

**Additional Tax Credit (LIHTC) Allocations for 2020 9% LIHTC Awards  
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With recent increases in material costs (lumber, steel, etc.), DCA recognizes developments recently awarded will almost certainly see unexpected construction cost increases. In response, the Department of Community Affairs (DCA) has set aside 9% tax credits for 2019 and 2020 Competitive Awards facing a funding gap.

- **Deadline:**
  - 2019 Competitive Awardees: May submit a request **no later than June 15, 2021.**
  - 2020 Competitive Awardees: May submit a request **no later than September 1, 2021.**
  
- **How to request additional Credits:** Owners must use the Office of Housing Finance's Project Concept Change Workbook Form located on DCA's website: <https://www.dca.ga.gov/node/3971>
  
- **Additional documentation required:**
  1. **Project Concept Change workbook** ("pccrequest.xlsx")
    - **Note:** The \$1,500 PCC Fee will not be charged. However, DCA will charge a Tax Credit Allocation Fee equal to 8% of the Additional Credit Request.
  2. **Updated Tax Credit Core Application**
    - Updated Part III Sources Tab – showing updated Sources of Funds
    - Updated Part IV Uses Tab – showing updated development costs
    - Updated Part V Utility Allowance Tab – showing updated utility allowance (if applicable)
    - Updated Part VI Revenues & Expenses Tab – showing updated rents based on current year's rent/rent limits.
    - Updated Part VII Pro Forma Tab – showing new expenses, debt payments, etc. (if applicable)
  3. Finalized construction bid(s).
  4. Specifics of any potential value engineering.
  5. Final equity commitment letter(s).
  6. Third-Party Front end analysis of construction costs
  
- **Narrative/Formal Request Memo**
  - Part I: Request --A formal request for the increase, including a specific amount of additional tax credits and a statement acknowledging the amount only covers increases in hard construction costs.
  - Part II Funding Gap: Detail the current funding gap based on the original tax credit award, updated development costs, and updated non-tax credit sources of funds. Describe attempts to increase equity pricing from the submitted core application, increase loan amounts, and/or secure other sources of funding.
  - Part III Changes Summary: Note the change (\$) in the Total Construction Hard Costs (Part IV-Uses) and Total Developments costs (Part IV-Uses) as compared to the original core application submission and explain the cause of cost increases.

- Part IV Sources Update: Detail the change in Sources of Funds provided for this development & efforts made to fund the gap. How much additional funds have been raised since initial application to fund the cost increases?
  - Note the change in non-tax credit sources that have increased since initial application (debt, grants, deferred fee)
  - Note the change in increased equity pricing/tax credit equity based off the original credit award.
- Part V Timeline to Closing: Detail the projected timeline to closing and construction commencement (if closing/commencement has not yet occurred).
- **Updated Commitments:**
  - Updated loan commitments and equity commitments as referenced in the Updated Core Application (Part III Sources).
  - Updated rental assistance and/or government financial assistance contract (if applicable)
- **Other DCA Policies:**
  - DCA may award other resources in lieu of tax credits.
  - DCA may determine the amount exceeds what is necessary to cover hard construction cost increases or the property has the ability to increase other funding sources.
  - The revised proforma must show no more than 50% of the original fee as deferred or the amount available to be paid by cash flow by year 15.
    - The deferred fee cannot decrease in the final cost certification.
  - The Developer Fee proposed in the original application may not increase.
- **Additional Credit Award Fees:**
  - DCA will charge a Tax Credit Allocation Fee equal to 8% of the Additional Credit Request.
  - This fee must be paid within 1 month of the additional Credit Carryover Award.
  - This expense must come out of pocket and may not be reflected in the project's updated budget (Part IV Uses).
- **Ramifications for the 2022 9% Competitive Round:**
  - For each additional credit **requested**, the Project Team award limitation will be reduced by 1.5X the amount of the request in the 2022 9% Competitive Round.
    - **"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.
    - **The penalty will apply to any Project Team member which holds a 20% or greater interest in the Developer or General Partner entities.** The penalty will not be pro-rated based off percentage interest in each entity. The total penalty will be applied equally to each Project Team member (each Project Team member will receive a \$150,000 credit cap reduction in the example below).
  - Credit Award Limits will be determined in the 2022 QAP (currently \$1,800,000 in the 2021 QAP).
  - For example, a \$100,000 additional credit **request** will reduce the Project Team's award limitations by \$150,000 in the 2022 9% Competitive Round (e.g. A credit award limitation of \$1,800,000 would go down to \$1,650,000 million).
  - There are no negative points/application score ramifications for an additional tax credit request for 2019 or 2020 9% awarded developments.