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**Low Income Housing Tax Credit Program**

**2018 QAP: Updated Summary of Substantive Changes\***

## Core Section

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| Section | Proposed Change |
| Definitions | Definition added: “Interest – Direct or Indirect”; Definitions edited: “Adjacent,” “Project Team”; Definition removed: “Neighborhood Stabilization Program,” “Paved Pedestrian Walkway,” “Phased Development” (moved to Scoring Section), “Rent Standards,” “Tax Credit Assistance Program (TCAP)” |
| 7. Set Asides | C. “Rural HOME Preservation Set Aside” added – up to 5 Applications may be selected to each receive up to $375,000 for rehab/refinancing of existing 9% projects with existing HOME loan. |
| 12. 4% Federal Credit – Bond Financed Projects | All 4% Applicants required to complete pre-app process. |
| 13. Financing Resources | TCAP removed, as not awarding TCAP in 2018 |
| 19. Evaluation of Competitive Applications | Added description of the two-step review process for the 9% competitive round. |

## Appendix I: Threshold

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| Section | Proposed Change |
| I. Project Feasibility  | A. “Feasibility Assumptions and Policies” includes the following statements:* “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”;
* “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.”
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| 3. Reasonableness of Development and Construction Costs: * “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 tenant.”
* All selected Applicants will be required to submit to DCA an unrelated third party cost review prepared by DCA qualified consultant at least 30 days prior to closing.
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| 4. Reasonableness of Federal and State Equity Pricing: “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.”  |
| All units with High HOME rents and PBRA must be underwritten at the maximum HOME rent.  |
| 9. Market Units “The percentage of market rate units must be less than or equal to the permanent financing loan to development cost. Deferred developer fee can be included as an unrestricted financing source.” |
| II. Cost Limits | MSAs do not include all counties in Georgia; DCA requires properties in these non-MSA counties to use cost limits of MSAs as assigned in the 2018 QAP. |
| V. Market Feasibility | Indicative of market feasibility for HOME, 4% Credit projects, and 9% Credit projects: “Should not have more than two DCA funded projects in the primary market area which have physical occupancy rates of less than 90% and which compete for the same tenant base”  |
| XIX. Experience, Capacity, and Performance Requirements for General Partner and Developer Entities  | Experience, capacity, and performance requirements re-organized and clarified.  |
| XXII. Eligibility for Credit under the Rural HOME Preservation Set Aside | Section added, corresponding to the addition of the “Rural HOME Preservation Set Aside” in Core. Selection criteria: 1) “the percentage of the original HOME loan that has been paid”; 2) “the number of successful HOME deals completed by the Project Team”; 3) The property has no other leveraged funds besides the DCA HOME loan.”  |
| XXVI. Affirmatively Furthering Fair Housing | Marketing Plan requirements updated |
| Exhibit A: Underwriting Policies | * New limits to the Developer Fee on 4% bond-financed acquisition/rehabilitation projects
* Maximum Developer Fee for 4% bond deals is $3.5 million.
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## Appendix II: Scoring

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| Section | Proposed Change |
| III. Desirable/Undesirable Activities | Maximum points decreased from 13 to 10 pts; DCA will measure distance using Google Maps driving or walking distance. Paved Pedestrian Walkways not required. Bonus Desirable Point eliminated.  |
| IV. Community Transportation Options | Paved Pedestrian Walkways not required. Google Maps walking distance utilized.  |
| Brownfield | Section eliminated |
| VI. Enriched Property Services | Innovative Project Concept (renamed Education Outcomes, and now open to all Family Applicants), combined with Healthy Housing Initiatives to create Enriched Property Services. B. Healthy Housing Initiatives 1. Preventative Health Care (2 pts) requires the designation of a Health Services Coordinator, introduces a list of measurable outcomes. Applicant may also complete 2. Healthy Eating Initiative (1 pt) for a total of 3 pts under this sub-section. “Healthy Activity” removed.  |
| VII. Place-Based Opportunity | Quality Education Areas combined with Workforce Housing Need and Job Strength  |
| Transformational Communities | 2017 Transformational Communities divided into VIII. Revitalization/Redevelopment Plans, IX. Community Transformation, and XI. Community Designations.  |
| VIII. Revitalization/Redevelopment Plans | A DCA-recognized Community Revitalization Plan is worth 3 points; 2 additional points will be awarded to Applicants developing housing in a QCT. Off-Site Capital Investment included here.  |
| IX. Community Transformation | DCA will select up 5 Applicants (3 Urban, 2 Rural) to receive 3 points for qualifying as a Community-Based Developer, appointing a Community Quarterback Board, and commiting to undertaking Community Outreach and Engagement and completing a Community Transformation Plan. |
| XI. Community Designations | Remains open to only 1 Applicant receiving a HUD Choice Neighborhood Implementation (CNI) Grant and 1 Applicant designated by Purpose Built Communities. Applicants to this Scoring Section are ineligible for points under Section VIII. Revitalization/Redevelopment Plans, Section IX. Community Transformation, or Section X. Stable Communities.  |
| XII. Phased Development/Previous Projects | Wherever 2017 QAP listed “five (5) DCA funding cycles,” 2018 QAP increases to six (6).B. Previous Projects (Flexible Pool): two developments not included in analysis of previous competitive funding cycles: 1) phased public housing redevelopment properties; 2) “Developments located within one-mile radius of a transit hub, as defined in Community Transportation Options, A. Transit Oriented Development”  |
| Market Characteristics | Moved to Threshold |
| XIV. Exceptional Nonprofit/Public Housing Authority | Addition of sub-section B. “Exceptional Public Housing Authority” (2 pts), open to 1 Application in which the Project Team includes a qualified Public Housing Authority, their sponsoring entities, affiliated companies, or subsidiaries.  |
| XV. Priority Point | “Each Applicant (Flexible or Rural) will be limited to claiming the Priority point for one Application in which a Project Team has a direct or indirect interest.” Limit on number of units removed.  |
| XVII. Favorable Financing | Replaces “Leveraging”; qualifying loans’ interest rate may not exceed AFR. Long-Term Ground Lease moved from Transformational Communities to Favorable Financing. |

\*Items listed below include highlighted changes made to the 2017 QAP. Not all changes have been listed.