



Housing Tax Credit Program 2020 QAP: Potential Substantive Changes

This document is to be used solely to support public input in advance of DCA releasing a 2020 QAP draft. The listing below does not reflect finalized changes or all potential changes.

Core Section

Section	Proposed Changes
7. Set Asides	<p>Open up Rural HOME Preservation Set Aside to properties with HOME only.</p> <ul style="list-style-type: none"> 2019 QAP: only open to properties that paired HOME with 9% credits previously. <p>Add Flex HOME Preservation Set Aside; up to \$1.5M of available 9% tax credits.</p> <ul style="list-style-type: none"> 2019 QAP: only Rural HOME Preservation Set Aside available.
11. Tax Credit Administration	<p>For developments awarded 9% credits in the 2020 competitive round that later request* additional 9% credits, the associated Project Team (as defined in the QAP**) will be ineligible for an award in a subsequent 9% competitive funding round. DCA will have full discretion to determine which upcoming funding round applies.</p> <p>* Please note that this applies even to requests that do not receive an allocation of additional credits. ** For purposes of this policy, a consultant with an ownership interest below 20% will not count as a member of the Project Team.</p>
14. Eligibility of Certain Project Configurations	<p>Allow existing 9% HTC properties to apply for 9% resyndication after 15 years.</p> <ul style="list-style-type: none"> 2019 QAP: will not allow resyndication for properties with placed-in-service dates within 18 years of application submission.
20. Monitoring and Compliance	<p>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.</p> <p>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>
23. DCA Pre-Application Fees and Deadline Schedules	<p>For 9% applications, drop requirement that Project Teams must be finalized by Pre-Application deadline. Applicants will have the option to be reviewed for qualifications either at full application or at Pre-application. However, in order to receive a full Threshold review at Pre-Application for <i>XIX. Experience, Capacity, and Performance Requirements for General Partner and Developer</i>, the applicant must have the project team, site and construction type finalized by Pre-Application. If any of the three are "To Be Determined," DCA will not conduct a team qualifications review during the Pre-Application review phase.</p>

Threshold Section

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II. Cost Limits	<p>(1) Development costs must be below the limits established in a table that DCA will publish on the website. Calculations are generated by the following:</p> <ul style="list-style-type: none"> • Efficiencies set at 20% above HUD-published cost limits. • 2BR and 1BR units set at 15% above HUD-published cost limits. • 3BR and 4BR units set at 10% above HUD-published cost limits. <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"> • 2019 QAP: governmental entities not eligible, only foundations or other unrelated not-for-profit charitable organizations. 																										
Exhibit A: DCA Underwriting Policies	<p>(1) Increase developer fee cap for 9% developments to \$2 million.</p> <ul style="list-style-type: none"> • 2019 QAP: cap is \$1.8 million. <p>(2) Developer fee limitation is based on the set per-unit amounts below.</p> <ul style="list-style-type: none"> • 2019 QAP: limitation is based on 15% of eligible TDC. <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #fff9c4;"> <th colspan="3">Per Unit Developer Fee Limitations</th> </tr> <tr style="background-color: #fff9c4;"> <th><i>Development type</i></th> <th><i>Developer Fee Per Restricted Unit</i></th> <th><i>Restricted Units Required to Reach Max Developer Fee</i></th> </tr> </thead> <tbody> <tr> <td>9% applications</td> <td></td> <td></td> </tr> <tr> <td>First 50 units</td> <td>\$25,000 / unit</td> <td rowspan="3">9% cap (\$2M): 93</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>4% applications</td> <td></td> <td></td> </tr> <tr> <td>First 100 units</td> <td>\$18,000 / unit</td> <td rowspan="3">4% cap (\$3.5M): 225</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>	Per Unit Developer Fee Limitations			<i>Development type</i>	<i>Developer Fee Per Restricted Unit</i>	<i>Restricted Units Required to Reach Max Developer Fee</i>	9% applications			First 50 units	\$25,000 / unit	9% cap (\$2M): 93	Units 51-70	\$20,000	Units 71 or greater	\$15,000	4% applications			First 100 units	\$18,000 / unit	4% cap (\$3.5M): 225	Units 101-130	15,500	Units 131 or greater	13,000
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VI. Appraisals	<p>For 9% applications only: properties which have been in the control of the applicant or a related party for a period of 5 years 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"> • 2019 QAP: language the same, but 3 years rather than 5 years. 																										

Scoring Section

Section	Proposed Changes
VII. Revitalization / Redevelopment Plans	<p>Subsection A. <i>Qualified Census Tract/Revitalization Plan (5 points)</i>: deduct one point for each Community Revitalization Plan (CRP) requirement not met. If three criteria are not met, applicant not eligible for any points.</p> <ul style="list-style-type: none"> 2019 QAP: if any single CRP requirement is not met, applicant not eligible for any points. <p>Flexible pool only: "Targeted Area" must not be the Local Government boundary.</p>
VIII. Community Transformation	<p>(1) DCA will select up to 3 Applicants from the Flexible Pool and up to 2 Applicants from the Rural Pool.</p> <ul style="list-style-type: none"> 2019 QAP: DCA "will select at least" 3 Applicants from the Flexible Pool and 2 Applicants from the Rural Pool. <p>(2) Adjust requirements to Community Quarterback Board local representatives:</p> <ul style="list-style-type: none"> drop requirement that all representatives must be public officials or local government employees drop requirements by tenancy add requirement that members must represent at least 3 of the 5 listed sectors (education, health, employment services, transportation services, and local government) <p>(3) Remove the following from subsection 5. <i>Equitable Geographic Allocation</i>, which applies to developments within a local government boundary 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>
XI. Phased Development / Previous Projects	<p>(1) <i>Subsection C. Previous Projects (Rural Pool)</i>: developments within a local government boundary that has not received a 9% award within the last 15 DCA Housing Credit Competitive Rounds will receive (4) points.</p> <ul style="list-style-type: none"> 2019 QAP: "...since the 2000 DCA Housing Credit Competitive Round." <p>(2) New subsection (applies to both rural and flexible pools): proposed developments located in a county that has never received a 9% tax credit award are eligible for 7 points.</p> <p>(3) Adding the following exceptions to analysis of previous projects:</p> <ul style="list-style-type: none"> If the proposed development is within a 1-mile radius of a Metropolitan Atlanta Rapid Transit Authority (MARTA) train station, then other developments within a 1-mile radius of a MARTA train station will not be included in the analysis of previous competitive funding cycles. Rural HOME Preservation Set Aside awardees will not be included in the analysis of previous competitive funding cycles.
XIV. Priority Point	Remove this section.
XVI. Favorable Financing	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.

Please note that the following proposed changes were in a previous version of this document, but are not currently still under consideration:

- V. *Enriched Property Services*: note regarding Project Concept Change process and resident input does not require a change to existing QAP language.

- *XVIV. Readiness to Proceed*: not currently considering this as a new section.
- *Exhibit A: Rural Counties*: proposed change would have removed rural pool eligibility for properties located in USDA-eligible areas that are not within the QAP list of rural counties.