submitted by entities that meet HOME CHDO requirements. Selected Applications will also receive a 9% Credits award. Selected developments must meet all Appendix I: **Threshold** requirements but will not be scored under **Appendix II: Scoring Criteria**. DCA may develop separate scoring criteria for this set aside. Selected developments will not be considered in the geographic limitations set forth in this QAP. For more information, see Section 13. Financing Resources – HOME Loans.

### **SECTION 9. STATE-DESIGNATED BASIS BOOST**

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The Housing and Economic Recovery Act (HERA) authorizes state allocating agencies to designate certain areas not located in a QCT or DDA for up to a 30% basis boost. Projects may receive an allocation of credit based upon 130% of the eligible basis for new construction or substantial rehabilitation. Only projects that conclusively show that the boost is needed and that the project meets all of DCA’s underwriting and other criteria are eligible for the boost. The minimum request for the state-designated basis boost is 10% and any state basis boost request should be made on a full percentage point. DCA will evaluate the need for any state-designated basis boost at Application Submission and again at final project allocation application.

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

1. Multifamily Rural projects without DCA HOME as a source.
2. Multifamily projects within areas that qualify for at least 2 points under Stable Communities (projects which appear to have a primary purpose of subsidizing an ownership transfer do not qualify);
3. Extraordinary circumstances which further the policies of this QAP. Extraordinary 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 a QCT are not considered to be extraordinary circumstances.

All requests for the state-designated basis boost must indicate which category (or categories) of eligibility the Application falls under, and any supporting documentation must be included in the Application.

**Requests made in category 3 above (extraordinary circumstances) must be made at the time of pre-application or after selection of an Application.**

DCA will generally require that any project receiving a state-designated basis boost defer 1% of the total Developer Fee for every 1% in state-designated basis boost granted to the project. This deferred developer fee requirement does not apply if the project receives a new loan or grant from an independent non-related party in the amount of at least 30% of the total Developer Fee. Assumption of an existing loan is not considered a new loan for this purpose. Projects which contain USDA 515 funding may request that DCA waive the matching deferred Developer Fee.

Please note that a project located in a QCT or DDA is eligible to receive a 30% basis boost for new construction and/or rehabilitation and it is not subject to the State-Designated Basis Boost provision.

### **SECTION 10. HOUSING OPPORTUNITIES FOR PERSONS WITH DISABILITIES**

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DCA is committed to providing a full range of housing options for Persons with Disabilities. DCA identifies both Integrated and congregate housing as important healthy living options for Persons with Disabilities and seeks to allow Persons with Disabilities to choose what type of housing they prefer. Historically, a majority of the Georgia

housing credit resources financing supportive housing for Persons with Disabilities have supported congregate housing development. Therefore, DCA's commitment to providing a full range of housing options requires focusing resources to develop supportive housing for Persons with Disabilities in an Integrated Setting. Therefore, DCA will not fund new construction of congregate housing for Persons with Disabilities under this QAP. DCA uses the definition of integration provided by the Justice Department in its Statement on Enforcement of the Olmstead Integration Mandate in its analysis of whether a development provides Integrated or congregate housing for Persons with Disabilities.

In order to ensure that supportive housing developments meet DCA's goals, DCA will review each proposed Application as a whole to determine whether the project constitutes congregate housing for Persons with Disabilities. Applicants considering submitting an Application for a project that serves Persons with Disabilities should specifically discuss how the project meets the definition of integration as set forth in the Statement on Enforcement of the Olmstead Integration Mandate in terms of its proximity to community resources and the opportunity for residents with disabilities to interact with non-disabled persons, which is referenced in the DCA definition of Integrated Housing. DCA's definition is based upon the definition used by the Justice Department in its Integration mandate.

Funding sources or rental assistance that requires documentation of a disability as a condition will be considered documentation that the unit targets individuals with disabilities.

## **SECTION 11. TAX CREDIT ADMINISTRATION**

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

The Owner and Lessor must execute and record GHFA's prescribed form of the LURC prior to final allocation as required under Section 42(h)(6) of the Code. The LURC shall reflect all representations made in the original Application and any changes made to the original Application that have been approved in writing by GHFA. The LURC will be drafted after GHFA's receipt of the certification of the 10% test and must be recorded upon its execution. All construction and/or permanent financing for the project must be subordinated to that portion of the recorded LURC that sets forth the requirements of Section 42 (h)(6)(E)(ii) of the Code. The LURC will be for the term of the Compliance Period and the Extended Use Period.

IRS Revenue Ruling 2004-83 provides that Section 42(h)(6)(B)(i) requires that an extended low-income housing commitment must include a prohibition during the Extended Use Period against (1) the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit (no cause-eviction protection) and (2) any increase in the gross rent with respect to the unit not otherwise permitted under Section 42. DCA requires all other sources to subordinate to Section 42(h)(6)(B)(i).

### **B. Carryover Allocations**

To qualify for 9% Credits, a building generally must be placed in service during the year in which it receives an allocation. An exception is provided in the case where the Owner has expended more than ten percent (10%) of the reasonably expected basis in the building (the "Ten Percent Test") no later than twelve (12) months after the Carryover Allocation. No project can receive more than one Carryover Allocation of 2021 Credits. For projects located in major disaster areas, extensions may be allowed pursuant to Revenue Procedure 2007-64.

### **C. Tax Credit Pricing**

As the Administrator of the Federal and State Credit program, DCA must ensure that the credit is administered in an efficient and effective manner. Applicants must obtain a fair and reasonable price for credits that are

allocated under this QAP. DCA must determine that the proposed pricing for credits at Application is competitive and reasonable in order to ensure that the proposed project is not over-subsidized at the time of the initial award of credits and at issuance of Form 8609. DCA will review the reasonableness of credit pricing during the Competitive Round. The method of adjustment is discussed in *Appendix I: Project Feasibility*.

#### **D. Cost Reasonableness**

**Front End Cost Review:** Owners may not close equity until after the review is complete. A Third-Party Front-End Cost Review (“FECR”) of the construction costs must be conducted post-award for projects funded by programs administered through the QAP. DCA must approve the Third-Party Front-End Cost Reviewer’s qualifications beforehand (See Submission Requirements Manual). DCA will have forty-five (45) days to respond to the FECR , plus any days added for questions or clarifications. Owners may not close equity until after the earlier of this time period expiring or DCA’s approval.

**Contractor Cost Certification:** All selected Applicants in receipt of a 9% Credit award or a Letter of Determination (4% Credit award) will be required to submit to DCA a Contractor Cost Certification. The cost certification shall be prepared in accordance with the standards set forth for a HOME contractor cost certification. Industry standards for Owner-provided construction services shall be used to determine reasonableness for the services.

#### **E. Additional 9% Credits and Future Application Scoring**

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

### **SECTION 12. 4% FEDERAL CREDIT – BOND FINANCED PROJECTS**

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As of the approval of the Plan, tax-exempt bond allocation is not available to support new applications for 4% Tax Credits. If Bond Allocation becomes available while the Plan is in effect, DCA will conduct a competitive process for receiving, reviewing, and approving 4% Credit Applications in accordance with the rules and procedures below.

#### **A. 4% Credit Review Process**

- **Announcement:** Once tax-exempt bond financing becomes available, DCA will announce the administrative procedures associated with a competitive review process and a deadline to submit materials applicable to 4% Credits application scoring, as described in *Appendix II: Scoring Criteria*. The announcement will precede the deadline by at least 90 days.
- **DCA consent:**
  - Applications selected under the competitive process will receive DCA consent to submit a full Pre-Application for 4% Credits. Pre-Applications must be submitted within 40 days of receiving DCA consent to submit a Pre-Application. If a selected applicant fails to meet this Pre-Application deadline, DCA reserves the right to revoke the selection and provide consent to the next-highest scoring Application under the applicable 4% Credits competition (New Supply or Rehabilitation).



- If a Pre-Application is approved, DCA will issue consent to apply for LODs with a Full Application submission.
- **Sequence of consent letters:** DCA will issue consent to submit Pre-Applications for 4% Credits in a sequential order based on the following:
  - DCA may first issue consent letters to Applications awarded DCA funding (HOME, NHTF, or TCAP) under a NOFA administered separate from the 4% competitive process outlined in the QAP.
  - Applications not utilizing DCA funding:
    - Applications will be scored in accordance with the applicable criteria in *Appendix II: Scoring*. Higher scoring applications will receive consent letters first.
    - DCA will issue consent letters in an order that ensures a one to one ratio of New Supply Applications to Rehabilitation Applications.

### **B. Application Restrictions**

- Each 4% Credit Application must be associated with one bond issuance.
- Scattered site applications are only eligible for consideration if proposing rehabilitation of properties funded by USDA or of public housing undergoing the HUD Rental Assistance Demonstration Program. All other scattered site applications must receive approval during the Pre-Application process.

### **C. Additional Requirements for 4% Credit Applications**

An Application for Credits for Bond Financed Projects must satisfy all applicable requirements in Appendix I, Threshold Criteria, of the Plan and all applicable requirements in the Plan. Proposed Bond Financed Projects that are financed by HUD or USDA and include a commitment for at least 15-year project based rental assistance for the majority of project units from HUD or USDA may request waivers of certain QAP requirements in accordance with written confirmation from the federal agency that the conditions requiring a waiver of QAP requirements have been approved. Third party reports that have been finalized and accepted by the federal agency may be provided with a letter from the third party analyst, providing DCA the ability to rely on such reports and demonstrating that the reports are generally in compliance with DCA requirements. Documented acceptance of the conclusions related thereto directly from the federal agency will generally be accepted by DCA. Incomplete Applications (as determined solely by DCA) will not be accepted and will be returned in their entirety to the Applicant.

All Applicants with intent to submit 4% Credit bond applications for issuance of a Letter of Determination are required to complete the pre-application process. All waivers and qualification determination requests must be accompanied with a completed pre-application workbook. Applicants are expected to submit the required information for this process in accordance with the procedures communicated by DCA per subsection A. *4% Credit Application Review Process*. DCA will provide a Pre-Application Clearance Letter upon completing the pre-application review.

The Application must be submitted at least 75 days before bond closing. DCA will provide its Letter of Determination within 75 days of the receipt of a ***complete*** Application. All waiver requests and Project Team qualification determinations must be submitted as part of the pre-application.

In making an Application to DCA for a Letter of Determination, an owner must:

- Complete the standard application.
- Provide all supporting documentation necessary to meet all applicable requirements.
- Pay the appropriate application fee and other applicable fees.
- Include the DCA issued pre-application clearance letter for the specific deal.

Bond Applications submitted in close proximity to a 9% Credit Application submitted for the Competitive Round may be required to update market studies to reflect proposed Applications in the same market area.

An Application for Credits for bond-financed developments must contain an appraisal commissioned by the Lender or by a DCA-approved appraiser with an effective date of not more than 6 months earlier than the date of the Application, regardless of whether there is an Identity of Interest between the buyer and the seller. The Application must also include the bond inducement resolution that will be utilized for the expected bond-financed development.

DCA will be the sole entity responsible for making such a determination and must issue its opinion as to the project's 4% Credit eligibility prior to bond closing. The project must comply with the Plan in effect at the time of Application Submission.

After issuance of the Letter of Determination, significant changes in the financing structure, syndicator, or scope of work must be approved in writing by DCA.

Incomplete bond applications will be returned to the proposed applicants. DCA will not hold bond applications that are being restructured or modified. A resubmission fee or new application fee will be required to resubmit such a project. The fee type required will be determined based on review of the time frame in which the application was deemed incomplete, and the application information and supporting documents provided for resubmission.

For all 4% Credit bond projects that propose rehabilitation, a work scope/plan review conference is required prior to issuing the Letter of Determination.

Owners of projects receiving a Letter of Determination for Bond Financed Projects must:

1. Close the bond financing within 180 days of the issuance of the Letter of Determination;
2. Have any significant change in the financing structure or scope of work set out in the Application approved by DCA before the start of construction;
3. Commence construction/rehabilitation activity within 30 days of bond finance closing date.
4. Complete all construction activity by December 31, 2023;
5. Complete and submit the "DCA Placed in Service" form at the time the first building is placed in service; and
6. Apply for Final Allocation and request for issuance of IRS form(s) 8609 by September 13, 2024.

IRS form(s) 8609 for a project will be issued only once for the entire project as proposed in the Application. Form(s) 8609 will not be issued as buildings are placed in service.

DCA will not issue a Letter of Determination or Form(s) IRS-8609 when an Applicant exhibits a continual pattern of noncompliance, or when the Applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner as determined by DCA.

The Owner must execute and record GHFA's prescribed form of the LURC at or prior to bond closing. The LURC must reflect all representations made in the original Application and any changes made to the original Application that have been approved in writing by GHFA. The LURC must be recorded upon its execution. All construction and/or permanent financing for the project must be subordinated to that portion of the recorded LURC that sets forth the requirements of Section 42(h)(6)(E)(ii) of the Code.

## **SECTION 13. FINANCING RESOURCES – HOME LOANS**

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Applicants that will utilize DCA HOME funds as a funding source in a competitive tax credit Application must obtain DCA's consent during the pre-application process. Any application that is submitted in the 2021 competitive funding round with DCA HOME funds as a funding source that did not obtain the required consent will fail *Threshold: Project Feasibility*.

To be eligible for a HOME award, all Project Team members must be free of any default in existing loans and have no outstanding compliance issues. Additionally, either the General Partner or Developer must currently operate at least one (1) Multifamily HOME Loan funded property in which that member was the owner and developer. This Multifamily HOME Loan funded property must have been awarded after January 1, 2001.

HOME funds awarded under a DCA Notice of Funding Availability (NOFA) may have different requirements than those listed below. Any deviation from the following policies will be delineated in the particular NOFA for HOME funds.

This section does not apply to bond-financed projects.

### **A. Eligibility**

Except for Applications submitted by a CHDO, Applications located in an area eligible for a QCT or DDA designation are not eligible to receive DCA HOME funds.

### **B. HOME Loan Limits**

The maximum HOME loan amount is \$2 million and the minimum HOME loan amount is \$1 million.

### **C. Failure to Use DCA HOME Funds**

Applications that receive a consent to utilize HOME funds as a funding source are required to utilize the requested funds if the Application is selected for an award of tax credits. Failure to utilize HOME funds may result in the withdrawal of the tax credit award or a finding which may impact future compliance scoring.

### **D. CHDO Set-Aside**

DCA will set aside up to four million dollars (\$4,000,000) of the State's HOME allocation for Applications submitted by entities that meet HOME CHDO requirements. Selected Applications will also receive a 9% tax credit award. DCA will select developments for purposes of this set aside through a Notice of Funding Availability announced as funds become available. Selected developments must meet all Threshold requirements but will not be scored under Appendix II: Scoring Criteria. DCA may develop separate scoring criteria for this set aside. Selected CHDOs will not be considered in the geographic limitations set forth in this Plan.

#### **CHDO Set-Aside Requirements:**

- a) In a Limited Partnership (LP), the CHDO or its wholly owned subsidiary must be the sole General Partner. In a Limited Liability Company (LLC), the CHDO or its wholly owned subsidiary must be the sole managing member.
- b) If the LP or LLC agreement permits the CHDO to be removed as sole general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.
- c) The application for CHDO Certification must be submitted with the DCA Performance Workbook as part

of the Pre-Application process. During the Pre-Application review, DCA will evaluate whether an organization appears to meet all applicable requirements for CHDO designation. Only organizations receiving a preliminary CHDO designation will receive a HOME consent to submit an Application under the HOME CHDO set-aside.

- d) DCA will not require the project developer fee to be split in accordance with Ownership interests for CHDO Applications.
- e) DCA may determine a proposed CHDO to be a qualified ownership entity or project team member if it meets HOME program requirements even though it does not meet DCA qualification requirements. Developers who partner with a General Partner CHDO applying in the set aside will not have that project counted against DCA project cap requirements.

**2. CHDO Selection Requirements:** In choosing projects for the CHDO set aside, DCA will consider the following:

- a) The strength of the proposed Project Team.
- b) The strength and depth of the proposed CHDO entity.
- c) The history of the proposed CHDO entity in using HOME funds.
- d) Uniqueness of the overall project concept.
- e) Leveraged resources for the project.

The final 2013 HOME Rule contains new requirements for awarding HOME funds to CHDO Applicants. All provisions in the 2013 HOME Rule should be reviewed in detail by the Applicant contemplating the use of HOME funds designated for CHDO entities.

#### **E. HOME Underwriting Policies**

DCA's policies for underwriting HOME loans are set out in Exhibit A of *Appendix I: Threshold*.

#### **F. Selection Criteria for Consent (not applicable to CHDO Set Aside requests)**

**Competitive Selection Criteria:** The following scoring criteria give preference to Applicants that minimize risk of loss to DCA, demonstrate HOME experience and capacity, achieve a geographic distribution of resources, and meet DCA fair housing priorities.

1. **Scoring Criteria.** In the event DCA receives requests for HOME consents that exceed available HOME funds, consents will be issued based on those who best meet the criteria below:
  - a) Both the Owner and Developer entity currently own and have developed five (5) HOME-funded properties. Only properties awarded after January 1, 2001 will be considered.
  - b) If HOME assisted multifamily experience is derived from participation in a non-DCA HOME property, the Applicant must submit the following additional documentation from the Participating Jurisdiction that funded the HOME loan: verification that the HOME loan is current, and verification of the following: 1) timely payment of all required payments (including but not limited to debt service payments) for a period of thirty-six months prior to January 1, 2021; 2) Applicants current ownership in the property; and 3) payment of all current real estate taxes. A copy of the HOME loan agreement must also be provided to DCA.
  - c) Applicant agrees to select a general contractor that can be payment and performance bonded and will not request a waiver of the DCA payment and performance bond requirement.
  - d) Rural pool only: Application includes no debt other than DCA HOME.
  - e) Metro Pools only: HOME loan is in senior/first position throughout the loan term.
  - f) Metro Pools only: Application demonstrates the HOME loan can fully amortize (equal level payments throughout the loan term resulting in a zero balance at maturity). A 20-year term and amortization loan will receive a preference over any longer term and amortization loan. Loan terms should not exceed 30 years.

## **2. Tie-Breaker:**

Metro Pools: Applications that exhibit the greatest ability to further DCA's fair housing goals will be given a preference. DCA will evaluate the fair housing impact of a property using the combined tools listed under *Appendix II: Scoring, Stable Communities and Quality Education Areas*.

Rural Pool: Applications that exhibit a strong record of DCA HOME performance including number of DCA HOME loans, timely HOME payments over past thirty-six months, strong compliance history, and have received fewer than three (3) HOME Loan Awards within the previous three (3) competitive rounds will be given preference.

## **G. Final HOME Award**

DCA will issue a HOME preliminary reservation at the conclusion of the 2021 competitive funding round. Final commitments will be issued after a project is underwritten and is approved by DCA's project loan committee. Review of CHDO requirements and certification to HUD will be made during underwriting.

## **SECTION 14. ELIGIBILITY OF CERTAIN PROJECT CONFIGURATIONS**

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### **A. *Eligibility of Scattered Sites***

All Applications proposing scattered sites must meet the following requirements:

1. All residential units are income and rent restricted as set forth in Section 42 of the Code.
2. All buildings in the development must be under the ownership of one entity.
3. All buildings in the development must be developed under one plan of financing and considered a single project by all funding sources.
4. All units in the scattered site Application must be managed by one management entity.
5. The scattered sites must be appraised, if applicable, as a single proposed development.
6. Each site within the proposed development must meet all applicable Threshold and Scoring criteria. DCA may consider Architectural Standards and/or Amenities Waiver requests which are submitted according to Exhibit A of the Core.
7. No more than six (6) non-contiguous parcels within a ½ mile radius and a minimum of four (4) residential units per parcel, except for parcels on which the community center is located.

Legal Opinion: Applications must include a legal opinion on scattered site to support the project's development.

### **B. *Detached Single-Family Rental Housing***

Detached single family housing proposals will be eligible for funding if they satisfy the following requirements:

1. The Application must include in its operating budget the costs associated with the continuous upkeep of each rental house, including ground maintenance, at the project Owner's expense. These costs must be supported by a detailed maintenance plan.
2. The Application must have a detailed Replacement Reserve analysis and plan.
3. The house designs must reflect architectural diversity using different elevations and styles.
4. Landscaping must be appropriate for detached, single family housing.
5. Public water and sewer must be available at the proposed development site at the time of Application.

### **C. *Single Room Occupancy (SRO)***

DCA will not accept applications for new construction or preservation of single room occupancy developments. DCA defines an SRO unit as one that does not have an in-unit kitchen and/or bathroom.

### **D. *Preservation of Existing Housing Credit Developments***

DCA will not consider 9% Credit Applications for the preservation of existing Housing Credit developments with a placed-in-service date that is within 15 years of Application Submission.

## **SECTION 15. SUBMISSION REQUIREMENTS AND AWARD LIMITATIONS**

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### **A. Pre-Determinations**

1. **DCA HOME Consent:** Applicants that will utilize DCA HOME funds as a funding source in a 2021 competitive Application must obtain DCA's consent during the pre-application process. Applicants must submit all required documentation for DCA review and approval (see Exhibit A for DCA Pre-Application Deadlines and Fee Schedule).
2. **Pre-determinations and Waivers:**
  - All applications:
    - Architectural Standards waiver (See exception below)
    - QAP Scattered Site Legal Opinion with completed QAP Conceptual Site Development Plan
    - Operating expense waiver
    - State basis boost – extraordinary circumstances only
    - Project Team Qualification Determination
    - 4% Credit Applications and any Application proposing a Community Service Facility as defined in *Appendix I Threshold, Community Service Facilities*: cost limit waivers
  - Applications proposing rehabilitation or Adaptive Reuse:
    - DCA Rehabilitation Work Scope Form
    - DCA Physical Needs Assessment Fannie Mae Forms

All of the above-listed waivers must be submitted at the pre-application stage. For Project Team qualification review timelines, see *Experience, Capacity, and Performance Requirements for General Partner and Developer Entities* in *Appendix I, Threshold*.

### **B. Application Submission Requirements.**

#### **1. Date and Time of Application Submission:**

9% Applications. DCA will conduct one Competitive Application cycle for 9% Credits during 2021. Only Electronic Applications will be accepted, and must be delivered by the deadline to:

Georgia Department of Community Affairs  
Housing Finance and Development Division  
60 Executive Park South, N.E.  
Atlanta, Georgia 30329-2231

For 9% Applications, the complete electronic Application is due at DCA by 4:00 PM on May 21, 2021. DCA will not accept any Applications after this date and time. At 4:00 PM, the Application Submission process will be closed, and irrespective of any extenuating circumstances, no Applications or portions thereof will be accepted. The use of a third party or common carrier to deliver the Application does not relieve the Applicant of its responsibility for meeting the Application Submission deadline. Consequently, there will be no exceptions to this deadline.

4% Applications. See Core, 4% Federal Credit – Bond Financed Projects for applicable procedures.

#### **2. Application Submission Package:** A complete Application package must include all required

documentation and all applicable Application fees.

Applicants must submit complete Applications according to the directions and format prescribed in the Core Application Instructions and the Application Manuals. No additional documentation will be accepted after the Application Submission deadline described in this Section unless specifically requested by DCA as part of the clarification review.

Applicants for 9% Credits will be required to self-score their Applications and fully explain their rationale in support of the scoring decision for each criterion. Applicants' self-scores must be done in strict accordance with the provisions of the Plan and the Application Manuals.

### **C. Maximum Number of Applications**

DCA will assign sequential project numbers to all Applications in the order they are received and prior to any form of Application review.

For the 9% Competitive Round, no more than four (4) Applications may be submitted. For the 4% Competitive Round, the below application limitations apply. DCA reserves the right to adjust this Application limitation should the amount of new tax-exempt bond allocation available under the 2021 QAP exceed projections.

- One application per qualified Developer. A Developer may submit one additional Application if submitting under a joint venture with either of the following:
  - A Developer eligible to qualify under Probationary Participation who currently owns and operates at least one Successful Tax Credit Project as defined in *Appendix II: Threshold, Experience, Capacity, and Performance Requirements for General Partner and Developer Entities*.
  - Public Housing Authority
- Joint ventures between two fully Qualified Developers may submit two applications.

The above limitations apply to Ownership interests of all proposed Project Participants except for Syndicators and Management Companies. Ownership interests of all Project Participants in the proposed Applications will be reviewed. If it is determined that a Project Participant has proposed Ownership interests in excess of the above limitations, DCA will only evaluate the first submissions up to applicable limitation. Any other Applications which include the same Project Participant will be considered ineligible and will not be evaluated.

### **D. 9% Round Award Limitations**

#### **1. Project Limitations:**

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

<b>Application Type</b>	<b>Credit Award Limit</b>
RAD Set Aside	\$1,000,000
Rehabilitation Set Aside	\$900,000
(New Supply) Atlanta Metro or Other Metro Pool	\$1,000,000
(New Supply) Rural Pool	\$900,000

**2. Maximum Ownership/Development Interests:** Applicants will be limited to direct or indirect Ownership/Development interest in a maximum of two (2) selected projects in which the combined total Federal Credit from the 2021 competitive funding round cannot exceed one million eight hundred thousand dollars (\$1,800,000) and/or total HOME funding cannot exceed twenty-five percent (25%) of the total HOME Loan resources available. This limitation applies to direct or indirect Ownership/Development interests of all proposed Project Participants, except Syndicators and Management Companies. Once an applicant has been awarded projects that meet the above limits, all of that Applicant's lower scoring projects will be deemed ineligible. For non-profit applicants, DCA will look at Executive Directors and common threads of effective control as well as whether different non-profit entities have met DCA Qualification requirements through the same individuals or entities.

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

CHDO Exception: A qualified Project Team member that is the developer in an application where a proposed CHDO general partner has received a HOME loan consent under the CHDO set aside will not have that project count towards the Maximum Ownership Interests.

**3. Adjustment of Maximum Number of Projects Allowed:** In the event an Owner/Developer fails to meet deadlines on projects (including placed in service that requires an exchange of credits), has a significant number of projects under development but not completed, or is experiencing a financial issue with regard to an existing project, DCA may elect to reduce the number of projects that can be awarded under the project cap.

DCA will not fund any Application with an Owner and/or Developer that has a DCA property funded in the 2019 round or earlier that has not closed their financing and started construction on that property as of Application Submission.

Subsection 15(D) does not apply to bond financed projects.

## **SECTION 16. PROJECT RECONFIGURATION/APPLICATION MODIFICATION**

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### **Prior to Award**

Applicants will not be allowed to make any changes to a Submitted Application prior to the announcement of awards. DCA may allow Applicants to correct deficiencies in the Application if DCA does not approve a sufficient number of Applications to use all the Credit authority or meet applicable set asides available in an Application cycle *and* it receives Applications that are acceptable except for minor deficiencies that the Applicant can address within a reasonable period of time (generally not to exceed 10 business days).

### **After Award**

Subsequent to awards, Applicants will generally not be allowed to make any changes to the Application or the proposed project concept. Specifically, DCA will not approve a change in tenancy, land and/or existing structure purchase prices, or the number of units proposed in the original application. Additionally, the scope of work cannot decrease after award selection. Applications where the proposed construction budget increases more than 10% from the Application must resubmit the project pro forma to DCA for approval. Applicants may not change the utility allowance utilized in the submitted core application until 18 months after placing in service.

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



Application to earn points even if those points were not necessary to be selected for funding.

If Applicants believe an extenuating circumstance exists for DCA to consider a change, the request must be submitted on DCA's Project Concept Form and accompanied by the appropriate fee. DCA will consider changes in amenities, services, direct or indirect transfers of a General Partner or Developer's interest in a project concept change.

This provision applies to any changes proposed after Application award and, if an award is made, throughout the project's Extended Use Period or Period of Affordability, whichever is longer.

## **SECTION 17. FEES AND DEADLINES**

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The fees indicated in this section will be charged based on the legal status of the Applicants. Fees assessed must be paid by certified funds made payable to the "Georgia Housing and Finance Authority." All fees remitted to GHFA are non-refundable.

**A. Compliance Monitoring Fees:** When DCA is required to monitor projects for compliance with resident income and/or rent limitations of more than one program (e.g., Credits and FDIC), the applicable monitoring fees for each program will be charged. All compliance monitoring fees, including credit compliance fees must be paid no later than the placed in-service date. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds with exception of FDIC monitoring fees which are not considered for 9% Credit Applications.

**B. Non-Compliant Properties:** Projects having instances of noncompliance that require additional review and follow-up will be assessed with additional compliance fees based on staff time and travel expense.

**C. HOME Asset Management Fees:** Developments that are funded with DCA HOME are required to pay an ongoing annual asset management fee while there are DCA HOME restrictions on the property.

**D. Fees and Deadlines:** Fees and deadlines can be found in Exhibit A DCA Pre-Application Fees and Deadline Schedules.

## **SECTION 18. EVALUATION OF 9% TAX CREDIT COMPETITIVE APPLICATIONS**

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### **A. *Completeness Review***

Applications received by DCA will be reviewed for completeness, including but not limited to:

1. Organization of electronic Application Submission.
2. Inclusion of all required Application forms.
3. Inclusion of Environmental Phase I.
4. Inclusion of Market Study.
5. Submission of all required supporting documents.
6. Completed Electronic Core Application.

Any project which is deemed substantially incomplete will be returned to the Applicant and not subject to further review.

### **B. *Threshold Review***

Complete Applications will be reviewed to determine if the project meets the requirements set forth in

Appendix I (Threshold). Projects that fail to meet any applicable Threshold requirements at the time of Application Submission will not be considered for an award. Applicants that submit an Application that fails to meet Appendix I requirements will be notified in writing (by email) of the specific requirement(s) that the Application did not meet. If an Applicant believes the requirement(s) was (were) met, the Applicant must respond in writing within 5 calendar days from the date of the DCA's preliminary Threshold failure notification letter. The response must provide a clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect. DCA will review the response and make a final determination of whether the submitted Application meets all Threshold requirements. Applications that fail to meet required Threshold requirement(s) may be scored for advisory purposes only. Applicants that receive a final Threshold Failure letter after DCA review of a response to the preliminary failure will have the right to appeal that failure under the DCA appeal procedures.

**Threshold Deficiencies:** If an Application contains Appendix I deficiencies which are administrative in nature such as a missing or incomplete document, or need clarification of information submitted in the Application, then DCA may request correction or clarification for such deficiencies. Such a request is referred to as the "clarification request". DCA will provide this request in the form of an email to the Applicant. This clarification period will only be utilized for minor inconsistencies or to help DCA understand the overall project concept. It cannot be used to modify a submitted application or provide documents or reports that were not in existence prior to Application Submission day.

Applicants receiving a clarification request may supply missing or incomplete information and may clarify any inconsistencies related to the specific items identified by DCA in the clarification request. The clarification period will begin on the date of the clarification request and will end five (5) calendar days later, unless otherwise noted in the clarification request. The clarification request will specify the means and methods by which missing items may be supplied, incomplete items completed, and inconsistencies clarified. It is the Applicant's responsibility to ensure that submitted materials are addressed properly to the specified DCA Housing Finance and Development Division address (electronic or physical).

Applicants may not submit additional items for the purpose of increasing or further supporting their score. **Any documentation that is provided during the clarification review period that is also applicable to a related scoring item will be reviewed only for Appendix I Threshold clarifications and will not be utilized during the scoring review process for the Application.**

### **C. Scoring**

Complete Applications that meet applicable Threshold requirements will be scored. Applicants in each pool will be ranked in descending order by total DCA point score as set forth in Appendix II. (Applicants' self-scores are advisory and are not considered in the final scoring process.)

DCA will provide the preliminary results of the Competitive Scoring of each Application to the Applicant. Applicants will be given a forty-eight (48) hour period to provide comments to DCA regarding the preliminary scoring of a submitted Application. Applicants may not submit additional items for the purposes of curing scoring deficiencies, justifying self-scores, or increasing their scores. Comments must be limited to the Applicants' opinions regarding DCA's scoring determinations. DCA will review all comments that are received during the comment period prior to assigning each project its final score.

### **D. Selection**

#### **1. Competitive Application Selection for the New Supply Competitive Process:**

Applications with the highest DCA score and favorable market studies will be allocated resources provided that only one Application is submitted in the market area and provided all set asides have been met. If more than one project receives a competitive score in the same market area and will serve the same tenancy, DCA will

select the higher scoring Application. For purposes of this subsection, Family, Elderly, HFOP, and Other are each distinct tenancies. Applications that do not score high enough to receive an award will be placed on a waiting list. If additional funding becomes available, the next highest-scoring Application on the list will be selected for an award.

## **2. Sequence of Competitive Round Award Determinations:**

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

- a) Rental Assistance Demonstration Set Aside
- b) Rehabilitation Set Aside
- c) New Supply
  - a. Rural Pool
  - b. Other Metro Pool
  - c. Atlanta Metro Pool
- d) If the non-profit set aside is not met after the above award determinations, the highest-scoring eligible non-profit sponsored applications will be selected from the New Supply competition in the following pools order until the set aside percentage is reached:
  - a. Rural Pool
  - b. Other Metro Pool
  - c. Atlanta Metro Pool

## **3. Geographic Allocation Limitations for Projects selected in the New Supply Competitive Process:**

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

## **4. Tie-Breaker:**

In the event one or more projects have the same score, but DCA has insufficient resources to fund all projects having that score or two projects have the same score in the same Local Government area, the following priorities will be utilized to evaluate projects. These tiebreakers will be used in the order presented.

- a) First selected Application for the Project Team in this round.
- b) Earlier year of the most recent 9% Credits award for the Local Government Boundary.
- c) Lower *Housing Stability* score for census tract according to Enterprise Community Partners [Opportunity 360](#).
- d) Applications that use the least amount of tax credits per low-income unit.
- e) Applicants that have submitted documentation that the property will reduce public housing waiting lists.

**5. Special Allocation Considerations:** DCA may allocate Credits up to the first day of the allocation round based on the prior year's allocation plan with all applicable terms and conditions to projects that received an allocation in the prior year.

**6. Final Notification:** DCA will provide the final results of the Competitive Scoring process to all Applicants as soon as possible after the process has been completed. A separate letter will notify those Applicants whose projects are selected for awards. Also, if a DCA HOME Loan is proposed and the project is selected

for a tax credit award, DCA will issue to the Applicant/borrower a preliminary loan commitment letter. This commitment letter - while not fully guaranteeing that the HOME Loan will be forthcoming - will set forth all the conditions that, if met, will result in a HOME Loan.

**7. Reconsideration/Appeal Process:** DCA's 9% Competitive round has a two-step review process.

- A reconsideration meeting is an informal meeting with DCA scoring staff to discuss the reason for the non-selection.
- An Appeal Review is a formal presentation by an Applicant to DCA staff not part of the scoring process. Procedures for Appeal Reviews are posted on the DCA website.

An Applicant may request further review for Competitive Round Applications under this process for a Threshold determination or a point deduction only if a DCA decision was the reason the Application was not selected for funding. The reversal of the DCA initial decision would result in the funding of the Application. Applications with a self-score insufficient to be selected for funding may not use this process to request further review of a submitted Application.

The following is the process for requesting further review of a DCA Competitive Round decision:

- a) The Request for Reconsideration must be made in writing and submitted within fourteen calendar days from the date on the notice of a final Threshold determination or notification of a project's final score. Requests should be submitted to the attention of the Director of the Office of Housing Finance. The request must contain a detailed written statement which supports the Applicant's assertion that the Threshold determination or scoring decision was incorrect.
- b) Upon receipt of Request for Reconsideration, DCA will schedule a meeting with DCA scoring staff and the Applicant. The Applicant will be informed of the date, time and location of that meeting. This meeting is an informal meeting where the decision at issue for the non-selection is discussed by both DCA staff and the Applicant.
- c) Upon completion of its review, DCA will issue a decision. The Applicant will be notified by a Decision Letter stating whether the Threshold determination or scoring decision was affirmed or reversed.
- d) If the Applicant seeks further review of its Request for Reconsideration, the Applicant may (within seven calendar days of the date on the Decision Letter denying the Applicant's Request for Reconsideration) submit a request for a full Appeal Review by DCA's Appeal Review Committee, to the Deputy Commissioner for Housing. Only documentation that meets the requirements of the QAP will be considered by the Appeal Review Committee. Documents that the Applicant did not submit with the Application will not be considered in the review. Documents not submitted as part of a Threshold clarification will not be considered.
- e) The burden of proof is on the Applicant to prove that the decision that resulted in the non-selection of the project was incorrect and that the Application met all QAP requirements, program requirements, and statutory requirements and should be selected for funding.
- f) The Appeal Review meeting may be recorded and available for transcription upon Applicant's request.
- g) The decision of the Appeal Review Committee will be considered the final decision of DCA and not subject to further internal review.
- h) The administrative procedures for Appeal meetings can be found on the DCA website.

## **SECTION 19. GEORGIA OPEN RECORDS ACT**

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All Applications are subject to disclosure under the Georgia Open Records Act (GORA). Applicants must agree in the Application to hold harmless DCA and GHFA for any and all losses associated with disclosures in accordance with GORA.

## **SECTION 20. MONITORING AND COMPLIANCE**

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The following sub-sections delineate the procedures that GHFA will follow in monitoring for non-compliance with the provisions of this section, in notifying the Internal Revenue Service of such noncompliance, and in monitoring for noncompliance with habitability standards through regular site visits.

The Applicant's compliance responsibilities begin with the award of the HOME funds and/or the Credit and continue through the end of the Compliance Period/Extended Use Period, the Period of Affordability, or the term of the loan, whichever is longest.

Applicants are advised that DCA is required to monitor projects for compliance with the requirements of IRC Section 42, the HOME regulations at 24 CFR Part 92, the representations set forth in the Final Allocation Application, the requirements stated in this Plan, the requirements set forth in the respective program manuals, and as represented in all restrictive documents. Although DCA is responsible for monitoring the Owners' compliance with these rules, regulations, and restrictions, this responsibility does not make DCA liable for an Owners' noncompliance.

### **A. Construction Monitoring**

#### **Requirements**

Construction work must adhere to the standards and requirements contained in this Plan, the respective DCA Architectural program manuals, the Application, Land Use Restrictive Covenant or Land Use Restriction Agreement, and all manufacturers recommended installation procedures and guidelines for all materials used during the construction of the project.

#### **Inspections**

- All Owners must contract with DCA-approved inspectors to perform monthly inspections and complete reports in accordance with the DCA inspection report form. Reports must address any concerns pertaining to construction quality, safety, and progress. Reports for rehabilitation projects must also address any concerns pertaining to resident safety and treatment of resident belongings. DCA reserves the right to request such reports, but these need not be submitted monthly to DCA.
- The DCA inspector must approve all draw requests.
- DCA may perform additional unannounced site visits to ensure compliance with DCA requirements.
- All inspection costs are the responsibility of the Owner.

#### **Construction Non-compliance Determinations**

- Quality and safety: Construction quality and safety non-compliance is determined by how long the Project Team takes to resolve issues identified in monthly inspection reports. A DCA inspector must return to the site in the below timeframes to confirm issue resolution.
  - Issues identified in a monthly inspection report related to site safety, resident safety, and treatment of resident belongings must be resolved within 48 hours.
  - Issues identified in a monthly inspection report related to construction quality must be resolved within 3 months.
- Progress: construction progress non-compliance is determined by whether either of the following are required for a development
  - Exchange of Credits
  - Extension of a statutory place in service deadline

#### **Construction Non-compliance Penalties**

If any of the above result in a non-compliance finding, DCA may:

- Require a cease of construction activity for findings related to safety
- Cease reviewing pending applications for which the Managing Member is the same as for the development exhibiting non-compliance
- Impose the following restrictions on applications submitted where the Managing Member is the same as that for the development exhibiting non-compliance. The penalties will be in effect for the remainder of the calendar year following the non-compliance finding and the subsequent calendar year:
  - No more than one award per competitive round
  - General Contractor must not have an identity of interest with the Managing Member

#### **B. Credit Compliance Monitoring Procedures**

Section 1.42-5(a) of U.S. Treasury Regulations, Tax Credit and Tax Exempt Bond/Tax Credit Properties, requires that each Plan include a procedure that the housing credit agency (DCA) will follow in monitoring for noncompliance with the provisions of Section 42 and in notifying the Internal Revenue Service of any noncompliance of which DCA becomes aware. The procedure for monitoring contained in the Plan must contain procedures consistent with the Regulations that address the following areas: record keeping and record retention; certification and review; on-site inspection; and notification of noncompliance. This section is included in the Plan to comply with the mandate of the Regulations. DCA reserves the right to make such alteration or amendment to its monitoring procedures as may be required. Specific procedures that Owners must follow to remain in compliance with Program requirements are outlined in DCA LIHTC Compliance manual and in the IRS-issued "Guide for Preparing Form 8823" revised in January 2011. Changes and updates to these materials can be found on the Compliance Section of the DCA web site (Manuals, Guides, Resources).

For additional compliance monitoring procedures, see addendum to the QAP, Compliance Monitoring Procedures, Requirements, and Penalty Criteria.

#### **C. Section 8 Rental Assistance**

No project may deny a unit to Applicants possessing a Section 8 Rental Assistance certificate or voucher unless those applicants fail to meet the minimum requirements for all leaseholders. Federal statutes prohibit discrimination against Section 8 certificate and voucher holders. The number of Section 8 residents residing at a property cannot be limited under the IRS program regulations at any property receiving DCA Tax Credits and/or HOME funding. DCA will closely monitor whether the resident application process is structured to avoid such discrimination or whether any actions are taken to discourage Section 8 Rental Assistance certificate or voucher holders from applying. Likewise, all lease provisions must be compatible and not in conflict with Section 8 leases.

#### **D. Property and Record Compliance**

Please refer to The Guide for Completing 8823 Low Income Housing Agencies Report of Noncompliance or Building Disposition revised in January 2011.

#### **E. Review**

DCA will review the certifications submitted to determine whether the Owner has complied with the requirements of Section 42.

Annually, DCA inspects a portion of the affordable developments to which it has made an allocation under Section 42, such that DCA will meet all applicable federal inspection requirements. In each development selected for review, DCA will randomly inspect the required number of low-income units in each development. Records relating to resident income, supporting documentation, and rent records will be selected at random by DCA's monitoring officer prior to the scheduled review. In addition, DCA Compliance Officers, or contractor or agent will conduct a physical inspection of each low-income unit selected in the inspection sample review. The purpose of this inspection will be to determine whether the units meet Uniform Physical Condition

Standards (UPCS) as defined by the Department of Housing and Urban Development (HUD).

**F. Record Keeping and Record Retention**

1. Owners awarded HOME Loans must keep records for each assisted building as stipulated in the final HOME regulations.
2. Owners allocated credits must keep records for each building as stipulated in Section 42 of the IRS Code, according to regulation 1.42.5(b).
3. Owners receiving a HOME Loan and a Credit allocation must follow the most stringent requirements of the two programs.

**G. Inspection Record Retention Provision**

The Owner of a Tax Credit /Tax-Exempt Bond with Tax Credit property is required to retain all original local health, safety, or building code violation reports or notices that were issued by the State or Local government unit for DCA’s inspection.

**H. Compliance Standards**

1. **Assessment of Noncompliance.** Owners awarded Housing Tax Credits and/or HOME in previous cycles must remain materially in compliance with Housing Tax Credit and HOME program requirements (if applicable) to remain eligible to compete for future Housing Credit awards or HOME Loans. Material noncompliance status exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve any noncompliance matter in a timely manner. DCA will determine those Project Team members as ineligible to participate due to noncompliance status.
2. **Cure Period Standards.** DCA will notify the Owner in writing of any possible findings of noncompliance. Each item of noncompliance will have an assigned cure period. The cure periods will typically range from forty-five (45) days to a maximum of one hundred eighty (180) days from the date of the notification. Examples of noncompliance matters and typical cure periods are as follows:

<b><u>Noncompliance Items</u></b>	<b><u>Typical Cure Periods</u></b>
<i>Health and Safety</i>	
Any issue	24-72 hours
<i>Administrative Noncompliance</i>	
Incomplete or incorrect resident income certifications	45 days
Failure to submit annual owner certification reports	45 days
Failure to pay required Compliance monitoring or Asset Management fees	45 days
<i>Project Wide Noncompliance</i>	
Incorrect utility allowance	60 days
Violations of the 40/50 Rule	60 days
Rent overages	60 days
<i>Incurable Instances of Noncompliance</i>	
Submission of fraudulent information to DCA	No Cure

For additional guidance regarding noncompliance and appropriate cures, please refer to the 8823 Guide.

**I. Monitoring Fees**

DCA charges a monitoring fee for all Credit developments containing five (5) or more low-income units. Credit recipients will be required to pay the entire fee covering the 15-year Compliance Period as indicated in Exhibit A, Pre-Application Fees and Deadline Schedules.

Additional fees may be charged to properties that require additional follow-up due to non-compliance findings. \$75 per unit plus travel expenses will be assessed for re-inspections. Failure to pay these fees will be considered an Administrative noncompliance issue.

DCA charges an asset management fee for all 2021 HOME-funded developments (See 2013 Final HOME Rule). Recipients will be required to pay the fee annually during the affordability period as indicated in Exhibit A, Pre-Application Fees and Deadline Schedules. Failure to pay these fees will be considered Administrative noncompliance.

**J. Compliance Monitoring Responsibilities**

1. DCA may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor. This option, if chosen, does not relieve DCA of its obligation to notify HUD or the IRS of noncompliance instances.
2. Applicants must inform DCA of all conditions or extenuating circumstances at each project that may impact compliance monitoring duties. Any questions regarding compliance with the Credit or HOME programs should be addressed in writing and emailed to DCA's Compliance Monitoring Section at [compliance@dca.ga.gov](mailto:compliance@dca.ga.gov).

**K. Reasonable Accommodation**

DCA is committed to ensuring that its policies and procedures do not deny individuals with disabilities the opportunity to participate in; benefit from; or access any of DCA's programs, services, and activities, or otherwise discriminate against individuals living with disabilities. Therefore, if an otherwise qualified individual with a disability requires an accommodation such as a modification to a DCA policy, DCA will provide such accommodation unless doing so would result in a fundamental alteration in the nature of the program or an undue financial and administrative burden. In such a case, DCA may recommend another accommodation that would not result in a financial or administrative burden.

**L. Housing Rights for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking**

An Owner awarded Housing Tax Credits and/or HOME Loan Program funding (hereafter referred to as a "covered housing program") must comply with the provisions of the Violence Against Women Reauthorization Act of 2013 (VAWA 2013) and any final rule promulgated pursuant thereto.

Pursuant to this enactment, a covered housing program applicant or resident may not be denied admission to, denied assistance under, terminated from participation in, or evicted from the housing on the basis that the applicant or resident is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or resident otherwise qualifies for admission, assistance, participation, or occupancy. An incident of domestic violence, dating violence, sexual assault, or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction.

If a resident who is a victim requests an early lease termination, lease bifurcation from the abuser, or transfer to another unit because she/he is in danger, a covered housing program shall make every effort to comply with the request and shall not penalize the resident. Each owner/manager of a covered housing program shall have a written emergency transfer policy for victims seeking safety, which incorporates reasonable confidentiality measures to ensure that the owner or manager does not disclose the location of the dwelling unit of a resident to a person that commits an act of violence or stalking against the resident. An owner, manager, or landlord may request documentation from a victim before these protections are triggered. Any one of the following shall



be considered adequate documentation: an affidavit signed by the victim under penalty of perjury; an affidavit or letter signed by a domestic violence service provider, attorney, or medical/mental health professional who assisted the victim; or a court or administrative record. This submission shall be confidential.

**M. Screening Criteria**

Although a criminal record is not a protected characteristic under the Fair Housing Act, criminal history-based restrictions on housing opportunities violate the Act if, without justification, the burden falls more often on renters or other housing market participants of one race or national origin over another. All properties funded under Georgia multifamily affordable housing programs must have a clearly defined screening policy that establishes criteria for renting to prospective residents that is not a violation of the Fair Housing Act. This criterion includes reasonable and non-discriminatory policies around applicant income, employment requirements, and background checks. On April 4, 2016, HUD issued new regulations with regards to criminal background checks. Each property’s screening policy should at a minimum, include the following:

- Arrests records are not a valid reason to deny an applicant housing.
- Applicants with a criminal conviction may be denied housing only if the reason for their convictions clearly demonstrates that the safety of residents and/or property is at risk.
- Blanket terms in screening criteria that say “Any criminal convictions will be denied” are now considered discriminatory and in violation of the Fair Housing Act.
- The annual Owner’s certification will monitor each property’s compliance with this provision.

**SECTION 21. MODIFICATION/WAIVER OF PLAN**

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Without limiting the generality of DCA’s power and authority to administer, operate, and manage the allocation of Credits and HOME Loans according to federal law, federal procedures, and the Plan, DCA shall make such determinations and decisions; publish administrative rules; require the use of such forms; establish such procedures; and otherwise administer, operate, and manage allocations of Credits and HOME Loans and funds in such respects as may be, in DCA’s determination, necessary, desirable, or incident to its responsibilities as the administrator, operator, and manager of allocations of Credits and HOME Loans.

In accordance with NCSHA best underwriting practices, DCA reserves the right to allow developer fees of up to 20% for projects that DCA deems hard to develop or socially desirable developments, developments produced in DDAs as defined by HUD, or in accordance with policy changes necessitated by DCA. DCA must approve any such increase in writing before submission of an Application.

The Governor recognizes and acknowledges that DCA will encounter situations which have not been foreseen or provided for in the Plan and expressly delegates to DCA the right to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of Credits and HOME Loans in all situations and circumstances, both foreseen and unforeseen, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the Credits or HOME Loan allocation system and the power and authority to resolve conflicts, inconsistencies, or ambiguities, if any, in the Plan or which may arise in administering, operating, or managing Credits or HOME Loan allocations pursuant to the Plan.

The Governor further expressly delegates to DCA the authority to amend the Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credits and the HOME Loan Program.

The Commissioner of DCA, acting as Executive Director of GHFA, is also granted the authority to make minor modifications to the Plan to clarify provisions and correct inconsistencies. Such modifications include but are not limited to changes in Application Submission date or any other deadline listed in this document.

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

## **SECTION 22. MAILING LIST**

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DCA maintains an e-mail distribution list for those interested in receiving notifications of application cycles and other DCA Multifamily program activities. To be added to the e-mail distribution list, visit DCA's website at:

[www.dca.ga.gov/housing/HousingDevelopment/programs/OAH.asp](http://www.dca.ga.gov/housing/HousingDevelopment/programs/OAH.asp)

Or submit a written request to: [hfdround@dca.ga.gov](mailto:hfdround@dca.ga.gov)

## State of Georgia Qualified Allocation Plan

<b>EXHIBIT A</b>
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### **DCA PRE-APPLICATION FEES AND DEADLINE SCHEDULES**

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

Notes:

- Incomplete information submitted will not be reviewed.
- All checks should be made to the attention of OAH Billing Department.
- All fees remitted to GHFA are non-refundable.
- Failure to meet deadlines below will be considered in the Qualification Determination review.

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
Architectural Standards & Design Waiver (up to 10 items per waiver)*	\$1,500 per waiver	3/5/21	TBD – See Section 12
Optional Amenity Request*	\$ 1,500 per request	3/5/21	TBD – See Section 12
DCA HOME Consent Loan Application fee*	\$1,000 For Profits \$500 Non-profits	3/5/21	N/A
Qualification Determination (Required for all Deals)	\$1,000	3/5/21	TBD – See Section 12
Operating Expense Waiver*	\$1,500 per waiver	3/5/21	TBD – See Section 12
State-Basis Boost request under Section 8.D* (“extraordinary circumstances”)	NONE	3/5/21	N/A

**EXHIBIT A (continued)**

**DCA APPLICATION AND PRE-AWARD DEADLINES & FEE SCHEDULE**

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

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
2021 Bond/4% Credit Letter of Determination	\$6,500 For Profits \$6,500 For Profits/Non- profits Joint Venture \$5,500 Non-profits (Resubmission fee of \$500 due for incomplete submissions)	N/A	Application Submission no later than <b>75 days before bond closing</b> (fee not required at application if submitted with pre-application)
2021 Credit Application Fee and Third Party Review Fees	\$6,500 For Profits \$6,500 For Profits/Non- profits Joint Venture \$5,500 Non-profits	Application Submission	N/A
Payment & Performance Bond Waiver	\$1,500 per project	Application Submission	N/A
Notification of delayed Financing Awards (AHP) or other competitive funding sources	NONE	7/8/21	N/A
Alternate Financing Deadline, if Notification deadline has not or will not be met	NONE	7/22/21	N/A
Evidence of 8 step process completion	NONE	8/30/21	N/A

9% Application Submission Deadline: **4:00 PM on May 21, 2021**

**EXHIBIT A (continued)**

**DCA POST AWARD DEADLINES AND FEE SCHEDULE\***

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

	Fees	9% Deadline	4% Deadline
<b>During Scoring Round</b>			
Project Application Amendments	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
Environmental Review Costs	Based on actual costs incurred by DCA to retain consultants	Upon invoicing by DCA.	Upon invoicing by DCA.
<b>After Carryover Award or Letter of Determination (LOD)</b>			
Post Award/LOD Project Concept Amendments	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
Management Company Approval per DCA's Management Company Approval policy	See DCA's Management Company Approval policy	After Award	At LOD
Bond/4% Credit Processing Fee	8% of annual Federal Credit amount	N/A	Due by the 5 <sup>th</sup> day following the month of the issuance of the tax-exempt bonds
Credit Allocation Fee	8% of annual Federal Credit amount	At time Applicant executes the carryover allocation, except for Non-profit sole general partners who can submit at or before construction commencement deadline.	N/A
Appraisal Fee (HOME Loans Only)	Based on DCA cost	Upon invoicing by DCA during underwriting	N/A
60 Day Submission	NONE	No later than March 30, 2022	No later than 60 days after announcement of awards (including projects with DCA HOME)
Formal Firm Commitments (for equity and non-DCA debt)	NONE	Must be submitted to DCA within 75 days of the carryover allocations	N/A
DCA Review Submission (HOME Loans Only)	NONE	No later than May 30, 2022 (Must include FECR)	Due 45 days prior to Construction Loan Closing (Must include Front End

			Cost Review)
Front End Cost Review		Included as part of DCA Commencement Submission (Due October 15, 2022)	Included as part of DCA Commencement Submission (Due 45 days prior to construction commencement)
HOME Construction Loan Closing Submission	NONE	Due 30 days prior to DCA Construction Loan Closing	Due 30 days prior to DCA Construction Loan Closing
<b>Loan Closing</b>			
Construction Loan Closing (Tax Credit only Projects)	NONE	No Later than November 15, 2022	Within 180 days of LOD Issuance
Completion of DCA HOME Loan Underwriting	NONE	The loan must be approved by DCA's Project Loan Committee on or before July 13, 2022. Closing should occur within 90 days of this approval.	N/A

<b>Construction Commencement</b>			
Commencement Submission	NONE	Due October 15, 2022 (Due 30 days prior to construction commencement)	Due 30 days prior to construction commencement
Commencement Submission (Projects w/ Tax Credit and HOME)	NONE	No later than November 15, 2022	Due 30 days prior to bond finance closing date
<b>Construction Completion</b>			
Credit Compliance Monitoring Fee (calculated on a per unit basis for all project units)	\$800 – 9% Credits; \$800 – Bond/4% Credits; \$1,000-Income Avg. Deals  \$1,500 - Single family detached or duplexes	No later than the Placed in Service date	No later than the Placed in Service date

DCA Placed in Service Notification		Within 30 days of the 1 <sup>st</sup> building being placed in service	Within 30 days of the 1 <sup>st</sup> building being placed in service
Certificates of Occupancy/ Placement – In-Service	NONE	Issued by local jurisdiction/all buildings placed in service before end of business: -Dec 31, 2023 for 2021 allocated credits -June 30, 2024 for 2022 forward allocated credits	Issued by local jurisdiction /all buildings placed in service before end of business: -Dec 31, 2023 for 2021 LOD Awards
Completion of Work Scope	NONE	No later than: -Dec 31, 2023 for 2021 allocated credits -June 30, 2024 for 2022 forward allocated credits	No later than: -Dec 31, 2023 for 2021 LOD Awards
Affirmative Fair Housing Marketing Plan (AFHMP)	NONE	Prior to lease-up. No later than 30 days after 1 <sup>st</sup> building placed in service.	Prior to lease-up. No later than 30 days after 1 <sup>st</sup> building placed in service.
<b>HOME Loan Conversion</b>			
HOME Loan Conversion	NONE	No later than 24 months after HOME construction loan closing	No later than 24 months after HOME construction loan closing
HOME Asset Management Fee	\$750 per project annually	Beginning no later than 24 months after HOME construction loan closing	Beginning no later than 24 months after HOME construction loan closing
<b>Preparing for Issuance of 8609s</b>			
LURC Execution	NONE	Prior to submission of final allocation application	At or prior to bond closing
Final Inspection Submission (Tax Credits Only Projects)	NONE	Due within 30 days of final retainage draw certified date	Due within 30 days of final retainage pay app
Final Allocation Application Submission	NONE	February 15, 2024 for 2021 allocated credits  September 30, 2024 for 2022 forward allocated credits	September 13, 2024 for 2021 LOD Awards
Final Allocation Application Re-Submission	\$1,500 per request	At time of request	At time of request
Construction 8609 Clearance Submission (Tax Credits Only Projects)	None	Prior to final allocation of resources: February 15, 2024 for 2021 allocated credits September 30, 2024 for 2022 forward allocated credits	Prior to final allocation of resources: September 13, 2024 for 2021 LOD Awards

Average Income Compliance Monitoring Policies and Procedures		Following 8609 election of average income. Prior to first unit being leased.	Following 8609 election of average income. Prior to first unit being leased.
<b>After 8609s Are Issued (During Compliance Period)</b>			
8609s with Part II completed and signed		Within 60 days of DCA's issuance of IRS Form 8609 Part 1	Within 60 days of DCA's issuance of IRS Form 8609 Part 1
Post Stabilization Project Concept Changes (Ownership/GP Change; Amenities change; Loan Modification, etc.)	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
Non-Compliant Reinspection Fee	Minimum of \$75 per unit or file plus travel expenses	Due within 15 days of invoicing by DCA	Due within 15 days of invoicing by DCA

**Note: All outstanding fees due to DCA must be paid in full prior to issuance of 8609's for all projects receiving an allocation of tax credits per this Plan.**



**Appendix I  
Threshold Criteria**

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To be considered for an allocation of DCA resources:

- Applications must meet all Threshold requirements described below.
- Applications must be complete when submitted.
- Applications that contain a significant number of missing or incomplete documents will be returned to the Applicant and be deemed a threshold failure.
- Applications that are deemed a Threshold failure will not be scored by DCA.

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

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Section 42 requires that the housing credit dollar amount allocated to a project not exceed the amount that DCA determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project through the credit period.

### **A. Feasibility Assumptions and Policies**

Applicants must use DCA's underwriting assumptions and, if applicable, DCA HOME underwriting assumptions in the Submitted Application pro forma. DCA's underwriting assumptions can be found in Exhibit A attached to this Appendix I.

- The ownership entity for the proposed project must be structured as a single purpose entity and must be able to clearly show that the project is financially sustainable based on income from operations.
- The sources and uses must be verifiable and available at the time of Application.
- Commitment letters must demonstrate that there will be no shortfall of funds during the construction period.
- Owner contributions outside of deferred developer fee will not be considered an allowable source for the property's permanent financing.
- Deferred developer fee, as a construction source, cannot exceed the developer fee amount earned during the construction period.
- DCA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of operating costs.

In addition, the following policies will be utilized in determining whether a project is feasible:

#### **1. Certifications**

The Applicant must certify to DCA the full extent of all federal, state, and local subsidies that apply (or which the applicant expects to apply) to the project. The Applicant must also certify to the Agency all other sources of funds and all development costs for the project. All financing agreements and sources must be reflected in the submitted pro forma.

#### **2. Income**

Rental income plus ancillary income up to a maximum of 2% of gross potential rents (GPR) will be used in the cash flow analysis. Applicants should justify the source of ancillary income in the justification section of the Application. Tax abatements and exemptions, interest credit payments, and other documented sources of commonly accepted forms of expense off-sets will also be considered, however, income from commercial space, fees, charitable contributions or owner contributions will not be considered.

#### **3. Reasonableness of Costs**

In order to be eligible for selection, DCA must determine that proposed costs are reasonable based on an examination of all soft costs and hard costs listed in the Application. DCA will thoroughly examine construction costs, soft costs and land costs. It will also consider variations in costs due to project location, type of construction, and population served. Additionally, DCA will compare proposed project costs to other Applications submitted in the funding round, to certified cost data on existing Housing Credit developments in the State portfolio, as well as to the actual costs of other non-luxury multifamily housing located in the same geographic areas. Applications which do not demonstrate cost reasonableness will be ineligible for an allocation of credits. In general, property asset management fees should be funded from operating income and not from development sources.

Applicants must measure and input Residential Square Footage in their core applications as the area of an individual unit that is available for the exclusive use of the resident. Residential square footage must be measured from the inside finished surface of surrounding permanent walls, and excludes walls, columns, and projections enclosing the structural elements of the building within the unit. Exterior space including patios and balconies that are available for the exclusive use of residents is also included in this calculation.

DCA may request a breakdown of the hard construction cost line items in the event that it determines that the proposed costs do not appear to be reasonable and consistent with the scope of work for the project or obtain a review of costs from a qualified outside source during Application review. DCA will review land costs carefully to determine that there has been no unjust enrichment to any party and that the parties have not overpaid for a proposed project site. During Application review or as a condition of selection, DCA may order an appraisal, to be paid for by the Applicant, to determine the reasonableness of the contract price for land and/or buildings. DCA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of development costs.

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

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

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

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

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

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

## 5. Reasonableness of Operating Costs

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

### Minimum Documentation:

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

## 6. Rent

Rents in effect as of January 1, 2021, must be used.

- a) National Non-Metropolitan. Applications without HOME funding which are located in qualified USDA-designated rural areas may utilize National Non-Metropolitan Area Median Income Rents, if applicable. 4% credit projects are not eligible to use National Non-Metropolitan rents.
- b) Tax Credit (only). Gross rents may not exceed 30% of 60% of the effective AMI table for the appropriate bedroom size, unless an applicant is utilizing Income Averaging. Applicants must assume 1.5 persons per bedroom. If an applicant decides to use Income Averaging, DCA's Income Averaging Policy must be followed.
- c) HOME Rents with Tax Credits. For layered projects, the maximum allowable rents must be determined based on the regulations of each program, and the most restrictive rent limit of the programs must be utilized.

Dwelling unit rents must conform to the LIHTC and/or the HOME regulation's gross rent (contract rent and resident UA) restrictions. Resident UA must conform to the requirements set forth in the Plan and the Manual. In the event Credit, HOME, or other funds are requested, the most restrictive gross rents will govern. Rents must be supported by the Market Study provided by the applicant.

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

## 7. Operating Utility Allowance (UA)

For any low-income units where the residents are responsible for any utility costs, the owner must provide utility allowances as set forth below. Applicable rents and utility allowances, in effect as of January 1, 2021, must be utilized in the Application and market study. In Georgia, the following methods will be used in the order listed:

- a) USDA-Assisted Buildings. If a building receives assistance from the USDA (formerly called the Farmers Home Administration, or FmHA), the USDA-prescribed utility allowance applies to all rent-restricted units in the building. The USDA-approved allowance applies even if the building is assisted by any other program or agency. Examples of USDA assistance include assistance

provided under the USDA Section 515 rural rental loan program and USDA rental assistance. Projects funded with USDA 538 loan guarantee must use the DCA UA.

- b) *Buildings with USDA-Assisted Residents.* If any resident of a building receives USDA rental assistance, the USDA-approved utility allowance applies to all rent-restricted units in the building. This is even the case if residents of some units receive rental assistance from the U.S. Department of Housing and Urban Development (HUD).
- c) *HUD-Regulated Buildings.* If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility allowances for the property (such as for Section 8 and Section 236 projects), the HUD-prescribed UA is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.
- d) *Tax Credit Buildings with no HOME.* The applicant may use the UA established by the Public Housing Agency (PHA) that administers the Section 8 Program in the locality where the property is located, *HUD Utility Schedule Model, Utility company estimate, or Energy Consumption Model* (licensed engineer or qualified professionals providing this model must be approved by DCA prior to submission of the Model), as allowed under Section 42 of the IRS Code, according to regulation 1.42-10 Utility Allowances.
- e) *Tax Credit & HOME Assisted Buildings.* For all HOME properties funded beginning January 25, 2016, an individual utility allowance must be determined using the *HUD Utility Schedule Model*, or other model(s) approved by HUD.

**Minimum Documentation:**

- Current applicable UA.
- If the HUD Utility Model or allowable comparable model is used, all documentation used in the calculation must be submitted.

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

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

**Minimum Documentation:**

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

**9. Deferred Developer Fee**

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

- Deferred Developer fee must be payable within fifteen years from available cash flow. The deferred portion cannot exceed 50% of the total amount of Developer Fee at initial application.

For purposes of calculating the project's annual debt service coverage ratio, the deferred Developer Fee will not be included as debt service.

## 10. Market Units

Any and all costs directly associated with developing unrestricted units must be covered by unrestricted financing sources. The market rate units to total units percentage must be less than or equal to the unrestricted permanent financing to total development cost percentage. Deferred developer fee is considered an unrestricted financing source for purposes of this section.

## 11. Commitments

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

- a) Original executed preliminary commitments for all financing must be submitted with the Application including, but not limited to, the following:
  - i. Construction financing.
  - ii. Non-DCA permanent financing.
  - iii. Bridge loans, if applicable.
  - iv. Project Based Rental Assistance agreements.
  - v. Operating subsidy agreements.
  - vi. Limited partner (tax credit) equity.
  - vii. HUD letters by an authorized official from the Multifamily Housing Division stating that the application is under serious consideration and Lender Preliminary Commitments for HUD assisted projects under 221(d)(3), 221(d)(4), 223(f), or 202 programs may be submitted with the Application, but final MAP Invitations must be submitted by the deadline noted on Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule.
  - viii. USDA Notice to Proceed (or equivalent) with application processing and lender preliminary commitment are required for loans to be guaranteed under the USDA Section 538 Guaranteed Rural Rental Housing Program. Any grants or other forms of assistance utilized during the construction period or utilized as permanent financing must be documented.
  - ix. Applications that include costs associated with pre-development financing must provide copies of the loan documents (Note, Loan Agreement, Guarantees, Security Documents) if the loan has closed, or an original commitment from the proposed lender.
  - x. Federal Home Loan AHP financing commitment from either the Federal Home Loan Bank to the non-profit entity or to the ownership entity is required. If the commitment is to the non-profit entity, then the non-profit entity should provide a preliminary commitment to the ownership entity.
  - xi. Projects proposing the utilization of Historic Tax Credits must provide a historic tax credit syndicator letter and documentation of the designation for the subject project through the National Register.
- b) In the case of public financing which is under final consideration at the time of Application, but is not awarded funding, the Applicant may secure alternate financing provided related Application documents are submitted to DCA on or before the date noted on Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule. Failure to provide the required documentation for USDA, FHLB-AHP, HUD alternative financing, and/or the National Historic designation as stated above may result in a Threshold failure.

- c) The preliminary commitments must disclose, at minimum, the following:
- i. The purpose of the loan and use of proceeds.
  - ii. The property address.
  - iii. The loan amount.
  - iv. The interest rate applicable to the construction period. If the construction period rate is floating, the rate index, spread, and the frequency of adjustment must be clearly identified. DCA will utilize the applicable rate effective as of May 1, 2021.
  - v. The interest rate applicable to the permanent period. If the interest rate is to be fixed at the time of funding, the rate index and credit spread must be clearly identified and the indicative rate as of the date of the preliminary commitment must be provided.
  - vi. All “add-ons” to the base interest rate, including but not limited to MIP, USDA annual guarantee fee, servicing fees, Ginnie Mae guarantee fees, trustee fees, and issuer fees, must be clearly identified in the commitment letter.
  - vii. The general and specific terms and conditions of the loan.
  - viii. The amortization period and term of the loan.
  - ix. Equity Commitment Letters are required to contain, at minimum, equity pricing, total capital contribution amount, an estimated pay-in schedule, and any reserve requirement.
  - x. All reserves required by the lender/syndicator, including but not limited to replacement reserves, operating deficit reserves, HUD-required program reserves, and USDA-required program reserves.
  - xi. A preliminary financing commitment must include the amount of the asset management fee and whether or not the asset management fee will be increased annually; if increased, the commitment must include the rate of increase and the priority of payment of the asset management fee.
  - xii. In the case of loans to be guaranteed under the USDA Section 538 Guaranteed Rural Rental Housing Program, the lender must specify if the annual USDA guarantee fee will be paid out of the lender’s principal and interest payments.
  - xiii. Applicants that propose financing structures with government program loans are responsible for correctly reflecting the terms of the loan and determining whether the funds were originally “federal funds.”

**Minimum Documentation:**

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

**12. Assumption of Existing Debt**

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

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

- a) An approval letter signed by an officer of the lender whose debt is being assumed which certifies, no less than thirty days prior to Application Submission day:
  - i. The original principal balance of the loan.
  - ii. The current outstanding principal balance of the loan.

- iii. The current accrued and unpaid interest.
  - iv. The current effective interest rate applicable to the loan.
  - v. The original date of the loan.
  - vi. The maturity date of the loan.
  - vii. Annual debt service.
  - viii. The amortization period applicable to the original loan.
  - ix. That the loan is not currently in default, or if there exists an event of default, or an event that with the passage of time will constitute an event of default, all of the factual data pertinent to said default or said potential default.
  - x. The type and current balances of any outstanding reserve accounts for existing loans and their disposition upon the sale of the project, if applicable.
- b) A copy of the original Promissory Note and any amendments and/or modification to said Promissory Note.
  - c) A copy of the original Loan Agreement and any amendments and/or modification to said Loan Agreement.
  - d) A copy of the original Mortgage, Deed to Secure Debt, Deed of Trust, or such other security instrument providing security for the loan, and any amendments and/or modification to said security instruments.
  - e) Board resolutions approving the restructuring or assumption of existing debt.

For Scattered Site Projects, all units must be developed under one master plan of financing and considered as a single project by all funding sources. The requirements of this threshold category are applicable to the project as a whole.

## **B. DCA Analysis of Feasibility During the Competitive Round**

### **1. Total development cost may be decreased or increased by DCA during its review if it is determined that line items are not reasonable or do not accurately reflect the supporting documents.**

- Development budget adjustments made by DCA must be covered by deferred developer fee.
- Development costs may not be increased by the Applicant during DCA's review.
- No new financing sources may be added or existing financing sources modified.
- Credits will be adjusted accordingly for each adjustment. Credits will not be increased above the amount requested in the Application.
- Applicants may not request that one line item be reduced in order to increase or add an additional line item during the threshold clarification period.

### **2. DCA will not make the following revisions during its analysis of feasibility:**

- a) Unit count, income mix and bedroom type.
- b) Rent structure (rents may be adjusted upward or downward by DCA to meet applicable program requirements).
- c) Operating expenses proposed by the Applicant decreased to make the project feasible.

## **II. COST LIMITS**

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DCA has adopted per-unit cost limits that reflect calculations by the HUD PIH Office of Capital Improvements with the following adjustments:



Unit type	DCA Adjustment
Efficiencies	20%
1-bedroom units	15%
2-bedroom units	15%
3-bedroom units	10%
4-bedroom units	10%

Please note the following:

- An Excel workbook for viewing how project-level cost limits vary by unit mix is published separately on the DCA website.
- Regardless of the reasonableness of proposed project costs, DCA will not fund properties with costs exceeding DCA cost limits other than the potential waivers described below.
- Projects that propose a combination of new construction and rehab cannot average the costs of the rehab and new construction.
- The Development’s Total Development Cost for purposes of cost limits excludes the following line items from the Uses tab in the Core Application: “DCA-Related Costs,” “Local Government Fees”, the rent-up reserve, operating deficit reserve, and an upfront-funded replacement reserve, if applicable.

Applications for properties located in the MSAs listed in the HUD 2020 Unit Total Development Cost Limits document (see HUD PIH Office of Capital Improvements website: [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/ph/capfund](https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/capfund) - refer to “What’s Hot” column) must use the respective per unit cost limit.

DCA requires properties in the following counties to use the applicable cost limits for each of the following MSAs published in the HUD 2020 Unit Total Development Cost Limits document.

- **Albany MSA:**  
Baker County, Ben Hill County, Calhoun County, Clay County, Colquitt County, Crisp County, Decatur County, Dooly County, Dougherty County, Early County, Grady County, Irwin County, Lee County, Miller County, Mitchell County, Randolph County, Seminole County, Sumter County, Telfair County, Terrell County, Tift County, Turner County, Wilcox County, Worth County
- **Athens MSA:**  
Banks County, Clarke County, Elbert County, Franklin County, Greene County, Habersham County, Hart County, Madison County, Oconee County, Oglethorpe County, Rabun County, Stephens County, Taliaferro County, Towns County, Union County, White County
- **Atlanta MSA:**  
Barrow County, Bartow County, Butts County, Carroll County, Cherokee County, Clayton County, Cobb County, Coweta County, Dawson County, DeKalb County, Douglas County, Fannin County, Fayette County, Floyd County, Forsyth County, Fulton County, Gilmer County, Gordon County, Gwinnett County, Hall County, Haralson County, Heard County, Henry County, Jackson County, Jasper County, Lamar County, Lumpkin County, Meriwether County, Monroe County, Morgan County, Murray County, Newton County, Paulding County, Pickens

County, Pike County, Polk County, Putnam County, Rockdale County, Spalding County, Troup County, Upson County, Walton County,

- **Augusta MSA:**  
Burke County, Columbia County, Emanuel County, Glascock County, Jefferson County, Jenkins County, Lincoln County, McDuffie County, Richmond County, Warren County, Wilkes County
- **Chattanooga (TN) MSA:**  
Catoosa County, Chattooga County, Dade County, Walker County, Whitfield County
- **Columbus MSA:**  
Chattahoochee County, Harris County, Marion County, Muscogee County, Quitman County, Schley County, Stewart County, Talbot County, Taylor County, Webster County
- **Macon MSA:**  
Baldwin County, Bibb County, Bleckley County, Crawford County, Dodge County, Hancock County, Houston County, Johnson County, Jones County, Laurens County, Macon County, Peach County, Pulaski County, Treutlen County, Twiggs County, Washington County, Wheeler County, Wilkinson County
- **Savannah MSA:**  
Appling County, Bryan County, Bulloch County, Candler County, Chatham County, Effingham County, Evans County, Glynn County, Liberty County, Long County, McIntosh County, Montgomery County, Screven County, Tattnall County, Toombs County, Wayne County
- **Valdosta MSA:**  
Atkinson County, Bacon County, Berrien County, Brantley County, Brooks County, Camden County, Charlton County, Clinch County, Coffee County, Cook County, Echols County, Jeff Davis County, Lanier County, Lowndes County, Pierce County, Thomas County, Ware County

**Cost Limits for Historic/Transit Oriented Properties:** The cost limits for historic rehabilitation projects that qualify for scoring points under Historic Preservation and/or transit-oriented development projects that qualify for the full 6 points under Community Transportation Options will be increased to 110% of the above applicable cost limits. The increased limits for historic rehabilitation projects will only be applicable to that portion of the project that qualifies as a historic development.

**Cost Waivers.** 9% Applicants may submit cost limit waivers at Application Submission or Pre-Application. If DCA denies a cost waiver submitted after the Application Submission deadline, the Applicant will fail Threshold. DCA will consider a cost waiver request for the following:

- Unusual or extraordinary costs not typically seen in most properties. An example would be a proposed development with podium parking. In no case will DCA waive federal, state or local building or accessibility laws or codes, state energy conservation codes or health and safety requirements.
- Costs for historic development above the project cost limits which will be covered by historic credit equity.
- Costs that are covered by funding from a foundation, other unrelated not-for-profit charitable organization, or governmental entity that is not DCA in the amount equal to or greater than the development cost that exceeds DCA's unit cost limitations. The funding commitment letter

from such entity must be included in the Application, and such funds must be in the form of a grant or a cash flow loan and must be included as part of the project sources of funds in the Application and final cost certification. In calculating the maximum credits which can be allocated to the project, DCA will not include these funds in the gap calculation.

If the costs associated with a proposed Community Service Facility result in the development exceeding DCA cost limits, the Applicant must submit a cost waiver at pre-application.

**Reference Documentation:**

- HUD 2020 Total Development Cost Limits:  
[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/capfund](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund)
- DCA cost limit testing workbook

**Minimum Document Requirements for Cost Waivers:**

- A certification from the applicable municipality, architect and/or engineer must be provided documenting the additional waiver item requirement or condition.
- Projects requesting a PCL waiver request must include a non-IOI third party cost review that includes a specific and delineated review of the proposed item(s) necessitating the cost limit waiver.
- Projects with unsuitable soils or environmental remediation must provide an environmental report supporting the request for PCL waiver and an estimate of remediation costs from a non-IOI third party.
- A detailed third party cost breakdown must be provided indicating the difference between the cost for the extraordinary items necessitating the waiver and those of typically constructed developments.
- DCA reserves the right to request additional information such as PNA, PNCA, CNA, or PCR, and/or additional supporting documentation deemed necessary to complete analysis and consideration of waiver request.
- DCA reserves the right to deny waivers if the completed project will not result in safe and decent housing that is equal to comparable housing in the marketplace.
- A copy of the written approval of the DCA per unit cost waiver must be provided with the LIHTC application to satisfy the threshold requirement.

Any waiver request granted at preapplication stage is preliminary. If selected, the Applicant will need to submit a full cost waiver request with actual figures and documents as requested by the DCA construction department prior to closing.

**III. TENANCY CHARACTERISTICS**

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

**A. Family Development**

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

**B. Senior Development**

A Senior development meets one of the following requirements:

1. Intended for, and solely occupied by, individuals 62 years of age or older; or
2. **Housing for Older Persons**: Intended and operated for occupancy by individuals 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the Owner publishes and adheres to policies and procedures which demonstrate an intent by the Owner and manager to provide housing for individuals 55 years of age or older. Housing for Older Persons includes HUD PHA properties that have a combined senior and disabled tenancy. For further information, see DCA defined terms in Core.

**C. Other**

Projects that have funding from a program which has a different tenancy definition than those set forth above must contact DCA for instructions on this section no later than the pre-application deadline date. Projects that combine senior housing and special needs housing must meet all architectural requirements of senior housing.

#### **IV. REQUIRED SERVICES**

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**A. Family/Senior Properties**

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

1. Social and recreational programs (e.g. semi-monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo).
2. On-site enrichment classes (e.g. budgeting, avoiding identity theft, arts and crafts, computer tutoring, gardening, safety classes such as CPR and household safety).
3. On-site health classes (e.g. nutrition, healthy cooking, asthma management classes and smoking cessation classes, exercise classes such as yoga, Pilates, strength training, group-led aerobic classes, and/or personal fitness).
4. Other services as approved by DCA at pre-application (e.g. alternate services for USDA Rural properties with limited community space, requiring approved support services documentation).

**B. Additional Policies Related to Services**

1. A full-time activities manager will be allowed in the operating budgets for properties that are 100 units or more.
2. Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.
3. Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.
4. Applications for rehabilitation of existing congregate supportive housing developments must provide a memorandum of agreement with a behavioral health agency, continuum of care, or service provider to ensure the appropriate provision of supportive services.
5. Applicants must track resident participation in any on-site services. If participation declines continuously over a six-month window, on-site staff is expected to request resident feedback on the services provided.

## **V. MARKET FEASIBILITY (MARKET STUDY)**

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Applicants must submit a market study in accordance with DCA requirements. The study must be prepared by a market analyst approved by DCA in accordance with DCA guidelines and must be in the format required by the DCA Market Study Manual. The market study must be completed no more than 6 months prior to Application Submission. Applicant must ensure that the market study accurately reflects the rental structure and unit mix of the proposed project as reflected in the Core Application, and meets all DCA requirements.

While DCA will consider the analysis contained in the market study in determining whether the project is marketable, DCA is not bound by the opinion or conclusions reached by the market analyst. DCA may review the market study, rent rolls, and project data of similar projects located in or near the primary market area in determining whether the project will be able to achieve the desired lease up and maintain feasibility.

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

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

1. In Metro Pool areas, market capture rates 30% or less for all 1-bedroom units, 30% or less for all 2-bedroom units, 40% or less for all 3-bedroom units, and 50% or less for all 4 or more bedroom units in the project.
2. In Rural areas, market capture rates of 35% or less for all 1-bedroom units, 35% or less for all 2-bedroom units, 40% or less for all 3-bedroom units, and 50% or less for all 4 or more bedroom units in the project.
3. The overall capture rate for tax credit and market rate units shall not exceed 30% for Applications in a Metro Pool and 35% for Applications in the Rural pool.
4. Market capture rates for each bedroom type within each AMI market segment type (i.e. 30%, 50%, 60% & market) shall not exceed 60%.
5. Appropriate market area that does not overestimate demand.
6. An absorption period less than 24 months to reach stabilized occupancy.
7. Stabilized occupancy rate of 93% or above. Analyst must specify what the stabilized occupancy rate will be.
8. Unit mixes or target populations supported by the market.
9. No more than two DCA funded projects in the primary market area which have physical occupancy rates of less than 90 percent and which compete for the same tenant base as the proposed project.
10. Strong overall market and LIHTC stabilized occupancies of 90% or greater.
11. The minimum rent differential between the proposed rents and achievable market rents, as explained in the Market Study Manual, must be 10% for 60% AMI or less. 70% or 80% AMI rents must be below market rate.
12. For Senior developments, demand may include residents from outside the market area converting from homeownership and seniors living with and/or supported by their children. If applicable, this must be documented by the market analyst.
13. DCA, when necessary, may independently evaluate the demand for additional affordable rental housing in the geographic/market area.

See 2021 Market Study Manual for complete list of requirements.

### **Adverse Impact**

An Application will fail this Threshold requirement if DCA determines that the property will have an adverse financial impact on existing tax credit properties, HOME, National Housing Trust Fund, or CDBG-DR properties within the primary market area or in close proximity to the primary market area. The demand for, and supply of, units in the market area and timing of properties placed-in-service will be taken into consideration. Applicants are required to do their own due diligence to determine pending properties near the proposed site.

DCA may retain the services of its own market analyst to review the conclusions of the market study submitted by the Applicant. For scattered site projects, the market study requirements must be met for the project as a whole. DCA's judgment will be the final determination as to the size of market areas or the adverse impact on existing properties.

### **Reference Documentation:**

- DCA Market Study Manual

## **VI. APPRAISALS**

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### **A. DCA-Commissioned Appraisals**

For all projects awarded HOME Loans, DCA will commission an appraisal prepared in accordance with DCA policies. DCA may also commission an appraisal for a tax credit only project in order to confirm that the proposed purchase price is reasonable and the valuation assumptions within the application are valid.

HOME Applicants will be charged a fee equal to the cost of the appraisal report. The fee will be due on the date specified in the HOME commitment letter. The commissioned appraisal reports must include the "as is" value, "as built/as complete" (encumbered) value, and "as built/as complete" (unencumbered) value of the proposed subject property as well as the tax credit value. The "as is" value must delineate the value of the land and building. The appraisal must conform to USPAP standards. The appraisal will provide an estimate of the unrestricted market value (unencumbered) of the property at loan maturity. The total hard cost of any project may not exceed 90% of the as completed unencumbered appraised value of the property. Upon completion of the commissioned appraisal, any project found not to meet this requirement may have their funding award revoked.

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

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

### **B. Applicant-Commissioned Appraisals**

The effective date of Applicant-commissioned appraisals must be within six (6) months of Application Submission. All appraisals must include DCA as an intended user.

An Application for tax credits for 4% bond financed developments must contain an appraisal commissioned by the lender or by a DCA-approved appraiser with an effective date of not more than 6 months earlier than the date of the Application, regardless of whether there is an Identity of Interest between the buyer and the seller.

Any Applicant that is claiming acquisition credits for existing structures must provide an appraisal.

### **1. Identity of Interest.**

DCA policy requires that the Applicant obtain an appraisal of the value of a property if there is an Identity of Interest between the buyer and the seller. This includes a seller that is a member of the proposed Project Team, including a limited partner. This appraisal must be submitted with the Application and follow the value estimates detailed in the 2021 Appraisal Manual. DCA will carefully scrutinize the sales price of land between related parties to ensure that the value has not been inflated. While the appraisal will be an indication of fair market value, DCA will consider tax values as well as the lesser of the appraised value or actual sales price established as indicative of the value of a property. All property values must associate a land value as well as a value for the improvements. The appraisal must conform to USPAP standards.

For purposes of generating tax credits:

- For 9% Credit Applicants, properties which have been in the control of the Applicant or a related party for a period of five (5) years or less will be valued at the acquisition cost at the time the related party obtained initial site control.
- For 4% Credit Applicants, properties which have been in the control of the Applicant or a related party for a period of three (3) years or less will be valued at the acquisition cost at the time the related party obtained initial site control.
  - Properties that have been rezoned, subdivided, or modified will not be deemed to be of higher value based on the actions taken by the Owner/Applicant or any Related Party.

For Scattered Site Projects, an appraisal establishing “as-is” value will be required for each non-contiguous parcel where an Identity of Interest exist between the buyer and seller.

### **2. Selected Projects**

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

#### **Reference Documentation:**

- DCA Appraisal Manual

## **VII. ENVIRONMENTAL REQUIREMENTS**

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Applicants should note that many of the environmental requirements from the QAP have been included in the 2021 Environmental Manual and are incorporated herein by reference.

### **A. General**

On-site and off-site specific environmental concerns identified in an environmental study are to be considered in the context of the criticality of the housing to be provided. DCA shall consider the public benefits of the housing and then weigh the benefits against the costs to mitigate the hazard, the potential health risks, and other financial and public policy implications. The project will not pass Threshold until all environmental matters are resolved.

For Scattered Site Projects, the environmental requirements must be met for each non-contiguous parcel.

### **B. Environmental Site Assessment**

Applications must include a Phase I and all required Phase II environmental site assessments. These studies must be prepared in accordance with the 2021 DCA Environmental Manual. The Applicant and the Qualified Environmental Professional, certified to practice in the state of Georgia, must sign the environmental certification form and include it in the Application.

The Phase I Environmental Site Assessment must fully address all recommendations of the Qualified Environmental Professional. If a Phase II is recommended, all testing must be completed prior to Application Submission.

The Phase I (and Phase II when recommended by the Qualified Environmental Professional) Environmental Site Assessment must have been conducted within six (6) months of the Application Submission. Environmental Site Assessments completed prior to this six-month period must be included (with appendices) in the Application.

A Noise Attenuation Plan must be submitted as part of the Environmental Site Assessment if noise requirements are not met.

#### **1. Additional Standards.**

In addition to compliance with the standards developed by the American Society for Testing and Materials' (ASTM) and set forth in the "Standard Practice for Environmental Site Assessments, Phase I Site Assessment Process," ASTM 1527-13, DCA requires the following non-scope items be investigated:

- a) Wetland.
- b) State waters/streams/buffers & setbacks.
- c) Flood Plains/Floodways.
- d) Noise.
- e) Water leaks/mold/microbial growth
- f) Radon gas.
- g) Asbestos.
- h) Lead-based paint.
- i) Lead in drinking water.



- j) PCBs (Polychlorinated Biphenyls)
- k) Endangered species.
- l) Other hazards and considerations.
- m) Historic preservation.
- n) Vapor intrusion.

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

All developments utilizing HOME or HUD funds are required to assess the environmental effects of that activity in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and HUD regulations at 24 CFR Part 58. DCA requires applicants to conduct various activities required for the environmental review process, including a Phase I Environmental Assessment (EA), as outlined in the Environmental Manual.

The Applicant, as outlined in the HOME/HUD Environmental Questionnaire, must complete additional requirements for HOME/HUD-funded projects, including but not limited to, the 8-Step Process and HUD publication procedures. **If applicable, evidence of the commencement of the 8-Step Process must be submitted no later than the date noted in Exhibit A DCA Pre-application Deadlines and Fee Schedule.** The 8-Step process is outlined in the 2021 Environmental Manual. The applicant is responsible for providing documentation to DCA upon completion of the process.

- a) **HUD Environmental Clearance & Publication Requirements:** DCA is responsible for undertaking environmental reviews for proposed DCA HOME projects, as the Responsible Entity (RE) referred to in 24 CFR §58.43, Environmental Review Procedures for Entities Assuming HUD Responsibilities. In this capacity, DCA must ensure that the environmental review process is satisfied before certain HUD funds are committed to specific projects. Therefore, when initial awards of HOME funds are announced, DCA will publish notices of its intent to allocate HOME funds in local newspapers in the proposed project's area. HUD will review any comments received to determine if there has been a finding. Once that process is complete and there has been no finding, DCA will seek HUD's approval of its commitment of HOME funds to the proposed project. In order to ensure that the environmental review process is not challenged, Owners and/or Developers of proposed projects must, once HOME consent requests are submitted, **refrain from undertaking activities that could have an adverse environmental impact prior to the receipt of an environmental clearance letter from DCA** removing the stipulated conditions. Such activities include, but are not limited to: acquiring, rehabilitating, converting, leasing, repairing, or constructing property. An Applicant **cannot commit or expend HUD or non-federal funds** until the environmental review process has been completed.

### **C. Site and Neighborhood Standards**

All properties that use DCA HOME funds as a source must meet Site and Neighborhood Standards (24 CFR §92.202 and 24 CFR §983.6) and Environmental Requirements, as mandated by the HOME regulations. These requirements must be met in accordance with instructions set forth in the HOME Manual and Environmental Manual. Applicants who have established agreements with HUD regarding different standards of review for site and neighborhood must meet those established standards. A copy of all documents relating to the different standards of review must be included with the application.

For Scattered Site projects, each non-contiguous parcel must meet the additional HOME requirements.

**Reference Documentation:**

- 2021 Environmental Manual
- 2021 HOME Rental Housing Loan Program Manual

**Minimum Documentation:**

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

**VIII. SITE CONTROL**

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Site control must be in the form of:

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

For competitive applications, contracts must be executed prior to Application Submission deadline, must include a discernible contract price, must be signed by the purchaser and seller, must include a legal description of the property, and must provide legal control of the site to the proposed General Partner or proposed LP at least through November 30, 2021. Site control must be in place through estimated bond closing date for a 4% Credit project.

In the event the contract provides the Applicant with the option to renew the contract, the renewal option in such contract must be enforceable by the Applicant until November 30, 2021. A copy of a recorded warranty deed or a fully executed contract must be submitted with the Application. The cost for purchase cannot be increased after Application Submission.

An Applicant may also show site control if selected through a federal government RFP process and can document that there is reasonable certainty that the final site control documents will be finalized within a reasonable time after award.

For Scattered Site Projects, evidence of site control is required for each non-contiguous parcel.

**Minimum Documentation:**

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

## **IX. SITE ACCESS**

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All sites proposed for development must provide a specified entrance that is legally accessible by paved roads. The definition of paved road is provided in the DCA Architectural Manual. The Application must include the appropriate drawings, survey, or other documentation that reflects such paved roads. If such paved roads are not in place at the time of the Application Submission, documentation evidencing local government approval to pave the road, a commitment for funding, and the timetable for completion of such paved road must be included in the Application. If the road is going to be paved by the applicant, those costs must be submitted at Application Submission. This restriction does not apply to private driveways accessing only the proposed project through property that is not part of a proposed site. However, if the use of such a private drive is proposed, site control of the private drive must be documented by proof of ownership or by a properly executed easement on the private drive, and the plans for paving the private drive, including associated development costs, must be adequately addressed in the Application.

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

### **Reference Documentation:**

- DCA Architectural Manual

### **Minimum Documentation:**

- Drawings, survey, or other documentation of legally-accessible paved roads.
- Commitment for funding for paving of all non-paved legally-accessible roads to be paved during construction.
- Proof of ownership of non-utility easements.

## **X. SITE ZONING**

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

Zoning must be in place before Application Submission. Zoning of the development site must conform to the proposed Conceptual Site Development Plan. A letter from the authorized Local Government official must be included in the Application. The letter must include the zoning and land use classification of the property and be accompanied by a clear explanation of the requirements (copy of the applicable sections of the zoning ordinance for the stated classification) and all conditions of these zoning and land use classifications. If the project is requesting HOME or HUD funds, the Local Government official must also comment on whether the project will include the development of prime or unique farmland. Please see the HOME and HUD Environmental Guidance for additional information. If the Local Government does not have or enforce a zoning ordinance, the Applicant must include a letter from a Local Government official to that effect. The letter should be on official letterhead with the name and title of the Local Government official.

The Applicant must provide documentation that demonstrates that the site layout conforms to any moratoriums, density, setbacks, or other imposed requirements of the Local Government. This documentation must be demonstrated on the Conceptual Site Development Plan either graphically or in written form.

It is the responsibility of the Applicant to ensure that all issues and questions surrounding the zoning and land use classification of a proposed site are clearly defined prior to Application Submission. Any unclear or unresolved issues of zoning and land use could result in Threshold failure of the Application.

For Scattered Site Projects, site zoning requirements must be met for each non-contiguous parcel.

**Reference Documentation:**

- HOME/HUD Environmental Guidance

**Minimum Documentation:**

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

## **XI. OPERATING UTILITIES**

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

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

The Application must include a letter from the appropriate authorized utility authorities confirming the availability of operating utilities at the proposed development site. The letters should be on letterhead and bear signature(s) and title(s) from the appropriate utility company signatory. Any charges for the off-site extension of utility services are not eligible for funding as project costs under the funding resources in the Plan. The requirements for Operating Utilities must be met for each non-contiguous parcel or each non-contiguous multifamily property.

Operating utilities cannot be contingent on annexation of the property, improvement of infrastructure, or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application. Any unclear or unresolved issues regarding operating utilities may result in Threshold failure of the Application.

For Scattered Site Projects, a single letter will be accepted if it clearly demonstrates that each non-contiguous parcel has met operating utilities requirements.

**Minimum Documentation:**

- Letter(s) from authorized utility authorities that includes project name, address, or parcel

ID and confirms that utilities will be available. The letter(s) must be dated within 6 months of Application Submission.

- If letter includes parcel ID but not project name or address, evidence that the parcel ID is the correct parcel ID for the project.

## **XII. PUBLIC WATER/SANITARY SEWER/STORM SEWER**

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

Public water and sewer service must be available at the proposed development site at the time of Application Submission. To be considered "available" for the purposes of this section, all easements necessary for the water and sewer authorities to extend the existing water and sewer services to the project and commitments from the water and sewer authorities to extend the existing water and sewer services to the property must be secured at the time of Application Submission. Evidence of the easements and commitments from the water and sewer authorities must be included in the Application. A commitment can be subject only to conditions within the control of the Applicant. Letter(s) from the local public water and sewer authorities must document the availability of the existing public water and sewer service to the site. These letter(s) from the appropriate public water and sewer authorities must be on letterhead of the local municipality or authority having jurisdiction and be included in the Application. Public water and/or sewer availability cannot be contingent on the construction of a water/sewer system, annexation of the property, or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application. Any unclear or unresolved issues regarding the public water/sanitary sewer/storm sewer may result in threshold failure of the Application.

For scattered site projects, a single letter will be accepted if it clearly demonstrates that each non-contiguous parcel has met the public water/sanitary sewer/storm sewer requirements.

### **Minimum Documentation:**

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

## **XIII. REQUIRED AMENITIES**

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

### **A. Standard Site Amenities.**

All properties must include the following on-site amenities:

1. A community room or building.
2. An accessible exterior gathering area located in a central area.

3. Every development must provide an on-site laundry facility (1 washer and 1 dryer per every 25 units) and/or washers and dryers installed and maintained in every unit. An onsite laundry facility is not required if washers and dryers are installed in units and maintained at no additional cost to residents.

All the above amenities, except the on-site laundry, must be available to the residents at no additional charge.

A Phased Development with a previously funded phase will not share amenities without DCA's prior written consent.

#### **B. Additional Site Amenities.**

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

#### **Additional Amenity Pre-Approvals**

Additional amenities not contained in the Architectural Manual must be approved by DCA during Pre-Application. Applicants should submit a request for approval of additional amenities in accordance with *Exhibit A DCA Pre-Application Deadlines and Fee Schedule*. Requests for approval of additional amenities must include a detailed description of the amenity and must include justification of the cost and appropriateness of the option for the targeted population.

#### **C. Unit Amenities.**

All units must include the following:

1. HVAC systems.
2. Energy Star refrigerators.
3. Energy Star dishwashers (Note: Dishwashers NOT required in "senior" USDA properties or HUD properties).
4. Stoves.
5. Microwave ovens.
6. Powder-based stovetop fire suppression canisters installed above the range cook top or electronically-controlled solid cover plates over stove top burners.

#### **D. Additional Requirements and Amenities for Senior Developments (Elderly and Housing for Older Persons)**

1. Elevators must be installed for access to all units above the ground floor.
2. Buildings with multi-story construction must have interior conditioned and furnished gathering areas including but not limited to areas near elevators.

Applicants must enter all selections in the Threshold Criteria tab on the Application Form.

For scattered site projects, required amenities must be met for each non-contiguous parcel.

#### **Reference Documentation:**

- DCA Architectural Manual, Appendix III: Amenities Guide

## **XIV. COMMUNITY SERVICE FACILITIES**

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Applications proposing Community Service Facilities (CSF) must meet the requirements detailed below. Only Applications located in a QCT are eligible to propose a CSF, but such Applications are not required to do so.

A Community Service Facility (CSF) is a space that can be used for purposes to improve the quality of life for community residents, provided such services are appropriate and helpful to low-income individuals in the development area as evidenced by a market or similar study. A CSF is a facility that primarily serves low-income individuals in the community whose income is 60 percent or less of area median income.

CSFs must meet the following requirements:

- Use of the CSF may not be limited to development residents only; it must be available to any low-income individual in the community.
- The CSF must be located on the same tract of land as at least one of the buildings in the development.
- If fees are charged for services provided, they must be affordable to individuals whose income is 60 percent or less of area median income.

Housing Credit developments utilizing a CSF described under IRS Revenue Ruling 2003-77 may be entitled to include the costs associated with a CSF in the calculation of the development's total eligible basis. No additional credit is awarded for the CSF because the eligible basis attributed to the CSF costs is included in the development's total eligible basis.

Under the provision, Housing Credit developments proposing a CSF must be in a QCT. DCA will not underwrite CSFs and will not be party to any master leases.

Applicants proposing a CSF will be required to submit a full Contractor Cost Certification with CSF costs broken out separately.

See Threshold, *DCA Underwriting Policies* and *Cost Limits* for more information.

### **Minimum Documentation**

- Current year DCA Schedule of Values in both PDF and Excel formats
- Letters of Intent from all participating service providers
- Full CSF Narrative that details all uses, lease terms, and costs of services that demonstrates compliance with all Section 42 and DCA CSF requirements

## **XV. REHABILITATION STANDARDS**

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

The Internal Revenue Code requires that all low-income units in a property receiving credits remain rent-restricted and income-restricted for the 15-year Compliance Period and for 15 years after the close of the Compliance Period. Properties that propose rehabilitation must present a

scope of work that will position the property to meet the entire extent of its statutory obligations. All work scopes will propose:

1. A minimum “**dwelling unit**” per unit hard cost budget of \$25,000. See Architectural Manual Rehabilitation Guide for further guidance.
2. The replacement of any component of the building or site with a Remaining Useful Life, according to Fannie Mae Expected Useful Life Table, of less than 15 years.
3. The replacement of existing exterior stairs, breezeways, and handrails that have no roof cover with covered vertical circulation.
4. Corrective actions for all deficiencies noted in the Physical Needs Assessment
5. Compliance with the Georgia State Minimum Standard Codes and Life Safety Code for new construction regarding stairs, handrails, guardrails, smoke detectors, fire alarms, and unit fire separation such as attic draft stops, fire separation, rated party walls and floor/ceiling components, and caulking of all penetrations in the fire assemblies.
6. Substantially the same scope of work in all units.
7. Compliance with the Architectural Manual upon completion of work.
8. Compliance with all current building codes upon completion of work.
9. Compliance with all DCA accessibility requirements upon completion of work.
10. Compliance with UPCS upon completion of work.

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

A certification from the architect and, where applicable, the appropriately-licensed project engineer (civil, structural, mechanical, plumbing, electrical) must also be provided documenting that the proposed work scope is sufficient to ensure that the completed project will be viable and meet the DCA useful life requirements.

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

DCA may grant an architectural waiver to projects that will not meet the above requirements only if there is an overriding public policy or historic preservation need and the physical needs assessment clearly documents that the existing property does not require a comprehensive rehabilitation. As a condition of the waiver, DCA may require that the financial pro forma clearly provide for the full funding of the capital replacement reserve. The capital replacement reserve must clearly schedule all component/system replacements required according to the Fannie Mae Expected Useful Life Table.

## **B. Physical Needs Assessment**

For rehabilitation projects, a Physical Needs Assessment (PNA) no more than six (6) months old as of the Application Submission and Capital Reserve Study completed by a DCA-qualified consultant must be included in the Application. Both must be prepared in accordance with the instructions set forth in the Rehabilitation Guide in the Architectural Manual. PNAs are also required for adaptive reuse projects.

## **C. Rehabilitation Work Scope**

DCA’s 2021 Rehabilitation Work Scope form, which requires a detailed construction budget with unit costs, must be included in the same tab with the PNA. DCA will not allow material changes in



the scope of work after tax credit award. If awarded, final construction documents that confirm the scope of work submitted with the Application must be submitted to DCA in accordance with the timelines outlined in Exhibit A Post-Application and Post-Award Deadlines and Fee Schedule.

DCA must be able to determine that the work scope addresses:

1. All immediate needs identified in the PNA.
2. All application threshold and scoring requirements.
3. All applicable architectural and accessibility standards.
4. All remediation issues identified in the Phase I Environmental Site Assessment.

In the event DCA determines that the PNA or work scope fails to address a major structural, building code, health, safety, marketing, accessibility, storm water retention, crawl space moisture, or other building system issue, the Application may fail this Threshold requirement.

For Scattered Site Projects, PNA requirements must be met for each non-contiguous parcel.

**Reference Documentation:**

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

**Minimum Documentation:**

- Physical Needs Assessment must be dated within 6 months of Application Submission
- DCA 2021 Rehabilitation Work Scope form
- Architect Rehab Work Scope Certification Statement

**XVI. SITE INFORMATION AND CONCEPTUAL SITE DEVELOPMENT PLAN**

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

**A. Conceptual Site Development Plan**

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

1. All existing and proposed easements defined and indicated on plan.
2. Wetlands, floodplains, and state waters located with areas of disturbance calculated for the wetlands, including required buffer zones clearly delineated to reflect how they will impact the development of the site.
3. Use of all adjacent properties and structures within 100' of the subject property boundary clearly defined both graphically and in written form.
4. Zoning setbacks and restrictions graphically indicated.
5. Indication of all existing structures, tanks, slabs, utilities and any other improvements existing on the property at the time of application.
6. Indication of all driving and walking entrance access to the property and a layout of all buildings, roads, paved pedestrian walkways and parking areas.
7. Location of all interior and exterior site amenities indicated in the Application Form.
8. Areas of existing tree and vegetation preservation and new landscaping clearly defined both graphically and in written form.

DCA does not require an ALTA Survey for purposes of developing the conceptual site development plan. DCA may require a boundary survey if the precise location of the subject project is in question.

Waivers for variances from any architectural standard in the Architectural Manual must be submitted to DCA prior to Application Submission in accordance with Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule.

**B. Location/Vicinity Map**

This map will be used by DCA staff to locate the property. The map should delineate the location point of the proposed property (the “Site Geo Coordinates” from Application) and be large enough to show the entire municipality area (city limits, etc.).

**C. Site Map and Color Photographs**

Ground level color photographs taken within 6 months of Application Submission of both the proposed property and adjacent surrounding properties and structures must be included. Each photo must be numbered, include the date the photo was taken, and provide a brief description of what is captured in the photo. In addition, a Site Map that delineates the approximate location point of each photo must be included.

**D. Aerial Photos of Proposed Site**

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

**Reference Documentation:**

- Architectural Manual, Appendix II: Submission Requirements

**Minimum Documentation:**

- Conceptual Site Development Plan (Utilize DCA Cover Sheet Template)
- Location/vicinity map
- Site map and color photos
- Aerial photos of proposed site

**XVII. BUILDING SUSTAINABILITY**

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**A. Sustainability Standards**

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

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

**1. Compliance with Georgia State Minimum Standard Energy Code (Georgia Energy Code)**

Compliance with Georgia State Minimum Standard Energy Code (International Energy Conservation Code with Georgia State Supplements and Amendments) that is in effect at the time of permit issuance is required and proof of compliance must be submitted prior to release of 8609s.

#### Compliance Pathways for Low-Rise Residential Construction:

Residential Building Definition: For this code includes detached one-and two-family dwellings and multiple single-family dwellings (townhouses) as well as Group R-2 ("Low-rise R-2 multifamily dwellings"), R-3, R-4 Buildings three stories or less in height above grade plane.

#### Compliance Pathways for Commercial and High-Rise Residential Construction:

Commercial Building Definition: For this code, all buildings that are not included in the definition of "Residential Building" (i.e. multifamily four stories or more in height above grade plane).

2. **Measured duct and building envelope leakage.** New construction and Adaptive Reuse requires verification by certified HERS rater of an HVAC system "duct leakage rate" and "dwelling unit air infiltration rate" for all projects. Verification testing must follow the RESNET testing protocol and must be completed by a RESNET Rater, qualified BPI Analyst, or equivalent professional. Test reports verifying compliance with the State of Georgia Minimum Standard Energy Code, the DCA minimum duct leakage and dwelling unit air infiltration rates, and envelope leakage ratio as stated above must be submitted for all projects at either the LIHTC final certification or HOME Loan final construction draw, whichever comes first.

Adaptive Reuse will be considered under new construction standards for this Threshold section only.

#### **Duct Leakage:**

##### Low-Rise Residential Construction

The total leakage of the ducts, where measured by one of the following methods in accordance with Section R403 SYSTEMS of the Georgia Energy Code shall be as follows:

- Rough-in test: The total leakage shall be less than or equal to 6 cubic feet per minute (113.3 L/min) per 100 square feet (9.29 m<sup>2</sup>) of conditioned floor area where the air handler is installed at the time of the test.
- Post-construction test: Total leakage shall be less than or equal to 6 cubic feet per minute (113.3 L/min) per 100 sq. feet (9.29 m<sup>2</sup>) of conditioned floor area.

##### Mid and High-Rise Residential Construction

In addition to the minimum Georgia Energy Code requirements, DCA QAP multi-family developments that are four stories or more in height above grade plane shall comply with the same requirements described above for "Low-Rise Residential Construction" Duct Leakage.

Projects that plan to utilize Packaged Terminal Heat Pumps and/or Air Conditioners (PTAC's) or ductless mini-splits for all units are exempt from the duct leakage requirement for all non-ducted systems.

### **Dwelling Unit Air Infiltration:**

#### Low-Rise Residential Construction

The total dwelling unit air infiltration rate, where measured in accordance with Section R402 BUILDING THERMAL ENVELOPE of the Georgia Energy Code shall be as follows:

All "one and two-family dwelling units" shall be tested and verified to less than five air changes per hour at 50 Pascals (ACH50) for Climate Zones 2, 3, and 4.

"Low-rise R-2 multifamily dwellings" (three stories or less in height above grade plane) shall be tested to less than 7 air changes per hour at 50 Pascals (ACH50).

As an alternative to ACH50, compliance for Low-rise R-2 dwellings may be attained by achieving an "Envelope Leakage Ratio" at 50 Pascals (ELR50) of less than 0.35 (ELR50 < 0.35, where ELR50 = CFM50 / Envelope Shell Area, in square feet).

#### Mid and High-Rise Residential Construction

In addition to the minimum Georgia Energy Code requirements, DCA QAP multi-family developments that are four stories or more in height above grade plane shall comply with the same requirements described above for "Low-Rise Residential Construction" Dwelling Unit Air Infiltration.

### **Rehabilitation of Properties**

Rehab units are required to achieve a 20% improvement over existing conditions based upon pre-rehabilitation "duct leakage" and "dwelling unit air filtration" rates, or the above specified duct and envelope leakage rates. All projects must complete "pre-rehab" duct leakage and dwelling air infiltration test to determine a baseline. To arrive at the pre-rehabilitation leakage rates, a sampling of units (that includes one of each unit type in its various configurations within the property) must have pre-rehabilitation duct leakage and dwelling unit air infiltration performance testing, utilizing RESNET-approved performance testing methodologies, conducted upon them prior to the rehabilitation of the property.

3. **Bathroom fans.** Fans must be Energy STAR certified, wired with a light, and equipped with either a humidistat *OR* a timer that ensures the fan operates for a minimum of 10 minutes once the light has been switched off.
4. **Lighting.** Install fluorescent or LED lights for at least 95% (by fixture count) of the required lighting. Required lighting includes kitchens, dining rooms, living/family rooms, bathrooms, hallways, stairways, entrances/foyers, bedrooms, garages, utility rooms, and outdoor fixtures mounted on the building.
5. **Plumbing fixtures.** Georgia Plumbing Code High Efficiency Plumbing Fixtures and Fittings in all units; shower heads ≤ 2.5 gpm, bathroom faucets < 1.5 gpm, kitchen faucets < 2.0 gpm, toilets ≤ 1.28 gpf.

6. **Low VOC interior wall/ceiling and floor finishes.** As defined by “40 CFR Part 59 – National Volatile Organic Compound Emission Standards for Consumer and Commercial Products” and maximum levels determined by the DCA QAP, *interior applied paints and finishes shall contain a maximum VOC level of:*
  - 50 grams/liter for wall and ceilings (DCA QAP requirement)
  - 100 grams/liter for floor finishes (DCA QAP requirement)
7. **Water heaters.** Comply with Energy Star Multifamily New Construction (MFNC) program (Version 1) for Uniform Energy Factor (UEF).
8. **Energy Star appliances.** Appliances (refrigerators, dishwashers, laundry machines) provided by owners in units and community laundries must be Energy STAR certified.

The final construction documents must clearly indicate all components of the building envelope and all materials and equipment that meet these requirements. Refer to the Architectural Manual (Appendix I: Architectural Standards) for additional information on basic design, appliances, and equipment.

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

#### **B. Sustainable Building Certification**

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

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

Due to the various revision cycles for each of these programs, the project must comply with the version in effect at the time the drawings are prepared for permit review. Regardless of program requirements, all projects must meet Threshold requirements for Building Sustainability and engage in resident and building manager education in compliance with the point requirements of the respective programs.

#### **C. DCA Building Sustainability Training**

Applicants must complete DCA's virtual Building Sustainability training.

#### **Reference Documentation:**

- Architectural Manual, Appendix I: Architectural Standards

#### **Minimum Documentation:**

- Draft scoring sheet for the development that includes both the expected score and the

minimum score required to achieve the level of certification or criteria listed above.

## **XVIII. ACCESSIBILITY STANDARDS**

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### **A. All projects funded under the Plan must meet the following accessibility standards at the time of project completion:**

1. All projects that receive allocations or funding under the Plan must comply with all applicable Federal and State accessibility laws including but not limited to: The Fair Housing Amendments Act of 1988, Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, Georgia Fair Housing Law and Georgia Access Law as set forth in the Accessibility Manual. When two or more accessibility standards apply, the Applicant is required to follow and apply both standards so that a maximum accessibility is obtained. An Owner claiming that a property is eligible for any of the stated statutory exemptions for any applicable federal, state, and local accessibility law must support the claim with a legal opinion.
2. All applicable DCA accessibility requirements detailed in the Architectural and Accessibility Manuals.
3. For all senior (HFOP or elderly) properties, regardless of the year of first residential use, 100% of the units must be accessible and adaptable, as defined by the Fair Housing Amendments Act of 1988.

For Scattered Site Projects, the 5% and 2% requirements are applicable to the project as a whole; however, distribution of the units must be across the non-contiguous parcels.

### **B. Regardless of whether a project anticipates using federal HOME funds, all proposed projects must meet the following DCA requirements:**

1. At least 5% of the total units (but no less than one unit) must be equipped for the mobility disabled, including wheelchair restricted residents. Roll-in showers must be incorporated into 40% of these units (but no less than one unit). Mobility units with more than one bathroom must have at least one bathroom with a roll-in shower.
2. At least an additional 2% of the total units (but no less than one unit) must be equipped for hearing and sight-impaired residents.

The same unit cannot be used to satisfy the 5% and 2% requirement.

Preservation of existing affordable housing that cannot be structurally modified to meet accessibility requirements not required by law may request a waiver of DCA requirements.

### **C. Each project selected for allocation is required to retain a DCA-qualified Consultant to monitor the project for accessibility compliance.**

The Consultant cannot be a member of the proposed Project Team nor have an Identify of Interest with any member of the proposed Project Team.

The DCA-qualified Consultant must perform the following:

1. A pre-construction plan and specification review to determine that the proposed property will meet all required accessibility requirements. The Consultant report must be included with the initial construction documents submitted to DCA. At a minimum, the report will include the

initial comments from the Consultant, all documents related to resolution of identified accessibility issues and a certification from the Consultant that the plans appear to meet all accessibility requirements.

2. Provide at least two training sessions to the Architect, General Contractor, Job Superintendent, and a representative of every subcontractor group that will affect accessibility (grading, concrete, framing, electrical, plumbing, sheetrock, and cabinetry) regarding accessibility requirements. One training must be on site.
3. An inspection of the construction site after framing is completed to determine that the property is following the approved plans and specifications as to accessibility. DCA must receive a copy of the report issued by the Consultant as well as documentation that all issues, if any, have been resolved.
4. A final inspection of the property after completion of construction to determine that the property has been constructed in accordance with all accessibility requirements. DCA must receive a copy of the report issued by the Consultant as well as documentation that all issues, if any, have been resolved prior to submission of the project cost certification.

**Reference Documentation:**

- DCA Accessibility Manual

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

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

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

DCA will review the type of construction and associated hard construction costs. Applications for the rehabilitation of a substandard property will not be funded if, in the opinion of DCA: the rehabilitation will not result in improved, safe and decent long-term housing; the proposed rehabilitation does not meet DCA standards; or if new construction would be more appropriate. A similar review of project financial feasibility and economic viability will be conducted for all Applications proposing new construction to ensure that each project's construction hard costs will produce high-quality, cost-effective housing for the targeted tenant market.

### **B. Standard Design Options for All Projects**

Projects must choose from the "Standard Design Options" as detailed below and enter each selection in the Threshold Criteria tab of the Application.

#### **1. Exterior Wall Finishes**

Select and enter in the Application Threshold Criteria tab **one** category from this list:

- a) Exterior wall faces must have an excess of 30% brick or natural or manufactured stone on each of the exterior wall surfaces. This is applicable to all sides of the buildings including the front wall face, each side's wall face and the rear wall face of the buildings. This is NOT applicable to the interior wall faces of open breezeways. On all exterior walls the brick/stone must extend to all areas of grass, landscaping and other areas of soil or mulch.
- b) For the rehabilitation of buildings that are eligible for historic preservation credits, maintain and if necessary replace with matching materials, the existing or original exterior finish surfaces including the front wall face, rear wall face and both side wall faces.
- c) For the rehabilitation of buildings that do not have existing brick or stone in excess of 30% (and are not eligible for historic credits), replace and upgrade the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces with brick, natural or manufactured stone, or a product that provides a 40-year warranty. This is NOT applicable to the interior wall faces of open breezeways.
- d) For single family units, the total building envelope shall have 30% minimum brick or natural or manufactured stone coverage; remaining 70% must be fiber cement siding or other 40-year warranty product.

## **2. Major Building Component Materials and Upgrades**

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

- a) Fiber cement siding or other 30-year warranty product installed on all exterior wall surfaces not already required to be brick. Rehabilitation projects that do not propose adding 30% brick or natural or manufactured stone or maintaining existing 30% brick or natural or manufactured stone are not eligible for this option.
- b) Upgraded "Architectural" shingles with a warranty of 40 years.

## **3. Additional Design Options**

Consideration will be given to additional design options not listed above if proposed by the Applicant prior to the Application Submittal in accordance with Exhibit A DCA Pre-Application and Pre-Award Deadlines and Fee Schedule. Proposals must include a detailed description of the design option and justification of the appropriateness of the option for the targeted population.

### **D. Broadband Access**

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

For purposes of this subsection, high speed means the capability to transmit at a rate of not less than 25 megabits per second in the downstream direction and at least 3 megabits per second in the upstream direction to end users.



## Reference Documentation:

- DCA Architectural Manual, Appendix I: Architectural Standards

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

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### **Overview**

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

- Experience
- Capacity
- Performance
- Compliance History

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

### **A. Certifying Entities**

#### **1. Identifying the Certifying Entity**

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

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

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

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

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

- a) The departing Principal or entity may claim experience earned provided the entity has no Significant Adverse Events or Adverse Conditions at the time of the departure.
- b) The Principal or entity shall receive a compliance score (both point deductions and additions) based on the previous entity’s or Project Team’s performance for a period of three years following departure.

- c) A Principal or entity that has left an entity (or Project Team) and does not want to have a compliance score based on the previous entity's performance cannot use experience gained at that entity to meet qualification requirements.
- d) A Principal or entity that departs from an existing entity (or Project Team) that has experienced a Significant Adverse Event will also be deemed ineligible to participate for the same period of time as the entity as more fully set forth in paragraph E below.

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

**B. Requirements for Capacity (Certifying Entity)**

The proposed Project Team must be financially solvent with the capacity to successfully complete the project, pay all costs associated with the development, and operate the property for the Compliance Period and Extended Use Period.

Any person (individual, corporation, partnership, association), or Principal (officer, director, owner, partner) that is bankrupt, insolvent or in danger of insolvency is ineligible to receive an allocation of Credits under the QAP. DCA may request information including but not limited to credit reports, financial statements, or other documentation relating to a participant's financial status. In making this determination, DCA will also review the portfolio of the Certifying General Partner and the Certifying Developer, or Certifying Principal and consider whether loans are in default, have a high percentage of payables, have high vacancy rates or other solvency issues that might impact the successful development and ownership of the proposed property.

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

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

**C. Requirements for Experience (Certifying Entity)**

The Certifying Entity of the General Partner and Developer must each currently own and operate five (5) or more Successful Tax Credit Projects that were Placed in Service per the 8609s after January 1, 2010, based on the date the last building was Placed in Service. If the certifying General Partner and certifying Developer entities have the same Principal(s), the same projects may be counted to meet this requirement.

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

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

4. Experience of different entities or Principals may not be combined to meet the minimum experience requirements of this section.

A certifying entity that was deemed to meet experience requirements in 2020 is only exempt from submitting documentation of experience for the 2021 round. All other sections—both capacity and compliance—of the performance workbook must be completed. Only those certifying entities that have received a determination letter of “Qualified” in the 2020 round will be deemed to qualify under grandfathering.

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

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

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

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

Examples of adverse circumstances. The following are some, but not all, adverse circumstances that may be considered by DCA:

- a) 8823s that have not been cured within the required cure period.
- b) Pattern of repeated physical findings at Affordable Housing Properties.
- c) Removal or Withdrawal as General Partner or Managing General Partner of a LIHTC property.
- d) History of unpaid subcontractors during development of an affordable housing property.
- e) Significant unpaid receivables for one or more tax credit properties.
- f) Outstanding flags in HUD’s 2530 National Participation system.
- g) Adverse credit history of the entity or Principal.
- h) Mortgage default or arrearage of at least three months in an affordable housing mortgage or loan.
- i) Delay in conversion of a DCA HOME loan from construction to permanent status.
- j) Failure to meet statutory placed in service date requiring a credit exchange.
- k) Failure to meet ten percent test resulting in recapture of credits
- l) Fair Housing findings.
- m) Deferred maintenance, mold, building code violations or other evidence of poor maintenance at affordable housing properties.
- n) Accessibility noncompliance.
- o) Other determination that a property is out of compliance with HOME or tax credit regulations.
- p) Loss of utilities in the property’s common space area or vacant units due to Owner’s failure to make timely payment to utility authority within the last 24 months.

- q) Failure to maintain or operate amenities and services as set out in the tax credit Application and/or LURC or LURA.
- r) Health and safety issues defined as impacting 15% of the total units (minimum of 3), or two or more health and safety issues not cured within the initial cure period and which as identified in the most recent audit.

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

All members of the proposed Project Team (General Partner and Developer) must be substantially compliant with DCA rules, Section 42 program requirements and regulations and HOME Partnership Program requirements and regulations in order to receive funds under the 2021 QAP. This includes payment of all fees due to DCA by Application Submission.

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

**F. Significant Adverse Events**

A significant adverse event is an occurrence of non compliance which cannot be cured, program fraud or misrepresentation or an event which is so significant it impacts the ability of the Project Team to receive funding or an allocation from DCA under this QAP. Project Teams that have a significant adverse event at a HOME or tax credit property during the look back period will not be eligible to submit an Application under this QAP. A determination that a significant adverse event will limit a Project Team’s ability to receive funding under the 2021 Plan is not a punitive measure but is part of DCA’s process to ensure the highest standards of professional conduct and ethical business practices are used by DCA’s recipients and industry partners. It also ensures that DCA selects to fund properties with the most qualified project teams as part of its competitive process. Significant adverse events and look back periods are set forth in the chart below.

<b>Significant Adverse Event</b>	<b>Look Back Period (From Application Submission)</b>
Financial Insolvency or Potential Insolvency of Project Team	Until insolvency is cured and all significant potential liabilities have been resolved
Debarment, proposed debarment, or suspension by a federal agency, state HFA, or quasi-governmental affordable housing program	Until debarment or suspension is lifted.
Uncured Default in a HOME loan. (Formal default letter issued)	Until Cured
Default in a loan which is secured by a tax credit property	Until Cured
Foreclosure of a loan or deed in lieu of foreclosure, which is secured by a tax credit property after the Compliance Period ended and resulting loss of affordability during the Extended Use Period. (Commencing on the entry of the Judgment of Foreclosure).	5 Years

Foreclosure of a loan or deed in lieu of foreclosure, which is secured by a tax credit property before the compliance period ended and resulting loss of affordability during the Compliance period. (Commencing on the entry of the Judgment of Foreclosure or filing of the Deed.) (Major Project Failure)	5 Years
Default in a HOME loan which results in a foreclosure or deed in lieu of foreclosure and removal of the Owner and property retains affordability, (commencing on the entry of the Judgment of foreclosure or filing of the Deed). (Major Project Failure)	8 Years
Failure to meet the federal placed in service deadline for a project that has been awarded tax credits and has met the ten percent test, resulting in the loss or significant recapture of Credits. (Major Project Failure)	8 Years
Project Team Bankruptcy	7 Years
The abandonment and/or closure of a tax credit or HOME funded property. (Major Project Failure)	8 Years
Multiple affordable tax credit housing Major Project Failures (more than one) that lose affordability through foreclosure or recapture	9 Years
Senior Lender loan default or foreclosure which results in the extinguishment of a HOME loan security interest and resulting loss of affordability during the Extended Use Period. (Major Project Failure)	10 Years
Submission of fraudulent information to DCA or any other government entity. (This includes, but is not limited to falsely certifying to any fact in a submitted 9% Application or as a condition of award, and submitting false information in a DCA cost certification.)	10 Years

**G. Waiver Request**

DCA will allow an entity or individual with a Significant Adverse Event, within the look-back period, to submit a request to waive a Significant Adverse Event relating to a Major Project Failure for the 2021 competitive round. The requestor must have a recent history of strong performance in the Tax Credit Program and demonstrate that the event is an isolated incident or an unavoidable event not related to the actions or negligence of the requestor.

This waiver request must be submitted during the Pre-Application Submission and will be considered only if the requestor can demonstrate the following minimum requirements:

- a) The entity or individual developed and currently owns and operates a minimum of ten (10) Successful Tax Credit properties.
- b) The requestor demonstrates a strong performance history and is in material compliance with program regulations in the operation of its affordable housing portfolio.
- c) The requestor has documented its effort(s) to remedy the Significant Adverse Event, including an explanation of why the condition could not be remedied.

Project Team members that have received a waiver per previous QAP requirements may request that the waiver be renewed for purposes of competing in the 2021 competitive round provided no additional adverse conditions have occurred or the original waiver was not withdrawn. Requests for waiver renewal should also be made with the Pre-Application Submission.

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

**Minimum Documents for Waiver Request:**

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

**H. Options for Not Qualified Entities**

**1. Partnering with a Certifying Entity**

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

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

An Applicant that has extensive experience in the tax credit industry but who does not have the requisite Successful tax credit ownership and/or development experience may also be deemed qualified under a probationary designation. An Applicant seeking a probationary designation must show the following:

- a) Evidence of full time employment in the tax credit industry for a minimum period of five (5) years;
- b) Evidence of material participation in the Successful development of at least three (3) Tax Credit projects during that period (Ownership interest is not required);
- c) No participation in adverse development;
- d) Resumes;
- e) Completed release to allow DCA to perform a personal credit check and a criminal background check;
- f) DCA may require evidence of sufficient liquidity to attract syndication either through the assets of the Project Team or through a guarantor; and
- g) Narrative of proposed project and organizational structure.

Projects seeking 4% Credits must have a Certifying Entity that is fully qualified as a developer and a general partner. A probationary participant cannot be the Certifying Entity for a 4% Bond Financed Project.

**I. Required Documents**

*The following documents are required for each Certifying Entity:*

1. DCA Performance Workbook which includes:
2. Performance Questionnaire.
3. Project Narrative.
4. Organizational Chart showing all entities and Principals that are part of the General Partner and Developer entities. This form must be submitted for each Application.
5. DCA Capacity Form. This form must be submitted for each Application.
6. DCA Experience Form. Determinations of Experience will only need to be submitted once for a Certifying Entity.
7. DCA Compliance History Form. Each Compliance History Summary (CHS) form must list all projects in which a Project Team member has participated in the ownership and/or development. If requested by DCA, Applicants must submit a letter from the Syndicator or each relevant state housing finance agency indicating that the relevant Project Team members are in good standing in all developments.
8. Where applicable, a listing of Georgia DCA Affordable Properties for which the Applicant wishes to seek Point Additions in the Compliance Performance Scoring Section of the application. These properties must meet certain criteria detailed in the Compliance Performance Scoring Section of this Application.
9. Performance Workbook Certification Letter.
10. Credit & Criminal Release form, if requested by DCA.
11. Disclosures.
12. IRS Form 8609 or occupancy permit for each project listed as meeting a Certifying Entity's experience requirement.
13. Letter from Syndicator certifying role and interest of the Certifying Entity and/or Principal for each Successful Tax Credit Project used to meet experience requirements.
14. Limited Partnership Agreement that identifies the Certifying Entity's effective control for the proposed project, if the general partnership is a joint venture. The relevant Limited Partnership Agreement for a Successful Tax Credit Project may not be used as a substitute for the letter from the Syndicator to certify role and interest in the project.
15. Applicant certified trailing twelve-month occupancy reports for each of the Successful Projects included on the Applicant's DCA Experience Form.
16. Supporting documentation related to foreclosures, suspension, or debarment by governmental or quasi-governmental entity, as well as any "yes" answers in the performance workbook.

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

17. Performance Questionnaire.
18. DCA Compliance History Form. Each Compliance History Summary (CHS) form must list all projects in which a Project Team member has participated in the ownership and/or development. If requested by DCA, Applicants must submit a letter from the Syndicator or each relevant state housing finance agency indicating that the relevant Project Team members are in good standing in all developments.
19. Performance Workbook Certification Letter.
20. Credit & Criminal Release form, if requested by DCA.

#### **J. Disclosures**

Disclosures for all Project Team Members

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

1. Each Project Team member must include a statement in the Application concerning all criminal convictions, indictments, and pending criminal investigations of all members of the General

Partnership and Development entities and must provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation. DCA may perform a full criminal, employment, and credit investigation of all Project Team Participants to verify credit and criminal history.

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

## **XXI. ELIGIBILITY FOR CREDIT UNDER THE RAD SET ASIDE**

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Applications must meet both of the following requirements to be eligible under the RAD set aside:

- At least 50% of units in the proposed development must maintain existing project-based rental assistance or project-based operating subsidies through a program administered by HUD.
- The proposed development must be approved by HUD to proceed with a RAD conversion.

### **Minimum Documentation:**

- Direct evidence that HUD has provided initial approval for the RAD conversion through a Commitment to enter into a Housing Assistance Payment (CHAP)
- Direct evidence of HUD rental assistance or operating subsidies to be provided for the property



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

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

- A. The organization must be a qualified non-profit, defined as a 501(c)(3) or 501(c)(4) organization, which is not affiliated with or controlled by a for-profit organization and has included the fostering of low-income housing as one of its tax-exempt purposes.
- B. The qualified non-profit(s) must materially participate (as described in IRC Section 469(h)) in the development and operation of the project throughout the Compliance Period.
- C. The qualified non-profit(s) must own at least 51% of the General Partner's interest in the proposed project and be the managing General Partner of the Ownership entity.
- D. For purposes of this set aside, the term "qualified non-profit" includes any corporation if 100 percent of the stock of such corporation is held by one or more qualified non-profit organizations at all times during the period such corporation is in existence.
- E. The non-profit must receive a percentage of the Developer Fee greater than or equal to its percentage of its ownership interest except this does not apply to a DCA-certified CHDO which must own 100% of the General Partnership entity.
- F. A copy of the General Partnership joint venture agreement or General Partnership operating agreement that provides the non-profit's General Partnership interest and the Developer Fee amount must be included in the Application, if the General Partnership is a joint venture.
- G. Non-profit organizations applying for Credit under the non-profit set aside must include in the Application an opinion of a third party attorney who specializes in tax law on the non-profit's current federal tax exempt qualification status. If such an opinion has been previously obtained, this requirement may be satisfied by submitting the opinion with documentation demonstrating that the non-profit's bylaws have not changed since the legal opinion was issued.

### **Minimum Documentation:**

- An opinion of a third party attorney who specializes in tax law on the non-profit's current federal tax exempt qualification status (if such an opinion has been previously obtained, this requirement may be satisfied by submitting the opinion with documentation demonstrating that the non-profit's bylaws have not changed since the legal opinion was issued).
- If joint venture, copy of Agreement confirming interest and Developer Fee.

## **XXIII. ELIGIBILITY FOR HOME LOANS UNDER THE CHDO SET ASIDE**

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Projects applying under the CHDO set aside must have been pre-qualified by DCA as CHDOs which have the capacity to own and/or develop multifamily housing. CHDOs must have been granted a HOME consent.

The final 2013 HOME Rule contains new requirements for awarding HOME funds to CHDO Applicants. The most significant changes include the requirement that CHDOs demonstrate capacity to own and develop multifamily housing including evidence that the CHDO has staff with development and ownership experience relevant to the role of the CHDO as owner, developer, or sponsor paid directly by the CHDO. All provisions in the 2013 HOME Rule should be reviewed in detail by the Applicant contemplating the use of HOME funds.

For scattered site projects, the eligibility for HOME CHDO set aside requirements must be met by the project as a whole.

#### Minimum Documentation:

- CHDO pre-qualification from DCA

### XXIV. REQUIRED LEGAL OPINIONS

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- A. A legal opinion regarding the acquisition Credit eligibility is required for projects involving acquisition and rehabilitation. If the project previously received Credits, the legal opinion must include sufficient documentation for DCA to confirm that the Compliance Period has ended.
- B. A legal opinion regarding Credit eligibility is required for projects operated as assisted living facilities.
- C. Non-profit organizations applying for Credit under the Non-profit set aside must include in the Application an opinion of a third party attorney who specializes in tax law on the non-profit's current federal tax exempt qualification status. If such an opinion has been obtained in the previous three (3) years from Application Submission, this requirement may be satisfied by submitting the opinion with documentation demonstrating that the non-profit's bylaws have not changed since the legal opinion was issued.
- D. A legal opinion is required for those projects involving scattered site developments. The legal opinion should address the proposed site plan and its determination as a Scattered Site as defined in Section 42(g)(7) of the Code and this QAP.

All legal opinions must state that the third party attorney reviewed all relevant documentation to render the opinion and that DCA may rely on the opinion.

For scattered site projects, the non-contiguous parcel for which this criterion is applicable must meet the legal opinion requirements.

### XXV. OCCUPIED DEVELOPMENTS

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All proposed developments with occupants on-site since the earlier of pre-application, three months prior to Application Submission, and application for federal funds (if applicable) must meet the requirements of both A and B below. Proposed developments with businesses, farms, or non-profits see Relocation Manual for applicability.

#### A. Relocation and Displacement of Tenants

Applicants must submit a DCA relocation survey specifically addressing the development history and occupancy of the proposed project, regardless of occupancy type. **Failure to complete and submit the survey with the Application submission will result in a Threshold failure.**

The Application must include a detailed relocation/displacement plan, which sets forth the specifics of the relocation/displacement, including a projected budget, and an explanation of efforts by the Applicant (including underwriting) to mitigate the impact of the relocation/displacement. Any relocation or displacement of tenants will require DCA's approval. DCA will also review the development budget to ensure that sufficient costs have been included for relocation expenditures. **For 9% Applications, DCA will not allow permanent displacement of tenants unless a waiver is obtained.** 9% Applicants that foresee permanent displacement must submit a waiver request at pre-application.

The Applicant must provide advisory services for existing tenants. This may be done by a third party. Third parties could include a non-profit, advocacy group, relocation specialist or Local Government. Evidence of tenant eligibility must be submitted with the Application for every unit in each building that has an existing tenant. The Applicant is responsible for the accuracy of the information on the data forms.

The plan must detail projected start and end dates and construction phasing (if applicable), including projected start and end dates for each phase and when work will be performed on each unit. Applicant must identify which units will require relocation for 12 months or more and which units require relocation for less than 12 months.

Applications for DCA-administered federal funds (HOME, NHTF, CDBG-DR) will be accepted only with a relocation plan (including a sufficient budget) that, according to DCA, meets the requirements of the Uniform Relocation Act and any other applicable laws. DCA HOME Loan draws must not be used to finance the relocation costs. Applicants applying for Credits must disclose other federal funding sources (HOME, USDA 515, etc.) which may trigger URA or 104D requirements.

RAD Applications must provide a relocation plan and supporting documentation as applicable, that, in the opinion of DCA, meets the RAD requirements.

A copy of all documents relating to non-DCA requirements must be included with the application.

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

Applicants must include all documentation required in the DCA Relocation Manual at the time of Application. Required forms are provided on the DCA website.

Applicants who are prevented from providing required documentation due to extenuating circumstances must notify DCA in writing of such circumstances.

**Reference Documentation:**

- DCA Relocation Manual

**Minimum Documentation:**

- Relocation Survey
- Evidence of tenant eligibility:
  - Resyndications: Tenant Income Certifications
  - HUD subsidized properties: Form 50058 or completed and executed DCA Household Data Forms
  - Naturally occurring affordable multifamily, single family, mobile homes, and other residential: Completed and executed tenant household data forms
  - Businesses, farms, non-profits: see manual for applicability
- Evidence of General Information Notice distribution
- Relocation/Displacement Plan and budget
- Relocation/Displacement Project Spreadsheet
- Rent rolls for most recent three months
- Any additional documents as required in the DCA Relocation Manual

## **B. Resident Feedback on Existing Subsidized Housing**

This section is required for subsidized housing, including but not limited to developments in resyndication, that received DCA loans, with PBRA, and Public Housing Authorities (PHA) housing.

All Applicants for 4% and 9% Credits must indicate a commitment to accept DCA-led resident engagement. This paragraph does not constitute a commitment that DCA will seek resident feedback at all proposed developments with current occupants. However, if DCA chooses to conduct resident engagement at a proposed development, the Applicant will accept DCA-led resident engagement. By agreeing to this provision, the Applicant agrees to conditions set forth in the resident engagement process by DCA.

Resident engagement may include surveying current tenants and holding one or more tenant meetings about desired amenities, services, management and maintenance, and the physical building, and sharing the tenant input with DCA to determine whether the desired changes are feasible and practical to include in development plans.

### **Reference Documentation:**

- DCA Relocation Manual

## **XXVI. AFFIRMATIVELY FURTHERING FAIR HOUSING**

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It is the policy of the Georgia Department of Community Affairs to administer the Housing Tax Credit Program affirmatively, as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, sex, disability, familial status or national origin. All Applicants shall implement affirmative fair housing marketing policies in soliciting residents and outreaching to underserved populations and those least likely to apply to reside in completed tax credit units.

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

- A. HUD Affirmative Fair Housing Marketing Plan (AFHMP) – Multifamily Housing Form (HUD-935.2A) with completed worksheets and supportive documentation
- B. A comprehensive documented marketing strategy to affirmatively market and attract individuals least likely to apply, including persons with disabilities and the homeless. This strategy should include:
  - Goals, outcomes and action steps to thoroughly market to target populations and to establish and maintain relationships between the management agent and all community partners noted in the marketing strategy.
  - The progress assessment plan from the Evaluation of Marketing Activities section noted in the HUD-935.2A form.
  - Examples of outreach efforts (i.e. letters, meeting dates, events, etc.) to each service provider, homeless shelter and/or local disability advocacy organization in the county in

which the proposed development is located. Be sure all marketing efforts include the Fair Housing and Accessibility logos, slogan and/or statement.

- Examples of all marketing materials distributed to underserved populations 2-4 months prior to occupancy (i.e. tear sheets with dates from newspapers and magazines, copies of ads on a website, pictures of signs on the property, etc.).
- C. A formal documented strategy and outreach examples for individuals with Limited English Proficiency (LEP) for languages identified as being prevalent in the surrounding market area. Please note: Counties and Cities required to expand their marketing to include additional languages will be listed on the QAP Website.
- D. Formal documented referral and screening process that will be used to refer residents to the development, the screening criteria that will be used, and reasonable accommodations that will be made to facilitate the admittance of persons with disabilities or the homeless.
- E. A list of the public locations in and near the community where the development will be located, including at least one that has night hours, where applications for affordable units shall be made available.

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

## **XXVII. OPTIMAL UTILIZATION OF RESOURCES**

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DCA is required to take any actions necessary or convenient to ensure the complete, effective, efficient, and lawful allocation and utilization of the Housing Tax Credit Program. It will not select projects that will result in a waste of DCA resources, have an inferior project design or site, or which result in the unjust enrichment of a Project Team or its member(s). DCA will also not select Applications where a Project Team member has made conditional promises or financial commitments to a Local Government in order to obtain support. DCA may request additional documents or explanations in order to clarify or confirm information required for the appropriate analysis of the proposed property.

Examples of factors that will be considered include, but are not limited to:

- A. Property acquisition and rehabilitation cost versus the cost to demolish and build a similar property in the same market area.
- B. Ratio of acquisition costs versus rehab hard costs.
- C. Work scope for rehabs.
- D. DCA resources allocated to develop each unit.
- E. Effectiveness and aesthetics versus the cost of a mitigation plan.
- F. Efficient and marketable use of the site, considering size and layout, to accommodate the number and type of units and amenities proposed.
- G. Undue enrichment of any Project Participant or contractor particularly where there are Identities of Interest.
- H. Impact on affordable housing stock.
- I. Other uses proximate to the site.
- J. Market information generated by or available to DCA.
- K. Property is already affordable and not a priority for receipt of resources
- L. Transaction appears to be primarily driven by the transfer of the property
- M. Per unit costs not reasonable.
- N. Excessive soft costs.

- O. Oversized units.
- P. Number of bedrooms high for proposed market.
- Q. High acreage.
- R. Other factors which are contrary to the policies and objectives of DCA.
- S. Applications that misrepresent sources of funds or attempt to conceal pertinent facts related to the proposed project.

## Exhibit A to Appendix I

### DCA UNDERWRITING POLICIES

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1. **Annual Operating Expenses.** Annual budgeted operating expenses must be reasonable, excluding reserve contributions.
  - a) *Minimums.* Annual budgeted operating expenses must be no less than the following:
    - i. \$5,000 per unit for projects within the City of Atlanta,
    - ii. \$4,500 per unit for projects located in a Metropolitan Statistical Area (MSA) other than the City of Atlanta,
    - iii. \$3,750 per unit for Rural projects in an MSA
    - iv. \$3,250 per unit for non-MSA Rural projects, and
    - v. DCA will determine the reasonableness of the budgeted operating expenses for developments that include 515 USDA loans on a deal by deal basis.
  - b) *Waiver Requests.* Applicants will not be allowed to decrease annual operating expenses after submission of an Application. Requests for a waiver of the minimum operating expense must be submitted at the Pre-Application deadline and will only be considered with the following minimum documentation:
    - i. Documentation from the real estate taxing authority of its methodology for determining real estate taxes, and an estimate for the subject project.
    - ii. For rehabs: detailed historic operating statements (must break out income, vacancy, other income, utilities, taxes, administration/payroll, maintenance, and insurance) from the proposed rehab project for the most recent 2 years. Audited statements must be provided, if available.
    - iii. For new construction: audited operating statements (must break out income, vacancy, other income, utilities, taxes, administration/payroll, maintenance, and insurance) for at least two (2) other projects located in similar areas of the state, with similar characteristics (Affordable, tenancy, building type) for the most recent 12-month period of stabilized operations. Please include the number of units. If comparable projects are not available in the same tax district, an adjustment for real estate tax expense will be made.
    - iv. Rent projections must be at least 10% below the lower of market or tax credit maximum allowable limits.
2. **Applicable Credit Percentage.** For 9% projects, the applicable credit percentage rate will be the first business day of the full month preceding the Application Submission. For 4% projects, the applicable credit percentage will be the most current applicable credit percentage.
3. **Assumptions for Building/Land Cost.** For purposes of underwriting, the building/land cost must be limited to the lesser of the sales price or the appraised value of the building(s) and/or land. Previous sales price as well as valuations may be considered. This applies to both the building/land cost and building eligible basis.
4. **Builder Cost Limitations (Contractor Services).** Builder Profit is limited to a maximum of 6% of the subtotal of Land Improvements & Structures (on Core Application. Part IV – Uses of Funds). Builder Overhead is limited to a maximum of 2% of the subtotal of Land Improvements & Structures. General Requirements is limited to a maximum of 6% of the

subtotal of Land Improvements & Structures. These limits apply to both development costs and eligible basis, at Application and at Final Allocation.

- a) **General Requirements are defined as job overhead and cover project-specific overhead expenses. This typically includes:**
- i. Supervision and job-site engineering;
  - ii. On-site job office expenses directly related to the project;
  - iii. Temporary buildings, tool sheds, shops, and toilets;
  - iv. Temporary heat, water, light and power for construction;
  - v. Temporary walkways, fences, roads, siding and docking facilities, sidewalk and street rental;
  - vi. Construction equipment rental not included in trade item costs;
  - vii. Clean-up and disposal of construction debris;
  - viii. Medical and first aid supplies and temporary facilities;
  - ix. General Liability and Builder's Risk Insurance.
- b) **General Requirements do not include the following:**
- i. Payment and performance bonds, letter of credit fees, and fees associated with obtaining a construction loan in lieu of payment and performance bond or letter of credit;
  - ii. Site and topographic surveys;
  - iii. Subsurface exploration (test borings);
  - iv. Soil tests, concrete tests, and other construction testing;
  - v. Fees for utility taps and connections;
  - vi. Building permits and licenses;
  - vii. General Contractor's cost certification audit fee.

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

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

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

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

The construction contingency is meant to cover unforeseen circumstances encountered during construction. In the absence of unforeseen circumstances, a change order may cover the following costs:

- a) Amenities designed to enhance the quality of life of the residents
- b) Amenities that provide security such as lighting, fencing, and life safety monitoring systems
- c) Product upgrades that increase durability and decrease maintenance costs
- d) Product upgrades or scope additions that increase energy efficiency and decrease operational costs



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

**7. Debt Coverage Ratio (DCR).** As part of its financial feasibility analysis, DCA will require that developments with debt meet, at a minimum, a 1.20 debt coverage ratio for each year of the Compliance Period for new construction and 1.25 for developments involving rehabilitation. For purposes of determining the debt coverage ratio, deferred Developer Fee will not be considered debt. Amounts set aside in a reserve funded in one year may not be withdrawn and treated as a gross receipt in a subsequent year to satisfy the debt service coverage ratio in the subsequent year. Amounts received in one year that exceed the debt service coverage target for that year will not be credited to another year. For purposes of this test, each year will stand alone. The debt coverage ratio cannot drop below 1.20 for new construction and 1.25 for rehabilitation during the 15-year Compliance Period for a tax credit only property and 20 years for new construction properties with a DCA HOME loan. All developments with debt must meet DCA's debt coverage ratio requirement and have a minimum Effective Gross Income to Total Annual Expenses (including reserve for replacement) ratio of 1.10 for new construction and 1.15 for developments involving rehabilitation. DCA will review each development carefully to determine whether a development is over subsidized and whether the amount of HOME funds and/or credits is the best use of DCA resources. DCA reserves the right to reduce credit allocations to Applications that have high DCRs and has enough cash flow to support debt. DCA will scrutinize Applications with DCRs exceeding 1.50 in Metro Pool areas and 1.40 in Rural areas. DCA does recognize that Rural deals will typically have higher debt coverage at the beginning of the Compliance Period in order to remain feasible over the 15 years. Documentation to support these higher debt coverage ratios should be provided.

DCA may waive its minimum debt coverage ratio for USDA 515 developments that clearly demonstrate feasibility, or reduce it to match other government program funding requirements provided that confirmation from the agency of the required DCR is included in their funding commitment.

Deals with no hard debt are allowed, but will be subject to additional scrutiny from DCA. Developments submitted with no hard debt will not have a DCR but will be required to undergo a subsidy layering review. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.10 for new construction and 1.15 for developments involving rehabilitation is the minimum required to be considered feasible by DCA in Years 1-15. This may also apply to government funded debt with a commitment that specifically defers repayment beyond the compliance period (or the term of the HOME loan), or where no cash flow repayment is required if unavailable is specified in the commitment. If hard-debt is scheduled to be repaid prior to the end of the Compliance Period, the years remaining in the Compliance Period where there is no debt repayment are subject to the Effective Gross Income to Total Annual Expense minimum ratios.

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

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

development costs be reviewed by a third party consultant approved by DCA as a condition of funding.

**9. Developer Fee.** The sum of the Developer’s overhead and Developer’s profit. Consulting fees and guarantor fees are also considered part of the total Developer Fee calculation. The developer fee cannot be increased after Application Submission.

**10. Developer Fee Amounts.** Developer fee awards will be set on a per-unit basis as follows :

<b>Development type</b>	<b>Developer fee per unit</b>
<i>9% Applications</i> First 50 units Units 51-70 Units 71 or greater	 \$25,000 \$20,000 \$15,000
<i>4% Applications</i> First 100 units Units 101-130 Units 131 or greater	 \$20,500 \$18,500 \$14,000

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

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

Deferred Developer Fee must be payable within the fifteen (15) year compliance period from available cash flow. The deferred portion cannot exceed 50% of the total amount of Developer Fee at initial application.

The maximum allowable Developer fee includes Consultants’ fees for each project. DCA will allow a limited exception and not include Consultant fees for the purpose of obtaining green building certifications in the Developer fee calculation.

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

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

**11. Distribution across Unit / Bedroom Sizes.**

a) *Rent.* Projects with a multi-tiered rent structure must distribute the rents across unit sizes, unit types and buildings. These units need not be fixed, but may float in the same way high

HOME rent and low HOME rent units may float within a project so long as the units and interior amenities are comparable.

- b) *Accessibility.* To the maximum extent feasible, accessible units must be distributed across unit sizes, unit types and buildings so as not to limit choice.

## **12. Identity of Interest.**

**Subcontractor / Materialmen.** Any Identity of Interest between any Project Participant or General Contractor and any subcontractors, other provider of service, materials, or supplies must be disclosed. Additional scrutiny will be given to subcontractor/materialmen costs where there is an Identity of Interest.

**Lenders.** If there is an Identity of Interest between any Project Participant and construction/permanent lenders, such financial structure requires financing terms and conditions which are reasonable, customary and consistent with industry standards.

**Land/Building Purchase.** For Applications where there is an Identity of Interest between the buyer and the seller for any site within the project, an appraisal no more than 6 months old and prepared by a certified appraiser must be submitted with the Application as a basis for the determination of the appropriate sales price. The appraisal must be prepared in accordance with DCA Appraisal Guide, meet USPAP standards, and must provide separate valuations for the land and existing buildings.

DCA will carefully scrutinize the sales price of land between related parties to ensure that the value has not been inflated. While the appraisal will be an indication of fair market value, DCA will consider tax values as well as actual sales price established as indicative of the value of a property. (All property values shall associate a land value as well as a value for the improvements.)

Properties which have been in the control of the Applicant or a related party for a period of three (3) years or less from Application Submission will generally be valued at the acquisition cost at the time the related party obtained initial site control. Properties that have been rezoned, subdivided or modified will not be deemed to be of higher value based on the actions taken by the Owner/ Applicant or any related party.

- 13. Local Government Fees.** The development budget must include all **documented** water tap, sewer tap, impact and building permit fees. **(These local government fees cannot be part of General Requirements.)** Applicants that include fees that are not required by the local government at the time of application will be subject to a loss of points.
- 14. Management Fee.** The operating budget should specify a reasonable management fee. A management fee is required for all projects. DCA will review carefully the terms of the management agreement if the property is self-managed or if there is a related party relationship between the Owner/Developer and the Management Company. DCA reserves the right to limit or adjust management fees which appear to be excessive or which appear to be below market. In order to ensure that Management fees are competitive and drive by the market, fee sharing is not allowed.
- 15. Operating Deficit Reserve.** All developments must budget for and fund operating deficit reserves. The funding of the operating deficit reserve must be completed at or before

Conversion. The operating deficit reserve must be held for the Compliance Period. For underwriting purposes, DCA will generally use six months of operating expenses plus six months of debt service. However, DCA reserves the right to evaluate the reasonableness of the proposed amount and may make appropriate adjustments.

**16. Permanent Debt Financing.** Permanent debt financing shall have a minimum term of 10 years.

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

If DCA determines that continued volatility in the market makes the interest rate expressed in the preliminary commitment submitted at Application Submission unreasonable, DCA may request that the proposed lender provide an updated interest rate during Application review.

**18. Rehabilitation Hard Costs.** Average “dwelling unit” per unit rehabilitation hard costs must equal or exceed \$25,000. See Architectural Manual Rehabilitation Guide for further guidance.

**19. Rent-Up Reserves.** A reasonable rent-up reserve (excluding marketing costs) is required for all projects based on the estimated projected lease up deficit. Absent information to the contrary, DCA will assume that three months of projected operating expenses constitutes a reasonable reserve. After lease-up, any funds remaining in this reserve will be transferred to the ODR or will be utilized to pay any deferred Developer Fee.

**20. Replacement Reserve.** A Replacement Reserve based on a Replacement Plan, is required for all projects awarded funding under the Plan and must be included in the operating budget. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the longer of the term of the HOME loan, Period of Affordability or the Compliance Period in accordance with the Replacement Plan. The following **minimum** contributions must be used:

- |                                   |                         |
|-----------------------------------|-------------------------|
| (a) Rehabilitation:               | \$350 per unit per year |
| (b) New Construction:             | \$250 per unit per year |
| (c) Single Family Units/Duplexes: | \$420 per unit per year |
| (d) Historic Rehabilitation       | \$420 per unit per year |

Replacement Reserve funds may be used only for Capital Improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by Lenders should be approved by DCA.

Replacement Reserves must escalate at a rate of 3% per year. If the Replacement Plan indicates that an amount greater than the minimum reserve outlined above is necessary, then this greater amount will be required and must be escalated at a rate of 3% per year. For Rehabilitation Projects, the physical needs assessment will also be reviewed in determining whether sufficient reserves have been established. DCA will adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures, and will continue to do so during the term of the DCA funding, if necessary.

**21. Revenue, Vacancy, and Expense Trends.** Revenue should be trended at 2% per year, operating expenses at 3%. Vacancy and collection loss will be underwritten at the higher of 7% or a percentage that DCA determines is appropriate based on market and historical information for the proposed project area.

**22. Soft Cost Contingency.** “Soft cost” or “total project” contingency, over and above the allowed construction contingency, will not be permitted as a budgeted line item.

**23. State Tax Credit.** DCA will not allocate state tax credits to a project that shows a price less than the reasonable fair market price for credits.

**ADDITIONAL DCA POLICIES RELATED TO THE FUNDING  
OF DCA HOME LOANS  
DCA Underwriting Process**

**Overview of DCA HOME Underwriting Process**

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

**HOME Underwriting Policies**

- 1. Assumptions for Land Purchase.** Once a project has been selected and the appraisal received, the building cost assumed for acquisition of land and existing buildings will be limited to the lesser of the sales price or the appraised “as-is” value.
- 2. Contractor Change Orders.** All changes to the approved scope of work and/or construction contract must be approved by DCA in advance of proceeding with the work.
- 3. Construction Commencement.** All HOME projects must be able to commence construction within nine (9) months of the preliminary award letter.
- 4. Construction Contingency.** Any unused balance in the construction contingency at the time of Conversion must be used to reduce the principal amount of the HOME Loan or the senior lender loan as appropriate.

5. **Construction Hard Cost Financing.** HOME Loan funds must be used to finance construction hard costs (site development, unit/building construction), and Contractor Services (General Requirements (exclusive of payment and performance bonds), Builders Overhead and Builder's Profit). Soft costs, acquisition costs and other project costs must be financed by other financing sources unless expressly approved by DCA.
6. **Construction Loan Recourse.** All construction loans will be full recourse against the borrower and/or the Principals of the ownership entity until Conversion. DCA may require that one or more Principals of the Owner or Developer entities also guarantee the completion of construction and payment of the HOME Loan until Conversion.
7. **Conversion.** Projects receiving HOME Loans must be scheduled to convert within twenty-four (24) months of the HOME construction loan closing.
8. **Developer Fee Disbursement Limitations.** The maximum amount of the Developer's and Consultant's Fee (if applicable) that can be drawn before Project Completion must not exceed the total Developer Fee requested less any portion being deferred times 50%. None of the Developer's profit will be disbursed until Conversion. These disbursement conditions will be reflected in the HOME Loan documents and in an agreement with any other funding source(s) that will be funding these line items.
9. **Draws.** HOME Construction Loan proceeds will be disbursed on a draw basis during the construction period. The HOME loan documents will describe the policies and procedures for obtaining a draw. If applicable, HOME and TCAP funds will be drawn in equal amounts during the period of construction.
10. **Fixed or Floating Unit Designation.** When HOME assisted units are "fixed", those units are subject to specific HOME rent and occupancy requirements and will never change. When HOME assisted units are "floating", the units that are designated as 50% or 60% AMI units may change over time as long as the total number of those units in the project remains constant. If the Applicant fails to make such an election at the time of loan commitment, it will be deemed that the Applicant has elected to treat the HOME assisted units as "floating". This will be reflected in the closing documents.
11. **General Contractor.** DCA must approve the General Contractor prior to commencing work on any HOME project. The General Contractor for all DCA construction projects must be properly licensed in the State of Georgia and must not be on the HUD debarment list.

Request for approval of a General Contractor shall include the following:

- a) A resume on the General Contractor's Construction Experience that demonstrates a history of having performed work of the scope and type required for the development (low income housing, tax credit, multifamily, number of projects, number of units, location of projects, capacity of involvement);
- b) Three (3) letters of reference with contact information (name, address, email, phone and facsimile numbers);
- c) Affidavit that the Contractor is not on the U.S. Department of Housing and Urban Development (HUD) list of contractors debarred or not approvable for prior noncompliance with HUD or DCA requirements;
- d) A statement as to whether the General Contractor has any lawsuits pending, has ever declared bankruptcy or has any pending unresolved claims;

- e) A statement as to whether the General Contractor has been bonded within the last three (3) years; if bonded, include amount and by what entity.
- f) The General Contractor's Schedule of Work in Progress which details current projects under construction and estimated timeline for completion;
- g) General Contractor's Estimate of Construction Time for the project;
- h) Evidence of the extent to which the General Contractor is bondable.
- i) A complete AIA A305 General Contractor Qualification statement;
- j) Evidence that the General Contractor carries Comprehensive General Liability and Worker's Compensation insurance in the amounts specified in the Construction Contract or the DCA Insurance Manual, whichever is the most restrictive.
- k) A statement identifying all identities of interest with Project Participants and subcontractors/vendors where the value of the work subcontracted or purchased is expected to exceed \$50,000.
- l) A copy of General Contractor's license shall be submitted with the Contractor Qualification Package along with evidence of insurance that meet the State of Georgia minimum requirements.

**12. Guarantees.** Guarantees will be required by the Developer entity as well as the individual Principals of that entity for the period from the loan closing until conversion.

**13. Intercreditor Agreements.** When GHFA is not the only construction lender on a project, an intercreditor agreement shall be executed with the other lenders to ensure DCA's required involvement in all significant aspects of the administration of the construction loans. At a minimum, the intercreditor agreement will contain at least the following essential elements:

- a) A development cost budget approved by all lenders indicating the source(s) of funding for each line item;
- b) A process and timetable for reviewing and approving change orders to the construction contract;
- c) A process and timetable for reviewing and approving draw requests, including site inspection and documentation standards;
- d) A process and timetable for amending the approved development cost budget;
- e) Limitations on disbursements for Developer Fee (Owner's profit and risk) and Consultant fees; and,
- f) Priority of each lender's interest in the collateral for the loans.

**14. Loan Documents.** Written agreements shall be entered into between GHFA and the borrower evidencing, securing, and setting forth all of the terms and conditions of the HOME Loan. The Project Owner will also be required to execute all other closing or loan documents DCA deems necessary or desirable to document the HOME Loan satisfactorily.

**15. Loan Terms.** The principal amount of the HOME construction loan and HOME permanent loan for a project will be the same. No interest will be charged during the construction loan period. The interest rate on the permanent loan is generally no less than 1% for the full loan term. Construction loan terms will be based upon the projected construction and lease-up schedule, as determined from the Application and DCA's underwriting. In general, permanent HOME Loans will be fully amortizing, with maturity and amortization periods ranging from 20 to 35 years. TCAP construction loan terms will mirror DCA HOME construction loans and will be repaid to DCA in full by other sources at the time of loan conversion. (See DCA Loan Product term sheets for additional information on loan terms.)



- 16. Non-Fully Amortizing Loans.** Non-fully amortizing Balloon Loans are available for projects in Rural areas. In such cases the term will be set by DCA with monthly principal and interest payments determined by DCA's underwriting projections and a balloon payment due at maturity. In the case of non-fully amortizing HOME Loans, the outstanding interest and a portion of the principal must be paid every year (no negative amortization).
- 17. Excess Cash Flow Reserve.** For all permanent non-fully amortizing Rural HOME Loans, in which the monthly installments of principal and interest are not sufficient to pay the HOME Loan in full over the loan term the borrower will deposit one-half of the cash flow from the project (after payment of all debt service, approved deferred developer fee payments and investor asset management fees) into an interest bearing reserve account. The holder of the reserve account and the terms under which it will be held must be approved by DCA. Third party 'cash flow' loans secured by the project will be repaid from cash flow remaining after the annual deposit to DCA's HOME cash flow reserve. Funds held in the reserve account will be used only for principal reduction of the HOME Loan and will be credited towards the HOME Loan balance on an annual basis.
- 18. Owner/Developer Financial and Credit Qualifications.** The financial status and capacity of the owner and/or developer as well as their current credit rating will be reviewed by DCA at the time of underwriting. The results of these analyses may indicate the requirement for additional guarantors and/or partners, reserve accounts, and/or repayment term adjustments. Additional review of capacity based on staffing may be required in accordance with the 2013 HOME Rule.
- 19. Operating Deficit Reserve.** The operating deficit reserve for HOME loans must be held by DCA or the senior lender and must remain in place for the term of the HOME Loan or the Period of Affordability, whichever is longer. All withdrawals from the operating deficit reserve must be requested in writing and approved in advance by DCA. Interest earned on the operating deficit reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions.
- 20. Over-Income Resident Restrictions.** When DCA HOME Loans are used, additional over-income restrictions shall apply. Upon re-certification of a previously eligible resident, if it is determined that the resident's income exceeds 60% of AMI, then the resident's rent must be increased to the lesser of: 30% of the resident's adjusted annual income, HUD's fair market rent limitations, or the maximum amount allowable by the Code, not to exceed limitations set by state or local laws (if any) or to be decreased under the established rent floor.
- 21. Owner-Contractor Agreements.** If the Owner is not also the General Contractor, all developments financed in whole or in part with a HOME Loan for construction must use an AIA Standard Form Agreement between Owner and contractor, with Standard Form Terms and Conditions. The contract can either be stipulated sum or cost plus a fee with a maximum.
- 22. Partnership Agreements.** The partnership agreement and any amendments must be fully executed prior to the HOME Loan closing. The Partnership Agreement and any amendments must reflect the terms of the HOME Loan transaction on all material points. If the Owner is a limited liability company, an operating agreement in a form satisfactory to DCA must be fully executed before the HOME Loan closing. After the HOME Loan closing, the partnership agreement or the operating agreement (as the case may be) may not be further amended without GHFA's prior approval.

**23. Payment and Performance Bonds.** A 100% payment and performance bond will be required for all developments funded with HOME Loans. The issuer of the bonds and the terms of the bonds must be approved by DCA. When an Identity of Interest exists and the contractor cannot obtain a payment and performance bond, a waiver of the requirement for payment and performance bonds may be granted. A waiver will not be considered unless:

- a) The Owner agrees to provide a construction completion guaranty and payment guarantee, secured by a letter of credit from a federally-insured institution with a value of at least 50% of the total construction cost, including profit and overhead.
- b) Refinancing. DCA HOME loans cannot be used to refinance or payoff an existing loan. Proceeds from permanent HOME loans can be used to pay off construction, bridge and predevelopment loans provided that the HOME assistance is part of the original financing package.

**24. Replacement Reserve Withdrawals.** All withdrawals from the Replacement Reserve account must be approved by DCA in advance. If the replacement reserve is held by the senior lender, the account must be maintained in an FDIC-insured financial institution. Interest earned on the Replacement Reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions. Replacement Reserves are to be used only for capital expenditures and not to handle operating deficits. Requests for replacement reserve withdrawals must be made within 90 days of the capital expenditure. "Capital Improvements or Capital Expenditures" mean substantial improvements or expenditures for substantial improvements to the real estate, for items such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings. Capital Improvements do not include replacement of individual appliances or minor repairs.

## **25. Construction Draws and Retainage**

- a) Construction Draws:
  - i. Construction draws must be drawn as set forth in the Loan documents.
  - ii. Draws of HOME loan proceeds may be submitted no more frequently than monthly, or less frequent than quarterly.
  - iii. Draws from other sources and any change order requests must be submitted monthly concurrent with the request to other sources and prior to any work related to the change order request.
  - iv. In no case may more than ten (10) months elapse between disbursements of HOME funds.

- b) Retainage:

The loan agreement between the Project Owner and GHFA will provide that GHFA will retain the greater of 5% of the original GC contract amount until the conditions of the final draw are met.

In addition, the contractor is required to show retainage on the AIA G702/703 as follows: If the project completion is 0-50.0% of the General Contractor's contract sum, the AIA G702/703 must show at least 10% retainage on the current month's work completed to date. If the project completion is 50.1-100% of the General Contractor's contract sum, the AIA G702/703 must show at least 5% retainage on the entire contract sum. The construction contract must provide and the contractor must acknowledge that GHFA has the right to withhold such retainage and that the retainage will not be disbursed until full and final completion of the construction and all conditions of the final draw are met.

- 26. Loan Modifications.** DCA recognizes that affordable housing properties may involve greater financial risk than market rate properties. To mitigate this increased financial risk and meet the requirement of maintaining the property as safe, decent affordable property, DCA will consider loan modifications during the course of the HOME Loan for projects which have suffered a demonstrated major economic impact as a result of a change in circumstances or other extenuating circumstances beyond the control of the owner. The loan modification may be structured to allow the Owners to maintain Ownership and control of the property and to continue providing affordable housing to the extent it is needed in the community.
- 27. Stored Materials.** HOME funds will not be used to fund the cost of stored materials without the prior consent of DCA. Stored materials are considered to be materials that will not be incorporated into the construction within the subsequent thirty (30) days from the date of any draw request.
- 28. Subsidy Layering Review.** DCA will perform subsidy-layering analysis for HOME funded projects prior to the time of preliminary commitment for projects receiving tax credits from the state's Housing Credit allocation. In cases where the results of a DCA subsidy layering review indicates that there would be excess assistance, DCA will reduce the amount of the HOME loan to eliminate the excess. A subsidy layering review is also conducted during HOME loan underwriting prior to the closing of the HOME loan. In addition, if applicable, DCA will perform a subsidy layering review for HOME prior to issuing 8609s.
- 29. Subordination.** The decision whether to subordinate DCA's regulatory agreement and/or lien position to a private lender's security deed will be made only after DCA considers the individual circumstances of each HOME Loan. Factors that will be considered include, but are not limited to, the senior loan amount, DCA's HOME Loan amount, debt coverage ratio, loan(s) to value ratio, private lender's interest rates, loan maturity, type of loan, etc.
- 30. Syndicator Asset Management Fee.** Syndicator asset management fees will be paid after HOME debt service.
- 31. Tri Party Agreements.** A Tri Party Agreement will be required for all DCA HOME Loan transactions involving another permanent lender that is not financing construction costs. The Tri Party Agreement must clearly state, at a minimum, that the permanent lender has reviewed and approved the DCA HOME Loan documents, plans and specifications, development budget, resident lease, environmental assessment, construction contract, title exception legal description, management agreement, partnership agreement, borrower's certificate of limited partnership, survey, appraisal, form of subordination agreement, State of Georgia Qualified Allocation Plan and items necessary to satisfy the permanent commitment regarding completion of construction of the improvements of the collateral property.
- 32. Inspections.** All costs incurred for DCA HOME property inspections will be the responsibility of the Borrower – including, but not limited to, inspections at Draws and Final Draw and other inspections required if a property is improperly maintained.

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## **I. DOCUMENTATION AND JUSTIFICATIONS**

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### **A. Minimum Documentation**

Minimum document requirements are listed after each point category. Applicants that do not submit Minimum Documentation for a subsection in which they are claiming points will not be eligible for those points. Additionally, Applicants are required to submit **all** documents at Application Submission necessary to determine that the Application meets the criteria for points, regardless of whether they are listed in the minimum document requirements. No additional documentation or explanations for scoring categories can be provided after Application Submission. In the event the Applicant submits an alternate document to a minimum document, a thorough explanation of the usefulness of this alternate document should be entered into the appropriate scoring justification section.

### **B. Scoring Justifications**

**Applicants must use each scoring justification section in the scoring workbook to fully explain the basis for points claimed in each category.** The justification must be complete and not refer to supporting documents. The first scoring section that does not have a full scoring justification will not result in a point deduction. **One (1) point** will be **deducted** for Applications with 2-4 scoring sections that do not have a full scoring justification. Each additional scoring section that does not have a full scoring justification will result in a **one (1) point deduction**.

**Examples of unacceptable justifications include but are not limited to:**

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

## **II. APPLICABILITY OF SCORING CRITERIA**

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Application evaluation will comprise separate competitive rankings based on scoring criteria specific to each of the following:

- 9% Credits or 4% Credits
- New Supply or rehabilitation of existing housing
- Geographic pool (9% Credits only)

Applications proposing a mix of New Supply and rehabilitation will be assigned to a competitive ranking based upon which construction type applies to the majority of proposed units.

For certain scoring sections, the requirements vary by the geographic competitive pool. See individual scoring sections for details.

### Table of Applicability and Maximum Points

Numbers in the below table indicate the maximum points that can contribute to the Application's score from that section given the construction type and tax credit sought.

- A cell in the below table without points indicates that the scoring section does not apply to that column's competition.
- For certain scoring sections applicable to both 9% and 4% Credit applications, the maximum number of points allowable for 4% Credit applications is lower.

	<b>New Supply</b>		<b>Rehabilitation</b>		<b>RAD</b>
	<b>9%</b>	<b>4%</b>	<b>9%</b>	<b>4%</b>	<b>9%</b>
Application Completeness	10		10		10
Deeper Targeting / Rent / Income Restrictions	3	3	3	3	
Desirable/Undesirable Activities	20	12			
Community Transportation Options	6	4			
Quality Education Areas	3	2			
Revitalization/Redevelopment Plans	7	5			
Community Transformation	3				
Stable Communities	10	5			
Mixed Income Developments	1				
Community Designations	10	5			
Phased Developments	3				
Previous Projects	5				
Extended Affordability Commitment	4	4	4	4	4
Exceptional Nonprofit/Public Housing Authority	2		2		
DCA Community Initiatives	2		2		2
Favorable Financing	4	4	4	4	4
Historic Preservation	2				
Compliance Performance	10	10	10	10	10
Underserved Populations	2		2		
Occupancy			6	6	6
Tax Credit Restrictions			6		
Property Age				4	
Property Size			2		2
Readiness to Proceed for 4% Credit Applications		16		16	

### III. APPLICATION COMPLETENESS

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#### ***Up to 10 Points***

Each Application will be awarded an initial score of **ten (10) points** in this category. Point deductions from that score will be made for Application errors as set forth below.

#### **A. *Missing/Incomplete Documents/Organization***

**One (1) point** will be **deducted** for each of the following:

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

#### **B. *Financial and Other Adjustments***

DCA may correct minor errors in the Application or make minor adjustments (financial or otherwise) to the Application during Threshold review.

1. The first adjustment will not result in a point deduction.
2. **One (1) point** will be **deducted** for Applications requiring 2-4 adjustments.
3. Each additional adjustment will result in a **one (1) point deduction**.

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

- Incorrectly calculating developer fee.
- Incorrectly allocating the developer fee between acquisition and rehab.
- Adjusting developer fee down, by any amount, to bring a development under project cost limits.
- Additions to line item development costs.
- Application errors that result in a change in the allowable tax credits.
- Failure to include DCA required reserves in the pro forma.
- Incorrectly calculating rents and/or utility allowances.
- Inaccuracies between submitted financial documentation and Core application information.

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

---

#### ***Up to 3 Points***

Applicants may claim points under either A or B.

Owners will be required to execute restrictive covenants stipulating the number of very-low-rent-restricted units to be rented to very-low income households for the term of the Compliance Period.

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

4% Credit Applications are only eligible to claim points under subsection B.

#### **A. *Deeper Targeting Through Rent Restrictions***

**2 Points**

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

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

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

**B. Deeper Targeting Through New PBRA Contracts**

**3 Points**

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

- PBRA is for at least 30% of total residential units. (Common spaces and employee units will not be included); and
- PBRA contract has a minimum term of ten (10) years.

New PBRA contracts do not include public housing units, bifurcation, or renewal of existing contracts. Properties with existing PBRA contracts are not eligible for these points.

**Minimum Documentation:**

Commitment for PBRA executed by authorized regulatory agency.

**V. DESIRABLE/UNDESIRABLE ACTIVITIES**

---

***Up to 20 Points***

**A. Desirable Activities**

Points will be awarded for each desirable activity/characteristic category as set forth below. Applicants will be limited to receiving a maximum of **twenty (20) points** under this section.

**1. Requirements**

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



## 2. Eligibility

The following Desirable activities/characteristics are eligible for points:

Category	Item	Amenity	Points Group
Retail & Restaurants	a	National big box general merchandise store, typically with a minimum of 50,000 square feet of floor space (e.g., Wal-Mart, Target, Costco, BJ's, Sam's Club)	1
	b	Retail/clothing/department store (full range of clothing/household items)	2
	c	Supermarkets and grocery stores with meat, dairy, and produce (high-end specialty stores and convenience stores not eligible)	1
	d	Restaurants	2
Medical Care	e	Hospital (outpatient centers or emergency care facilities not eligible)	1
	f	Medical care provider (e.g. clinic, physician/dental office)	1
	g	Pharmacy	1
Education & Child Care	h	Child care service licensed by Georgia Dept. of Early Care and Learning	1
	i	Institution that is part of the Technical College System of Georgia	2
	j	Elementary, middle, or high school	1
Community Assets	k	Traditional town square which includes an operational anchor institution (e.g. county courthouse, city hall) and which serves as a hub for both commercial activity and community events (only applicable to Rural properties)	1
	l	Community or recreational center (e.g. YMCA, Boys & Girls Club, public pool, public gymnasium, senior community or multipurpose facility)	1
	m	Public park/public community garden greater than 25,000 sq ft	1
	n	Public park/public community garden less than 25,000 sq ft	2
	o	Public library	1
	p	Fire station or police station	2
	q	Federally insured banking institutions (ATMs not eligible)	2
	r	Place of worship	2
	s	Post office	2

## 3. Point determinations

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

Rural pool point determinations:

Distance (miles)	0.5	1	2
Points (Group 1)	2.5	2	1.5
Points (Group 2)	2	1.5	1

Metro Pools point determinations:

<b>Distance</b> (miles)	0.5	1	1.5
<b>Points</b> (Group 1)	2.5	2	1.5
<b>Points</b> (Group 2)	2	1.5	1

**B. Undesirable/Inefficient Site Activities/Characteristics**

In determining whether an undesirable activity/characteristic is near a proposed site, the Applicant must consider any undesirable activity/characteristic that is located within the radius of 0.25 miles of the proposed site. **Two (2) points** will be **deducted** from the Applicant’s Desirable points for each Undesirable activity/characteristic.

For scattered-site projects, the Applicant must evaluate the 0.25-mile radius from each non-contiguous parcel separately.

**1. Undesirable/Inefficient Site Activities/Characteristics may include but are not limited to the following:**

- a) Inappropriate surrounding property uses (examples include but are not limited to junkyards, dumps, landfills, materials storage areas, commercial livestock operations, uses that generate odor, and uses that generate excessive glare from lighting).
- b) Potential or existing environmental hazards such as chemical or heavy manufacturing activities, industrial development, facilities listed in Federal or State hazardous inventory databases, gas stations with a history of leaking underground storage tanks, auto repair stations, and dry cleaners with a history of contaminant releases.
- c) Abandoned houses or buildings that are unoccupied and unsecured and/or detract from an area’s physical appearance, diminish living conditions and/or safety of the neighborhood, and/or decrease the marketability of the proposed sites (“abandoned” will be determined by the following factors: unsecured entrances (windows and doors) and lack of maintenance). Additionally, deteriorated housing or buildings where extensive defects are evident from the exterior of the building and which depress an area’s physical appearance, diminish living conditions and/or safety of the neighborhood, and decrease the marketability of the proposed site.
- d) Extensive mitigation that can translate to a less efficient use of resources. Examples include extensive noise mitigation costs, steep grade changes that require extensive grading and/or retaining walls, extensive floodplain or wetland areas that render the existing soils unsuitable for required bearing capacity, and inefficient use of land/excessive site acreage in relation to the number of units constructed.
- e) Property falls within a food desert, defined as a low-income census tract where a significant number or share of residents is more than 2 miles (USDA urban) or 20 miles (USDA rural) from the nearest supermarket. This point deduction will not be applied to properties qualifying for supermarket or grocery store point determinations under subsection A. *Desirable Activities*.

DCA will review the undesirable activity or establishment’s proximity to the property and the impact of the activity on the proposed project and its residents in determining a point deduction.

**2. Exceptions to Undesirable Deductions:**

If the Applicant has knowledge at the time of Application that an undesirable activity/characteristic is temporary and that a change or mitigation will remove the undesirable activity as set forth below, no points will be deducted.

DCA will consider mitigation to be performed by a third party that will remove the undesirable condition if it is scheduled to occur prior to September 1, 2021. Applicants will need to supplement their Application by providing evidence to DCA that the condition has been mitigated by September 1, 2021 (Applicants will not be notified prior to the deadline that this documentation should be submitted).

If the mitigation will be completed by the Applicant or a Local Government, the condition must be mitigated by the placed in-service date for the project. Applicants must provide clear documentation that they have the site control and resources to complete the mitigation. A Local Government must provide definitive documentation that the specific undesirable mitigation will occur prior to the placed in service date.

**Minimum Documentation:**

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

**VI. COMMUNITY TRANSPORTATION OPTIONS**

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***Up to 6 Points***

Applicants may claim points in A or B.

Community Transportation Options must meet the following criteria:

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

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

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

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

**A. Transit-Oriented Development**

**6 Points**

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

- 1. **6 points** will be awarded to Metro Pool Applications proposing a site owned by a public or local transit agency which has been strategically targeted by the agency to create housing with on-site or adjacent access to a transit hub. The agency-owned site must rest along a transit line that follows a fixed route and fixed daily schedule available to the public every day of the week.
- 2. **Up to 5 points** will be awarded to Metro Pool Applications that propose a site within walking distance of a transit hub. The hub must rest along a transit line that follows a fixed route and daily schedule serving the public no less than 5 days per week.

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

**Minimum Documentation:**

- Narrative submitted and signed by a representative of the transit agency describing the strategic plan for the proposed site (Item “A1” only).
- Documentation showing the local transit agency’s land ownership (Item “A1” only).
- Walking distance route obtained from Google Maps from the geo-coordinates of the pedestrian site entrance to the transit stop.
- Photograph of the transit stop accompanied by a description of the stop’s location.
- Documentation of the following criteria must be included in a PDF of the webpage. The PDF must include the webpage URL. If the website does not include all criteria, a letter from the transit agency is required including all criteria listed below, as well as a contact name or department, phone number and email address for the transit service.
  - Cost of service
  - Relevant transit route(s)
  - Route schedule

**OR**

**B. Access to Public Transportation**

**3 Points**

For items B1-4 below, the service must serve the public no less than 5 days per week. For items B1-3 below, the stop must also rest along a transit line that follows a fixed route and daily schedule. Applicants are eligible for either B1, B2, B3, or B4.

- 1. **3 points** will be awarded to Metro Pool Applications that propose a site within a 0.25-mile walking distance of an established public transportation stop.
- 2. **2 points** will be awarded to Metro Pool Applications that propose a site within a 0.5-mile walking distance of an established public transportation stop.
- 3. **1 point** will be awarded to Metro Pool Applications that propose a site:

- within a 1-mile walking distance of an established public transportation stop.
- for which an on-call transportation service is available on-site.

4. **2 points** will be awarded to Rural Pool Applications demonstrating that a publicly operated/sponsored and established transit service (including on-call or fixed-route service) will provide a reliable and available transportation option to all residents of the development. If the transportation option is a fixed-route service, the stop must be within a 0.5-mile walking distance of the site. If the transportation option is on-call, the service must be available on-site.

**Minimum Documentation:**

- Map showing the location of the transit stop in relation to the proposed development site and clearly indicating the site entrance or pedestrian site entrance to be used in calculating distance.
- Google Map walking routes must originate from geo-coordinates of the pedestrian site entrance or the nearest physical address and end at the transit stop.
- Photograph of the transit stop accompanied by description of the stop’s location (if applicable).
- PDF of the transit service webpage documenting the following criteria. If the website does not include all criteria, a letter from the transit agency is required including all criteria listed below, as well as the transit service’s phone number and email address.
  - Webpage URL
  - Cost of service
  - Relevant transit route(s)
  - Route schedule
- Applicants claiming a point for on-call transportation services must include a PDF of the transit service webpage documenting the following criteria. If the website does not include all criteria, a letter from the transit agency is required including all criteria listed below, as well as the transit service’s phone number and email address.
  - Webpage URL
  - Cost of service

**VII. QUALITY EDUCATION AREAS**

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***Up to 3 Points***

Points will be awarded to Applications with sites located in the attendance zone of high-performing schools as defined below. For a school to qualify:

- A school cannot have district-wide enrollment unless the school is the only school in the district.
- A school must serve grades between Kindergarten and 12<sup>th</sup> grade.
- Schools for which student admission is conducted on a selective basis (e.g., lottery, competitive application) are not eligible.

Each school qualifying for points must meet requirements for (a) or (b) below.

a) College and Career Readiness Performance Index (CCRPI) scores are above average. DCA will post a document on its website displaying the average CCRPI scores schools need to exceed to receive points in this subsection. Only scores posted since the 2018 CCRPI update qualify under this section.

- Schools that have three years of published CCRPI scores must use a 3-year average.
- Schools that only have two years of published CCRPI scores may use a 2-year average.

- Schools that only have one year of published CCRPI scores may use 1-year data.
- Schools serving grades that span multiple Grade Clusters as defined by Georgia Department of Education (Elementary, Middle, and High School) must have a CCRPI score greater than the lowest score of the multiple clusters.

b) School receives 2019 or 2020 “Beating the Odds” designation

Many Georgia schools have fewer grades than a full Grade Cluster (e.g., a Middle School with only grades 7 and 8). Points will be awarded based on the number of grades within schools that meet the requirements of (a) or (b) and property tenancy.

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

If two or more qualifying schools overlap in grades, an individual grade will only be counted once.

**Minimum Documentation:**

- School district map(s) showing the property is in the attendance zone of school(s). Both the site location and full attendance zone boundaries must be clearly indicated on the school district map(s). If the school district map is unavailable or unobtainable for any reason, a letter from a school district representative must be submitted evidencing that the proposed site is within the school district boundaries. Letter must include the project name and location.
- For each charter school, a letter from charter school system representative not more than six (6) months old confirming that admissions is not conducted on a selective basis, that residents in the attendance zone are able to attend as of right.
- The Applicant must submit applicable CCRPI data for each school. Scores are available at <http://ccrpi.gadoe.org>.
- The Applicant must submit each school name highlighted in a copy of file “2019 or 2020 BTO Designations” found at <https://gosa.georgia.gov/beating-odds-analysis>.

**VIII. REVITALIZATION/REDEVELOPMENT PLANS**

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***Up to 7 Points***

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

Applicants may claim points in A and/or B.

**A. Revitalization Plan/Qualified Census Tract**

**5 Points**

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

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

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

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

**Reference Documentation:**

- Revitalization/Redevelopment Plan Criteria Guidance

**Minimum Documentation:**

- A PDF of the full Community Revitalization Plan.
- Map of CRP's Targeted Area clearly marked with location of proposed development.
- To evidence Local Government approval or re-approval, Applicants must provide either:
  - Direct evidence of Local Government approval or re-approval (e.g., Local Government resolution or meeting minutes) occurring within the required timeframe; or
  - Signed letter from Local Government representative confirming the date of the Local Government's official approval or re-approval of the CRP within the required timeframe.
- To evidence Local Government financial commitment, Applicants must provide a letter from a Local Government representative substantiating the nature of the financial commitment and that said commitment exists to advance the CRP.
- To evidence solicitation of public input and engagement prior to the day of adoption, Applicants must provide either:
  - Direct evidence of public input and engagement (e.g., advertisements of public meetings, agendas, sign-in sheets); or
  - Signed letter from representative of entity responsible for CRP summarizing the CRP's public input and engagement process

**B. Third-Party Capital Investment**

**2 Points**

Using the QAP definition of “Related Parties,” up to **two (2) points** may be awarded to Applicants if an unrelated third party (foundation, trust, business and/or government) designates an investment of resources that will result in the development of a place-based improvement.

This resulting investment must:

- Occur within a 0.5-mile radius of the proposed site;
- Be off site; and
- Serve the residents for the proposed development.

Improvements that were completed more than five (5) years prior to Application Submission are not eligible for points in this section.

The proposed improvements, amenities, and/or facilities must have expected completion dates before January 1st, 2024. The development cost and source of funding associated with the development of the improvements, amenities, and/or facilities must be mutually exclusive of the development cost and sources of funding for the subject property. The cost for the improvement must be paid in full by the unrelated third party.

Examples of third-party improvement include, but are not limited to, the following:

- Development of community assets (e.g., parks, trails, community center); or
- Infrastructure improvements (e.g., water, sewer, drainage, streets)

Points will be awarded according to the following scale. DCA will only consider the amount invested within a 0.5-mile radius of the proposed site.

1. Metro Pools	Investment amount at least \$30,000 per unit	2 points
	Investment amount at least \$20,000 but less than \$30,000 per unit	1 point
2. Rural Pool	Investment amount at least \$20,000 per unit	2 points
	Investment amount at least \$10,000 but less than \$20,000 per unit	1 point

**Minimum Documentation:**

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

**IX. COMMUNITY TRANSFORMATION**

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**3 Points**

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

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

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

- Three (3) or more points under *Revitalization/Redevelopment Plans*.



- Each Project Team may submit only one Application for *Community Transformation*.
- Only one Applicant will be selected from each defined neighborhood.

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

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

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

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

#### **A. Community-Based Developer**

Projects requesting points in this section will be judged comparatively, so Applicants must provide sufficient evidence and documentation to substantiate claims regarding the strength, capacity, and experience of the Project Team member as a Community-Based Developer. In the event of a tie, DCA will prioritize projects based on the tiebreakers outlined in *Core Plan, Evaluation of 9% Tax Credit Competitive Applications*, subsection D. Selection.

In order to be eligible for Community Transformation points, the following must be clearly documented in the Application:

#### **1. Community Partnerships**

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

“*Community organizations*” are entities 1) that serve the geographic focus area noted above, and 2) whose stated mission is to increase residents’ access to community services such as education, health, employment, and/or transportation.

“Successful” partnerships are those that result in replicable, measurable improvement in residents’ access to education, health, employment, and/or transportation services as a result of the partnership.

**Reference Documentation:**

- Community Transformation Rubric

**Minimum Documentation:**

- Each established community partner must provide one (1) letter that
  - Recognizes the length of their partnership with the Applicant and confirms that this relationship is ongoing; and
  - Discusses how the partnership has measurably improved community development outcomes.
- Quantitative/numerical data evidencing that the joint effort between partners has measurably improved residents’ access to education, health, employment, and/or transportation services. Examples of measurable improvement might include increased attendance and/or student performance, increased number of books available to children, higher rates of community members reporting employment, and/or improved community health indicators.

**2. Philanthropic Activities**

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

- A “philanthropic activity” is the consistent and ongoing charitable donation of:
  - Goods
  - In-kind services, or
  - Cash
- The donation must not be an isolated event: it must have occurred more than once between 5/25/18 and 5/23/21.
- The recipient of “philanthropic activities” may be more than one individual or nonprofit, including grant-making entities.
- Donations dedicated to support services required at a DCA-funded property are not considered.
- This donation must have been made or fundraised by the Developer Entity.

**Reference Documentation:**

- Community Transformation Rubric

**Minimum Documents:**

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

**3. Community Improvement Fund**

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

**Reference Documentation:**

- Community Transformation Rubric

**Minimum Documents:**

- Commitment of funds.
- Detailed use of funds.

**4. Equitable Allocation**

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

- The development proposed is within or overlaps a Defined Neighborhood already containing a Transformational Community initiative funded in 2018, 2019, or 2020
- The Project Team member associated with the submitted partnership letters was awarded Community Transformation points for an application awarded 9% Credits in 2018, 2019, or 2020.

**Minimum Documents:**

- Map clearly displaying boundaries of Defined Neighborhood.

**B. Community Quarterback Board**

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

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

**Minimum Documentation:**

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

**C. Community-Based Team Responsibilities**

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

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

#### **D. Planning for Community Transformation**

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

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

#### **1. Community Engagement and Outreach**

Must be completed by the Community-Based Team prior to creation of the Community Transformation Plan as part of identifying challenges and opportunities for transformation. At a minimum, Community Engagement and Outreach must include the following:

- a) Public and Private Engagement: The Community-Based Team must show documentation that the CQB held at least one (1) meeting open to the public focused on identifying challenges to Community Transformation.
- b) Citizen Outreach: The Community-Based Team must make substantial efforts to record feedback from the low-income population to be served on what challenges prevent this community from accessing local resources. This requirement for Community Outreach must be met through both:
  - i. Two (2) public meetings led by CQB members; and
  - ii. One (1) survey of Defined Neighborhood residents.

#### **2. Community Transformation Plan Requirements**

The Community Transformation Plan must include a full description of all goals, solutions, metrics

of success, milestones, resources committed, and entities responsible. It must discuss:

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

## **X. STABLE COMMUNITIES**

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### ***Up to 10 Points***

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

Applicants may claim points in A and/or B.

#### **A. Low-Poverty Communities**

**5 Points**

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

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

3. **4 points** will be awarded to Applications that are in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>):
  - a) Poverty level (see Income):
    - Metro Applications: less than **10%** below Poverty level
    - Rural Applications: less than **15%** below Poverty level
  - b) Designated Middle or Upper Income level (see Demographics)
  
4. **3 points** will be awarded to Applications that are located within 0.25-mile of a census tract meeting the requirements of A(3) above, measured as the driving distance from an Application’s site entrance to the census tract border, and also receive at least 15 points under Scoring Section *Desirable/Undesirable Activities*, Subsection A. *Desirable Activities*.
  
5. **3 points** will be awarded to Applications that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>).
  - a) Poverty level (see Income):
    - Metro Applications: less than **15%** below Poverty level
    - Rural Applications: less than **20%** below Poverty level
  - b) Designated Middle or Upper Income level (see Demographics)

**Minimum Documentation:**

- Each page of FFIEC census report demonstrating the proposed site meets requirements. Data must be from the most current FFIEC census report as of January 1, 2021.
- If applicable, map clearly showing distance from site entrance to border of census tract meeting requirements.

**B. Local Health and Economic Indicators**

**5 Points**

Points will be awarded to sites located in census tracts with values above certain percentiles for statistics from the Census Bureau and Centers for Disease Control and Prevention (CDC). For purposes of this section, percentiles will be calculated as follows by pool:

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

Points will be awarded in accordance with the table below.

**Local Indicator Points**

Statistics	Life Expectancy Health Insurance Rate Unemployment Rate			Median Income		Max Points
	1 metric above 60 <sup>th</sup>	2 metrics above 60 <sup>th</sup>	3 metrics above 60 <sup>th</sup>	Above 60 <sup>th</sup> , less than 80 <sup>th</sup>	80 <sup>th</sup> or above	
Points	1	2	3	1	2	5

Life Expectancy data coverage in low-populated areas is less than for Census Bureau data. Applicants within a census tract for which there is no data may use the value of the nearest census

tract with data, if said census tract is within 0.25-miles of the site.

DCA will publish the data to be utilized for this subsection on the DCA website. If the Census Bureau or CDC conduct data updates between November 1, 2020 and the Application Submission Deadline, the Applicant may claim points based on the higher statistics set. Applicants cannot claim points based on a statistics set comprising values from both before and after a data update.

**Reference Documentation:**

- [American Community Survey](#) (Census Bureau)
- [National Center for Health Statistics](#) (CDC)
- DCA Health and Economic Indicators Table

**Minimum Documentation:**

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

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## **XI. MIXED INCOME DEVELOPMENTS**

***1 Point***

Applicants may claim points in A or B.

Applicants claiming points under this section should review the Market Study Manual rent advantage requirements.

***A. Unrestricted Units***

***1 Point***

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

***B. Income Averaging***

***1 Point***

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

**Reference Documentation:**

- DCA Market Study Manual

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## **XII. COMMUNITY DESIGNATIONS**

***Up to 10 Points***

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

Applicants may claim points in either A or B.

***A. HUD Choice Neighborhood Implementation (CNI) Grant***

***10 Points***

Points will be available to an Application that is located in an area that has received a HUD CNI Grant. The CNIawardee must select only one (1) Application to receive these points. This development must be identified in the CNI Grant application.

**Minimum Documentation:**

- The Application must include the Choice Neighborhood Implementation grant award as well as documentation that the proposed project is included in the targeted area.
- Letter from the CNI awardee confirming that the proposed property has been selected to receive these points.

**B. Purpose Built Communities**

**10 Points**

Points will be available to one (1) Application that is designated by Purpose Built Communities as furthering one (1) Purpose Built Community's transformation. Purpose Built Communities must select only one (1) Application to receive these points.

**Minimum Documentation:**

- One (1) letter from Purpose Built Communities nominating one (1) proposed development discussing how the proposed development will further the neighborhood's holistic community revitalization strategy.

**XIII. PHASED DEVELOPMENT**

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***Up to 3 Points***

Applicants may only claim points in either *Phased Development* or *Previous Projects*.

For purposes of this section, "**Phased Development**" means:

- One tax credit development that will be developed in several physically adjacent phases with different allocations of Credits;
- The phases must share common planning documents which must include a master site plan and may also include documents including parks, green space, and shared amenities between the different phases.
- Each phase of the property should have common ownership entities.
- The Applicant must have site control in place for all phases at the time the initial phase was closed.

**Three (3) points** will be awarded to Applications if the proposed property is part of a Phased Development in which one or more phases received an allocation of 9% tax credits or 4% tax credits within the past six (6) Qualified Allocation Plans and at least one phase has commenced construction by the 2021 Application Submission deadline. Projects that DCA determines are adjacent (as opposed to being Phased Developments) are not eligible for points. DCA will look to the underlying project concept to determine whether the community was originally designed as one development with different phases. Only one phase of a project can receive points during a funding round. Only the second and third phase of a project may receive these points.

**Minimum Documentation:**

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

**XIV. PREVIOUS PROJECTS**

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***Up to 5 Points***



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

The following developments are not included in the analysis of previous competitive funding cycles:

- Rural HOME Preservation set aside funded applications.

**A. 15 Years Lookback Period**

**5 Points**

For purposes of this subsection A, if proposing a development in an incorporated area, the Local Government boundary must be of a municipality that was incorporated on or before January 1, 2015.

1. **Five (5) points** will be awarded if the proposed development site is within a current Local Government Boundary that has not been awarded 9% Credits within the last 15 DCA Housing Credit Competitive Rounds.
2. **Four (4) points** will be awarded if the proposed development site is within a current Local Government boundary that has only received one (1) 9% Credits award within the last 15 DCA Housing Credit Competitive Rounds. To qualify, the most recent 9% Credits award must have been received prior to January 1, 2015.

**B. Four to Six Years Lookback Period**

**3 Points**

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

- Metro pools: 1-mile radius
- Rural pool: Local Government Boundary

1. **Three (3) points** will be awarded if the proposed development site is not within the pool-specific buffer of a 9% Credit development that has received an award in the last six (6) DCA competitive funding cycles.
2. **Two (2) points** will be awarded if the proposed development site is not within the pool-specific buffer of a 9% Credit development that has received an award in the last four (4) DCA competitive funding cycles.

**C. Two to Three Years Lookback Period: Transit Proximity**

**3 Points**

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

**Reference Documentation:**

- Interactive map of previous 9% awards posted on DCA website.

**Minimum Documentation:**

- Applicants claiming points due to proximity to a transit hub must submit documentation substantiating that:
  - the public transportation stop qualifies as a transit hub under the definition in Scoring *Community Transportation Options*
  - the proposed development is within a 1-mile radius of the transit hub

**XV. EXTENDED AFFORDABILITY COMMITMENT**

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***Up to 4 Points***

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

**A. Waiver of Qualified Contract Right **3 Points****

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

**B. Resident Ownership **1 Point****

**One (1) point** will be awarded to Owners that commit to submit a plan for resident ownership, acceptable to DCA, at the end of the 15-year Compliance Period. Only single-family styled units are eligible for these points. In order to qualify for resident ownership plan points, Applicants must agree to submit a viable homeownership strategy with the Application for residents who will reside in the units. The strategy must outline the Applicant's exit strategy, calculation of the estimated affordable purchase price for the unit occupied by the resident, and pre-purchase homeownership counseling. All sites must be owned by the Applicant (long-term leases are unacceptable). Applicant must clearly show how the property will be managed during the compliance period and how the resident's down payment will be managed.

**Minimum Documentation:**

Copy of strategy documents meeting the above requirements must be submitted with Application.

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

Applicants are only eligible to claim 1 additional point under this subsection if also claiming points under subsection A. *Waiver of Qualified Contract*.

Applicant commits to provide a right of first refusal to a qualified nonprofit organization or a local housing authority or a wholly-owned subsidiary of such organization if the Owner elects to transfer all or some of his/her interest in the property during the Compliance and Extended Use Period in accordance with DCA requirements set forth in Exhibit A of *Appendix II: Scoring* and Section 42(i)(7) of the Code. All applicants are eligible to receive points under this category, regardless of

whether the sponsor is a nonprofit or a for-profit organization. Additionally, ownership transfers for the purposes of resyndication will not trigger the right of first refusal.

## **XVI. EXCEPTIONAL NONPROFIT/PUBLIC HOUSING AUTHORITY**

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### ***Up to 2 Points***

Applicants may claim points in either A or B.

A nonprofit or PHA Applicant that received points under this section for a 9% Credits application that was awarded in the prior year competitive round is ineligible to claim points under this section.

#### **A. Exceptional Nonprofit**

**2 Points**

DCA will award **two (2) points** to two (2) Applications in which the Project Team includes a qualified Nonprofit as the managing general partner. (Public housing authorities, their sponsoring entities, affiliated companies or subsidiaries are not eligible for points in this subsection.) Only projects applying and eligible for the nonprofit set aside are eligible for points in this category. The nonprofit must be the entity that meets requirements for the set aside. A qualified Nonprofit may only request consideration for these points for one Application.

The desired outcome of this category is to award points to strong, innovative, mission- oriented nonprofit organization that meet IRS set aside requirements.

Nonprofit entities will be comparatively evaluated and ranked according to how well they meet each of the following criteria:

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

The scoring method for the comparative analysis is contained in the DCA Nonprofit Assessment Form. In the event of a tie, DCA will select first any Nonprofit not awarded Exceptional Nonprofit points in the 2019 or 2020 competitive round and second the Applicant(s) with the strongest technical expertise as a tiebreaker.

#### **Minimum Documentation:**

- DCA Exceptional Nonprofit/PHA Assessment Form.
- Copy of organization's publicly available federal Form 990 for 2018 and 2019. If the Form 990 is not available, DCA requires a clear explanation and proof of exemption.
- Copy of 2019 and 2020 recent annual audits completed by an independent auditor for the Nonprofit. If the Nonprofit operates on a Fiscal Year ending after Application Submission, the Nonprofit must provide 2018 and 2019 audits.

#### **B. Exceptional Public Housing Authority**

**2 Points**

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

The desired outcome of this category is to award points to strong, innovative, mission- oriented

PHAs. PHA programs, services, and activities funded by HUD or HUD funds will not be considered in this analysis.

PHAs will be comparatively evaluated and ranked according to how well they meet each of the following criteria.

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

The scoring method for the comparative analysis is contained in the DCA PHA Assessment Form. In the event of a tie, DCA will select first the PHA not awarded Exceptional PHA points in the 2019 or 2020 competitive rounds and second the PHA with the strongest technical expertise as a tiebreaker.

**Minimum Documentation:**

- DCA Exceptional Nonprofit/PHA Assessment Form
- Copy of 2019 and 2020 recent annual audits completed by an independent auditor for the PHA. If the PHA operates on a Fiscal Year ending after Application Submission, the PHA must provide 2018 and 2019 audits.

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## **XVII. DCA COMMUNITY INITIATIVES**

### **2 Points**

#### **Georgia Initiative for Community Housing (GICH)**

Points will be awarded for projects that have a letter from a DCA Georgia Initiative for Community Housing (GICH) team (currently active or certified alumni as defined by GICH administrators) which clearly:

- Identifies the boundaries of their GICH community;
- Identifies the project as located within their stated GICH community boundaries; and
- Is executed by the GICH community's primary or secondary contact on record with the University of Georgia Housing and Demographic Research Center as of May 1, 2021.

Each GICH team may issue only one (1) letter for one project in this year's competitive round. If more than one (1) letter is issued, no project in that community shall be awarded this point.

Alumni GICH Teams which have not successfully completed a GICH Alumni Certification application in 2020 or 2021 are ineligible for the point in this section.

**Minimum Documentation:**

- Letter executed by the GICH community's primary or secondary contact on record with the University of Georgia Housing and Demographic Research Center as of May 1, 2021, committing the formal support of the majority of GICH members.
- Letter from Local Government agreeing to the issuance of the letter.

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

## **XVIII. FAVORABLE FINANCING**

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### ***Up to 4 Points***

Applicants may claim points in A and/or B.

To be eligible for points, the following criteria must be met:

#### **Pre-Requisites**

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

If a lender or related party is providing more than one permanent source of funds, all permanent sources of funds received from this entity or related party must meet the requirements listed in pre-requisites above.

#### **A. Qualifying Sources for Favorable Financing.**

**3 points**

In order to qualify as Favorable Financing, the loans must have a maximum interest rate of long term monthly AFR. New loans or new grants from the following sources that will provide new capital funding will qualify for points under this category:

1. Federal Home Loan Bank Affordable Housing Program (AHP).
2. Replacement Housing Factor funds (RHF) or other HUD public housing improvement fund.
3. HOME funds administered by an entity other than DCA.
4. Beltline Grant/Loan.
5. Historic tax credit proceeds.
6. Community Development Block Grant (CDBG) program funds.
7. Special Purpose Local Option Sales Tax (SPLOST) funds.
8. National Housing Trust Funds.
9. TCAP loans passed through a Qualified CDFI revolving loan fund. (These loans only have to meet the first two pre-requisites listed above.)
10. Foundation grants, or loans based from grant proceeds that meet the following legal and financial requirements:
  - a) The foundation must be a private foundation as defined in the US Tax Code 26 USCA 509 or a community foundation that is accredited by the National Standards for U.S. Community Foundations.
  - b) Points will only be counted in this section if the foundation is not related to any entity or person in the General Partner or Developer teams and has a history of supplying grants to affordable housing developments.
11. Other Federal, State, or local grant funds or loans.

Loans originated by a conventional bank are ineligible.

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

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

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

Amount at least \$30,000 per unit	<b>3 Points</b>
Amount at least \$20,000 but less than \$30,000 per unit	<b>2 Points</b>
Amount at least \$10,000 but less than \$20,000 per unit	<b>1 Point</b>

**Minimum Documentation:**

- Commitment letter for such new loan and/or grant and/or historic Tax Credit equity commitment letter;
- A copy of the Georgia DNR-HPD and NPS approved Part 1, Part 2 and the Georgia-approved Part A (for historic tax credits only).

**B. Long Term Ground Lease**

**1 Point**

**One (1) point** will be awarded for Applications receiving a long-term ground lease (no less than 45-year) from a local public housing authority or government entity for nominal consideration and no other land costs. DCA defines “nominal consideration” as no more than \$100 per year. Leases can only be considered for points under this sub-section and not under any other scoring sub-section. No funds other than what is disclosed in the Application may be paid for the lease either directly or indirectly. The Lessor must be willing to execute the tax credit Land Use Restriction Agreement in order to qualify for points in this section.

**Minimum Documentation:**

- A binding long-term executed ground lease or an executed option for a binding long-term ground lease, that clearly provides the right for the applicant to execute a binding agreement upon closing, with a minimum term of forty-five (45) years.
- Letter from Lessor that states it will execute the Land Use Restriction Covenant

**XIX. HISTORIC PRESERVATION**

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**2 Points**

Applicants may claim points in either A or B.

**A. Historic Tax Credit Proceeds**

**2 Points**

Points will be awarded if the proposed development includes historic tax credit proceeds and is an Adaptive Reuse of a certified historic structure (either listed individually on the National Register, or as a contributing structure in a National Register Historic District) or is deemed historic via an approved NPS Historic Preservation Certification Application Part 1- Evaluation of Significance to have a preliminary determination of listing on the National Register.

For purposes of this scoring section, the building or buildings being adaptively reused must

constitute at least 30% of the total units. Slabs, sheds, gazebos, trailers/mobile homes, pavilions, pump houses, barns, garages and single-family homes are not eligible for these points. DCA will look to the primary purpose of a structure in determining whether there has been a change in use.

**Minimum Documentation:**

- Documentation on the previous use of the building.
- Documentation of whether or not the building is occupied.
- Narrative of how building will be reused.
- Copy of NPS approved Historic Preservation Certification Application Part 1 - Evaluation of Significance.
- Preliminary equity commitment for historic rehabilitation credit (if applicable). If no historic tax proceeds will be claimed provide a letter explaining the situation in lieu of the requirement for documentation of a preliminary equity commitment.

**B. Historic Structure**

**2 Points**

Points will be awarded if property is a certified historic structure (either listed individually on the National Register, or as a contributing structure in a National Register Historic District) or is deemed historic via an approved NPS Historic Preservation Certification Application Part 1- Evaluation of Significance to have a preliminary determination of listing on the National Register. The historic structure must house at least 50% of the total units.

**Minimum Documentation:**

- Copy of NPS approved Historic Preservation Certification Application Part 1 - Evaluation of Significance or copy of the approved National Register of Historic Places Registration Form (NPS Form 10-900) and National Register map identifying the property.
- Preliminary equity commitment for historic rehabilitation credit (if applicable). If no historic tax proceeds will be claimed provide a letter explaining the situation in lieu of the requirement for documentation of a preliminary equity commitment.

DCA encourages Applicants to see [www.GeorgiaSHPO.org](http://www.GeorgiaSHPO.org) for further guidance on the requirements and associated timeframes for the development of projects with historic tax credits. DCA also encourages Applicants to seek the advice of a qualified attorney and/or tax professional before proceeding with any project of this nature.

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**XX. COMPLIANCE PERFORMANCE**

***Up to 10 Points***

Each Application will receive a score under this Section that will be made part of the Applicant's DCA Final Score. To arrive at a score in this section, each Application will start with an award of ten (10) Performance Points.

DCA will deduct points for: DCA Administrative Noncompliance, Program Non-compliance, Adverse Circumstances (ACs), and for Significant Adverse Events (SAEs) for which the Applicant has obtained a DCA waiver (see Appendix I Threshold Section *Experience, Capacity and Performance Requirement for General Partner and Developer Entities*).

Applicants with Point Deduction Scores of less than ten (10) Performance Points will have the opportunity to claim Point Additions if they can demonstrate achievements in the five areas listed in

Subsection B. Calculation of Point Additions.

**Compliance Score: Determination and Applicability**

1. Compliance score deductions are based on the compliance and performance history of both the General Partnership entity and the Developer entity as well as each Principal of the General Partner and/or Developer entity. Even if DCA determines that an adverse condition is not sufficient to bar an Application from participation in the competitive round, that condition will be evaluated as a noncompliance point deduction.
2. Negative compliance history of an entity cannot be negated by the resignation or removal of a Principal or the selling of a noncompliant Property to a new entity.
3. Point deductions will be made for each Project Team member for which both of the following apply:
  - has a 20% or more interest in the General Partner and/or Developer entities of the proposed development;
  - had effective control in the General Partner and/or Developer entities of the non-complying properties at the time of non-compliance.
    - Effective control is defined as having a majority interest in the General Partner and/or Developer or being a managing member of a limited partnership or single purpose entity, or limited liability company.
4. If a Principal withdraws from an entity with a negative compliance history, the negative compliance history must be claimed by the departing Principal for three (3) years following the date the Principal legally left the company.

**A. Calculation of Point Deductions**

**1. Five (5) Point Deduction for Significant Adverse Events**

A **five (5) point** deduction shall be made from the ten (10) Performance Points for the occurrence of each SAE for which a waiver was granted or renewed. These instances include, but are not limited to:

<b>SIGNIFICANT ADVERSE EVENT</b>	<b>Look Back Period (From Application Submission Date)</b>
Foreclosure of a loan or deed in lieu of foreclosure, which is secured by a tax credit property after the compliance period ended and resulting loss of affordability during the Extended Use Period (commencing on the entry of the judgment of foreclosure)	5 Years
Foreclosure of a loan or deed in lieu of foreclosure, which is secured by a tax credit property before the compliance period ended and resulting loss of affordability during the Compliance Period (commencing on the entry of the judgment of foreclosure or filing of the deed, Major Project Failure)	5 Years
Default on a HOME loan which results in a foreclosure or deed in lieu of foreclosure and removal of the Owner and property retains affordability (commencing on the entry of the judgment of foreclosure or filing of the deed, Major Project Failure)	8 Years



Senior Lender loan default or foreclosure which results in the extinguishment of a HOME loan security interest and resulting loss of affordability during the Extended Use Period (Major Project Failure)	10 Years
Removal or withdrawal as General Partner or Managing General Partner of an Affordable Housing property other than a DCA approved ownership change with no adverse circumstances surrounding the change	5 Years
A pattern of reoccurring significant uncured physical findings, in the absence of an approved Workout Plan, for any Affordable Housing properties	7 Years
Any outstanding uncured findings from an 8823 or any DCA notice of a finding of non-compliance on a DCA funded property, in the absence of an approved Workout Plan.	7 Years
A Fair Housing investigation by any government agency on any Affordable Housing property which resulted in; a lawsuit (regardless of the outcome), a negotiation for settlement, and/or a settlement agreement	10 Years
Any violation of DCA's and/or IRS' requirements of a property during the property's Decontrol period following the (1) one-year Qualified Contract period's expiration	5 Years
Any determination of an owner(s)'s outright refusal to participate in the applicable funding program during the Compliance and Extended Use Period. 'Refusal to participate' includes, but is not limited to; the owner's failure to rent units within the rent and income limits, refusal to grant DCA access to the property and or resident files, failure to properly determine qualification for Affordable Housing residents, etc.	7 Years

**2. Two (2) Point Deduction for Adverse Circumstances**

A **two (2) point** deduction shall be made from the ten (10) Performance Points for each instance of Adverse Circumstance (AC). These instances include, but are not limited to:

<b>ADVERSE CIRCUMSTANCES</b>	<b>Look Back Period (From Application Submission Date)</b>
Failure to properly notify DCA of a change in the management company for any Affordable Housing property in the DCA portfolio, following the initial award of funding by DCA and no less than 30 days prior the start date of the new management company	3 Years
Any determination by DCA, HUD, or the IRS that at least one resident was overcharged rent in the Compliance Period or the Extended Use Period, regardless of whether the rent was paid back to the resident	5 Years
Failure to complete a tenant initial certification or annual recertification of income and assets (TIC), for any tenant of an Affordable Housing property in the DCA portfolio	3 Years
Failure to timely submit a complete and accurate Annual Owner Certification (AOC) for all applicable funding sources, as required by DCA	3 Years

Failure to timely submit any financial reporting for any Affordable Housing property in the DCA portfolio, as required by DCA	3 Years
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**3. One (1) Point Deduction for DCA Administrative and Program Non-Compliance**

A **one (1) point** deduction shall be made from the ten (10) Performance Points for each instance of DCA Administrative Noncompliance and/or Program Non-Compliance. These instances include, but are not limited to:

<b>DCA ADMINISTRATIVE NON-COMPLIANCE / PROGRAM NON-COMPLIANCE</b>	<b>Look Back Period (From Application Submission Date)</b>
Failure to submit the 8609 with Part I and Part II completed, for any Affordable Housing property in the DCA portfolio	Until Cured
Failure to timely submit tenant data in Mitas by the 10 <sup>th</sup> of each month for any property in the DCA Affordable Housing portfolio, following at least one (1) written notification from DCA for Mitas reporting non-compliance.	3 Years
Obtaining a tenant initial certification or annual recertification of income and assets (TIC) beyond the required due date, for any tenant of an Affordable Housing property in the DCA portfolio	3 Years
Other determination that a property is out of compliance with HOME or LIHTC regulations	3 Years
Other determination that a property is out of compliance with DCA Affordable Housing Program requirements	7 Years

**Minimum Documentation**

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

**B. Calculation of Point Additions**

The following points may be added back to the Owner/General Partner, Developer, or Principal’s Compliance Score only if the score after Point Deductions is less than ten (10) points. Documentation of Successful development and current ownership **MUST** be provided.

Point Additions **MAY** be added to offset an Applicant’s Point Deduction Score of less than ten (10) points as follows (Applicants are eligible for only one of the following items, 1-5):

1. **One (1) point** will be added if any of the designated Project Team members can demonstrate that he/she has Successfully developed and owns seven (7) Tax Credit or HOME Properties.

2. **Two (2) points** will be added if any of the designated Project Team can demonstrate that he/she has Successfully developed and currently owns eight (8) to ten (10) Tax Credit or HOME Properties.
3. **Three (3) points** will be added if any of the designated Project Team members can demonstrate that he/she has Successfully developed and currently owns eleven (11) to fifteen (15) Tax Credit or HOME Properties.
4. **Four (4) points** will be added if any of the designated Project Team members can demonstrate that he/she has Successfully developed and currently owns sixteen (16) to twenty (20) Tax Credit or HOME Properties.
5. **Five (5) points** will be added if any of the designated Project Team members can demonstrate that he/she has Successfully developed and currently owns more than twenty (20) Tax Credit or HOME Properties.

**Minimum Required Documents for Point Additions:**

- If claiming Point Additions to cover possible Deduction Points in this section, a listing of Successful Georgia Affordable Developments owned by the Project Team must be submitted for this section’s minimum documentation. A separate tab is now reserved in the Performance Workbook for listing Successful Georgia Affordable Properties that are seeking Point Additions in this section, these are properties owned by the Project Team, located only in Georgia.
- If applicable, a copy of the letter issued by DCA granting the SAE Waiver request that was submitted at Pre-Application or during Threshold review.
- For properties located outside of Georgia, if requested by DCA as part of Threshold Qualification, a letter from the Syndicator or HFA that documents the property compliance status of good standing. The letter of good standing must include percentage of ownership. Failure to provide such documentation upon DCA’s request will result in those properties not being included as ‘Successful Properties’ for additional points.

**XXI. UNDERSERVED POPULATIONS**

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**2 points**

Applicants may only claim points in either subsection A or B below.

**A. DCA Supportive Housing Programs Match**

**2 Points**

To be eligible for points under this subsection, Applicant must agree to and be eligible for the DCA Housing Assistance commitment outlined in *Exhibit B of Appendix II Scoring*.

Points will be awarded to up to **five Applications** and no more than one Application per Local Government Boundary. Selection will be based on the DCA competitive ranking process to identify proposed developments most conducive to working with DCA supportive housing programs. Applications will be competitively ranked based on the following criteria:

- Unit mix: Proposed unit mix includes sufficient one-bedroom units without PBRA for DCA to contract in the amounts outlined in *Exhibit B of Appendix II: Scoring*.
- Site characteristics:

- Property is located near public transportation
- Closest public transportation operates frequently
- Property is near health care services distinctly relevant to individuals requiring permanent supportive housing, or such services are accessible by proximate public transportation
- Property is located near retail amenities with offerings equivalent to those provided by options (a), (c), or (g) in *Desirable/Undesirable Activities*, subsection A. *Desirable Activities*.
- Local characteristics: Applicant-submitted documentation evidences that the Local Government Boundary exhibits a high concentration of both supportive housing needs and relevant services.
- Applicant has experience in the following:
  - owning or managing properties with HUD rental assistance
  - owning or managing properties serving individuals with disabilities, the formerly homeless, or other supportive housing
  - working with service providers
  - working with a referring state health agency
- If applicable, Applicant has a strong track record with DCA-funded property compliance and maintaining commitments under previous DCA PBRA agreements.

**Reference Documentation**

- DCA Competitive Ranking Overview

**Minimum Documentation**

- DCA Housing Assistance Competitive Ranking Form and supporting documentation

**B. Tenant Selection Preference**

**2 Points**

Points will be awarded to Applications with a commitment of HUD Section 8 project-based rental assistance from a Public Housing Authority which has elected to offer a tenant selection preference in their tenant Voucher programs for persons with specific disabilities identified in the Settlement Agreement (#1:10-CV-249-CAP). The preference must be implemented at the proposed project site with a minimum of 15% of the total units targeting the Settlement population. The Public Housing Authority is responsible for ensuring it is compliant with HUD's Offices of Public and Indian Housing as well as Fair Housing and Equal Opportunity rules and regulations.

Rental assistance must be provided for no less than 5 years from the Application Submission Deadline date. If the PBRA commitment ends less than ten (10) years from Application Submission Deadline, the Application will be underwritten using tax credit rents, see *Appendix I: Threshold Criteria*. The agency or project owner responsible for maintaining the waiting list for PBRA units must keep a separate waiting list for the target population.

**Minimum Documentation:**

- Commitment for PBRA executed by authorized regulatory agency
- The PHA Administrative Plan allowing for the tenant selection preference
- Documentation demonstrating HUD's review and approval of the terms and structure of the preference

## XXII. OCCUPANCY

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### *Up to 6 Points*

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

<b>Occupancy range</b>	<b>Points</b>
95% or more	6
85% to 94.9%	4
75% to 84.9%	2

#### **Minimum Documentation:**

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

## XXIII. TAX CREDIT RESTRICTIONS

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### *Up to 6 points*

Current tax credit restrictions were applied to the property during the calendar year ranges below, as determined by the date the LURC was executed by all parties.

<b>LURC execution calendar year</b>	<b>Points</b>
1990 to 1994	6
1995 to 2000	4

#### **Minimum Documentation:**

- Executed LURC

## XXIV. PROPERTY AGE

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### *Up to 4 points*

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

<b>Placed in service year</b>	<b>Points</b>
2000 or earlier	4
2001 to 2005	2

#### **Minimum Documentation:**

- Certificates of occupancy substantiating points claimed.

## XXV. PROPERTY SIZE

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### ***Up to 2 Points***

Applications will be assigned points in accordance with the following unit count ranges:

<b>Units at the Existing Property</b>	<b>Points</b>
70 to 100 units	1
69 or fewer units	2

## XXVI. READINESS TO PROCEED FOR 4% CREDIT APPLICATIONS

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### ***16 points***

Applications claim points in either A or B depending on construction type.

Applications will be assigned 16 points and points will be deducted in accordance with the process set forth in *Application Completeness*, subsection A. *Missing/Incomplete Documents/Organization*.

- A. New Supply Readiness: Submitted Application includes documentation necessary to meet all requirements in *Appendix I Threshold*.
- B. Rehabilitation Readiness: Submitted Application includes the following:
- Physical Needs Assessment
  - DCA Rehabilitation Work Scope Form
  - DCA Physical Needs Assessment Fannie Mae Forms
  - Documentation substantiating requests to waive QAP requirements, if applicable.

## **Exhibit A of Appendix II DCA Right of First Refusal (ROFR) Process**

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

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

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

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

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

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

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

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

## **Exhibit B of Appendix II DCA Housing Assistance Commitment and Eligibility**

### **Commitment**

A DCA Housing Assistance commitment comprises the following:

- Owner will report property vacancies monthly to DCA.
- As units become available and as DCA Housing Assistance funding is available, Applicant agrees to accept DCA PBRA for up to 10% of property units. Applications proposing a Family tenancy agree to contract up to 20% of units if possible given PBRA contracts on the property.
- Property managers will accept referrals for DCA rental assistance recipients in accordance with the requirements set forth in *Core Plan, Monitoring and Compliance subsection B. Section 8 Rental Assistance*, regardless of whether Section 8 is the funding source for the rental assistance.
- Owner will sign an annually updated MOU with DCA reflecting this commitment.

### **Applicant Eligibility**

Only Applicants who are in good standing for all previous DCA Housing Assistance commitments are eligible to agree to the above commitment in an Application. Good standing comprises the following:

- Rental Assistance Contract (RAC) Worksheet Completion
- RAC Completion & Tenant Selection Plan update, referencing 811 when applicable
- Properties with contracts in place:
  - Monthly reporting requirements, including but not limited to vacancy updates
  - Active and accurate HUD Subsidy participation, including but not limited to TRACS activity, re-certifications, and interim updates

### **Eligibility and Certifications for Age-Restricted Properties**

Elderly properties are ineligible for points under this section. Further, HUD disallows age discrimination for certain rental assistance programs administered by DCA. By seeking points for proposed developments with an HFOP tenancy, the Applicant certifies the following:

- Applicant did not make any commitments, verbally or written, to local governments indicating that this property will be 100% occupied by residents aged 55+;
- Applicant understands that the commitment to house people with disabilities will qualify under the “Other” definition provided for in the LURC.



## **Appendix III Compliance Monitoring Procedures, Requirements and Penalty Criteria**

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

- A. DCA will require an Owner of a Housing Tax Credit (HTC) project and/or Tax Exempt Bond/Tax Credit property to maintain records for each qualified Housing Credit building in the Project. For each year in the compliance period, the records must show the information required by the record-keeping provisions contained in Section 1.42-5 (b) of the Treasury Regulations.
- B. DCA will require an Owner to retain the records documenting compliance with Section 42 of the Internal Revenue Code (Section 42) for each year as described in Paragraph A above for at least 6 years after the due date (with extensions) for filing the federal income tax return for that year. DCA will also require Owners to retain the records for the first year of the Credit Period for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.
- C. DCA will require a first-year tenant file review and issuance of a clearance letter from an industry recognized HTC training and file review specialist. Each first-year file with all tax credit qualification documents must be reviewed by a specialist and a summary of their findings must be submitted to DCA within 18 months from the date of the first building being placed in service. Failure to submit the findings will impact future scoring as applicable under the Compliance Performance section for 9% tax credit applications submitted by the owner and the property's ability to be issued a Recertification Waiver (allowing the Ownership Entity to cease full annual recertifications and process tenant self-certifications for subsequent annual recertifications for 100% HTC properties). Each ownership entity must enter all required tenant data for each property into the DCA online Mitas software program by the 10<sup>th</sup> of each month for the preceding month. The required tenant data must include a report of all tenant move-ins and move-outs (to include onsite transfers) and income recertifications.
- D. An Owner of a Housing Credit Project must submit an online Annual Owner's Certification (AOC) to DCA, under penalty of perjury and as provided in Section 1.42-5 (c)(1) of the Treasury Regulations, by the stated deadline provided on the AOC form and the Compliance Monitoring website each year. All AOC submissions will be reviewed for Section 42 compliance and timely submission. DCA may deduct up to two (2) points from scoring in the application funding round, per Section II (A)(2) of Addendum D, for the Owner's failure to submit an AOC for any project by 5:00 p.m. EST on the stated deadline.
- E. DCA will notify the IRS of an ownership entity's noncompliance or failure to submit an AOC no later than forty-five (45) days after the end of the time allowed for correction and no earlier than the end of the correction period. DCA will notify the IRS by filing IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance for the 15-Year Compliance Period. Under certain circumstances DCA may notify HUD of a failure to submit an AOC.

**F. LIHTC with a GHFA Loan (HOME)**

**Annual Audited Financial Statement Requirement:**

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

- All financial statements must be submitted electronically. Paper financial statements will not be accepted. Properties must continue to submit audited annual financial statements until the loan

is paid in full.

- Each property is required to submit annual financial data as stated in this QAP, utilizing DCA reporting tools as required and described in DCA's policy documents, memorandum notices, Compliance Manual and Asset Management Manual.
- Annual financial reporting must begin once lease-up commences and after the first financial year of operation has ended.

### **All Properties**

#### **Annual Financial Reporting:**

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

#### **Quarterly Financial Reporting:**

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

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

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

- G. The ownership entity of any property having received funding through DCA must prepare and submit an Affirmative Fair Housing Marketing Plan (AFHMP) as outlined within this QAP. More detailed and specific information is available on the DCA website with regard to frequency of submission and/or updates, outreach efforts with specific contact information, required forms, etc.
- H. DCA will inspect each required HTC project with a frequency and sample size applied as defined in the DCA Compliance Manual located on the DCA website.
- I. During each Compliance Review/Audit, the ownership entity must submit the Owner Certification of Supportive Services form with corresponding detailed backup, (letters, sign in sheets, etc.) relating to the event and the resident participation. Failure to make submissions will result in State non-compliance and potential point deductions as stated in this QAP.
- J. Each ownership entity must allow DCA, or its designated representative, to perform additional on-site inspections of any HTC unit or building in a Project through the end of the applicable Compliance Period. These additional inspections are separate from any review of tenant files or units under Paragraph I. Inspections performed outside of Paragraph F will be at the expense of the ownership entity. Each unit or building inspection will be performed using the Uniform Physical Condition Standards (UPCS) guidelines established by HUD. The UPCS standards and related definitions provided by HUD (<https://www.hud.gov/sites/documents/appendix2-finaldictionary.pdf>) provide guidance for at least five hundred twenty (520) compliance protocols. For any additional inspections or re-inspections required by DCA, a \$75.00 per unit fee will be assessed to the property payable to DCA

within 30 days of notification of the fees. Re-inspections may be mandated by conditions found during a regularly scheduled inspection, information released by a media outlet, a notification of a resident concern, or any other source.

- K. DCA will promptly notify the ownership entity in writing if DCA is not provided access by either the owner or the management company to inspect and review as described in Paragraphs I and K, or otherwise discovers that the Project does not comply with Section 42. In such event, the ownership entity will be informed in writing of the stipulated period to supply missing documentation or to correct noncompliance commencing on the date of the notification letter.
- L. DCA may charge fees to cover the ongoing administrative expenses in monitoring compliance and to collect all expenses incurred in carrying out its duties as the Housing Credit agency, including, but not limited to, reasonable fees for legal and professional services.
- M. Compliance with the requirements of Section 42 is the responsibility of the ownership entity of the building for which the Housing Credits are allocated. The ownership entity of each building is responsible for compliance with all of the accessibility, adaptive design, and construction requirements, of the Fair Housing Act. Failure to comply with the requirements of Section 42 or the Fair Housing Act may result in the loss of Housing Credits pursuant to Section 1.42-9 of the Treasury Regulations.
- N. DCA monitoring of an Ownership Entity's compliance with the requirements of Section 42 and the Fair Housing Act does not make DCA or the State of Georgia liable to any Ownership Entity or to any shareholder, officer, director, partner, member or manager of any Ownership Entity or of any entity comprising any Ownership Entity for an Ownership Entity's non-compliance therewith.
- O. It is the policy of DCA to immediately report to the appropriate federal agent any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the use of federal funds.
- P. DCA will report its compliance monitoring activities annually on IRS Form 8610.
- Q. A copy of the IRS Form 8609, with Part II completed by the ownership entity, must be submitted to DCA the first year Housing Tax Credits are claimed for a building within 60 days' of DCA's issuance of IRS Form 8609 Part I.
- R. The ownership entity must submit a copy of any health, safety, or building code violation report issued by any regulatory (local, state, or federal) or third-party entity to DCA's Compliance Department within 60 days' of receipt from said entity.
- S. If an owner wishes to change the methodology used in the calculation of the Utility Allowance at any time after the initial determination has been made, the owner must submit a written request to DCA. Only one request per calendar year may be granted by DCA. A \$5.00 per HTC unit fee shall be paid by the owner at the time the request is submitted for a change request.
- T. Applicants must ensure the management company included in all applications is approved per DCA's Management Company Approval policy by the deadline specified in Core Exhibit A. If the management company is not approved by the deadline, the applicant will be required to replace the management company in the application with a management company that is approved. For any anticipated change in a management company, beyond the initial application for funding, the ownership entity must submit a request for approval of the change per DCA's Management Company Approval policy. DCA will provide an online publication of the Approved Management Company List to be updated no less than twice per year.