



**Housing Tax Credit Program  
2020 QAP Draft: Substantive Changes**

*This document does not represent finalized changes or all potential changes to the 2020 QAP.*

**Core**

Section	Proposed Changes
Set Asides	Allow HOME Preservation Set Aside for properties with HOME only. <ul style="list-style-type: none"> <li>2019 QAP: only open to properties that paired HOME with 9% credits previously.</li> </ul>
Competitive Pools	35% cap on 9% allocations towards the Rural pool replaced by 35% minimum and 50% maximum. Once the 35% minimum allocation is reached, all remaining 9% Credits will be awarded on a competitive basis to all remaining Rural and Flexible pool Applications, though no more than 50% of 9% credits will be awarded to Rural pool applications. <ul style="list-style-type: none"> <li>2019 QAP: after 35% cap reached, remaining 9% awards go to the Flexible pool.</li> </ul>
Tax Credit Administration	For developments awarded 9% credits in the 2020 competitive round that later request and are awarded additional 9% credits, the associated Project Team (as defined in the QAP*) will receive a 2-point deduction that applies to all applications they submit as part of a subsequent competitive round for 9% credits. Intent is to ensure all outside sources have been explored before seeking additional 9% credits. <p>* For purposes of this policy, a consultant with an ownership interest below 20% will not count as a member of the Project Team.</p>
Evaluation of Competitive Applications	9% credits in the City of Atlanta will be capped at 10% of credits available in the competitive round, excluding set asides. Intent is to lessen tax credits per unit in the City by encouraging utilization of local financial resources. DCA will not fund applications at less than their tax credit request in order to reach this cap. <ul style="list-style-type: none"> <li>2019 QAP: capped at 3 applications rather than tax credit amount.</li> </ul>
Exhibit A DCA Pre-Application Fees and Deadline Schedules	For 9% applications, drop requirement that Project Teams must be finalized by Pre-Application deadline. <p>Please see addition to XIX. <i>Experience, Capacity, and Performance Requirements for General Partner and Developer</i> in Threshold below.</p>

## Appendix I: Threshold

Section	Proposed Changes
Cost Limits	<p>(1) Development costs must be below the limits established in a workbook that DCA will publish on the website. Calculations are generated by the following:</p> <ul style="list-style-type: none"> <li>• Efficiencies set at 20% above HUD-published cost limits.</li> <li>• 2BR and 1BR units set at 15% above HUD-published cost limits.</li> <li>• 3BR and 4BR units set at 10% above HUD-published cost limits.</li> </ul> <p>(2) Total Development Cost calculation for purposes of cost limits excludes “DCA-Related Costs,” “Local Government Fees”, the rent-up reserve, operating deficit reserve, and an upfront-funded replacement reserve if applicable.</p> <p>(3) DCA will consider a cost waiver at Pre-Application if the amount that the application exceeds cost limits is covered by a governmental entity that is not DCA.</p> <ul style="list-style-type: none"> <li>• 2019 QAP: governmental entities not eligible, only foundations or other unrelated not-for-profit charitable organizations.</li> </ul> <p>(4) For 9% applications only: applicants may submit cost limit waivers by the Full Application deadline. Applicants are warned that the clarification process during 9% Full Application review is limited relative to Pre-Application review, and if DCA denies the cost limit waiver the application will fail Threshold. All other waivers must be submitted by the Pre-Application deadline.</p> <ul style="list-style-type: none"> <li>• 2019 QAP: cost limit waivers must be submitted by the Pre-Application deadline.</li> </ul>
Appraisals	<p>For 9% applications: for purposes of generating tax credits, properties which have been in the control of the Applicant or a related party for a period of 5 years or less will generally be valued at the acquisition cost at the time the related party obtained initial site control.</p> <ul style="list-style-type: none"> <li>• 2019 QAP: language the same, but 3 years rather than 5 years. 3-year time frame still applies to 4% applications.</li> </ul>
Experience, Capacity, and Performance Requirements for General Partner and Developer	<p>Project Teams will have the option to be reviewed for qualifications either at full application or at Pre-application. However, in order to receive a full review at Pre-Application under this section, the applicant must have the project team and construction type finalized by Pre-Application. If either of the two are “To Be Determined,” DCA will not conduct a team qualifications review during the Pre-Application review phase.</p>
Integrated Supportive Housing	<p>Remove subsection <i>B. Target Population Preference for Properties with Rental Assistance</i>. This provision’s intent was to apply at the property level, but in practice this provision cannot be applied without impacting PHA portfolios.</p>

<p>Exhibit A: DCA Underwriting Policies</p>	<p>(1) Increase developer fee cap for 9% developments to \$2 million.</p> <ul style="list-style-type: none"> <li>2019 QAP: cap is \$1.8 million.</li> </ul> <p>(2) Developer fee limitation is based on the set per-unit amounts below and cannot be increased after application submission. Intent is to remove incentive to increase costs for higher developer fee, given that DCA has increased cost limits.</p> <ul style="list-style-type: none"> <li>2019 QAP: limitation is based on 15% of eligible TDC.</li> </ul> <table border="1" data-bbox="625 472 1198 751"> <thead> <tr> <th><i>Development type</i></th> <th><i>Developer Fee Per Unit</i></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>9% applications</b></td> </tr> <tr> <td>First 50 units</td> <td>\$25,000 / unit</td> </tr> <tr> <td>Units 51-70</td> <td>\$20,000</td> </tr> <tr> <td>Units 71 or greater</td> <td>\$15,000</td> </tr> <tr> <td colspan="2"><b>4% applications</b></td> </tr> <tr> <td>First 100 units</td> <td>\$18,000 / unit</td> </tr> <tr> <td>Units 101-130</td> <td>15,500</td> </tr> <tr> <td>Units 131 or greater</td> <td>13,000</td> </tr> </tbody> </table>	<i>Development type</i>	<i>Developer Fee Per Unit</i>	<b>9% applications</b>		First 50 units	\$25,000 / unit	Units 51-70	\$20,000	Units 71 or greater	\$15,000	<b>4% applications</b>		First 100 units	\$18,000 / unit	Units 101-130	15,500	Units 131 or greater	13,000
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## Appendix II: Scoring

Section	Proposed Changes
<p>Desirable/ Undesirable Activities</p>	<p>Add option for proximity to institutions that are part of the Technical College System of Georgia.</p>
<p>Revitalization / Redevelopment Plans</p>	<p>Subsection A. <i>Qualified Census Tract/Revitalization Plan (5 points)</i>: Divide Community Revitalization Plan (CRP) criteria into 2 groups: Required and Additional. Deduct one point for each Additional CRP criteria not met. If three criteria are not met or any Required CRP criteria are not met, applicant not eligible for any points. Intent is to not retain point opportunities for revitalization efforts that meet some but not all DCA criteria.</p> <ul style="list-style-type: none"> <li>2019 QAP: if any single CRP requirement is not met, applicant not eligible for any points.</li> </ul> <p>Flexible pool only: “Targeted Area” must not be the Local Government boundary. Intent is to remove opportunity to receive revitalization points for plans that encompass an entire major city.</p>
<p>Community Transformation</p>	<p>(1) Up to 5 applications will be selected for Community Transformation points, and all applications will compete against each other.</p> <ul style="list-style-type: none"> <li>2019 QAP: Up to 5 awards but limited to up to 3 in Flexible and up to 2 in Rural.</li> </ul> <p>(2) Remove the following from subsection 5. <i>Equitable Geographic Allocation</i>, which applies to developments within a Defined Neighborhood already containing a Community Transformation initiative: “...the Community-Based Team associated with the original Transformational Community initiative must be on the Community Quarterback Board (CQB).”</p> <p>(2) Adjust requirements to Community Quarterback Board local representatives:</p> <ul style="list-style-type: none"> <li>drop requirement that at least one-third must be public officials or local government employees</li> </ul>

	<ul style="list-style-type: none"> <li>• drop requirements by tenancy</li> <li>• add requirement that members must represent at least 3 of the 5 listed sectors (education, health, employment services, transportation services, and local government)</li> </ul>
<p>Stable Communities</p>	<p>(1) Subsection B. <i>Rural Pool Low-Poverty Communities</i>: Rural applicants will have point opportunities for proximity to neighboring low-poverty census tracts that mirror those available to Flexible applicants under subsection A.</p> <p>(2) Subsection C. <i>Enterprise Community Partners Opportunity360</i>:</p> <ul style="list-style-type: none"> <li>• DCA will post a report on its website displaying how many points each census tract is eligible for in this subsection. Enterprise updates Opportunity 360 once per year, and points awarded during competitive round will be based on the highest score possible between 2020 QAP publication date and competitive round application deadline.</li> <li>• Remove Housing Stability index as an option. Intent is to give competitive advantage based on neighborhood characteristics that HTC properties do not directly address for future HTC property residents.</li> </ul>
<p>Mixed Income Development</p>	<p>Remove Mixed-Income Developments from Stable Communities and create a new section, allowing all applicants to claim a point for including market units or income averaging.</p> <ul style="list-style-type: none"> <li>• 2019 QAP: this point was limited to Flexible applicants and was contained in the Stable Communities section.</li> </ul>
<p>Previous Projects</p>	<p>(1) Adding the following exceptions to analysis of previous projects:</p> <ul style="list-style-type: none"> <li>• Rural HOME Preservation Set Aside awardees will not be included in the analysis of previous competitive funding cycles.</li> </ul> <p>(2) Adding the following:</p> <ul style="list-style-type: none"> <li>• 15 Year Lookback Period:             <ul style="list-style-type: none"> <li>○ 5 points for proposed developments that are...                 <ul style="list-style-type: none"> <li>▪ Located in a local government boundary that has not received a 9% award within the last 15 competitive rounds</li> </ul> </li> <li>○ 4 points for same as above, but local government boundary has received one 9% award within last 15 competitive rounds.</li> </ul> </li> <li>• 2-6 Year Lookback Period:             <ul style="list-style-type: none"> <li>○ For proposed developments that are within a 1-mile radius of a transit hub*, the applicable lookback periods are 3 years for 3 points (rather than 6 years) and 2 years for 2 points (rather than 4 years).</li> </ul> </li> </ul> <p>* As defined in <i>Appendix II Scoring, IV. Community Transportation Options</i>.</p>
<p>Priority Point</p>	<p>Remove this section. Intent is to let applications stand on their own separate from developer discretion.</p>
<p>Favorable Financing</p>	<p>Subsection A. <i>Qualifying Sources for Favorable Financing</i>: DCA HOME no longer qualifies. HOME funds from a government entity other than DCA still qualify.</p>

### Appendix III: Compliance Addendum

Section	Proposed Changes
<p>Compliance Monitoring Procedures, Requirements and Penalty Criteria</p>	<p>New addendum that provides high-level clarification of mostly existing compliance monitoring procedures and requirements.</p> <p>New requirement: 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 of the date of the first building being placed in service. Failure to submit the findings will impact the owner’s Compliance Performance score under future applications, in addition to the property’s ability to be issued a Recertification Waiver*, if applicable.</p> <p>* For 100% HTC properties, allows the ownership entity to cease full annual recertifications and process tenant self-certifications for subsequent annual recertifications.</p>