

**DRAFT**  
**STATE OF GEORGIA**  
**2009 QUALIFIED ALLOCATION PLAN**  
**FOR**  
**FEDERAL LOW INCOME HOUSING TAX CREDITS**  
**STATE HOUSING TAX CREDITS**  
**HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS**  
**CORE PLAN**

**Section 1. Purpose**

The purpose of the 2009 Qualified Allocation Plan (Plan) is to set forth:

- The legislative requirements for distributing affordable housing financing resources,
- A description of federal and state resources available from DCA for financing affordable rental housing,
- The priorities established by DCA for the types of affordable rental housing,
- The process of evaluating funding requests and awarding of these resources, and
- Certain aspects of program compliance requirements and procedures.

**Section 2. Definitions**

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

**“4% Credits”** means Federal Credit available to Tax Exempt 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.

**“ADA”** means Atlanta Development Authority.

**“Adjacent”** means either immediately contiguous to, across the street from, or diagonally opposite across an intersection.

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

**“Applicant”** means any Person that submits an Application to DCA requesting an allocation pursuant to the Plan and any affiliate of such Person. The Applicant shall always include the Owner.

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

\* Not Applicable to Bond Financed Projects

**“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.

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

**“Capital Improvements”** mean substantial improvements to the real estate, for items 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.

**“CHDO”** means a Community Housing Development Organization, as defined in the HOME regulations at 24 CFR Part 92.

**“CHDO Predevelopment Loan Program”** means the DCA program designed to make loans exclusively to CHDOs for predevelopment activities involving the preparation of Applications for loans through the HOME Rental Housing Loan Program.

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

**“Competitive Scoring”** means the process described in this Plan by which DCA ranks the Applications received. Only those Applications meeting Threshold requirements will be advanced to the Competitive Scoring process. The ranked outcome of the Competitive Scoring process will be a significant factor in DCA’s determination of Applications selected for funding.

**“Compliance Period”** means the 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 has been retained by the Owner or Developer of a project to perform consulting services. Consultants include, but are not limited to, construction management consultants, relocation specialists, tax credit application consultants, tenant certification consultants, HOPE VI Consultants etc. DCA will include any consulting fees set out in the development budget as part of the calculation of Developer fee cap except that accountants, architects and similar contractors will not be included.

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

**“Credits”** means the State Credit and the Federal Credit together.

**“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 GHFA.

\* Not Applicable to Bond Financed Projects

**“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.

**“Developer Fee”** means the sum of the Developer’s overhead and Developer’s profit. If a Consultant (as defined per the 2009 QAP) is acting in the capacity of Developer or construction manager, or providing technical assistance to the Developer or construction manager, the Consultant’s Fee is also considered part of the total Developer Fee limitation. Guarantor Fees are also part of the total Developer Fee limitation.

**“Development Costs”** means the costs included in the development budget including but not limited to, the cost for land, on-site improvements, on-site development, construction cost, financing cost, professional fees, and reasonable reserve accounts. Development costs are limited to on-site development activities.

**“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 commencing with the first day in the Compliance Period and ending on the date, which is fifteen years after the close of the Compliance Period.

**“Federal Credit”** means the Low Income 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

\* Not Applicable to Bond Financed Projects

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 or collective of partners, which has general liability for the partnership during construction, lease up, and operation of the project. In addition, unless the context shall clearly indicate to the contrary, if the entity in question is a limited liability company, the term “General Partner” shall also mean the managing member or other party with management responsibility 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 Low Income 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 the HOME Rental Housing Loan Program loans.

“**HOME Regulations**” means the regulations at 24 CFR Part 92 governing the HOME Rental Housing Loan Program, promulgated by HUD, including any subsequent amendments to such regulations.

“**HOME Rental Housing Loan Program**” means the program that is designed to provide below market, favorable term financing for affordable rental housing. In Georgia, this program is intended to serve those individuals who have incomes up to 60% AMI.

“**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 service 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 project 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.

\* Not Applicable to Bond Financed Projects

DCA will monitor the required facilities and services during the applicable Compliance Period or the Period of Affordability whichever is longer.

“**HTF**” means the Housing Trust Fund for the Homeless established by O.C.G.A. Sec. 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 or services for the project.

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

“**Letter of Determination**” 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% low income 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 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 for 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.

“**Manual**” means the Application Manual published by DCA for Applications submitted in 2009.

“**Master Planned Community**” means one Tax Credit project that will be developed in several adjacent phases with different allocations of Credits under a common planning document. The Master Plan may include Parks, Green space and shared amenities between the different phases. Applicants that are unsure as to whether a site constitutes a “Master Planned Community” should seek DCA verification prior to Application Submission. The Master Planned Community site plan must be submitted with each phase at application.

\* **Not Applicable to Bond Financed Projects**

**“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.

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

**“Neighborhood Stabilization Program” or “(NSP)”** means HUD’s new Neighborhood Stabilization Program enacted to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. NSP provides grants to every state and certain local communities to purchase foreclosed or abandoned residential properties and to rehabilitate, resell, or redevelop these properties in order to stabilize neighborhoods and stem the decline of neighborhood values

**“Non-Metro Median Income Limits”** means the applicant can use the higher of the non-metro median income of \$49,300 (as defined in section 530 of the Housing Act of 1949) or the area median income to calculate incomes and rents of projects located in rural areas, as defined by Department of Agriculture and as outlined in HERA.

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

**“Operating Cost”** means the costs associated with operating a multifamily development once the project is placed in service.

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

**“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.

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

**“Phased Development”** means a multifamily project composed of more than one tax credit property located on adjacent sites with common ownership entities.

**“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 PHs include the cities of

\* Not Applicable to Bond Financed Projects

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 2009 Qualified Allocation Plan.

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

“**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.

“**Rent Standards**” means the most recent AMI FMR as issued by HUD and UA as described in the Plan.

“**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**” For scoring purposes and determination of the minimum operating cost per the QAP, **means** those areas designated by USDA as being Rural or those counties that appear on Exhibit B of Appendix II. A list of USDA Rural areas can be accessed on the USDA website at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>.

“**Rural Income and Rent Limits**” means the U. S. Dept of Housing and Urban Development FY 2009 Income Limits Area Definitions and Fair Market Rent tables. These lists can be accessed on the HUD website at <http://www.huduser.org/datasets/pdrdatas.html>. USDA Income and Rent Limits are only used for projects funded with Section 515 loans.

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

“**Special Needs Households**”, will be defined by DCA’s Office of Special Housing Initiatives Program requirements,

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

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**“State Credit”** means the Housing Tax Credit established by the Georgia General Assembly, as set forth in O.C.G.A. Section 48-7-29 and Section 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 are 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 US Department of Housing and Urban Development CPD Notice 98-01 guidelines required by 24 CFR 92.250(b).

**“Threshold”** means the criteria described in Appendix I, which is the first phase of review for Applications submitted under the Plan. Only those Applications that meet the Threshold criteria will be advanced to the Competitive Scoring process of the Application evaluations.

**“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 and during the period of affordability as described in the Plan.

**“UUA”** means the utility allowance used for underwriting purposes only as described in the Plan and established by the Public Housing Authority (PHA) that administers the Section 8 Program in the locality where the property is located.

**“URFA”** means the Urban Residential Finance Authority.

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

\* Not Applicable to Bond Financed Projects



### **Section 3. Legislative Requirements**

**Federal Credit.** O.C.G.A. Sec. 50-26-8(a) 32 gives GHFA certain powers and authority. As the agency administering the programs of GHFA, DCA is authorized to:

“... allocate and issue low income housing credit 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 agency are necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the low income housing credit program. Such conditions may include barring Applicants from participation in the tax credit program due to abuses of the tax credit program and imposing more stringent conditions for receipt of the credit than are required by Section 42 of the Internal Revenue Code...”

#### **A. Section 42 of the Code mandates that:**

1. Each state adopt an annual plan for Federal Credit allocation;
2. The Plan applies to projects awarded Federal Credit from the state’s annual allocation, and projects financed by tax-exempt bonds and eligible for Federal Credit outside of the annual Federal Credit allocations;
3. Draft versions of the Plan are made available for public comment;
4. After consideration of those comments, amendments are made to the Plan;
5. The final Plan be approved by the GHFA Board and transmitted to the Governor for final review and approval.

#### **B. Allocation Plan Requirements**

Each state Allocation Plan must meet certain minimal requirements. The selection criteria must include:

- project location
- housing needs characteristics
- project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan
- projects intended for eventual tenant ownership
- tenant populations with special housing needs
- sponsor characteristics
- tenant populations of individuals with children
- public housing waiting lists
- energy efficiency
- historic character

#### **States must give preference among selected projects to:**

- those serving the lowest income tenants,
- those serving qualified tenants for the longest period
- projects located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan

\* Not Applicable to Bond Financed Projects

States may include such other criteria as they deem appropriate, and except for the specified preference items, there are no requirements as to the relative weight of the various factors. Additional LIHTC responsibilities of the Authority include:

- Assurance that the amount of tax credits allocated does not exceed the amount “necessary for the financial feasibility of the project and its viability as a qualified low income housing project throughout the credit period.”
- Evaluation of all projects for consistency with the Allocation Plan and for credit need, including projects using tax exempt bond financing.
- Execution of an agreement for “an extended low income housing commitment” for every project. This agreement must be recorded as a restrictive covenant binding on all successor owners, and must allow low income individuals the right to enforce the commitment in state court.
- Monitoring of compliance with the provisions of Section 42 and notifying the Internal Revenue Service of any noncompliance.

**C. State Credit.** DCA also administers Georgia's housing tax credit. The State Credit is applied in conjunction with the Federal Credit on a dollar-for-dollar matching basis. For each dollar of Federal Credit allocated, an equal amount of State Credit will be automatically allocated by DCA. 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.

**D. HOME Program.** The State’s Annual Action Plan for FFY2009 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 4. Affordable Rental Housing Needs**

The State’s Annual Action Plan identifies the housing needs of low and moderate income Georgians. Applicants are referred to the State’s FFY 2009 Consolidated Plan for complete information regarding Georgia’s housing needs. The policies, objectives and priorities of the Consolidated Action Plan are incorporated into this document

\* Not Applicable to Bond Financed Projects

## **Section 5. Financing Resources – Credits**

**A. 9% Federal Credit.** The annual Federal Credit dollar amount allocated to the State of Georgia is determined by the Internal Revenue Service and based on Georgia's population and indexed for cost-of living adjustments. The amount of Federal Credit available for the 2009 funding cycle will be comprised of the State's 2009 Federal Credit allocation, returned Federal Credit, and any national pool Federal Credit available to the State less any Federal Credit forward committed.

Allocation of Credits will be made through a Competitive Scoring Process as defined in the Core Plan. An Application for Credits must be submitted to DCA in accordance with the policies and timelines set forth in the Plan and must satisfy the Threshold Requirements set forth in Appendix I of the Plan. Complete Applications that meet the Threshold requirements described in Appendix I will be allowed into the Competitive Scoring Process as set forth in Appendix II.

**B. Maximum Project Credits Award.\*** No project will be awarded more than Eight Hundred and Fifty thousand dollars (\$850,000) of Georgia's annual Federal Credit authority and an equal amount of State Credit authority except projects with a Tier One Development team will be awarded no more than \$950,000 per project.

**C. Set-Asides.\*** This estimated amount of Federal Credit available includes the following set asides:

*1. Nonprofit Set-aside* - 10% of the available 9% Credits are set-aside for nonprofit-sponsored Applications pursuant to the Code. Qualified nonprofit organizations must materially participate in the project within the meaning of Section 469(h) of the Code and meet all requirements set forth in Code Section 42(h)(5).

*2. Rural Set-aside* - 30% of the available 9% Credits will be set-aside for Applications proposing affordable housing developments in Rural areas. Applications funded under the Rural set-aside will receive preference in the allocation of Loans.

*3. Preservation Set Aside* - Up to \$1.5 million of federal credits or three projects will be set-aside for the preservation of affordable housing projects meeting one or both of the following criteria:

- An existing tax credit property which is in the fourteenth or 15<sup>th</sup> year of the Compliance Period or the Extended Use period. The partnership's tax returns for the first and last years of the period in which credits were claimed must be provided, along with the appropriate IRS Forms 8609. If the applicant is seeking acquisition credits, a legal opinion stating that all of the buildings in the project will have met the Compliance Period by December 31, 2009 and that the property is eligible for acquisition credits must be attached.

\* Not Applicable to Bond Financed Projects

- Projects under development by a local public housing authority using replacement housing factor (RHF funds or a loan secured by the assets and or capital funds of the PHA as the primary source of financing.
- Existing U.S. Department of Agriculture, Rural Development (RD) projects with Section 515 financing and project based rental assistance for at least fifty percent (50%) of the units.
- Projects that have a Project Based Section 8 contract but are eligible to opt out of that contract with a one year notice to tenants. To be eligible to opt out, the Contract must be out of its original term and in a renewal period of five years or less.
- Existing HUD Section 236 projects. The Interest Reduction Payment (IRP) must be decoupled from the Section 236 agreement if housing credits are awarded (exceptions may be permitted on a case-by-case basis). The affordability requirements indicated in the Section 236 agreement must also be maintained for the property.
- Any Other affordable non public housing project that has existing funding from HUD is severely deteriorated and has been designated by HUD as a preservation project that is in danger of losing its affordability.

In order to qualify for this set aside, projects must not have outstanding or uncured major noncompliance issues. If insufficient projects are within the scoring range for selected projects, DCA may elect to select a lower scoring project that meets the requirements of the set aside. The preservation projects are listed in the order of their priority for DCA.

(DCA may determine, in its sole discretion, that projects that are occupied, have long term affordability restrictions and which are in substantially good condition are not in danger of losing affordability and are not eligible for this set aside).

**Note:** Selected projects may count for more than one set aside.

4. Special Needs - Up to \$950,000 will be set-aside for DCA Office of Special Housing Initiatives projects. In order to be considered for this set aside, the applicant will need to provide a commitment for Office of Special Housing Initiatives funds. If more than one project meets the requirements of this set aside, the Office of Special Housing Initiatives project will designate the project that will be selected for the set aside.

5. Supplemental Set-Aside - Up to \$2 million will be set aside for previously DCA funded projects. Allocations made under this set-aside can be up to \$600,000 for any one project and shall be made outside of the competitive process and funding rounds. Requests for more than this amount shall be handled through the competitive rounds and process. Requests under this set-aside will be granted at the sole discretion of DCA for projects which meet one or more of the following criteria:

- \* **Not Applicable to Bond Financed Projects**

- 2008 funded projects which have incurred or face substantial unforeseen cost increases;
- 2008 funded projects which have incurred an unanticipated reduction in equity yield on the sale of the tax credits;
- DCA projects funded prior to 1999 which have a HOME Loan, State Housing Trust Fund loan or other DCA resources that have physical issues which cannot be remedied through normal workout processes and which pose a threat to the continued affordability of the project and the loss of the resources.
- Other extraordinary needs based on the current volatile economic market as determined by DCA.

Any amounts remaining in this set aside at the announcement of 2009 awards will be utilized in the general pool for 2009 projects.

**D. 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 2009 Credits.

**E. State Designated 30% Basis Boost.** HERA authorizes state allocating agencies to designate certain areas not located in a QCT or DDA for a 30% basis boost. Projects may receive an allocation of credit based upon 130% of the eligible basis for new construction or substantial rehabilitation. This increase will be approved on a project by project basis, based upon demonstrated financial need and requires one or more of the following circumstances:

- Rural projects that can be structured to be debt free with the boost
- Majority Special Needs projects that have DCA Office of Special Housing Initiatives Funds or have been designed by DCA's Office of Special Housing Initiatives as meeting their criteria
- Historic Rehab projects qualifying for historic rehab credit scoring
- Projects receiving that are designated by DCA as obtaining a high degree of sustainability through incorporation of energy efficiency components and Green Building techniques. (Projects that have or will obtain Leeds ND or Community Sustainability certification are automatically entitled to the boost. Projects not enrolling in these certifications will need to seek pre-application approval of their requests for the boost.)
- Projects located in Presidentially Declared Natural Disaster areas
- Extraordinary financial circumstances which require the boost to ensure the continued feasibility of a project as approved by DCA

All projects will need to show that the boost is needed and that the project meets all of DCA's underwriting and other criteria.

\* Not Applicable to Bond Financed Projects

(Please note that “4% credit” projects are not eligible for such basis boost designated by the state.)

**F. Economic Uncertainty.** The current economic volatility has resulted in significant legislative and policy changes in the administration of the Tax Credit Program. DCA expects this volatility to continue through the 2009 competitive round. It is impossible to foresee or estimate the impact that economic and legislative changes may have in meeting the challenges of developing, owning and managing affordable tax credit housing program projects. DCA reserves the right to make changes necessitated by both economic volatility and legislative changes that have a negative impact on our program and projects. These changes include but are not limited to forwarding commitment of funds, increasing projects caps to ensure continued viability, release of DCA restrictions, awarding of additional credits and modifications to underwriting criteria.

**G. Land Use Restrictive Covenant.** The Owner 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, as applicable 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.

**B. 4% Federal Credit – Bond Financed Projects.** Tax Exempt bond financed projects may also be eligible for 4% tax credits that are not subject to the state volume cap as described in Section 42 of the Code.

An Application for Credits for Bond Financed Projects must satisfy all applicable requirements set forth in Appendix I, Threshold Criteria, of the Plan and all applicable requirements set forth in the Plan. Incomplete applications (as determined solely by DCA) will not be accepted and will be returned in their entirety to the applicant.

DCA shall 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. However, prior to Application Submission, an applicant may request to comply with the Plan in effect up to six months prior to the intended date of the Application submission. DCA will approve such a request upon receipt. DCA’s approval may contain certain

\* Not Applicable to Bond Financed Projects

conditions if there is a major change(s) in the federal and/or state housing credit program requirements during the six-month period prior to the Application Submission.

In making Application to DCA for a Letter of Determination, an Owner must complete the standard Application, as well as provide all supporting documentation necessary to meet all applicable requirements and pay the appropriate Application and other applicable fees.

The Application must be submitted at least 75 days before bond closing. DCA will provide its opinion within 75 days of the receipt of a **complete** Application.

All waiver requests must be submitted 30 days prior to Application submission.

Owners of projects receiving a Letter of Determination for Bond Financed Projects in 2009 must:

- Complete all construction activity by December 31, 2011
- Complete and submit the “DCA Placed in Service” form at the time the first building is placed in service
- Apply for Final Allocation and request for issuance of IRS form(s) 8609 by September 15, 2012.

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 provide its opinion within 75 days of the receipt of a **complete** Application.

DCA will not issue a favorable opinion 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 shall reflect all representations made in the original Application and any changes made to the original Application that has 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.

Owners of projects receiving a Letter of Determination from DCA must notify DCA Compliance in writing within 30 days after the first building placed-in-service date by completing the “DCA Placed In Service Form.” Failure to do so will be considered non-compliance and also may delay the issuance of IRS Form 8609.

**C. 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 9% and 4% Federal Credit) and will be available for the

\* Not Applicable to Bond Financed Projects

same time period discussed above. The Federal and State Credit may be bifurcated and sold to separate investors.

## **Section 6. Financing Resources – HOME Loans\***

**Resources Available.** HUD annually allocates HOME funds to state and larger local governments. The Federal Fiscal Year (FFY2009) HOME allocation is expected to be available to the State on **July 1, 2009**, following approval of the Annual Action Plan for FFY2009 Consolidated Funds (Annual Action Plan). In the event FFY 2009 HOME funding is not made available to the State, DCA will not be obligated to provide any HOME Loans to Applicants.

DCA will require Applicants seeking HOME funds for use with Tax Credits to submit a HOME preapplication. An initial Reservation of HOME funds will be made to eligible applicants prior to Application Submission Day. Additional information regarding the initial Reservation process will be posted at a later date. DCA will take into consideration the following factors as well as additional factors outlined in the preapplication procedures in determining the initial Reservations:

- Project Location
- CHDO requests
- Rural Projects
- Other project debt
- Developer capacity and experience
- HOME experience
- Project risk

**Preliminary commitments for HOME loans will be issued when the project is selected for tax credits.**

\* Not Applicable to Bond Financed Projects



## **Section 7. Policies**

Policies governing the administration of the Credits and HOME Loans are found throughout the Plan, the Manual, the Compliance Manual, and other documents published by IRS, HUD, and DCA. Included in this section of the Plan are policies to which DCA wishes to draw specific attention. In no way, however, should exclusion of a policy from this section be construed to limit its applicability to funding resources allocated under the Plan. DCA reserves the right to formulate new policies to address operational issues that may arise during the course of the funding cycle.

### **1. DCA Underwriting Policies**

- **Annual Operating Expenses.** Annual budgeted Operating Costs, excluding reserve contributions, must be no less than three thousand six hundred dollars (\$3,600) per unit for urban projects, three thousand dollars (\$3,000) for non-MSA rural projects, and three thousand dollars (\$3,000) for projects that include USDA loans as a funding source. However, DCA reserves the right to determine the reasonableness of budgeted operating expenses for all projects.
- **Assumptions for Building Basis.** For purposes of underwriting acquisition Credits, the building basis must be limited to the lesser of the sales price or the appraised value of the building(s). However, DCA reserves the right to determine the reasonableness of building basis for all projects. Previous sales price as well as valuations may be considered.
- **Builder Cost Limitations.** Builder's overhead, general requirements and builder's profit are limited to percentages of the total construction contract (net of builder's overhead, general requirements, and builder's profit) as follows: Builder's overhead – two percent (2%); General Requirements – six percent (6%); and Builder's profit – six percent (6%). General Requirements shall not include water tap and sewer fees. These limits apply to both development costs and eligible basis.

Payment and performance bonds, letter of credit fees, and fees associated with obtaining a construction loan in lieu of a payment and performance bond or letter of credit will be listed as an additional line item cost. However, these fees are included in the limit for General Requirements (6%).

- **Construction Contingency.** The construction contingency amount must be at least 5%, but no greater than 7%, of the total construction hard costs for new construction projects. For rehabilitation projects, the construction contingency amount must be at least 7%, but no greater than 10% of the total construction hard cost. For historic rehabilitation projects, the construction contingency amount must be at least 10%, but no greater than 15% of the total construction hard cost. DCA reserves the right to adjust development budgets in this regard, for underwriting purposes, in its sole and absolute discretion.

\* Not Applicable to Bond Financed Projects

- **Preliminary Commitment Letter Interest rates.** DCA will evaluate financial feasibility for all applications (other than those with an assumption of existing fixed rate debt) using an interest rate specified in the preliminary commitment letter. If the interest rate is based upon a spread over an index rate, both the underlying index to be used and the spread should be identified in the preliminary commitment letter. Any other fees or premiums included in the “all-in” interest rate should also be clearly disclosed. DCA will utilize the applicable rate effective as of April 1, 2009. For noncompetitive projects, the effective date of the applicable rate will be the first business day of the full month preceding the Application submission date unreasonable. The applicant must include documentation of the applicable index rate with the commitment letter. In the event that DCA determines that continued volatility in the market makes the interest rate expressed in the preliminary commitment submitted at Application Submission, DCA may request that the proposed lender provide an updated interest rate during Application review.
- **Debt Coverage Ratio.** As part of its financial feasibility analysis, DCA will require that projects with tangible debt meet at a minimum a 1.15 debt coverage ratio for each year after the first year of the credit period. For purposes of determining the debt coverage ratio, deferred Developer Fee will not be considered tangible 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 1.15 during the 15-year Compliance Period or HOME Loan term whichever is longer. DCA will review each project carefully to determine whether a project is over subsidized and to determine whether the amount of HOME funds/and or credits is the best use of DCA resources. While DCA does not have a cap on the DCR, projects that have DCRs that exceed 1.50 for rural projects or 1.40 for urban projects may be subject to additional scrutiny to ensure they are not over subsidized. 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 fifteen years. Documentation to support these higher debt coverage ratios should be provided.

No-debt deals are allowed but will be subject to additional scrutiny from DCA. Projects submitted with no debt will not have a DCR but will be required to cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.05 shall be the minimum required to be considered feasible by DCA in Years 1-15.

- **Development Costs.** The costs included in the development budget including, but 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.
- **Developer Fee.** The sum of the Developer’s overhead and Developer’s profit. If a Consultant (as defined in the Plan) is acting in the capacity of Developer or

\* Not Applicable to Bond Financed Projects

construction manager, or providing technical assistance to the Developer or construction manager, the Consultant's Fee is also considered part of the total Developer Fee limitation. Guarantor Fees are also part of the total Developer Fee limitation.

- **Developer Fee Limitation.** This limitation applies to both development costs and eligible basis at all stages (scoring, carryover and Final Allocation). DCA restricts the maximum Developer Fee as follows:
  - For new construction projects, the Developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee, any demolition cost and the cost of Land.
  - For acquisition/rehabilitation projects that are eligible for acquisition credits, the Developer Fee on the acquisition portion will be limited to 15% of the Existing Structures acquisition cost (including Acquisition Legal Fees). The rehabilitation portion will be limited to 15% of Total Development Costs less the budgeted Developer Fee, the cost of Land, Acquisition Legal Fees and Existing Structures.
  - For rehab projects that are not eligible for acquisition credits, the developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee, the cost of Land, Acquisition Legal Fees and Existing Structures. However, if the Development Agreement specifically states that a portion of the developer fee is attributable to the building acquisition, then the developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee and the cost of Land.

When an Identity of Interest exists between the Developer and the General Contractor, the maximum Developer Fee is restricted to 15% of the Total Development Cost less the cost of the Land, the budgeted Developer Fee, and the Builder Profit. If the Application budgets a Developer Fee of less than 15%, the percentage proposed will be substituted for 15% in determining the maximum Developer Fee.

The developer fee will be calculated using the allowable total development cost based on the DCA per Unit Cost Limits. 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 fifteen (15) years from available cash flow. The deferred portion cannot exceed 50% of the total amount of Developer Fee at initial application.

(Rural deals that incorporate a high degree of sustainability components into their design, may be eligible for a 20% developer fee, however, must seek preapproval by DCA)

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Consultant's Fees and Guarantor Fees are considered to be part of the Developer Fee.

- **Distribution Across Unit/Bedroom Sizes.**

1. *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.

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

- **Identity of Interest between General Contractor and any Project Participants.**

If there is an Identity of Interest between any Project Participant and the contractor, a third party front-end analysis of the construction costs must be submitted by the selected Applicant with their plans and specifications. Additionally, industry standards for such Owner-provided construction services shall be used to determine reasonableness for the services.

- **Identity of Interest – Project Participants.** Identity of interests between any Project Participant, other than the Syndicator and the construction and/or permanent lenders is prohibited unless the financing terms and conditions are reasonable, customary and consistent with industry standards. The determination of whether or not such terms and conditions are reasonable and customary is at DCA's sole and absolute discretion.

- **Identity of Interest – Land 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 and must provide separate valuations for the land and existing buildings. The allowable land value will be determined by DCA at its discretion.

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. 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. The appraisal shall conform to USPAP standards.

Properties which have been in the control of the applicant or a related party for a period of three (3) years or less 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.

\* Not Applicable to Bond Financed Projects

- **Local Government Fees.** The development budget must include all water tap, sewer tap, impact and building permit fees. These local government fees cannot be part of General Requirements.
- **Management Fee.** The operating budget should specify the 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.
- **Operating Deficit Reserve.** All developments must budget for and fund an operating deficit reserve in an amount of no less than four times the secured monthly debt service to lenders plus no less than four months projected operating expenses. The funding of the operating deficit reserve must be completed at or before Conversion.

For underwriting purposes, DCA will generally use the higher of either four months of operating expenses plus four months of debt service, or lender/Syndicator requirements. However, DCA reserves the right to evaluate the reasonableness of the amount and may make appropriate adjustments.

- **Permanent Debt Financing.** Permanent debt financing shall have a minimum term of 10 years.
- **Rehabilitation Hard Costs.** Average per unit rehabilitation hard costs must equal or exceed \$20,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$25,000 for properties that exceed 20 years old. The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property. The costs of furniture, fixtures, construction of community buildings and common area amenities are not included in these amounts.
- **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.
- **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 term of the loan in accordance with the Replacement Plan. The following minimum contributions must be used:

\* Not Applicable to Bond Financed Projects

1. Rehabilitation – \$25.00 per unit per month (\$300 per unit per year)
2. New Construction – \$20.00 per unit per month (\$240 per unit per year)
3. Single Family Units – \$35.00 per unit per month (\$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.

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. DCA will, at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures. For Rehabilitation Projects, the physical needs assessment will also be reviewed in determining whether sufficient reserves have been established

- **Revenue, Vacancy, and Expense Trends.** Revenue should be trended at 2% per year, operating expenses at 3% and vacancy and collection loss at 7%. DCA reserves the right to adjust vacancy and collection loss based on available data.
- **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.
- **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. Applicants that indicate intent to purchase state tax credits for themselves will be required to provide additional information as to the use of the credit and the basis for the price.
- **Tax Credit Percentages.** During the competitive round, new construction and rehab credits will use an applicable tax credit percentage of 9%; for acquisition credits, the Applicable Credit Percentage for the month of April 2009 should be utilized.

For 4% credits (tax-exempt bond financing), the Applicable Credit Percentage for the month preceding the submission of the application for tax credits should be utilized.

## 2. **Additional DCA Policies related to the funding of DCA HOME Loans**

- **Assumptions for Land Purchase.** Once a project has been funded and the appraisal received, the 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.
- **Contract Bidding and Bid Bonds.** Owners are not required to solicit bids for construction contracts to be financed with DCA HOME Loans, and bid bonds are not
- \* Not Applicable to Bond Financed Projects

required when bids are solicited, unless otherwise required by law. However, prior to closing a HOME Loan, DCA must approve both the general contractor and the contract documents. DCA will not close a HOME loan unless the approved contract with the general contractor has been fully executed.

- **Contractor Construction Cost Certifications.** Certifications audited by an independent certified public accountant must be submitted with the request for final draw. All certifications must be prepared in accordance with DCA requirements.
- **Construction Commencement.** All HOME projects must be able to commence construction within one year of commitment.
- **Construction Contingency.** To the extent feasible, DCA funds should be allocated to cover disbursements from the construction contingency. Regardless of how the contingency is funded, DCA must approve all change orders. 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, with the monthly principal and interest payments adjusted accordingly.
- **Construction Hard Cost Financing.** HOME Loan funds can be used to finance only construction hard costs, which include site development, unit/building construction, and contractors, services which include, general requirements (inclusive 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. (Not applicable to HOME CHDO Predevelopment Loans.)
- **Construction Loan Recourse.** All construction loans will be full recourse against the borrower and/or the principals of the Ownership entity until full and final completion of the project as determined by DCA. In its discretion, DCA may require that one or more Principals of the Owner or Developer guarantee the completion of construction and payment of the HOME Loan until completion of construction.
- **Conversion.** Projects receiving HOME Loans must be scheduled to convert within twenty four-months of the HOME construction loan closing. Extension of conversion deadlines must be approved by DCA. Failure to convert within 24 months will be considered when rating Owner/Developers Performance and Capacity.
- **Developer Overhead and Consultant Fees.** The amount of the Developer's overhead and Consultant's Fee (if applicable) that can be drawn before Conversion must not exceed 50% of the total Developer Fee requested. 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.
- **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.

\* Not Applicable to Bond Financed Projects

- **Final Draw.** The final payment of funds (not including any retainage) for a HOME construction loan shall be made at the time of substantial completion of construction, to be evidenced by submission of all items on the DCA form “Requirements for Final Draw”, including but not limited to: final payment request on the AIA draw request form, copies of all final certificates of occupancy for all buildings, final lien waivers, construction Consultants’ final inspection report and approval for release of funds. Approvals will not be granted if the proposed project does not meet compliance and architectural standards.
  
- **Fixed or Floating Unit Designation.** For properties with both HOME assisted and non- HOME assisted units, the Applicant must select to treat the HOME assisted units as “fixed” or “floating” units at the time of loan commitment. When HOME assisted units are “fixed”, the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and will never change. When HOME assisted units are “floating”, the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remains constant and the HOME assisted units remain comparable to the non assisted units over the affordability period in terms of size, features and number of bedrooms. 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”.
  
- **HOME Units.** The number of HOME Assisted Units must be specified at initial Application. HOME rules create a floor for the number of HOME assisted units in each project. This floor is based on the proportional share of total eligible costs to be paid with HOME funds.
  
- **Identity of Interest.**
  1. Contractor- If there is an Identity of Interest between any participant in the Ownership entity and the contractor or the Developer and the contractor, a third party front-end analysis of the construction costs will be commissioned by DCA during the DCA underwriting period. Additionally, industry standards for such Owner-provided construction services shall be used to determine reasonableness for the services.
  
  2. Other Provider – If there is an Identity of Interest between the Owners and any other provider of service, material, or supplies, such Owner-supplied services, materials, or supplies must not exceed the amount ordinarily paid for the service, material, or supply.
  
- **Inspections.** All costs incurred by DCA 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.

\* Not Applicable to Bond Financed Projects



- **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 should contain at least the following essential elements:

1. A development cost budget approved by all lenders indicating the source(s) of funding for each line item;
  2. A process and timetable for reviewing and approving change orders to the construction contract;
  3. A process and timetable for reviewing and approving draw requests, including site inspection and documentation standards;
  4. A process and timetable for amending the approved development cost budget;
  5. Limitations on disbursements for Developer Fee (Owner's profit and risk) and Consultant fees; and,
  6. Other matters, such as priority of each lender's interest in the collateral for the loans.
- **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.
  - **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 assuming that the DCA HOME permanent loan interest rate is not required to be set at AFR. The interest rate on the permanent loan will be no less than 1%. However, the interest rate on loans to finance projects located in areas designated as rural pursuant to the definitions in the QAP may be less than 1% in years 8 through 15 as required to ensure project feasibility. In no case may such interest rate fall below 0.50%. In years 16 through maturity, such interest rates shall not fall below 0.25%. DCA reserves the right to adjust this rate at its sole and absolute discretion during underwriting. 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 a maturity and amortization periods ranging from 15 to 35 years.
  - **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 payment 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.

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- 1. Excess Cash Flow.** For all permanent non-fully amortizing 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 (a “non-amortizing HOME Loan”) the borrower will deposit one-half of the cash flow from the project (after payment of secured debt service) 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 in its sole discretion.

Funds held in the reserve account will be used only for principal reduction of the HOME Loan or Capital Improvements, but only if such use is approved by GHFA in advance. Funds in the reserve account (with the exception of those approved by GHFA for Capital Improvements) must remain in the reserve account until the HOME Loan is repaid.

- 2. Future Market Value.** In the case of a non-fully amortizing HOME Loan, DCA will require a projection from the appraiser of the future market value of the property at the maturity of the HOME Loan. This value will be used by DCA to determine the likelihood of retirement of the outstanding balance by refinance or resale of the property. The future market value of the property must be greater than the projected outstanding DCA HOME Loan balance at maturity in order for the HOME Loan to be considered financially feasible.

- **Operating Deficit Reserve.** All developments financed in whole or in part with HOME funds must budget for and fund an operating deficit reserve in an amount of no less than four times the secured monthly debt service to lenders plus no less than four months projected operating expenses. If a source of other financing or the equity partner require higher levels of funding for this account, those terms and conditions will be reviewed and DCA reserves the right to impose the higher level. The funding of the operating deficit reserve must be completed at or before Conversion. If drawn upon, no further distribution to Owners will be authorized until such time as the operating deficit reserve is restored to full funding.

The operating deficit reserve 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. With the exception of instances in which Fannie Mae is the sole senior lender, if DCA is a subordinate lender, but makes a HOME Loan in an amount greater than the senior lender, DCA must hold the reserves. 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.

- **Over-Income Tenant Restrictions.** When DCA HOME Loans are used, additional over-income restrictions shall apply. Upon re-certification of a previously eligible tenant, if it is determined that the tenant’s income exceeds 60% of AMI, then the tenant’s rent must be increased to the lesser of: 30% of the tenant’s adjusted annual income, HUD’s fair market rent limitations, or the maximum amount allowable by the

\* Not Applicable to Bond Financed Projects

Code, not to exceed limitations set by state or local laws (if any) or to be decreased under the established rent floor.

- **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.
- **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.
- **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 satisfactory to DCA in its sole discretion. The cost of these bonds shall be included in the six percent general requirements limit for the construction contract (see "Builder's Cost Limitations" above).

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 if a letter of credit or construction loan is utilized in lieu of the payment and performance bond.

A waiver will not be considered unless:

1. 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; or
  2. The Owner agrees to secure a construction loan with private financing. GHFA will disburse funds during the construction period, in an amount not to exceed \$10,000 per construction draw.
- **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.
  - **Repayment.** Repayment schedules will vary depending upon projected economics of the development, but are essentially determined by analyzing available cash flow of the project at Application Submission and again during HOME Underwriting. In the event, DCA determines that the project is experiencing feasibility problems related to

\* **Not Applicable to Bond Financed Projects**

increases in real estate taxes, increases in property insurance, increases in utility allowances or decreases in fair market rents, the repayment schedule may be modified by DCA.

- **Replacement Reserve Withdrawals.** All withdrawals from the Replacement Reserve account must be approved by DCA in advance. The senior lender must maintain the Replacement Reserve account 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.
  - **Retainage.** The loan agreement between the Project Owner and GHFA will provide that GHFA may retain 10% of the amounts that it has approved for each draw request (“the retainage”) until the project reaches 50% completion. Thereafter GHFA will retain 5% of the amount that it has approved for each draw request, resulting in a total retainage of 7.5% at Substantial Completion. 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.
  - **Rural Projects.** DCA recognizes that Rural projects may involve greater financial risk than non-Rural projects. While a sufficient economic base to support a proposed Rural project may exist at the time of Application, the loss of a predominant industry or employer, or other extenuating circumstances out of the control of the Applicant could result in a major economic impact on the project. To mitigate this increased financial risk, 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 the loss of a predominate industry or employer or other extenuating circumstances. 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.
  - **Stored Materials.** DCA will not pay draw requests that include the cost of stored materials. 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.
  - **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 low income housing tax credit allocation. In cases where the results of a DCA subsidy layering review indicated that there would be excess assistance, DCA will reduce the amount of the HOME loan to eliminate the excess. In addition, a subsidy layering review is also conducted during HOME loan underwriting prior to the closing of the HOME loan.
  - **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
- \* Not Applicable to Bond Financed Projects

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, private lender's interest rates, loan maturity, type of loan, etc. In no instance will DCA subordinate to a public entity's loan.

- **Syndicator Asset Management Fee.** Syndicator asset management fees will be paid from the "after debt service" cash flow less the cash flow payments to DCA on the HOME permanent loans.
- **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, tenant 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, and items necessary to satisfy the permanent commitment regarding completion of construction of the improvements of the collateral property.

\* Not Applicable to Bond Financed Projects

## **Section 8. Eligibility**

**A. Applicants.** For profit or nonprofit Owners of proposed newly constructed or rehabilitated rental housing to be occupied by low and very low-income households as set forth in the Plan, the Manual, and if applicable the HOME regulations and/or Section 42 of the Code, may apply. Eligible activities are the construction to permanent financing for the costs of constructing or rehabilitating rental housing as defined in the Plan. Rental dwelling units financed through the HOME Loan program must be affordable by low-to-moderate-income households as defined in the Plan, the Manual, and the HOME regulations. Eligible buildings contain one or more units designed for long-term, continuous residential rental use.

DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants. DCA reserves the right to formulate additional policies as needed related to the eligibility of individuals and entities to participate in DCA funding processes. In order to be eligible to participate, project participants must be current in all outstanding fees owed to DCA, including but not limited to Compliance Monitoring Fees and LIHTC allocation fees.

Proposed Project Participants may be ineligible to participate in the 2009 competitive round and to receive funding under the Plan if the proposed Project Participant falls within any one of the following categories:

- 1. Continuing Non-Compliance, Disqualification in DCA Programs.** Principals of projects awarded Credits or HOME Loans in previous award cycles must remain materially in compliance with all applicable requirements of the Credits and the HOME Loan programs to remain eligible to compete for future Credits or HOME Loans. Material non-compliance status exists when, in the judgment of DCA, an Applicant exhibits a continual pattern of non-compliance or when an Applicant demonstrates an inability or an unwillingness to resolve non-compliance matters in a timely manner.
- 2. Failure to commence and complete projects.** Project Participants must start and complete outstanding DCA HOME Loan or Credits projects in a timely manner and meet all material obligations under applicable loan documents and/or carryover allocations to remain eligible to compete for future Credits or HOME Loans. Project Participants must accurately complete and submit all forms required under Federal regulations in a timely manner including, but not limited to tenant data and Davis-Bacon documentation. Project Participants must remain qualified to participate in all DCA-administered programs to remain eligible to compete for future Credits or HOME Loans.
- 3. Previous Conduct.** Project Participants may be disqualified from participation based on previous conduct. Examples of conduct which may result in disqualification include, but are not limited to, any Owner, Developer, Manager or principal of such entity that entity that has been debarred by HUD, subject to criminal conviction or

\* Not Applicable to Bond Financed Projects

found to have submitted fraudulent information to DCA or any other government entity.

DCA will have the sole and absolute discretion to determine those parties ineligible to receive funding under the Plan due to non-compliance, default or disqualification status. If an entity is determined to be ineligible to compete for DCA tax credit and HOME resources, the principals of that entity will also be ineligible. A disqualification under this subsection will result in the individual or entity involved not being allowed to participate in the 2009 competitive cycle or the tax exempt bonds 4% tax credits and removing from consideration any application where they are identified.

**Federally Debarred & Suspended Entities.** Any person (individual, corporation, partnership, association), principal (officer, director, Owner, partner, key employee, or person who has critical influence), or agent for a Project Participant (including Consultant) that is under debarment, proposed debarment, or suspension by a federal agency is ineligible to participate in the 2009 Competitive Scoring process. Such Applications will be rejected. Each Project Participant and consultant must include in the Application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all members of the general partnership and must provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation.

**Failure to Use Previously Awarded Credits.** DCA's policy is that projects awarded credits must be completed by the applicable Placed-In-Service date. An owner who cannot utilize awarded credits for any reason must still pay the credit allocation fee for the project. Provided the owner returns the credits and pays the applicable tax credit allocation fee in a timely manner, the project is eligible to be resubmitted in a future application round. If the resubmitted Application is approved, the Owner will pay a new credit allocation fee. The owner must inform DCA of its intent to return credits. DCA will then direct the owner on the proper timing and process for returning the credits.

In very limited circumstances, DCA will consider a forward exchange of credit if a delay in completion is due solely to circumstances beyond the control of the Owner/Developer. Examples of such delays include unforeseen sewer issues, delays due to HUD policy and procedures or for extraordinary delays in the issuance of local development or building permits. In the event DCA does approve a forward exchange, the placed in service date will be extended for only a period of six months. Failure to meet that extended placed in service date (six months) will be considered a major instance of non compliance and will be considered in DCA Compliance scoring.

## **B. Projects**

1. **Scattered Sites.** Scattered-site projects will be eligible to apply if they have 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. DCA may approve scattered site projects with different parcel if the project has a NSP commitment. In reviewing these waivers, DCA will be looking at

\* Not Applicable to Bond Financed Projects

the Applicant's management plan for the project as well as whether there is a tenant ownership plan in place.

All Applications proposing scattered sites must meet the following requirements:

- All of the residential units are income and rent restricted as set forth in Section 42 of the Code;
- All buildings in the project must be under the ownership of one entity;
- All buildings in the project must be developed under one plan of financing and considered as a single project by all funding sources;
- All units in the scattered site Application must be managed by one management entity;
- The scattered sites must be appraised as a single proposed development, if applicable; and,
- Each site within the proposed project must meet all applicable Threshold and Scoring criteria.

Applications should include a legal opinion on scattered site to support the project's development.

2. **Detached Single-Family Rental Housing.** Detached single family housing proposals will be eligible for funding if they satisfy the following requirements:

- The Application must include in its development 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.
- The Application must have a detailed Replacement Reserve analysis and plan.
- The house designs must reflect architectural diversity through the use of different elevations and styles.
- Landscaping must be appropriate for detached, single family housing.

3. **Phased Developments.** Applications for each Phase must independently meet the criteria set forth in the respective QAP under which the Phase is seeking funding. The following criteria must also be met:

- Operations and operating costs must be separately managed for each phase;
- Community buildings and amenities located on one phase cannot be oversized to meet expected use by tenants of other phases (if the community building is claimed in eligible basis); and
- All amenities and services which are meeting Threshold criteria or Points criteria as listed in Appendix I and II of the QAP must be located on the Phase which is submitting the Application and cannot be used in previous or future Applications for funding for other Phases.

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4. **Bond financed Developments.** DCA recognizes that bond financed projects that preserve affordable housing may have difficulty meeting some of DCA's policies, including but not limited to scattered site, project location, amenities and other threshold and administrative requirements because of the way they are structured. DCA may, at its sole discretion, grant waivers of its policies or formulate new, specific policies for preservation of existing affordable housing. DCA contemplates that such policies may include a program that preserves existing affordable housing through the issuance of DCA bonds or a program that preserves expiring tax credit properties.

\* Not Applicable to Bond Financed Projects

## **Section 9. Submission Requirements and Award Limitations**

### **A. Applicants must submit documentation for DCA review and approval prior to Application submission for the following criteria:**

1. **Performance Scoring:** All project participants; (Owner/Developer and Management Co.) must submit separate applications for experience and compliance.
  - Each Owner and Developer entity will receive an experience determination and a compliance score.
  - The Management Company will receive a pass or fail rating. Participants can use that rating and score.

#### **Experience Determinations**

Requests for experience determinations may be submitted prior to Application in the sole and absolute discretion of the Applicant. For experience determinations, the Experience Submittal Form should be completed in accordance with the Experience Submittal Form Instructions for each Owner, Developer, and Management Company to be considered by DCA.

#### **Compliance Score Determination**

Requests for compliance score determinations may be submitted prior to Application in the sole and absolute discretion of the Applicant. Compliance score determinations will be issued for individuals as well as for Owner and Developer entities. For compliance score determinations for individuals, the Compliance Summary Form must be submitted on or before **April 16, 2009 in the Application**. Details of the proposed project, other than the size or the applicable range of the total number of units and type of project, are not required as part of these submissions.

2. **Request for HOME Funds**  
Request for an award of DCA OAH HOME funds must be submitted prior to Application. Details of the pre-application process will be posted at a later date.
3. **Tier 1 Owner/Developer Determinations**  
Requests for determination of Tier 1 Owner/Developers must be submitted prior to Application.
4. **Waivers**  
The following Waivers may be submitted to DCA for review and approval prior to Application Submission:
  - Architectural Standards Waivers
  - Environmental Noise Waiver
  - Operating Expense Waiver
  - 30% Boost for Green Building
  - Amenities Pre-approval Experience Waivers (Owner, Developer and/or Manager)

\* Not Applicable to Bond Financed Projects

- Probationary Participation
- Experience
- 3<sup>rd</sup> Party Amenities Approval

Submissions under this category will only be evaluated if the submissions are complete and accurately prepared in accordance with the waiver submittal instructions. Please see specific categories in Threshold as well as Core Plan Exhibit "A" DCA Fees and Deadlines for additional information. Submittal instructions are included in the 2009 Application instructions.

## **B. Application Submissions**

1. DCA will conduct one Competitive Application cycle for 9% Credit and HOME Loan funding resources during 2009. Applications must be delivered by the deadline to:

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

The complete Application is due at DCA by 4:00 PM. **on May 14, 2009.** After this precise time, irrespective of any extenuating circumstances, no Applications or portions thereof will be accepted.

2. 4% Tax Credit Applications for Bond Financed Projects can be submitted throughout the year subsequent to Bond Allocation, but no later than seventy five (75) days prior to bond closing date, and are subject to applicable criteria set out in the Core Plan, Threshold Criteria, Core Application Instructions, Core Application and Application Manual. All waiver requests must be submitted no later than 30 days prior to the 4% Tax Credit application submittal.
3. A complete Application package must include all required documentation and all applicable Application fees. In the event the electronic version of the Core Application does not conform to the original print out of the Core Application, the electronic version of the Core Application shall be deemed the correct Application.

Applicants must submit complete Applications according to the directions and format prescribed in the 2009 Core Application Instructions and the 2009 Application Manual. No additional documentation will be accepted after the Application Submission deadline described in this Section unless specifically requested by DCA. 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. In addition, no assemblage, packaging,

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or other form of Application preparation will be permitted at any time on DCA premises.

Applicants for 9% Credits and/or HOME funding 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 Manual.

**4. 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. Applicants will be permitted to submit a maximum of four (4) Applications for funding resources under the Plan. This limitation applies to Ownership interests of all proposed Project Participants except for Syndicators. Ownership interests of all Project Participants in the proposed Applications will be reviewed. If it is determined that a Project Participant has proposed Ownership interest in more than four (4) Applications. DCA will only evaluate the first four (4) project Applications submitted to DCA. Any other Applications which include the same Project Participant will be considered ineligible and will not be evaluated.

**C. Award Limitations\***

- 1. Maximum Ownership Interests.** Applicants will be limited to direct or indirect Ownership interest in projects in which the combined total Federal Credit from the 2009 competitive funding round cannot exceed one million seven hundred fifty thousand dollars (\$1,750,000) and/or total HOME funding cannot exceed twenty five percent (25%) of the total HOME Loan resources available. For Tier 1 Developers, the combined total Federal Credit from the 2009 competitive funding round cannot exceed one million nine hundred thousand dollars (\$1,900,000) 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 interests of all proposed Project Participants, except Syndicators. 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 nonprofit applicants, DCA will look at Executive Directors and common threads of effective control as well as whether different nonprofit entities have met DCA Experience requirements through the same individuals or entities.
  
- 2. Maximum Ownership Interest Exception.** The exceptions to the above is that an Owner who has reached the above limits may (1) partner or consult with an inexperienced unrelated entity for purposes of the inexperienced unrelated entity meeting DCA experience requirements pursuant to Threshold Experience requirements or (2) serve as a

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Developer in a project in which he has no Ownership interest. However, such Owners are limited to one (1) additional project under this exception.

An Experienced Entity that has not met its maximum Ownership cap may also (1) partner or consult with an inexperienced entity for purposes of the inexperienced entity meeting DCA Threshold experience requirements or (2) serve as a Developer in a project in which he has no Ownership interest. However, such entities are limited to one (1) project pursuant to this section. Each inexperienced unrelated entity must materially participate in the ownership of the project. DCA will review documentation submitted by each applicant to determine that the partnership with the inexperienced entity is bonafide. Each applicant seeking to utilize this exception must complete the appropriate DCA Certification Form.

**Other Limitations.** Inexperienced Owners and Developers that meet experience through partnering or consultant contracts with an experienced Owner and/or Developer are limited to one (1) project. If the experienced partner or consultant proposed in the Application is awarded **one (1)** project pursuant to Section 11(C.)(2.), then the inexperienced Owner or Developer may replace such experienced partner or consultant with another experienced partner or consultant if the project is selected. The replacement partner or consultant must be approved by DCA.

**Adjustment of Maximum Number of Projects Allowed.** In the event an Owner/Developer fails to meet deadlines on projects, has a significant number of projects under development but not completed or experiencing a financial issue with regard to an existing project, DCA in its discretion, may elect to reduce the number of projects that can be awarded under the project cap.

## **Section 10. Post Award Deadlines**

**Design Development Documents.** For 9% deals, Design Development Documents as fully outlined in the Architectural Submittal Instructions in the Manual must be submitted to DCA for review and approval no later than 90 days from carryover allocation date.

For 4% deals, Design Development Documents as fully outlined in the Architectural Submittal Instructions in the Manual must be submitted to DCA for review and approval no later than 90 days from issuance of the Letter of Determination.

For HOME deals, please comply with the deadlines in the HOME Commitment Letter.

**Tax Credit only Projects/Commencement of Construction/Rehabilitation\*.** Owners of projects receiving 9% Tax Credits for new construction or

\* Not Applicable to Bond Financed Projects

rehabilitation in the 2009 round must commence construction or rehabilitation no later than **October 15, 2009**. Failure to commence construction as scheduled may cause an automatic recapture of the Credits. DCA will closely monitor construction start dates.

**Tax Credit and Home Projects / Commencement of Construction / Rehabilitation\***. Projects receiving HOME Loans must not begin construction prior to DCA's issuance of the environmental release nor prior to the HOME Loan closing. However, all projects receiving a HOME loan award in 2009 must have satisfied all conditions necessary to commence construction within one (1) year of the date of the initial HOME commitment. Exceptions may be granted by DCA at its sole and absolute discretion in accordance with HUD regulations, but must be requested prior to the start of construction. DCA will closely monitor construction start dates. Failure to comply with this policy may result in cancellation of the HOME Loan Commitment or other penalties.

**HOME Loan Closing\***. All projects receiving a HOME Loan award in 2009 must close their HOME Loans on or before **September 1, 2010**. Applicants unable to close within that time period may have their commitment for HOME funds withdrawn.

**Completion of Work Scope.\*** Owners of projects receiving Credits in the 2009 round for the rehabilitation of an existing property must perform 100% of the work scope in accordance with the original physical needs assessment submitted with the Application no later than **December 31, 2011**. Owners of properties receiving Credits for new construction in the 2009 round must perform 100% of the work scope as set forth in the DCA approved construction drawings and specifications no later than **December 31, 2011**. Certificates of Occupancy for the residential buildings must be issued by the local jurisdiction before end of business **December 31, 2011**. Temporary Certificates of Occupancy that prohibit occupancy or condition occupancy will not be accepted to meet this requirement. DCA will inspect projects requesting IRS Form(s) 8609 to ensure that all work has been completed prior to issuing Form(s) 8609. If a lesser percentage is completed, DCA reserves the right to recapture all Credits allocated. At its sole and absolute discretion, DCA may approve modifications to the proposed work scope upon written request.

**Placement-In-Service.\*** Owners of projects receiving Credits in the 2009 round must place all buildings in the project in service by **December 31, 2011**.

**Compliance Monitoring Fee Payment Date.** All compliance monitoring fees must be paid within eighteen (18) months of issuance of the carryover allocation document, but no later than the placed in service date or **December 31, 2011**, whichever is earliest. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds. In no case will the final Federal Credit allocation (IRS Form 8609) be issued before these fees are paid.

\* Not Applicable to Bond Financed Projects

**Final Allocation Application Deadline.** Owners of projects receiving Credits or a Determination letter in accordance with this QAP must apply for Final Allocation and request for issuance of IRS form(s) 8609 by **February 15, 2012** for 9% credit projects, and September 15, 2012 for 4% credit (tax exempt bond) projects. 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. Extensions may be approved by DCA on a case-by case basis.

\* Not Applicable to Bond Financed Projects

## **Section 11. Project Reconfiguration/Application Modification**

Applicants will not be allowed to make any changes to the Application after Application n Submission to DCA and prior to the announcement of awards. Subsequent to awards, applicants will generally not be allowed to make any changes to the Application. However, once a project is selected for funding, if Applicants believe extenuating circumstances warrant a change, and the change would not significantly alter the project's original concept, a written request for such a change will be considered by DCA. However, changes cannot be made without DCA's written approval, and such approval will be at DCA's sole and absolute discretion. This provision applies to any changes proposed after Application award, and if an award is made, throughout the project's Compliance Period or Period of Affordability, whichever is longer. Applicants' written requests must clearly establish the importance of the change, and why it is necessary to ensure the project's long-term financial feasibility and economic viability. Changes in the number of tax credit units, market units, and unit mix cannot be made after the LURC for the property is recorded for both 9% and 4% projects.

DCA will determine, in its sole and absolute discretion, whether or not a requested change will be authorized. The prohibition against changing any part of the Application without the prior written approval of DCA includes direct or indirect transfers of the general partner's or Developer's interest. Failure to abide by this provision will adversely affect the Applicant's eligibility to receive future DCA funding.

DCA may allow Applicants to correct deficiencies in the Application if DCA does not approve a sufficient number of Applications to use all the Credits authority 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).

## **Section 12. Fees and Deadlines**

The fees indicated in this Section will be charged based on the legal status of the Applicants. All fees must be paid by certified funds or money order made payable to the Georgia Department of Community Affairs.

- **Compliance Monitoring Fees for Multiple Programs.** When DCA is required to monitor projects for compliance with tenant 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. Credits compliance fees must be paid no later than when the project is placed in service. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds.

\* Not Applicable to Bond Financed Projects



- **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.
- **Late Fees.** Any late fees imposed by DCA will not be considered as a project cost for underwriting purposes.
- **Fees and Deadlines** can be found in Exhibit “A” to this core (DCA Deadlines and Fees)

### **Section 13. Evaluation of Applications**

**Completeness Review.** The 2009 DCA 9% Tax Credit and HOME funding resources will be made available to projects through a Competitive Scoring process. Applications received by DCA will be reviewed for completeness, as set forth in the Manual, including but not limited to:

- organization of the Application;
- inclusion of all required Application forms;
- submission of all required supporting documents; and
- the Electronic Application completed in accordance with the Electronic Application Instructions

4% Tax Credits for Bond Financed Applications will be issued Letters of Determination of eligibility for tax credit based on all applicable criteria as set forth in the 2009 Qualified Allocation Plan, Appendix I Threshold Criteria, the 2009 Application Manual and the 2009 Core Application Instructions and 2009 Core Electronic Application.

**Threshold Review** Complete Applications will be reviewed to determine if the project meets the Threshold requirements set forth in Appendix I. The Applications that fail to meet Threshold requirements will be notified in writing (by facsimile) of the specific requirement(s) that the Application did not meet. If an Applicant believes the Threshold requirement(s) was met, the Applicant must respond in writing within 5 calendar days from the date of the DCA 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 if DCA decides that the initial determination was incorrect, the Application will be considered to have met Threshold requirement.

**Threshold Clarification Period.** If an Application contains Threshold deficiencies which, in the determination of DCA, are either administrative in nature or are caused by a missing or incomplete document or the need for clarification of information submitted in the Application, DCA may request correction or clarification for such deficiencies. Such request is referred to as the “clarification request”. DCA will provide this request in the form of a facsimile or email to the Applicant. This clarification period will only be utilized for minor

\* **Not Applicable to Bond Financed Projects**

inconsistencies or to help DCA understand the overall project concept. It can not be used to modify a submitted application, 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 shall end at 4:00 p.m. Eastern Time, on the date specified in the clarification request unless otherwise noted. The clarification request shall specify the means and methods by which missing items may be supplied, incomplete items completed and inconsistencies clarified. It is applicant's responsibility to ensure that submitted materials are addressed properly to the specified DCA OAH address (electronic or physical).

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

**Scoring Review**\* Complete Applications that meet the Threshold requirements described in Appendix I will be allowed into the Competitive Scoring process as set forth in Appendix II. Scored Applications will be ranked in descending order by total point score. Applicants 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 Manual. DCA scoring decisions on Applications submitted in previous rounds are not binding for Applications submitted in this round. DCA reserves the right to interpret provisions of the QAP differently each year in its sole and absolute discretion. DCA will provide the preliminary results of the Competitive Scoring process to all Applicants. DCA will provide the preliminary scores by facsimile or mail to the Applicant. Applicants will be given a forty-eight (48) hour comment period to provide comments to DCA regarding the preliminary scoring results. Applicants may not submit additional items for the purpose of curing scoring deficiencies, justifying their 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. However, DCA is not obligated to give consideration to or revise its preliminary score based on comments received. Any decision DCA makes, and any action or inaction by DCA in administering the review of the comments shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

\* Not Applicable to Bond Financed Projects

**Competitive Application Selection**\* Generally, the highest scoring Applications with favorable market studies will be allocated resources without regard to resource type requested or geographical location, except as noted below and elsewhere in the plan:

- DCA reserves the right to allocate resources to lower ranked proposals to achieve a better mix of resource usage or a better geographical distribution of resources.
- If funding Credit-only Applications will deplete available Credits, then DCA may elect to fund lower scoring Applications that are requesting a combination of Credits and a HOME Loan to ensure efficient utilization of DCA resources
- If a geographic area of the state will receive an inequitable share of the available resources as determined by the Competitive Scoring process, DCA may choose to fund other proposals even though they have a lower relative ranking.
- 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 eligible, subject to DCA's discretion.
- DCA reserves the right to limit the number of projects in a certain geographical area to ensure faster lease up, increase the marketability of the project and increase the likelihood of syndication of projects. DCA recognizes the importance of giving selected projects the maximum chance of success in difficult economic times.

DCA review of the application will terminate if any of the following actions occur after the application has been submitted to DCA:

1. Site change.
2. Change in ownership – a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member;)

**Tie-Breaker**\* In the event one or more projects have the same score, but DCA has insufficient resources to fund all of the projects having that score, the following priorities will be utilized to evaluate projects:

Majority Special Needs Projects with DCA Permanent Supportive Housing Program funds

Phased projects that have already had at least one phase selected for funding by DCA in a previous round

HOPE VI, And other PHA sponsored projects that utilize Replacement Factor Funds and reduce public housing waiting lists

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## Family Projects

Projects that incorporate a high degree of sustainable and energy efficiency characteristics

## Historic Projects

Projects that use least amount of DCA resources

The selection decision will consider these priorities as well as other practical considerations such as the geographic location of projects already selected for funding, the experience of the developers of each project, the number of projects already awarded to a project, whether a tier one developer is identified on a project, applicant capacity, as well as the overriding policy considerations of funding. The selection of a project on the tiebreaker list is at DCA's discretion.

**DCA's Administrative Discretion\*** DCA reserves the right to allocate resources to lower ranked proposals to achieve a better mix of resource usage or a better geographical distribution of resources as described above, or for any other reason judged by DCA to be meritorious. Such actions will be made at DCA's sole and absolute discretion. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the system, shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

**Special Allocation Considerations\*** In its sole and absolute discretion, and where warranted by extenuating circumstances, DCA reserves the right to 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.

**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, 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 conditions that, if met, will result in a HOME Loan.

\* Not Applicable to Bond Financed Projects

## **Section 14. Georgia Open Records Act**

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.

Requests to examine records or request copies of DCA documentation should be made in writing to ensure accuracy and proper processing. DCA will provide a timely acknowledgement of the request, and will estimate the costs, if any, for the services requested. A party may also elect to review the documents at the DCA offices.

Under these circumstances, the party should forward to DCA a request to review specific documents and coordinate with DCA a time that is mutually agreeable. GORA allows the agency to charge a fee to cover the cost of a document custodian to access and review the requested records, to monitor the review process, and for the cost of copying requested documents.

Applicants who have taken advantage of the Open Records process to gain insight into the manner in which particular criteria have been previously rated, are advised that DCA reserves the right to change the manner in which it interprets and applies the QAP on an annual basis.

## **Section 15. Monitoring and Compliance**

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

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 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.

### **Credit Compliance Monitoring Procedures (Tax Credit and Tax Exempt Bond/Tax Credit Properties)**

Section 1.42-5(a) of U.S. Treasury Regulations 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

\* **Not Applicable to Bond Financed Projects**

and record retention; certification and review; on-site inspection; and notification as to 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 Credit Certification Training Materials and in the IRS issued "Guide for Preparing Form 8823." Changes and updates to these materials can be found on the Compliance Section of the DCA web site.

**Required Training for Owners/Managers (Tax Credit, Tax Exempt Bond/Tax Credit and HOME Properties)**

Beginning in 2009, the Owner/general partner is required to successfully complete a compliance-training seminar provided by or sponsored by DCA. Limited partners are also strongly encouraged to attend these training seminars, but may elect to have property managers serve as the limited partner's representative. Seminars for HOME, Tax Credit and Advanced HOME/Tax Credit compliance are offered on a regular basis by DCA. Certification testing is required and certificates are awarded upon successful completion of the training. The Owner of a Tax Credit and or HOME property will be required to submit to DCA a copy of the Certificate of Successful Completion for the training prior to the beginning of lease-up or prior to placing the first building in service.

All onsite property managers for projects which receive an allocation must attend and successfully complete a DCA-certified compliance training course prior to the first building Placed-In-Service date of the project. All property managers must be certified by DCA or hold the National Compliance Certification. DCA may require onsite property managers and/or general partners of projects that have repetitive issues of noncompliance to attend additional compliance training as a condition of cure.

**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 tenants 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 tenant 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.

\* Not Applicable to Bond Financed Projects

## **Property and Record Compliance**

- A. For purposes of determining initial or ongoing eligibility and compliance with property maintenance requirements, DCA asserts the right to conduct on-site inspections of any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer. DCA will provide written notice to the Owner of noncompliance findings and will assign an appropriate cure period.
- B. DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or term of the loan, whichever is longer. DCA will provide written notice to the Owner of noncompliance findings and will assign an appropriate cure period.
- C. In the Credit Program, DCA is required to report all items of possible noncompliance to the IRS on IRS Form 8823. This form(s) will be issued to the Owner/general partner of the project. If noncompliance can be and has been cured by the end of the cure period, the correction will be noted on Form 8823. DCA and the IRS consider Form 8823 to be a confidential tax document and, as such, Form 8823 will not be provided to parties not having an Ownership interest in the project.

## **Reports to be provided to DCA**

- A. Owners receiving HOME Loans are required to submit semi annual Occupancy Reports in a format prescribed in the DCA HOME Training Manual, together with copies of Tenant Income Certification for rental units leased during the quarter (beginning with initial lease-up date throughout the term of the loan. Owners are also required to submit a HOME Annual Owner's Certification and Annual Owner's Report in a format prescribed by DCA on or before February 28 of each year. Failure to report as required is considered non-compliance.
- B. Owners receiving Credit are required to submit Quarterly Occupancy Reports with Tenant income certifications for rental units leased that quarter, beginning with the first building placed in service forward, until the end of the compliance period. Federal regulations require Owners to submit an Annual Owner's Certification and Annual Owner's Report in a format prescribed by DCA each year within thirty (30) days of the anniversary of the last building placed in service date. DCA is in the process of converting the Occupancy Report from a quarterly report cycle to an annual report cycle. Details of the conversion process can be found on the Compliance Section of the DCA website. Failure to report as required is considered non-compliance.
- C. Owners receiving HOME Loans and Credit are required to submit Quarterly Occupancy Reports from the placed in service date through the end of the

\* **Not Applicable to Bond Financed Projects**

loan or the compliance period, whichever is longer. Owners are also required to complete the HOME Annual Owner's Certification and Report and the Credit Annual Owner's Certification and Annual Report in the prescribed DCA format on the dates stated above. DCA is in the process of converting the Occupancy Report from a quarterly report cycle to an annual report cycle. Details of the conversion process can be found on the Compliance Section of the DCA website. Failure to report as required is considered non-compliance.

- D. Owners who received Credit and/or HOME funding and are financed under Section 515 of the U.S. Department of Agriculture (538 do not fall under this exception) will not be required to submit monthly or quarterly reports. These properties are required to complete the HOME and/or Credit Annual Owner's Certification and Annual Report in the prescribed DCA format on the dates stated above. Failure to report as required is considered non-compliance.
- E. Owners of project that received Credit and are also financed with proceeds from tax-exempt bonds (URFA/ADA Bond Projects should report directly to URFA/ADA as required) will be required to submit Quarterly Occupancy Reports beginning with the first building placed in service forward, until the end of the compliance period. Owners are also required to submit an Annual Owners Certification and Annual Owner's Reports in a format prescribed by DCA each year on the dates stated above. DCA is in the process of converting the Occupancy Report from a quarterly report cycle to an annual report cycle. Details of the conversion process can be found on the Compliance Section of the DCA website. Failure to report as required is considered non-compliance.

## **Review**

DCA will review the certifications submitted to determine whether or not the Owner has complied with the requirements of Section 42.

Annually, DCA will inspect at least thirty-three percent (33%) of affordable developments to which it has made an allocation under Section 42. In each development selected for review, DCA will review the low-income tenant certifications, the documentation the Owner has received to support that certification, the rent record for no fewer that twenty percent (20%) of the low-income units located in each such development. Records relating tenant income, supporting documentation and rent records will be selected at random by DCA's monitoring officer at the time the review is held. In addition, DCA Compliance Officers will conduct a physical inspection of each low-income unit that receives a record review. The purpose of this inspection will be to determine whether or not the units meet Uniform Physical Condition Standards as defined by the Department of Housing and Urban Development.

DCA will conduct a physical inspection of approximately ten percent (10%) of the units at each project and will review approximately ten percent (10%) of the

\* **Not Applicable to Bond Financed Projects**



tenant files each year at properties that have received DCA HOME funds. Additional federal requirements will also be reviewed on an annual basis.

As necessary, DCA will review additional documentation to support representation in the Application for funding.

### **Record Keeping and Record Retention**

- A. Owners awarded HOME Loans must keep records for each assisted building as stipulated in the final HOME regulations.
- B. Owners allocated Credit must keep records for each building as stipulated in Section 42 of the IRS Code Section 1.42.5(b).
- C. Owners receiving HOME Loans and Credit must follow the most stringent requirements of the two programs.

### **Inspection Record Retention Provision (Tax Credit and Tax-Exempt Bond/Tax Credit Properties)**

The Owner of a 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. After DCA reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected, the Owner may dispose of these reports or notices.

### **Compliance Standards**

- A. Assessment of Noncompliance  
Principals of projects awarded Credit or HOME in previous cycles must remain materially in compliance with Credit and HOME program requirements (if applicable) to remain eligible to compete for future 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 noncompliance matter in a timely manner. DCA will have sole and absolute discretion in determining those parties ineligible to participate in the OAH financing competition due to noncompliance status.
- B. 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 thirty (30) days to a maximum of ninety days (90) days. Examples of noncompliance matters and typical cure periods are as follows:

#### **Noncompliance Items**

#### **Typical Cure Periods**

\* Not Applicable to Bond Financed Projects

**Health and Safety**

Any issue	24-72 hours
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**Administrative Noncompliance**

Incomplete or incorrect tenant income certifications	30 days
Affidavits not notarized	30 days
Failure to report on a quarterly or annual basis	30 days

**Project Wide Noncompliance**

Incorrect utility allowance	60 days
Violations of the 40/50 Rule	60 days
Rent overages	60 days

**Incurable Instances of Noncompliance**

Submission of fraudulent information to DCA	No Cure
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**Monitoring Fees**

DCA charges a monitoring fee for all Tax 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 of the Core Plan (DCA Fees and Deadlines). Additional fees may be charged to properties that require additional follow-up due to non-compliance findings.

**Compliance Monitoring Responsibilities**

- A. 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. DCA may also delegate some or all of its compliance monitoring responsibilities to another State agency. This delegation may include the responsibility of notifying the IRS of noncompliance.
- B. 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 faxed to DCA's Compliance Monitoring Section at (404) 327-6849.

**Section 16. Modification of the Plan**

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

\* Not Applicable to Bond Financed Projects

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 difficult to develop areas or in accordance with policy changes necessitated by DCA.

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 power 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.

\* Not Applicable to Bond Financed Projects

**EXHIBIT A**

**DCA APPLICATION DEADLINES AND FEE SCHEDULE  
For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures**

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
3rd Party Amenities Approval	\$1,500 per waiver	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application
Architectural Standards Waiver	\$1,500 per waiver	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application
Compliance Score and/or Team Score Determinations	NONE	April 16, 2009	N/A
Environmental Waiver	\$1,500 per waiver	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application
Experience Waiver	\$1,500	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application
Operating Expense Waiver	\$1,500 per waiver	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application
Optional Amenities Waiver	\$1,500 per waiver	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application
Payment and Performance Bond Waiver	\$1,500 per waiver	April 16, 2009	N/A
Probationary Participation	\$1,500 per waiver	April 16, 2009	No later than 30 days prior to submittal of the LIHTC application

\* Not Applicable to Bond Financed Projects

**EXHIBIT A (continued)**

**DCA APPLICATION AND PRE-AWARD DEADLINES & FEE SCHEDULE**  
**Failure to meet deadlines below will be considered in Experience and Compliance**  
**Reviews**

**For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures**

**NOTE: Pre-application submission fees (not including waiver fees) will be deducted from Fees required to be paid at Application Submission**

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
2009 Bond/4% Credit Eligibility Opinion Letter	\$4,500	N/A	Pre-Application Submission no later than 75 days before bond closing (fee not required at application if submitted with pre-application)
2009 Credit (only) Application Fee.	\$4,000 For Profits \$4000 For Profits/Nonprofit s Joint Venture \$3000 Nonprofit	Application Submission – May 14, 2009	N/A
2009 HOME Loan/Credit Application Fee	\$4,500 For Profits \$4,500 For Profit/Nonprofit Joint Venture \$4,000 Nonprofit	Application Submission - May 14, 2009	N/A
Alternate Financing Deadline	NONE	8/15/09	N/A
Notification of Award Letter	NONE	7/31/09	N/A

**9% Application Submission Deadline: 4:00 PM on May 14, 2009**

\* Not Applicable to Bond Financed Projects

**EXHIBIT A (continued)**

**DCA POST AWARD DEADLINES AND FEE SCHEDULE  
For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures  
Failure to meet deadlines below will be considered in Experience and Compliance  
Review**

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
Appraisal Fee (HOME Loans Only)	Based on DCA cost	Upon invoicing by DCA during underwriting	N/A
Bond/4% Credit Processing Fee	7% of annual Federal Credit amount	N/A	Due within 30 calendar days of issuance of Letter of Determination
Certificates of Occupancy	NONE	Issued by local jurisdiction before end of business December 31, 2011	Issued by local jurisdiction before end of business December 31, 2011
Commencement of Construction/Rehabilitation (Projects w/Tax Credit and HOME)	NONE	Must satisfy all conditions necessary to commence construction within one year of date of the initial HOME commitment.	N/A
Commencement of Construction/Rehabilitation (Tax Credit Only Projects)	NONE	No later than September 30, 2010	No later than September 30, 2010
Completion of Work Scope	NONE	No later than December 31, 2011	No later than December 31, 2011
Construction Loan Closing (Tax Credit only Projects)	NONE	No later than August 31, 2010	No later than August 31, 2010
Cost Certification Amendments	\$1,500 per request	At time of request	At time of request
Credit Allocation Fee	7% of annual Federal Credit amount	At time of carryover allocation sent in except for Non Profit sole general partners who can submit at or before construction commencement deadline.	N/A
Credit Compliance Monitoring Fee (calculated on a per unit basis for all project units)	\$150 - USDA 515 Projects \$150 - URFA Bond Projects 700 - Bond/4% Credit Projects \$700 - Others	Within 18 months of Issuance of carryover allocation, but no later than the project placed in service date	Due within 18 months of issuance of Letter of Determination
DCA Placed In Service Form	NONE	At time of 1st building is placed in service	At time of 1st building is placed in service
Design Documents as fully outlined in the Architectural Manual	NONE	Must be submitted to DCA for review and approval no later than 90 days from carryover allocation date	Must be submitted to DCA for review and approval no later than 90 days from issuance of the Letter of

\* Not Applicable to Bond Financed Projects

			Determination
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\* Not Applicable to Bond Financed Projects

**EXHIBIT A (continued)**

**DCA POST AWARD DEADLINES AND FEE SCHEDULE  
For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures  
Failure to meet deadlines below will be considered in Experience and Compliance  
Review**

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
Environmental Review Costs	Based on Actual Costs incurred by DCA to retain consultants	Upon invoicing by DCA during underwriting	Upon invoicing by DCA during underwriting
Final Allocation Deadline	NONE	February 15, 2012	September 15, 2012
Final Inspection Fee (for all LIHTC properties, both 4% and 9%, excluding those projects involving HOME funds)	\$3,000 per project	Due within 30 days of final draw but no later than 30 days prior to the placed in service date	Due within 30 days of final draw but no later than 30 days prior to the placed in service date
Formal Firm Commitments for equity and non-DCA debt ( HOME)	NONE	Must be submitted to DCA within 75 days of the carryover allocations	N/A
Front End Analysis (applicable when an Identity of Interest exists between the Developer or Owner and the general contractor)	\$2,700 per project	Due within 15 days of invoicing by DCA during underwriting (HOME Loans Only)	N/A
HOME Loan Closing	NONE	On or before September 1, 2010	N/A
HOME Loan Conversion	NONE	Within 24 months of the HOME construction loan closing	N/A
LURC Execution	NONE	Prior to final allocation	At or prior to bond closing
Non-Compliant Re-inspection Fee	\$250 per site visit	Due within 15 days of invoicing by DCA	Due within 15 days of invoicing by DCA
Placement-In-Service	NONE	All buildings in the project must be placed in service by December 31, 2011	All buildings in the project must be placed in service by December 31, 2011
Project Application Amendments, Post Award Project Concept Amendments, Post Letter of Determination	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment

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

\* Not Applicable to Bond Financed Projects



STATE OF GEORGIA  
2009 QUALIFIED ALLOCATION PLAN

APPENDIX I  
THRESHOLD CRITERIA

To be considered for an allocation of DCA resources, Applications must meet the Threshold requirements described below.

**1. Project Feasibility, Viability Analysis, and Conformance with Plan**  
**(Additional policies and requirements can be found in the Core Plan of the 2009 QAP, the Application Instructions and the Tab Checklist)**

**A.** OAH will require the development of properties that meet OAH financial underwriting requirements and which have sufficient long-term operating income to secure sustainability. DCA requires that all funding sources be clearly identified in the pro forma. The ownership entity 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. Only rental income plus a maximum of 2% of gross potential rents in ancillary income will be used in the cash flow analysis. 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.

**B.** Construction costs must be reasonably estimated for the specific project when preparing the development budget. In determining whether an Applicant's estimate of construction costs is reasonable, DCA will review internal data from similar projects as well as estimating tools such as RS Means. DCA may request a breakdown of the hard construction cost line items in the event it determines that the proposed costs do not appear to be reasonable and consistent with the scope of work for the project.

**C.** Applications must also reasonably estimate operating expenses for the project. DCA will utilize tax millage rates and development costs to determine if real estate taxes are reasonably estimated. Applicants are encouraged to provide support for their estimates of taxes and property insurance for the proposed project. Projects that do not provide a reasonable estimate of operating costs will be determined to be infeasible. Annual operating expenses which differ significantly from average costs for the project area will require clear documentation of the basis for the deviation.

**D.** Applicants must use DCA's project economic pro forma assumptions and abide by the 2009 Plan, Appendices, Instructions and the Manual. Rent Standards derived from the most recent AMI, FMR, and applicable underwriting utility allowance must be used to determine project rents and rent restrictions. DCA will determine if the application has been submitted in compliance with all application instructions, tab checklist requirements, and QAP requirements for support documentation, necessary to make a full and complete assessment of the proposed project.

## **DRAFT Appendix I Threshold Criteria**

**E.** DCA may request applicants to clarify issues related to project feasibility during its Threshold Review. In response to such clarification requests, the Applicant can only submit documents that were in existence prior to Application Submission day with the exception of final commitments for government sources under consideration at the time of Application submission.. Please note that DCA requires that Applications must be complete when submitted. Applicants cannot submit updated applications or new documents after that time. Applications that contain a significant number of missing or incomplete documents will be returned to the Applicant and be deemed a threshold failure.

**F.** Total development cost may be decreased or increased during DCA's review if it is determined that line items are not reasonable or do not accurately reflect the supporting documents. Development budget adjustments during threshold review must be covered by deferred developer fee and not by new financing sources. Applicants may also not request that one line item be reduced in order to increase or add another line item during the threshold clarification period. Credits will be adjusted accordingly for each adjustment.

**G.** Projects that have a ten year commitment for PBRA will be underwritten utilizing Section 8 rents. However, projects that have a commitment for PBRA that is less than ten years will be underwritten at the maximum tax credit rents and/or HOME rents, as applicable.

**H.** DCA may require documentation not specifically included in the minimum documentation requirements established in the Plan to verify the reasonableness of development and operating assumptions. DCA is under no duty to clarify or correct Application errors.

**I. Preliminary Financing, Limited Partner Equity, Deferred Developer Fees and Other Financing Commitment.** Original preliminary commitments for all financing must be submitted with the Application including but not limited to the following:

- Construction financing
- Non-DCA permanent financing
- Equity bridge loans, if applicable
- Project Based Rental Assistance Agreements
- HUD letter 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) or 221 (d)(4) program may be submitted with the Application but final MAP commitments must be submitted by **July 31, 2009**.
- USDA Notice to Proceed with Application Processing and Lender Preliminary Commitment for loans to be guaranteed with Interest Credit 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.
- Operating subsidy agreements
- Deferred Developer Fee
- Limited partner (Tax Credit) equity

## **DRAFT Appendix I Threshold Criteria**

- Applications that include cost 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.
- Developer or general partner equity (financial statements to substantiate such equity must be included if such contribution exceeds the developers fee).
- Federal Home Loan AHP financing commitment from either the Federal Home Loan Bank to the non-profit entity or to the ownership entity. If the commitment is to the non-profit entity, then the non-profit should provide a preliminary commitment to the Ownership entity.
- Projects proposing the utilization of Historic Tax Credits must provide documentation of the National Historic designation for the subject project on or before **August 17, 2009**.

In the case of USDA, FHLB-AHP, or HUD loans which are under final consideration at the time of Application, but are not awarded funding, the Applicant may secure alternate financing provided revised Application documents are submitted to DCA on or before **August 17, 2009**. Failure to provide the required documentation for USDA, FHLB-AHP, HUD alternative financing and/or the National Historic designation as stated above may deem the application insufficient and the application may be subject to Threshold failure.

The preliminary commitments must disclose, at minimum, the following:

- The purpose of the loan and use of proceeds,
- The property address,
- The loan amount,
- 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
- 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
- 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, issuer fees, must be clearly identified in the commitment letter
- The terms of the loan
- The amortization term
- All reserves by the lender/syndicator including, but not limited to, replacement reserve, operating deficit reserve, HUD required program reserves and USDA required program reserves
- In the case of an preliminary commitment from a tax credit syndicator to provide equity the amount of the asset management fee, whether or not the asset management fee will be increased annually, if increased, the rate of increase and the priority of payment of the Asset Management Fee
- All financing and related conditions and fees, including but not limited to, loan origination fees, loan placement fees, mortgage insurance premiums (in case of

**DRAFT Appendix I**  
**Threshold Criteria**

HUD insured loans) and annual guarantee fees (in case of USDA 538 guaranteed loans)

- In the case of loans to be guaranteed with Interest Credit 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 Lenders principal and interest payments.
- Applicants that propose financing structures with government programs loans are responsible for correctly reflecting the terms of the loan

**J. Assumption of Existing Debt.** The supporting documentation must disclose, at minimum, the following:

- A letter signed by an officer of the lender whose debt is being assumed which certifies, as of April 30, 2009, (1) the original principal balance of the loan, (2) the current outstanding principal balance of the loan, (3) the current accrued and unpaid interest (4) the current effective interest rate applicable to the loan, (5) the original date of the loan (6) the maturity date of the loan, (7) annual debt service (8) the amortization period applicable to the original loan, (9) 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 and (10) that the loan has, or has not, been modified (if said loan has been modified and/or restructured in any way, copies of said modification/restructure documents must be provided)
- A copy of the original Promissory Note and any amendments and/or modification to said Promissory Note
- A copy of the original Loan Agreement and any amendments and/or modification to said Loan Agreement
- 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

**K. Deferred Developer Fee.** Any owner's equity shown in the Application, excluding the general partner's contribution required by the Limited Partnership Agreement will be included as a source of funding in the calculation of Credit. This policy will apply at application, carryover, and final allocation. A developer should either take the deferred Developer Fee in the form of a note, or incorporate the deferred Developer Fee into the limited partnership agreement along with a detailed repayment schedule and specific terms. 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.

DCA will accept either method as long as the terms of the deferred Developer Fee meets the requirements as set forth in the Plan. For purposes of calculating the project's annual debt service coverage ratio, the deferred Developers Fee will not be included as debt service.

**DRAFT Appendix I  
Threshold Criteria**

For purposes of calculation DCA will consider the terms and conditions contained in the debt and equity commitments in determining the project's debt service coverage and its ability to pay the deferred Developer's Fee within 15 years.

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.

**L. Gross Rent Restrictions**

**HOME Rents.\*** For low-income units receiving Credits, the gross rents may not exceed 30% of 60% of the effective AMI table or Fair Market Rent for the appropriate bedroom size. Applicants should assume 1.5 persons per bedroom. For HOME Loans, rents must be affordable at initial lease-up and must remain affordable over the term of the HOME Loan.

For HOME projects, rents may not exceed Fair Market Rents for the appropriate bedroom size.

**Credit Rents.** For low-income units receiving Credits, the gross rents may not exceed 30% of 60% of the effective AMI table for the appropriate bedroom size. Applicants should assume 1.5 persons per bedroom.

**Credit and HOME Rents.\*** Dwelling unit rents must conform to the LIHTC and/or the HOME regulation's gross rent (contract rent and tenant UA) restrictions. Tenant 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. For Credit and HOME units, rents may not exceed fair market rents. Applicants should assume 1.5 persons per bedroom.

For Scattered Site projects, all units must meet the gross rent restrictions.

**M. Unit Cost Limitations.** Allocation of DCA resources will be based on these limits. Per unit costs must not exceed the following limits:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$102,000
1 Bedroom	\$117,000
2 Bedroom	\$142,000
3 Bedroom	\$184,000
4 Bedroom +	\$202,000

The maximum allowable developer fee will be calculated based on the allowable total development cost utilizing these DCA Per Unit Cost Limits. If the total development cost for the project exceeds the per unit cost limitations above and the Application is not seeking additional DCA resources for the cost which exceed the per unit cost

\* Not Applicable to Bond Financed Projects  
DRAFT 2009 Qualified Allocation Plan

**DRAFT Appendix I  
Threshold Criteria**

limitations, the Applicant is not required to obtain DCA's approval nor submit a waiver for the total development cost.

DCA will consider waivers to the limitations stated above on a case-by-case basis. Waivers will be granted **only** for extraordinary circumstances (see Architectural Manual for examples). Applicants must submit sufficient documentation with their cost waiver request to justify the basis of the cost increase. Waiver requests and applicable fees must be submitted in accordance with Exhibit "A" (DCA Deadlines and Fees). Applicants should underwrite their deals using the above limits unless a waiver is approved by DCA.

For HOME funded projects, the following per unit subsidy limits will apply in addition to the cost limits above:

<u>Unit Type</u>	<u>Subsidy Limit</u>
Efficiency	\$102,000
1 Bedroom	\$117,000
2 Bedroom	\$142,000
3 Bedroom	\$184,000
4 Bedroom +	\$202,000

For Scattered Site projects, all units must meet the per unit cost limitation requirements.

**N. Underwriting Utility Allowance (UUA).** For DCA underwriting purposes Applicants must use the utility allowance established by the Public Housing Authority that administers Section 8 in the locality where the property is located. The allowance must be approved by HUD for use in the Section 8 Program.

**O. Operating Utility Allowance (UA).** Applicants must establish utility allowances for the property prior to placing the first building in service through the compliance period or through the period of affordability. In Georgia, the following methods may be used:

1. USDA-Assisted Buildings. If a building receives assistance from the USDA (formerly called the Farmer's 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 Utility allowance.
2. Buildings with USDA-Assisted Tenants. 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).
3. HUD-Regulated Buildings. If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility

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allowances for the property (such as for Section 8 and Section 236 projects), the HUD-prescribed utility allowance is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.

4. DCA HOME/Tax Credit Buildings. If a building is neither an USDA-assisted nor HUD-regulated property, and no tenant in the building receives USDA rental assistance, there are two possible methods for establishing the utility allowance. These include:
  - A. The utility allowance established by the Public Housing Agency (PHA) that administers the Section 8 Program in the locality where the property is located. However, the electric allowances may be calculated as outlined in Section B below.
  - B. HUD Utility Schedule Model
  - C. Local Utility Provider Estimates/Estimates Based on Actual Usage
  - D. Energy Consumption and Analysis Model (licensed engineer or qualified professions providing this model must be approved by DCA prior to submission of the Model.

On July 29, 2008, the IRS issued amendments to the utility allowance regulations. This regulation does not include Internet, cable and phone service under the definition of "utility" Only utilities paid directly by the tenant to the utility and not by or through the owner of the building can adjust the gross rent through an allowance (Ratio Utility Billing (RUBS) is not permitted in GA). Owners that have been submetering will now have to discontinue the use of a utility allowance for submetered utilities and not bill the tenants for the cost of these submetered utilities. Owners may include these utilities as part of rent, however, the rent charged cannot exceed the maximum allowable program rent.

The final regulation amending the utility allowance regulation for Section 42 was effective July 29, 2009. The new regulation may be found in the Federal Register dated July 29, 2008, page 43863

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### **2. Tenancy Characteristics**

All Applicants must designate the proposed project as either a Family Project, Special Needs Project or a Senior Project.

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

**B. Senior Project.** A Senior project meets one of the following requirements:

- It is intended for, and solely occupied by, individuals 62 years of age or older; or
- It is intended and operated for occupancy by at least one individual 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

**C. Other.** Projects that have funding from a program which has a different tenancy definition than those set forth above, must seek DCA's approval of the definition prior to Application Submission.

DCA will consider waivers to the tenancy characteristics requirements on a case-by-case basis. Applicants must submit sufficient documentation to justify the basis of the request. Waiver requests and applicable fees must be submitted in accordance with Exhibit "A".

### **3. Required Services**

All Family Projects must include at least one (1) basic ongoing service from the following categories and Senior Projects must include two (2) basic ongoing services from two different categories below:

- Social and recreational programs planned and overseen by the project manager (semi-monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo, etc); or
- Semi-monthly classes conducted on site (example: arts and crafts, exercise, computer tutoring, gardening);
- Other services as approved by DCA.

Applicants must certify at Application Submission that they will designate the specific services and meet the additional policies related to services. These required services must be identified in the Threshold Criteria Tab on the Core Application Form.

#### **Additional Policies Related to Services**

A final, binding contract for all proposed services must be submitted to the DCA Compliance Manager before issuance of IRS form 8609.



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- Services must be committed for the Compliance Period or the Period of Affordability, whichever is greater.
- Services may be provided at a charge sufficient to cover the cost of the supportive services only, but the services must be clearly optional to the tenants.
- A full-time activities manager will be allowed in the operating budgets for those properties that are 100 units or more in size.
- Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.
- Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.
- Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the supportive services.
- For very small rural projects, Applicants may request a waiver of service requirements if there is insufficient participation in a service.

### **4. Market Feasibility (Market Study)**

Applicants must submit a market study by an independent third party analyst showing that there is adequate market demand for the project. The study must be prepared by a market analyst approved by DCA clearly stating that there is sufficient demand for the project and the project will be stabilized within DCA requirements. The market study must be prepared in accordance with DCA guidelines and must be in the format required by the DCA Market Study manual. Market studies must accurately reflect the rental structure and unit mix of the proposed project. It is applicant's responsibility to ensure that the market study accurately reflects the submitted application and meets all DCA requirements. While DCA will use the conclusions of the analyst in determining whether the project is marketable, DCA will not be bound by the opinion or conclusions reached by the market analyst.

- DCA will review the market study, rent rolls and project data of similar projects located in close proximity to the proposed project in determining whether the project will be able to achieve the desired lease up to be feasible.
- DCA will also carefully analyze existing DCA projects located in close proximity to the proposed project to determine if selection of the project will have significant adverse financial impact on existing affordable housing inventory.
- DCA will generally not fund two projects in the same locality with the exception that a new construction and occupied rehab may be selected.
- In order to ensure that projects can achieve lease up quickly, DCA will not generally select a proposed project for an allocation if a project was awarded an initial allocation of credits between 2006 and 2008 and is located in close proximity to the proposed site and serving the same population (Family and Senior). "Close proximity" shall be defined in rural areas as the local government jurisdiction or ten miles, whichever is greater. Close proximity shall be defined in urban areas as a two mile radius. (Phased projects are excluded).

Although a project may be deemed marketable by the analyst, DCA may elect not to select the project for one or more of the following reasons:

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- Generally, DCA will not select more than one new construction project in the same locality in a funding round.
- DCA may determine that the proposed project will have an adverse impact on its existing portfolio of projects either by delaying lease up or reducing occupancy.
- DCA may determine that changing market conditions may make the proposed site too risky for selection.

If more than one project is proposed for a particular area, DCA, in its sole discretion, will decide which one will be selected for funding. DCA will utilize but is not bound by the following factors in its selection decision:

- Score
- Capacity of development team
- Allocation of resources among development teams
- Amenities
- Tenancy characteristics of projects developed in the immediate area
- Amount of resources
- Size of project
- Project site

The following factors will generally be considered by DCA to be indicative of Market feasibility for HOME, 4% tax exempt Bond projects, and 9% Tax Credit projects.

- Market capture rates 30 percent or less for **all** 1 bedroom units, 30 percent or less for **all** 2 bedroom units, 40 percent or less for **all** 3 bedroom units and 50 percent or less for all 4 or more bedroom units in the project
- In Rural areas (as defined), market capture rates of 35 percent or less for **all** 1 bedroom units, 35 percent or less for **all** 2 bedroom units, 40 percent or less for **all** 3 bedroom units and 50 percent or less for all 4 or more bedroom units in the project
- The overall capture rate for **all** Tax Credit Units shall not exceed 30 percent for Urban Counties and 35 percent for Rural areas and the overall capture rate for **all** Market Rate Units shall not exceed 30% for Urban Counties and 35% for Rural areas
- Market capture rates for each AMI market segment type (i.e. 30%, 50%, 60% & market) for each **bedroom type** shall not exceed 70% for **all** bedroom types proposed in each segment
- An absorption period less than 24 months to reach stabilized occupancy
- Stabilized occupancy rate of 93% or above
- Unit mixes or target populations supported by the market
- No adverse impact to the occupancy and financial health of existing assisted rental housing properties in the market area. Assisted rental housing properties include those financed by Credits, USDA, HUD 202 or 811 (as appropriate), DCA or locally financed HOME properties, HTF, and HUD 221(d)(3) and 221 (d) (4) and other market rate FHA insured programs. DCA does not consider public housing properties in the adverse impact determination

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- Competing proposed projects in the same geographic market area where, in part, location, unit mix, rent structure, market demand, and other factors favor one project compared to another;
- Units with project based rental assistance (PBRA)
- Ability of market rate units to lease at the projected rents
- All requirements as outlined in the Market Study Guide.

For existing occupied properties that are going to be rehabilitated, market analysts shall consider retention of current occupants in their demand calculations. Retention is measured by the number of tenants that are not rent burdened or over-income that are projected to reside at the property during and after the proposed renovations.

For Senior projects, (Elderly and Housing for Older Persons), demand may include residents from outside the market area, converting from homeownership, seniors living with and/or supported by their children as documented by the market analyst. DCA reserves the right, in its sole and absolute discretion, to independently evaluate the demand for additional affordable rental housing in the geographic/market area. DCA's judgment will be the final determination. All requests for a DCA ordered market study for 4% tax credits submitted in May through September will need to have all pending 9% tax credit applications considered in demand calculations

For scattered site projects, the market study requirements must be met for the project as a whole.

### **5. Appraisals**

#### **A. DCA Commissioned Appraisals\***

For all projects awarded HOME Loans, DCA will commission an appraisal prepared in accordance with DCA policies. DCA 's determination is final with respect to the appraised value of the project.

When preparing project development budgets, Applicants should use a reasonable estimate for the appraisal cost based on the Applicant's experience with projects of a similar size and scope. The DCA appraisals may be assignable to other lenders. In instances where the senior lender obtains the appraisal, DCA will accept such appraisal as long as DCA's guideline requirements are met and DCA is given the right to rely on the appraisal by the appraiser. DCA will select property appraisers.

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 shall include the "as is" value, "as built/as complete" (encumbered), "as built/ as complete " (unencumbered) values of the proposed subject property and, tax credit value. The "as is" value shall delineate the value of the land and building. The appraisal shall conform to USPAP standards. The appraisal will provide an estimate of the 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

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of the property. Upon completion of the commissioned appraisal, any project found not to meet this requirement will have their funding award revoked.

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

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. 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. The appraisal shall conform to USPAP standards.

Properties which have been in the control of the applicant or a related party for a period of three (3) years or less 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.

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.

## **6. Environmental Requirements**

### **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 in a manner satisfactory to DCA, in its sole and absolute discretion.

For Scattered Site Projects, the environmental requirements must be met for each noncontiguous parcel.

### **B. Environmental Study**

A Phase I environmental study must be prepared in accordance with the DCA Environmental Manual contained in the Application Manual and must be included in the Application. The Applicant and the Qualified Environmental Professional must sign the environmental certification form and include it in the Application. This Phase I Environmental Study should fully address all recommendations of the consulting environmental engineer, and all such recommendations, including Phase II environmental studies (if required) or any additional testing, must be completed at the time of Application Submission.

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The Phase I (and Phase II where required) Environmental Study must have been conducted within six (6) months of the Application Submission. If an Environmental Study was completed prior to this six-month period, a copy of this earlier Environmental Study (and any others that are available) must be included in the Application along with a new Environmental Study.

### **C. Flood Plains/Floodways**

**(1) Tax Credit Rehab Projects.** Applications that propose the rehabilitation of existing buildings located in the 100-year flood plain/floodway, will meet Threshold criteria, only under the following conditions:

- An Architectural Conceptual Site Development Plan that clearly defines the areas of floodplain/floodway in relation to all site improvements, including buildings, paving, and site amenities, must be submitted with the Application. The Plan must clearly show where all development and incidental development lies in relation to the floodplain/floodway.
- All areas of floodplain/floodway must be documented by the FEMA map for the areas in which the site is located, regardless of whether the proposed site for development appears to be located in a floodplain/floodway and must be included in the Application. The boundaries of the proposed site for development must be delineated on the FEMA map.
- The lowest existing floor elevation of each building in the flood plain must be at least 6" above the FEMA designated floodplain/floodway elevation. Documentation must be submitted to clearly demonstrate existing conditions and should include a land survey indicating the location of the existing buildings, existing floodplain/floodway, elevation of existing floodplain/floodway, elevation of lowest floor level in existing buildings and FEMA elevation of the existing floodplain/floodway. In addition site improvements must be made to protect the building(s) from flood damage.

**(2) Other projects.** For all other projects, building in the flood plain will be permitted only if the following conditions are met:

- An Architectural Conceptual Site Development Plan that clearly defines the areas of floodplain/ floodway, in relation to all site improvements, including buildings, paving, and site amenities, must be included in the Application.
- A FEMA map for the area in which the site is located, regardless of whether the proposed site for development appears to be located in a floodplain/floodway, must be included in the Application. The boundaries of the proposed site for development must be delineated on the FEMA map.
- All areas of floodplain/floodway must be documented by the FEMA map for the areas in which the site is located. The proposed site for development must be located on that map.
- The qualified Environmental Professional or Engineer must include an opinion as to whether or not the proposed project will impact any floodplain or floodway.

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- The qualified Environmental Professional or Engineer must document mitigation for impacts to existing floodplains/floodways planned for development, and include consideration of alternative locations for the development.
- A FEMA Conditional Letter of Map Amendment (LOMA) or Letter of Map Revision-Based on Fill (LOMR-F) must be obtained for the property that shows that the property is eligible for reclassification out of the floodplain/floodway area and submitted at the time of application. A final Letter of Map Amendment (LOMA) or Letter of Map Revision-Based on Fill (LOMR-F) from FEMA along with an elevation certificate and all other information to document the reclassification must be provided to DCA at the completion of the project, or evidence that the property is eligible for flood insurance and that such insurance will be in place if awarded funding from DCA.

**(3) HOME Projects and projects that have other HUD funded sources including but not limited to PBRA.** For applications requesting HOME funds the following requirements must also be met:

- An Architectural Conceptual Site Development Plan that clearly defines the areas of floodplain/floodway in relation to all site improvements, including buildings, paving and site amenities, must be included in the Application.
- The qualified Environmental Professional or Engineer must include an opinion as to whether or not the proposed project will impact any floodplain or floodway.
- The qualified Environmental Professional or Engineer must document mitigation for impacts to existing floodplains/floodways planned for development, and include consideration of alternative locations for the development.
- Documentation that the Applicant has published the required notices and met the requirements of the Eight Step Flood Management process set forth in 24 CFR §55.20.

### **D. Wetlands**

Generally, DCA does not allow the disturbance of wetlands in excess of one tenth (1/10<sup>th</sup>) of one acre or streams in excess of 100 feet for any project. However, if the proposed development will disturb more than one tenth (1/10<sup>th</sup>) of one acre or more than 100 feet of stream, DCA will accept USACE (Corp. of Engineer) approval of the proposed development where such approval is provided at the time of Application Submission and is evidenced by an approval letter, the USACE approved site plan & engineering drawings and the appropriate USACE permits.

No buildings paving, site amenities, or other improvements are to be located in any wetlands or cross and streams under any conditions without the express approval of DCA and the Corp of Engineers wetland permit has previously been obtained.

The following documentation of the existence of wetlands/streams must be included in each Application:

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- An Architectural Conceptual Site Development Plan that clearly defines the areas of wetlands and/or streams in relation to all site improvements, including buildings, paving, and site amenities, and indicating the acreage of wetlands that will be disturbed by the proposed project must be included in the Application.
- A U.S. Fish and Wildlife Service National Wetlands Inventory map for the area in which the site is located, regardless of whether wetlands appear to be located on the proposed, must be included in the Application. The boundaries of the proposed site for development must be delineated on the USFWS map.
- The site reconnaissance must include observation of any and all wetland areas on the property.
- If wetlands are suspected on the site either through the site reconnaissance or the examination of the NWI map, a wetlands delineation, performed in accordance with all federal and state guidelines, including an official jurisdictional determination issued by the USACE, must be included in the Application.

For applications requesting HOME funds or which have other HUD funds listed as sources, including but not limited to PBRA, the following **additional** requirements must be met:

- The qualified Environmental Professional or Engineer must document mitigation for impacts to any existing wetlands area(s) planned for development, and include consideration of alternative locations for the development.
- Documentation that the Applicant has published the required Notices and met the requirements of the Eight Step Wetlands Management process set forth in 24 CFR Section §55.20

### **E. State Waters/Streams/Buffers & Setbacks**

The Environmental Professional must render an opinion as to whether State Waters are located on the subject property using EPD's Field Guide for Determining the Presence of State Waters That Require a Buffer. DCA recommends that the Local Issuing Authority as determined by the EPD make the final State Water determination and, if permitted, include a letter in the Application.

Documentation of the existence of State Waters in the form of an Architectural Conceptual Site Development Plan that clearly defines the State Waters in relation to all site improvements, including buildings, paving, and site amenities, and includes the delineation of all buffers required by state and local jurisdictions must be included in each Application.

DCA does not allow for the disturbance of Streams in excess of one hundred (100) linear feet (See Section 6 (D), Wetlands).

All applicable buffers or setbacks that must be located on the subject property must be identified and discussed. No project will be accepted for any DCA funding or approved for tax credits (including HOME funds) if it contemplates any land-disturbing activity in any required buffer area unless an appropriate variance(s) or exemption(s) have been

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applied for and received from all appropriate agencies with jurisdiction over such buffers, and documentation of such variance(s) or exemption(s) is included in the Application.

**F. Lead Based Paint (LBP)**

For all existing properties to be rehabilitated under DCA programs and built prior to 1978, a survey of LBP must be included in the environmental study. The investigation must be completed according to EPA and HUD guidelines on properties that fall under the requirements of these agencies. If such materials exist on the properties the Qualified Environmental Professional must include recommendations for the management of these materials or abatement, if necessary according to all EPA and HUD guidelines.

**G. Asbestos Containing Materials (ACM)**

An asbestos survey must be performed on all buildings scheduled for demolition or renovation regardless of when they were constructed. The investigation must be completed according to EPA and HUD guidelines on properties that fall under the requirements of these agencies. If such materials exist on the properties the Qualified Environmental Professional must include recommendations for the management of these materials or abatement, if necessary according to all EPA and HUD guidelines”

**H. Water Leaks, Mold & Lead in Drinking Water**

For all existing properties to be rehabilitated under DCA programs, a survey of water leaks, mold and testing for lead in drinking water must be completed according to EPA and HUD guidelines as applicable on properties that fall under the requirements of these agencies. If such conditions and/or materials exist on the properties the Qualified Environmental Professional must include recommendations for the elimination, removal or remediation of these conditions and/or materials according to all EPA and HUD guidelines, as applicable.

**I. PCB's**

For all construction applications, documentation must be submitted according to the requirements of the Environmental Manual.

**J. Radon**

For all Applications, the radon zone must be noted in the environmental study along with the Georgia Radon Map. For Applications that propose the rehabilitation of existing properties, radon testing within the existing buildings, according to EPA guidelines is required and the results must be included in the environmental study.

**K. Noise Requirements**



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For all Applications, properties must meet the DCA requirements for sound. For HUD funded projects, properties must meet HUD Noise requirements as well. Applicants must provide evidence that the property meets these requirements. (Please refer to the DCA Environmental Manual for comprehensive information on DCA and HUD Noise Policies). DCA requires a Noise Analysis according to the requirements of the HUD Noise Analysis Guide (NAG) if the Owner Environmental Questionnaire & Disclosure Statement, Part B, indicates that there is a major road/highway/freeway within 1,000 feet, a railroad within 3,000 feet or an airport (depending on classification) within 5 – 15 miles. The Environmental consultant must provide an opinion on the results of such study, and the report must contain a complete mitigation plan for remediation of sound levels above the HUD or DCA Limitations. The DCA and HUD Noise Limitations must be met at 45dB for interior locations and 65dB for exterior locations. All mitigation costs for sound must be included in the construction development budget. Absent a DCA waiver, a selected project cannot exceed 75dB of exterior noise.

### **L. Additional Environmental Requirements for HOME/HUD funded Projects, including but not limited to PBRA**

The Applicant, as outlined in the HOME/HUD Environmental Questionnaire, must complete additional requirements for HOME/HUD funded projects at the time of Application Submission, including, but not limited to, the Eight-Step process and HUD publication procedures.

- **Eight-Step Process:** Projects located within a flood hazard area or designated wetland are subject to Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) respectively. HUD's implementing regulations at 24 CFR Part 55 -- "Floodplain Management" prescribe measures for protecting floodplains, and when amended, for protecting wetlands. Under the provisions of these Executive Orders, HUD must avoid financial support for covered activities, unless it can demonstrate that there are no practicable alternatives outside the floodplain or wetland. Therefore, if jurisdictional wetlands will be filled or impacted and/or construction and landscaping activities will occupy or modify a floodplain/floodway, documentation that the Eight-Step process has been followed as mandated by 24 C.F.R. § 55.20 for wetlands and floodplains must be provided as a part of the HOME and HUD Environmental Questionnaire. The decision making process for compliance with this part contains eight steps, including public notices and an examination of practicable alternatives. The steps to be followed in the decision making process are outlined in the 2009 Environmental Manual. Documentation of the Eight-Step process must be submitted at Application.
- **HUD Environmental Clearance & Publication Requirements:** The Georgia Department of Community Affairs, as the responsible entity (RE) referred to in 24 CFR § 58.43, Environmental Review Procedures for Entities Assuming HUD Responsibilities, is responsible for undertaking environmental reviews for proposed HOME projects. In this capacity, DCA must ensure that the environmental review process is satisfied before certain HUD funds are committed to specific projects. Prior to 2007, DCA had received an exemption from some of the publications procedures, namely DCA was not required to wait for final environmental clearance

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from HUD before the releasing HOME funds. However commencing with the 2007 funding round, environmental reviews must be completed and submitted to HUD before HOME funds are firmly committed. 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 areas. After comments, if any, have been received, HUD will review the comments to determine if there has being 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 Developer of proposed projects must, once applications 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: acquiring, rehabilitating, converting, leasing, repairing, or constructing property. As a result, an Applicant can not commit or expend HUD or non-federal funds until the environmental review process has been completed.

For Scattered Site Projects, the environmental requirements must be met for each noncontiguous parcel.

### **7. Site Control**

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 LP or 2) a legally binding contract to purchase the proposed project site in the name of the General Partner or proposed LP (or which provides for an assignment to the General Partner or proposed LP), or (3) a binding long-term ground lease or an option for a binding long-term ground lease, with a minimum term of forty-five (45) years. For competitive applications, contracts must be executed prior to Application Submission deadline, 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 September 30, 2009. Site control must be in place through estimated bond closing date for a 4% tax credit project.

In the event the contract provides the Applicant with the option to renew the contract for specific periods of time, with the initial period ending prior to September 30, 2009, the renewal option in such contract must be enforceable by the Applicant until September 30, 2009. A copy of a recorded warranty deed or a fully executed contract must be submitted with the Application. All Contracts evidencing site control must meet the specifications set forth in the Manual.

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

### **8. Site Access**

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All sites proposed for development must be legally accessible by paved roads. 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 a local commitment for funding and the timetable for completion of such paved road must be included in the Application. 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.

### **9. Site Zoning**

Zoning must be in place on or before the Application Submission deadline. Zoning of the development site must conform to the site development plan and must be confirmed, in writing, by the authorized Local Government official. The 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 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 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 Architectural Site Conceptual 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 noncontiguous parcel.

### **10. Operating Utilities**

Required project operating utilities (gas and electric service), as applicable, must be available to the proposed development site as of the 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

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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 utility company confirming the availability and capacity of operating utilities at the proposed development site. The letters must be on letterhead, bear signatures from the appropriate utility companies must be included in the Application. 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, operating utilities requirements must be met for each noncontiguous parcel.

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**11. Public Water/Sanitary Sewer/Storm Sewer**

Public water and sewer service must be available at the proposed development site as of the 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 and capacity of the existing public water and sewer service to the site. These letters from the appropriate public water and sewer authorities must be on letterhead and be included in the Application. Any charges for the extension of off-site services are not eligible for funding as project costs under the funding resources in the Plan. 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.

Applicants may request a waiver of these requirements for the development of single family detached units located in rural areas where no existing public water or sewer systems are available. Waivers will only be considered where each single family home is served by a separate system. No shared systems will be permitted and the waiver request must be accompanied by an engineering report confirming the availability of water and the percolation of the soil. The report must provide an opinion on the suitability of the location to make these options a viable alternative.

For Scattered Site Projects, public water/Sanitary Sewer/Storm Sewer requirements must be met for each noncontiguous parcel.

**12. Required Amenities**

**A. Standard Site Amenities**

All properties must include the following on-site amenities:

- A community room or building,
- An exterior gathering area such as a gazebo or exterior covered porch located in a central area,
- An on-site laundry (1 washer and 1 dryer per every 25 units). If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required.

All the above amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. Phased projects must include these amenities on the project site for each phase.

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

All properties must include Additional Site Amenities. These amenities must be selected by the Applicant based on the total residential unit count of the proposed project.

- Projects with 50 or fewer units must pick **4** Additional Site Amenities.
- Projects with more than 50 to 100 units must pick **5** Additional Site Amenities.
- Projects with 101 units or more must pick **6** Additional Site Amenities.

(Projects which are part of a master planned community in which there are shared amenities should contact DCA prior to Application submission to determine the number of amenities that must be included on the new phase. DCA will consider the proximity and quality of the shared amenity in determining whether the amenities located on the phase can be reduced. )

#### **DCA Approved Amenity List:**

- Attractively fenced community gardens
- Equipped soccer field
- Tennis court
- Equipped walking path with exercise stations or sitting areas
- Equipped playground
- Covered pavilion with picnic/barbecue facilities to encourage community or family reunion type functions
- Furnished Children's Activity center
- Furnished Library
- Equipped Computer Center
- Furnished Exercise/Fitness Center
- Swimming Pool
- Complete built-in fire sprinkler system in every unit and the community center, including an exterior audio and visual alarm system
- Other amenity as approved by DCA prior to Application Submission

### **C. Unit Amenities**

All units must include the following:

- HVAC systems
- EnergyStar refrigerators
- EnergyStar dishwashers
- Stoves
- Powder-based stovetop fire suppression canisters installed above the range cook top

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Threshold Criteria**

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

- Elevators must be installed for access to all units above the ground floor
- Buildings more than two story construction must have interior gathering areas in several locations in the lobbies and/or corridors
- 100% of the units must be accessible and adaptable, as defined by the Fair Housing Amendments Act

**All amenities must meet the criteria set forth in the Amenities Guidebook. Consideration will be given to additional amenities proposed by the Applicant prior to application submission. Proposals must include a detailed description of the amenity following the description format of the Amenities Guidebook and must include justification of the appropriateness of the option for the targeted population.**

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 noncontiguous parcel unless a waiver is granted by DCA.

**13. Physical Needs Assessment (Rehabilitation Projects Only)**

For rehabilitation projects only, a Physical Needs Assessment (PNA) must be included in the Application, and prepared in accordance with instructions set forth in the Physical Needs Assessment Guide in the Architectural Manual.

- This assessment must be completed no more than six (6) months prior to the Application Submission.
- The submission must include a statement from the consultant completing the PNA that the report is a true and accurate representative of the conditions as they exist on the property.
- The PNA must be prepared by an **unrelated third party entity**. Please refer to the instructions as set forth in the Architectural Guide.
- The PNA must include a narrative and must identify in that narrative the current condition of all major structural and other components at the property including but not limited to framing, flooring, balconies, roofs, heating and air conditioning systems, unit attic fire separation, sewer and water systems, electrical systems, windows, doors and all issues of health and safety existing on the property. The narrative must clearly identify all major structural building code and fire separation discrepancies existing issues at the property.
- The PNA must include an Immediate Needs work scope to correct the issues and replace the components identified in the narrative. A cost estimate must also be included for these identified immediate needs. Immediate needs must also include the replacement of all minor components with less than five years expected useful life and all major components with less than 15 years useful life.

## **DRAFT Appendix I Threshold Criteria**

- The PNA must include a 20 year replacement reserve study with no expenditures indicated within the first 5 years. (Any expenditure in the first five years must be included in the operating or unit turnkey budgets.)
- The application for rehabilitation of an existing property should propose either a “wholesale” or “piecemeal” rehabilitation work scope for the property. A “wholesale” rehabilitation is one where the established work scope submitted in the application is identical in all units and buildings on the property, and meets the DCA requirements as delineated in the Architectural Guide in the Application Manual. A “piecemeal” rehabilitation scope of work differs for each unit within the proposed project according to its condition. .
- An application for rehabilitation of an existing property that proposes a piecemeal work scope must be supported by a complete unit by unit assessment of the property and buildings. The proposed work scope must include a matrix on a unit by unit basis identifying all work to be completed in each unit and on the property.
- In all cases, unit fire separation must be addressed and included in the work scope. The fire separation must include at a minimum attic draft and fire separation, rated party walls and floor/ceiling components and caulking of all penetrations in the fire assemblies. Fire separations that do not meet current codes will not be ‘grandfathered’ in, and DCA requires these upgrades whether or not local codes require the modifications.
- A comprehensive work scope with budgeted construction costs including all immediate needs identified in the PNA and all proposed work to meet the application and scoring requirements must be included in the same tab with the Physical Needs Assessment. This comprehensive work scope should be completed by the Owner/Applicant, Architect and Contractor. DCA must be able to determine that all major issues identified in the PNA and Environmental Reports are included in the work scope and construction budget.
- *For historic properties, the PNA must include identification of significant character-defining features and finishes and provide recommendations for retaining these features as part of the rehabilitation*

The completed construction must meet the DCA guidelines for quality and longevity. Refer to the Architectural Guide in the Application Manual for DCA construction requirements and refer to this Appendix for further information on Project Feasibility and Viability Analysis when considering the rehabilitation of an existing property.

In the event DCA determines that the PNA does not address a major structural issue, Building Code, health, safety and/or marketing issues, DCA reserves the right to perform its own PNA and the Application may fail this Threshold requirement. Applicants must request a waiver from DCA to amend or update the PNA Report or comprehensive work scope after the Application Submission date.

For Scattered Site Projects, Physical Needs Assessment requirements must be met for each noncontiguous parcel.

### **14. Site Information and Conceptual Site Development Plan**



## **DRAFT Appendix I Threshold Criteria**

A Conceptual Site Development Plan must be included in the Application, and prepared in accordance with instructions set forth in the Architectural Manual: The Conceptual Site Development Plan must include the following:

- Easements to be defined and indicated on plan;
- Wetlands, floodplains, and state waters located with areas of disturbance calculated for the Wetlands;
- Use of all adjacent properties clearly defined both graphically and in written form;
- Zoning setbacks and restrictions graphically indicated;
- Indication of all existing structures, tanks, slabs and any other improvements existing on the property;
- Indication of any other items, physical or otherwise that would affect the development of the subject property;
- Indication of the entrance access to the property and a layout of all buildings, roads, and parking areas defined all site development amenities; and,
- All site amenities indicated in the Scoring Criteria on the Application Form must be located on the site plan;
- All areas of tree and vegetation preservation must be defined.
- Architect of record must include statement that all designs will meet all Federal and State Accessibility requirements.

DCA does not require an ALTA Survey for purposes of developing the conceptual site development plan.

Waivers for variances from any architectural standard in the Architectural Manual must be submitted to DCA no later than 60 days prior to the Application Submittal.

For Scattered Site Projects, Site Information and Conceptual Site Development Plan requirements must be met for each noncontiguous parcel.

### **15. Building Sustainability**

All completed properties must achieve a minimum standard for energy efficiency and sustainable building practices. At minimum, all units at all projects must comply with the following:

- Georgia Energy Codes (including all provisions for glazing performance, air leakage, moisture control, insulation, equipment efficiency, duct and building enveloping sealing) (Historic properties may apply for an exemption when compliance means loss of historic character-defining features and finishes )
- Low VOC wall and floor finishes
- Water heaters: Energy Factor .62 for gas or .93 for electric
- EnergyStar appliances (refrigerators, dishwashers, washing machines provided by owners in units)

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

## **DRAFT Appendix I Threshold Criteria**

Architectural Manual for additional information on basic design, appliances, and equipment

In addition, each project must certify to achieving minimum standards of sustainability as outlined in the Exhibit A to Appendix I Building Sustainability Certification. The Building Sustainability Certification must be submitted with the Step II architectural documents submission (due 90 days after carryover allocation) detailing how the minimum standard will be achieved. **These standards are outlined at application but required only at Step II architectural documents in order to allow developers sufficient time to collaborate with the project architect after award to determine the best options for each individual project.**

### **16. Accessibility Standards**

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

- 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, Section 504 of the Rehabilitation Act of 1973, and Americans with Disabilities Act, Georgia Fair Housing Law and Georgia Access Law. When two or more accessibility standards apply, the applicant is required to follow and apply both standards so that a maximum accessibility is obtained, and
- All applicable DCA accessibility requirements detailed in the Architectural Standards of the 2009 Architectural Manual.

#### **Fair Housing Amendments Act:**

All projects are required by law to meet the handicap-accessibility standards outlined in the Fair Housing Laws, including the Federal Fair Housing Amendments Act of 1988 (the "Act"). The law provides that failure to design and construct certain residential dwelling units to include certain features of accessible design will be regarded as unlawful discrimination.

#### **The Americans with Disabilities Act:**

All projects are required by law to meet the handicap accessibility standards outlined in the Americans with Disabilities Act (ADA). The law provides that failure to design and construct certain public accommodations to include certain features of accessible design will be regarded as unlawful discrimination. ADA Legislation was passed in July 1990 and became effective on July 26, 1992. Title II deals with non-discrimination on the basis of disability by public accommodations and in commercial facilities. Public accommodations include all new construction effective January 26, 1993 and impacts any rental office, model unit, public bathroom, building entrances, or any other public or common use area. Existing public accommodations must be retrofitted or altered beginning January 26, 1992, unless a financial or administrative burden exists. The ADA guidelines do not impact residential units, since these are covered under Fair Housing and Section 504 laws

#### **Georgia Accessibility Standards:**

## **DRAFT Appendix I Threshold Criteria**

All projects are required by law to meet the handicap accessibility standards as outlined in the Georgia Fair Housing Act and Georgia Access Law. The design and construction guidelines are enforced by state and/or local building code officials. Compliance with these guidelines is mandatory in order to receive a Certificate of Occupancy for the proposed development

For further guidance please go to:

<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/AccessibilityStandards.asp>

Regardless of whether a project anticipates using federal funds as a funding source, all proposed projects must include the following DCA requirements:

- At least 5% of the total units (but no fewer than one unit) must be equipped for the mobility disabled, including wheelchair restricted residents; and
- At least an additional 2% of the total units (but no fewer 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.

**Each project is required to choose a DCA Qualified consultant to monitor the project for accessibility compliance.** A list of consultants will be posted by April 15, 2009. The consultants must inspect the project at least 3 times during construction, presumably to monitor grading operations, framing, and final compliance. DCA must be provided each report. Projects must supply a certificate of compliance issued by the consultant prior to issuance of 8609s or final HOME funds disbursement, whichever is later.

Any exemptions to the applicable federal, state and local accessibility laws must be supported by a legal opinion that supports such exemptions. In addition, DCA will review requests for exemptions from the DCA Accessibility Standards set forth in the Accessibility Standards section of the Application Manual.

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

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.

### **17. Architectural Design & Quality Standards**

All applications must meet the Architectural Standards contained in the Architectural Manual for quality and longevity. The standards are intended to promote the integration of new construction/rehabilitation 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**

\* Not Applicable to Bond Financed Projects

## **DRAFT Appendix I Threshold Criteria**

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 housing for the targeted tenant market.

### **The minimum review standards for rehabilitation projects are as follows:**

- The expected life of the completed property must exceed by five years the greater of the Compliance Period or the Period of Affordability; and
- All construction must meet the requirements set forth in the Manual.
- Rehabilitation projects will be considered for funding only if the average per unit rehabilitation hard costs equal or exceed \$20,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$25,000 for properties that exceed 20 years old.
- The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property.
- The costs of furniture, fixtures, construction of community buildings and common area amenities are not included in these amounts.
- DCA may grant a waiver to projects that will not meet the above per unit average rehabilitation hard cost only if the physical needs assessment must clearly document that the existing property does not require a comprehensive rehabilitation. A certification from the architect 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. DCA may require as a condition of the waiver, that the financial pro forma clearly provide for the full funding of the capital replacement reserve.

### **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 Threshold Criteria tab of the Application **one** category from this list:

- Exterior wall faces must have an excess of 40% brick or stone on each of the total 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. On all exterior walls the brick/stone must extend to all areas of grass, landscaping and other areas of soil or mulch.

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- 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.
- For the rehabilitation of buildings that do not have existing brick or stone in excess of 40% (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 and roofing with a product that provides a 40 year warranty.

DCA may approve, at applicant request, other materials with proven longevity for this category.

### 2. Attractive Features

Construction must exhibit attractive features that must be included on all sides and rear of all buildings. Select **two** of the following features and enter in the Threshold Criteria tab of the Application:

- The recreation of existing or missing known historic decorative elements on all sides of existing historic or non-designated buildings. (Note: The addition of conjectural decorative elements is not eligible for this option)
- The addition of decorative elements such as new shutters and ventilation elements for both new and non-historic existing construction.
- The addition of or the redesign of existing covered entries to all buildings and units for both new and existing construction.
- The addition of new or redesign of existing durable attractive stair and railing elements at stairs and porches/patios for both existing and new construction.

### 3. 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:

- Fiber cement siding, hard stucco and/or wood siding for the 60% of exterior wall surfaces not already required to be brick.
- Upgraded roofing shingles, or roofing materials (warranty 25 years or greater)
- Interior package upgrade:
  - upgraded interior doors with lever hardware (Doors must have paneled facing with superior core construction).
  - Upgraded interior cabinetry. (All wood construction. Exterior finishes may be wood or plastic laminate)
  - Upgraded flooring materials, both carpet and other resilient flooring materials. (All flooring materials must be upgraded to qualify. The installation or restoration of wood flooring with a high impact sealed finish would qualify.

### 4. Landscaping and Site Design Features

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Select **two** landscaping and site design features from the following list and enter in the Threshold Criteria tab of the Application:

- Site entry location(s) delineated with permanent, illuminated entry sign and decorative fence and seasonal plantings
- Freestanding shelters (not included in the amenities requirements), such as mail pickup areas and transportation stops
- Preservation of existing trees and vegetation covering at least 25% of the acreage of the site, and integration of these areas within the new landscaping layout. This must include existing major trees and areas of vegetation within the body of the property as well as that existing at the edges of the property to qualify for this option
- Where there are no existing trees or vegetation on the property that can be preserved, there must be substantial replanting of trees and integrated vegetation. The trees must be a minimum of two-inch (2") diameter and at a ratio of one tree for every 8 units. For properties where the density is greater than 20 units per acre, a ratio of one tree for every 16 units will be acceptable. The trees must be integrated with other areas of planting throughout the property.

Consideration will be given to additional design options proposed by the Applicant prior to application submission. Proposals must include a detailed description of the design option and justification of the appropriateness of the option for the targeted population.

### **18. Experience and Capacity (Performance)**

DCA requires prior successful project experience for the Owner, Developer and Manager of a proposed project. Effective January 1, 2009, a DCA Performance Workbook must be completed for each Owner, Developer and Manager of a project and submitted on or before the Application submission date for Owner, Developer and/or Manager approval. Entities and/or principals that were deemed experienced for the 2008 competitive round do not have to complete a new DCA Performance Workbook provided there have been no changes in their organizational structure since the initial experience determination and no significant changes in the compliance history for properties. DCA reserves the right to determine, in its sole and absolute discretion, whether an Application meets the criterion of this section. DCA also reserves the right to determine whether the proposed Owner and/or Developer have/has the capacity to successfully complete the proposed development. DCA may consider projects in progress, prior performance in meeting construction commencement, projects with recaptured credits and completion deadlines, as well as the number of outstanding incomplete DCA-funded developments when determining capacity.

A new Experience Entity list and certificates will be issued. The Owner and or Entity must resubmit all of the documentation required pursuant to this section and obtain a new decision as to whether they meet DCA's experience and capacity requirements.

### **A. Full Disclosure**

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1. DCA requires complete disclosure of **all** entities and individuals in the Owner and Developer organizational structures.
2. Any relationship between individuals or entities that could constitute a conflict of interest or identity of interest between the parties must be disclosed.
3. Complete organizational charts must be submitted for the Owner and Developer entity that clearly show all principals down to individuals involved in the ownership and development of the project.
4. No change to an Owner or Developer structure can be made without the express consent of DCA.
5. **All** Development sharing fee arrangements must be disclosed. DCA considers all individuals or entities that receive a portion of the Development fee to be part of the Development structure.
6. **All** Guarantee agreements must be disclosed.
7. **All** consulting agreements - direct or indirect, paid or unpaid - shall be disclosed.
8. All projects used to demonstrate successful Owner/Developer experience that were involved in a sale, foreclosure, or negotiated buyout in the last three (3) years must be disclosed.
9. Any Owner or Developer that has withdrawn or been involuntary removed from a HOME or Tax Credit project in the last thirty-six months must disclose this information to DCA.

Failure to Disclose or modifying the Owner and/or Development entity without DCA consent may be grounds for withdrawal of funding or allocation of resources and may also affect the participants ability to participate in future funding rounds.

### **B. Owner Experience**

1. A proposed project Owner must demonstrate successful Owner experience as follows:
  - The Proposed Owner (individual, corporation, or in the case of a limited partnership, the general partner(s) of the Ownership entity) must demonstrate at least three (3) continuous years (development through lease-up) of prior ownership experience in at least two multifamily rental housing projects of similar size (number of dwelling units) to the proposed project. The proposed project must not be more than 25 dwelling units more than the dwelling units of the projects utilized for determining ownership experience.
  - Only successful ownership experience that occurred subsequent to January 1, 2002 will be considered under this criterion.
  - This Ownership Experience requirement may be met either through the experience of the General Partner entity or through the individual experience of one of the General Partner's principals as set forth below.
  - In a non-profit corporation, the executive director's experience will also be considered for purposes of determining whether the non-profit has met the Owner experience requirements.
  - A non-profit General Partner may also meet the experience requirements through the experience of a sponsoring non-profit.

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2. For purposes of determining experience, a principal shall be defined as an individual who has a direct or indirect ownership interest in the ownership entity and who will materially participate in the ownership and operation of the project through regular, continuous and substantial involvement.
3. In order for previous project experience to be considered, the principal must show a direct or indirect ownership interest in the Ownership entity of the previous project and that that the principal materially participated in the ownership and operation of the project through regular, continuous and substantial involvement for at least three (3) consecutive years (development thru lease-up).
4. Previous ownership experience for all projects where there has been a default, fraud, debarment or issuance of a notice of limited denial of participation by any federal or state agency within the last ten (10) years must be disclosed.

### **C. Developer's Experience**

1. A proposed project Developer must demonstrate successful Developer experience as follows.
  - The proposed Developer must demonstrate successful development experience in at least two (2) multifamily rental housing projects of similar size (number of dwelling units) to the proposed project. The proposed project must not be more than 25 dwelling units more than the dwelling units of the projects utilized for the DCA determination of Developer experience. Only successful Developer experience that occurred subsequent to January 1, 2002 will be considered under this criterion.
  - This Developer experience requirement may be met either through the experience of the proposed Developer entity or through the individual experience of one of the Developer's principals as set forth below.
  - In a non-profit corporation, the executive director's experience will be considered for purposes of determining whether the Developer has met the Developer experience requirements.
  - A non-profit Developer may also meet the experience requirements through the experience of a sponsoring non-profit.
2. For purposes of determining experience, a principal shall be defined as an individual who has a direct or indirect minimum ownership interest in the Developer entity and who will materially participate in the development of the project through regular, continuous and substantial involvement.
3. In order for previous project experience to be considered, the principal must show a direct or indirect ownership interest in the Developer entity of the project and that that the principal materially participated in the development of the project from project inception through construction completion through regular, continuous and substantial involvement.
4. Previous developer experience for all projects where there has been a default, fraud, debarment or issuance of a notice of limited denial of participation by any federal or state agency within the last ten (10) years must be disclosed.



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5. In the event an entity undergoes a personnel change which results in the departure of key experienced staff, DCA at its discretion, may require the entity to submit new experience documentation and may determine that previous projects owned and developed under the direct supervision of the departed staff will not be considered in the experience determination.

**D. Management Company's Experience**

A proposed project Manager can meet this Threshold criterion by demonstrating successful project Manager experience as follows.

- The proposed Management Entity must demonstrate prior experience in the management of at least four (4) affordable multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
- To be considered, the manager's experience with a project must extend for at least two (2) years and include project lease up experience and stabilization (90% occupancy within one year of placed in service date).
- Only Management experience that occurred subsequent to January 1, 2002 will be considered under this criterion.
- This Management Experience requirement may be met only through the experience of the Management Entity or through the experience of a principal.

**E. Options for Inexperienced Owners and Developers**

1. **Partnering.** An inexperienced Owner or an inexperienced Developer can meet the experience requirements of this section by partnering with an Owner or Developer that meets the DCA experience requirements set forth in paragraphs (A) and (B) of this section. The applicant must submit the following documentation in order to meet experience through partnering:

- 2009 DCA experience certificate for experienced Owner and/or Developer Partner;
- If the applicant is inexperienced in the Owner category, an executed partnership agreement with a partner that meets DCA Owner experience requirements should be included. The inexperienced partner must be part of the General Partnership entity for the Project. The agreement must describe in detail the responsibilities of both the experienced and inexperienced partner. Both the experienced and inexperienced partner must actively participate in the Ownership responsibilities.
- If the applicant is inexperienced in the Developer category, an executed partnership agreement with a partner that meets DCA Developer experience requirements should be included. The defined relationship of the parties must be co-developers. The agreement must describe in detail the responsibilities of both the experienced and inexperienced partner. Both the experienced and inexperienced partner must actively participate in the Developer responsibilities.
- The partnership must remain in effect until the property is complete and has reached stabilized occupancy for a minimum period of two years through the issuance of IRS Form 8609's and the Conversion of the DCA HOME Loan.

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- Each executed partnership agreement must include a training plan providing for the training of the inexperienced partner by the experienced partner in the Ownership and/or development of the project. The training plan must specify that the training services will be provided from project commencement, through construction, lease up, and permanent loan conversion and or issuance of 8609's – whichever is later. Timetables, milestones and projected training hours per week must be included in the plan. The training plan should be attached as an exhibit to the executed Partnership agreement.
2. **Consulting Agreements.** An inexperienced Owner or an inexperienced Developer that has one project that meets DCA experience requirements can also meet the requirements of this section by retaining an Owner and/or Developer Consultant that meets the DCA experience requirements set forth in paragraphs (A) and (B) of this section. The one property used to meet DCA experience must be in the same area of experience claimed to use an experienced Owner and/or Developer consultant. For example, where an inexperienced Developer has one project that meets DCA experience requirements and the inexperienced Developer acted as a developer only in that one project, that one project can not be used to claim ownership experience for consulting purposes. Owners and developers that have no experience cannot use a consultant to meet experience requirements. Consultants' eligible to contract with inexperienced developers for purposes of meeting experience requirements must have a minimum compliance history score of 5 and must not have any outstanding instances of noncompliance at their own projects. The applicant must submit the following documentation in order to meet Owner and or Developer experience through a consultant:
- 2009 DCA experience certificate or DCA experience listing for the experienced Owner and/or Developer Consultant
  - If the applicant is inexperienced in the Owner category, an executed agreement with a consultant that meets DCA Owner experience requirements should be included. If the applicant is inexperienced in the Developer category, an executed agreement with a consultant that meets DCA Developer experience requirements should be included. The agreement must describe in detail the responsibilities of the experienced consultant as well as the inexperienced Owner and/or Developer. Each executed consulting agreement must include a training plan providing for the training of the inexperienced partner by the experienced partner in the Ownership and/or development of the project. The training plan must specify that the training services will be provided from project commencement, through construction, lease up, and permanent loan conversion. In addition, consultants that fail to provide consulting services through the required time period may be prohibited from contracting as a consultant for purposes of meeting DCA Experience requirements in future rounds. Timetables, milestones and projected training hours per week must be included in the plan. The training plan should be attached as an exhibit to the executed consultant agreement.
3. **Waivers.** A proposed Project Owner, Developer or Manager that meets some, but not all, of the DCA experience requirements set forth in paragraphs A, B or C above may request a waiver of the DCA experience requirements. The DCA

\* Not Applicable to Bond Financed Projects

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Waiver Request form, along with the required DCA experience summary, must be submitted to DCA with the time frame specified on Exhibit A (DCA Deadlines and Fees) or, on or no later than thirty (30) days prior to Application submittal for Bond Financed Applications. The granting, or denial of waivers, is in the sole and absolute discretion of DCA. DCA may include limitations with respect to the number and size of projects when waivers are granted. DCA reserves the right to require HOME or tax credit training as a condition of the waiver. DCA only grants waivers in cases where sufficient documentation is submitted that the Owner, Developer or Manager is only short for meeting the requirements by a small margin of time.

**4. Probationary Participation.**

(a) A proposed Project Owner that does not meet DCA experience requirements set forth in paragraph A above and who is proposing a development with a majority of units Designated for Targeted Population Tenants may be granted probationary participation even though they are inexperienced provided that a DCA experienced Developer is utilized for the development. Only one project will be allowed under this provision for an Owner. The completion of a probationary period project will be counted towards DCA Owner experience. The Request for Probationary Participation must be submitted during the timeframe designated for Experience waivers in Exhibit A (DCA Deadlines and Fees). The following additional documents must be submitted with the Request:

- 2009 DCA experience letter or DCA experience listing for the experienced Developer
- An executed agreement with the Developer that describes in detail the responsibilities of the experienced Developer.

(b) Proposed Owners/Developers that do not meet DCA experience requirements may submit a request for approval of probationary participation in the competitive round. Request must include the following minimum documentation:

- Conclusive documentation that the Requestor has been employed full time for a Georgia tax credit developer(s) for five years and materially participated in the development of Tax Credit projects.
- Complete Resumes of Requestor documenting all career experience
- Two letters of reference from Tax Credit Syndicators one of which includes the syndicator's expressed intent to partner with the Requestor in the development of a Georgia tax credit project.
- Two letters of reference from experienced Georgia developers
- Completed release to allow DCA to perform a personal credit check and a criminal background check.
- Personal Financial Statement

(c) Approval of 2008 probationary participation remains valid under the 2009 QAP.

**DRAFT Appendix I**  
**Threshold Criteria**

For Scattered Site projects, the experience requirements must be met by the project as a whole.

**5. Capacity of Development Team**

(a) **Lack of Capacity.** DCA requires that both the Ownership and Development team have the capacity to complete and manage any project that receives a tax credit award. In making the determination as to whether a team has the requisite capacity, DCA may determine that the following conditions are indicative of a lack of capacity of the proposed ownership and or development team:

- Litigation
- Bankruptcy
- Pending foreclosures
- Numerous projects funded that are failing to meet state deadlines for completion
- Insolvency

The decision that a project team does not have capacity can be made at the entity or principal level.

**DRAFT Appendix I**  
**Threshold Criteria**

**19. Threshold Designation of Tier One Developer Capacity**

DCA policy is to encourage the development of tax credit properties by experienced developers with strong financial backgrounds who have shown a commitment to Affordable Multifamily development and can successfully develop proposed tax credit properties within program requirements. Tier one designation is given to organizational entities and not individual developers. Tier one designation is also not available for turnkey. For the purposes of these points, successfully develop means demonstrating outstanding experience developing/owning affordable housing projects using DCA- and non-DCA affordable housing government funded programs, a history of completing the construction of projects on time and within program requirements and strong financial capacity relative to development exposure. In order to claim these points, developers must agree to an expanded financial and structural review of their organization and experience in developing affordable housing. This review will require a higher level of external substantiation. In determining that an organization is a tier one developer, DCA will review the following:

- Past experience developing affordable housing using DCA programs. Properties presently in service and those under construction will be considered, and the quality and success of previous developments will be taken into account.
- DCA will also consider the applicant's technical ability to develop affordable housing development by reviewing the number of successful projects and the complexity of the financial structure of developed projects,
- The number of affordable units completed and the Developer's commitment to the longstanding success of the project and the program,
- The development capacity of the organization to complete construction of all current projects on time and within program requirements and application commitments.
- The financial capacity of the organization to ensure that construction will be completed on time and that work will be guaranteed for quality.
- Documentation of liquidity/working capital sufficient to carry the project through pre-development and net worth sufficient to provide applicable guarantees will be considered in determining the principals' financial capacity
- The financial liquidity and assets which will encourage the successful syndication of allocation credits in a timely manner. The financial viability of its organization as evidenced through successful development of projects.

Tier one developer entities must at a minimum show the following:

- Successful development of no less than 400 units of Georgia affordable housing in which the developer remained in the development for a minimum period of four years from the placed in service date or successful development of no less than 600 units of affordable housing in which the developer remained in the development for a minimum period of four years from the placed in service date
- Excellent credit history of the principals of the development entity
- Financial resources, stability and viability of the organization
- Excellent compliance history in owning and developing affordable housing programs (maximum DCA compliance score).

## **DRAFT Appendix I Threshold Criteria**

- Sufficient Liquidity to handle immediate cash needs during the development (\$100,000). Additional liquidity may be required based on DCA's review of the development exposure.
- Sufficient experienced staff to act as project manager for each project under development. .
- No outstanding liabilities or judgments which might negatively impact the financial viability of the entity.

To be designated a tier one development entity, the following documentation must be submitted to DCA:

1. A brief narrative describing the experience of the organization with regard to development of subsidized affordable housing
2. A spreadsheet summary of all projects under construction in any state (or stage of completion), including their present status and expected completion date as well a schedule of projects in the pipeline with anticipated start dates.
3. Full organizational chart, staff roster and resumes of key development staff within the organization, focusing on their affordable housing development experience.
4. A spreadsheet summary of all projects funded in Georgia including their allocation date, placed and placed in service date;
5. A summary of all projects funded in a state other than Georgia including their allocation date, and placed in service date
6. A Credit Bureau report dated after January 1, 2009 for every/all owners and key members of the development entity;
7. Copy of financial statements for fiscal year 2007 and 2006 for the development entity
8. Financial statements on key principals.
9. Documentation of access to no less than \$100,000 of liquidity by the development entity A positive D&B report ordered by DCA.
10. At least two most recent audited fiscal year end financial statements for each project which the developer is using as successful experience for the required unit development
11. Certification that the development entity remained in the limited partnership entity for a minimum period of four years from the placed in service date.

## **20. Compliance History Summary**

The principal and entities of each General Partner, Developer, Management Company and Project consultant (used to meet DCA experience requirements) must submit a complete and correct DCA Performance Workbook, as required in the electronic core application. Each Compliance History Summary (CHS) form must list all projects in which an entity or principal has participated in the ownership, development or management in the State of Georgia and in any other state. Compliance audit detail should be completed for only the last three years. In addition, the following documentation must be included in the application as detailed in the Performance Workbook:

## **DRAFT Appendix I Threshold Criteria**

- Completed Compliance Questionnaire for each General Partner, Developer, Management Company and Project Consultant.
- Organizational Chart
- DCA Compliance history form executed by other State Housing Agencies pursuant to DCA instructions. In the event an Owner is unable to obtain documentation from another State Housing Agency, written documentation of the attempts should be submitted to DCA. DCA will contact the Agency directly to obtain the required information.

In the event an Applicant fails to provide correct and complete information, DCA may request additional clarification. Clarifications may be utilized to decrease an Applicant's Compliance History score, but will not be used to increase the score.

Note: Internal Revenue Service Form 8821 may be requested by DCA for any Project Participant listed on the Experience Summary or Organizational Chart at anytime during DCA's review of a Project Participant's compliance history.

Owners/Developers and Managers of Tax Exempt Bond projects must also complete these forms. DCA will score each entity in accordance with the scoring requirements set forth in Appendix II. Entities that do not meet DCA minimum scoring requirements will be deemed to have not met this Threshold requirement.

### **21. Eligibility for Credit under the Nonprofit Set-Aside<sup>\*</sup>**

To be eligible for Credit under the nonprofit set-aside:

- The organization must be a qualified nonprofit, 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.
- The qualified nonprofit(s) must materially participate in the project as described in IRC Section 469(h).
- 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.
- 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.
- If the non-profit is also a developer of the project, the nonprofit must receive a percentage of the Developer Fee greater than or equal to its percentage of its ownership interest.
- A copy of the general partnership joint venture agreement that indicates the nonprofit's general partnership interest and Developer Fee amount must be included in the Application.

Nonprofit organizations applying for Credit under the nonprofit set-aside must include in the Application an opinion of a third party attorney who specializes in tax law on the

## **DRAFT Appendix I Threshold Criteria**

non-profit's current federal tax exempt qualification status in accordance with the prescribed format contained in the Manual. 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.

For Scattered Site projects, the eligibility for Nonprofit Set-aside requirements must be met by the project as a whole.

### **22.. Eligibility for HOME Loans under the CHDO Set-Aside\***

All nonprofits that received an initial HOME commitment as a CHDO and are being considered under the CHDO set aside are required to submit a copy of the State CHDO pre-qualification/renewal letter in the Application. The CHDO must be either the sole general partner of the ownership entity or the managing general partner of the ownership entity. The CHDO must also exercise effective control of the project. In the event the CHDO is a general partner with a for-profit or nonprofit general partner, the CHDO must own at least 51% of the general partnership interest. The CHDO (or a wholly owned or controlled affiliate) must receive a percentage of the Developer Fee greater than or equal to the percentage of ownership interest. All DCA communication with the ownership entity will be with the CHDO managing general partner. A copy of the general partnership/joint venture agreement indicating the CHDO's general partnership interest and its share (or the share of the wholly owned and controlled affiliate) of the Developer Fee must be included in the Application.

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

### **23. Additional HUD Requirements\***

Projects which list HUD funds (HOME, 221 D(3) or D(4), HOPE VI, etc) as a source of construction and/or permanent financing, including PBRA, must meet additional 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. However, 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.

### **24. Required Legal Opinions**



**DRAFT Appendix I**  
**Threshold Criteria**

- 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 should 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. Nonprofit organizations applying for Credit under the nonprofit 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 in accordance with the prescribed format contained in the Manual. 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.
- D. A legal opinion is required for those projects involving scattered site developments. The legal opinion should address the proposed site plan and must be included as part of the opinion.

For Scattered Site Projects, the non-contiguous parcel for which this criterion is applicable must meet the legal opinion requirements.

**25. Georgia Housing Search**

Applicants applying selected for funding under the Plan must list all available affordable Housing Units funded by DCA on the Georgia Housing Search website. Georgia Housing Search is a DCA sponsored database that assists Georgia residents in locating available affordable housing units. Each listing must be updated and remain "active" as required by the system. This data base is maintained under the direction of the Georgia Emergency Management Office and under the authorization of the Governor's Office. The Georgia Disaster Relief Task Force also issuing Georgia Housing Search to facilitate the delivery and management of shelter and housing accommodation programs to support displaced citizens during a disaster. At this time, over 100,000 properties are listed. This database should be utilized as a valuable tool for Managers in seeking tenants for low income housing tax credit properties.

**26. Relocation and Displacement of Tenants.**

For all HOME Loan and Credits projects, the completed and executed tenant household data forms must be submitted with the Application for every unit in each building to be rehabilitated. The Applicant is responsible for the accuracy of the information on the data forms. Applications for HOME Loans that require relocation of existing tenants due to rehabilitation work will be accepted only with a relocation plan (including a sufficient budget) that in the opinion of DCA meets the requirements of the Uniform Relocation Act and any other applicable laws.

Funding sources other than the DCA HOME Loan must be used to finance the relocation costs. Applicants applying for Credits must disclose other funding sources (HOME, USDA 535, etc.) which may trigger URA or 104D requirements. When demolition of any structure occupied or vacant is involved it must be included as part of

\* Not Applicable to Bond Financed Projects

## **DRAFT Appendix I Threshold Criteria**

the relocation plan. For Credits projects, DCA will not allow permanent displacement of tenants, if avoidable. If the Applicant anticipates displacing tenants, the Applicant must include in the Application a detailed displacement plan, which sets forth the specifics of the displacement, including a projected budget, and an explanation of efforts planned by the Applicant to mitigate the impact of the displacement. Any displacement of tenants will be subject to DCA's prior written approval. In instances where tenants are temporary relocated in areas with limited replacement housing the plan must give detail phasing of rehabilitation process. If new projected rents create rent burden tenants, rents must remain affordable one year after cost certification submission.

Applicants must include all documentation required in the DCA Relocation Manual at the time of Application. All forms must be reflective of the current year version; previous years forms will not be accepted. DCA will review the development budget to insure that sufficient cost have been included for relocation expenditures.

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 time of application.

Properties that have HOPE VI or other master relocation plans must submit those plans with their Application.

### **27. Marketing to Special Need Populations**

This section is designed to foster development of affordable housing units for tenants with disabilities or homeless populations. Owners must demonstrate a willingness to initiate marketing of units to these populations. Each Applicant must prepare and submit a Marketing Plan outlining how the project will market units to tenants with special needs if the project is selected for funding. At a minimum, Marketing Plans must include:

- (a) A description of how the project will meet the needs of these tenants including access to supportive services, transportation, proximity to community amenities, etc.
- (b) Identify service providers that can provide referrals
- (c) Agree to require management to regularly contact and provide materials to service providers outlining unit vacancy and rents
- (d) Owners must demonstrate a willingness to market units to special needs populations and facilitate referrals from partnership with an experienced local service provider

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

Applicants also must agree to designate these populations as having priority for units with rental assistance if allowable under their rental assistance agreements.

## **DRAFT Appendix I Threshold Criteria**

Owners may apply preferences required by state or local law only if they are consistent with HUD and applicable civil rights requirements.

### **28. Poor Utilization of Resources**

While DCA promotes a variety of projects that may include the re-use of contaminated land, in-fill, adaptive reuse, preservation of affordable housing and historic sites and will consider mitigation of certain factors inherent in their location, DCA is required to take any actions necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the low income housing credit program (2009 QAP, Core Plan, Section 3, Legislative Requirements). Therefore, in spite of a project's score under the Plan, DCA will review any project proposed for reasonableness, which may include a review of the degree to which the use of resources are being directed specifically toward the program goals of providing safe, decent and affordable housing that is also viable physically, operationally and economically over time. In this regard, DCA may evaluate project characteristics, such as, but not limited to, the following to ensure that this mandate is met:

- the level of property deterioration
- property acquisition and rehabilitation cost versus the cost to demolish and build a similar property in the same market area;
- ratio of acquisition costs versus rehab hard costs;
- the effectiveness and aesthetics versus the cost of a mitigation plan;
- the efficient and marketable use of the site, considering size and lay-out, to accommodate the number and type of units and amenities proposed;
- the undue enrichment of any development team member or contractor particularly where there are identities of interest;
- impact on affordable housing stock
- other uses proximate to the site;
- market information generated by or available to DCA; and
- the degree of expertise of the development and management teams with regard to the type of development activity and tenancy proposed.
- Property is already affordable
- Transaction appears to be primarily driven by the transfer of the property

If DCA determines that the utilization of resources in the proposed application is ineffective or inefficient, or that the applicant is unlikely to be able to develop the project as proposed, or if the project is unlikely to be successful, DCA may, at its sole and absolute discretion, deem the application to have failed the threshold criteria.

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**EXHIBIT A to APPENDIX I**  
**Building Sustainability Certification**

Project Name: \_\_\_\_\_

DCA Project Number: \_\_\_\_\_

Project Location (City & County): \_\_\_\_\_

Compliance with Threshold Section 15 - Building Sustainability requires projects to obtain 20 points from the menu of options below. At least 4 categories must be addressed. The Building Sustainability Certification must be completed, signed, and submitted with Step II architectural submittals as defined in the Architectural Submittals manual. Developers are encouraged to consult with the project architect and engineers to determine the options that best suit each individual project. Projects proposing the reuse of a historic structure may be eligible for a waiver from these requirements and should contact DCA prior to Application submission to determine what building sustainability requirements will apply.

Categories:	Max. pt values:	Points earned
1. Energy Efficient Building Envelope	15	0
2. Lighting	3	0
3. Water Conservation	15	0
4. Indoor Air Quality	4	0
5. Resource Efficiency	9	0
6. Education	4	0
7. Innovation	4	0
	54	0

\*\* minimum 20 points required

**1. Energy Efficient Building Envelope**

<p><b>a. <u>Measured duct and building envelope leakage.</u></b> Verification by certified HERS rater of a HVAC system duct leakage rate and dwelling unit air infiltration rate that meets or exceeds the Energy Star BOP (Builder Option Package) requirements for the appropriate project specific climate zone (the duct leakage rate for all climate zones in Georgia is &lt; 4 cfm/100 square feet; the dwelling unit air infiltration rate for climate zone 2 is an ACH 50 of 7 and for climate zones 3 and 4 is an ACH 50 of 6). Verification testing must follow the EnergyStar testing protocol. Refer to EnergyStar BOP: <a href="http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/Nat_BOP_Final_062807.pdf">http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/Nat_BOP_Final_062807.pdf</a> Test reports verifying compliance must be submitted at either the LIHTC final certification or HOME Loan final construction draw, whichever comes first.</p>	4	
<p><b>b. <u>High performance heating equipment.</u></b> ARI rated furnace (90% AFUE), or heat pump (HSPF 8.0 or greater). Projects that do not plan to utilize a typical split system for heating (e.g. ductless mini-split, a heat pump in combination with a PTAC (packaged terminal air conditions), etc. ) in more than 50% of the units must submit the specifications and manufacturer's data for the proposed equipment so that DCA can verify that the efficiency rating is equivalent to the above efficiency standards. Projects must submit a Certificate of ARI-Certified Performance from the American Refrigeration Institute (ARI) by September 30, 2010.</p>	2	
<p><b>c. <u>High performance cooling equipment.</u></b> ARI rated SEER 13 with variable blowers or SEER 14 cooling equipment or with sensible heat ratio less than 0.75. Projects that do not plan to utilize a typical split system for cooling (e.g. ductless mini-split, a PTAC (packaged terminal air conditions) etc.) in more than 50% of the units must submit the specifications and manufacturer's data for the proposed equipment so that DCA can verify that the efficiency rating is equivalent to the above efficiency standards. Projects must submit American Refrigeration Institute (ARI) certificate of heating &amp; cooling unit pair on or before September 30, 2010.</p>	2	
<p><b>d. Attic insulation to R-38. All attic spaces must be insulated in new construction and rehabilitation proposals.</b></p>	1	
<p><b>e. Locate HVAC ductwork in conditioned spaces. A minimum of 90% of the ducts in each unit must be so located to qualify for these points) Projects that plan to utilize Packaged Terminal Air Conditioners (PTAC's) or mini-splits in more than 50% of the units are not eligible for this option.</b></p>	2	
<p><b>f. Upgraded windows and French doors with lever hardware (no sliding glass doors) (Solar Heat Gain Co-efficient of &lt;0.40 and a U-Value &lt;0.40)</b></p>	2	
<p><b>g. The exterior envelope wall systems, including the rim (band) joist spaces, insulated with a spray applied insulation material such as cellulose or a foam product (installed to manufacturers specifications to limit settling). R-value to meet Energy Codes.</b></p>	2	

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**EXHIBIT A to APPENDIX I**  
**Building Sustainability Certification**

Project Name: \_\_\_\_\_

**2. Lighting**

a. Installation of Energy Star “Advanced Lighting Package” throughout the property	2	
b. Installation of common area lighting with Energy star rating and controlled with either photocells or timer	1	

**3. Water Conservation**

a. All plumbing fixtures in all units: shower heads <2.0 gpm, bathroom faucets < 2.0 gpm	1	
b. All plumbing fixtures in all units: toilets < 1.3 gpf	4	
c. All washers in community laundry are front-loading, EnergyStar rated	1	
d. Identify areas for low water landscaping. These areas must exhibit the types of vegetation that can be identified as suitable for “xeriscaping”, or native plantings to encourage water conservation but still provide attractive landscaping; provide landscaping plan with Step II docs	1	
e. Provide a system for the reuse of site water run off (rainwater harvesting) for landscaping irrigation for at least 75% of irrigation water annual. (Note: any site with an environmental restriction for re-use of groundwater is not eligible for these points.) The system must comply local building codes.	4	
f. Design and install a graywater reuse system for landscaping irrigation use (i.e., not a septic system) or indoor water use. The system must include a tank or dosing basin that can be used as part of the irrigation system. Graywater must be collected from at least one of the following: clothes washer; showers; some combination of faucets and other source estimated to exceed 5,000 gallons per year. The system must comply local building codes.	4	

**4. Indoor Air Quality**

a. The HVAC system to be designed to include the controlled introduction of outside air based upon the standard set forth by ASHRAE 62.2-2004. Operable windows are not a permissible method of providing ventilation. Provide a letter from the project's mechanical engineer, which includes the engineer's stamp, that states ventilation system meets this standard as designed by September 30, 2010.	2	
b. When combustion equipment is utilized, equipment is designed and installed with closed combustion (i.e. sealed supply air and exhaust ducting); power-vented exhaust; and carbon monoxide monitor in each unit	2	
c. The kitchen range hood ventilation to be ducted to the exterior and equipped with a damper	1	
d. Energy Star ceiling fans in living rooms, sunrooms and all bedrooms: (Kitchens and dining rooms not applicable.)	2	
e. Energy Star bath exhaust fan with timer or humidistat control	2	

**5. Resource Efficiency**

a. Pre Construction: Posted and enforced job site waste management plan--recycle 75% of 3 materials; provide DCA with management plan with Step II documents	2	
b. Post Construction: Provide recycling infrastructure for the development, alternative to trash compactor/dumpster, and for each unit (recycling receptacle/station in each unit) in accordance with local requirements. Provide letter from local jurisdiction regarding the local requirements and availability of recycling for the project.	2	

**6. Education**

a. Educate tenants with a project manual provided to each tenant upon move-in and at least 1 class by December 31, 2012 on green building features of the units. Submit a copy of the manual to DCA before LIHTC final allocation along with a schedule for the class. See an example at <a href="http://www.practitionerresources.org/cache/documents/639/63997.doc">http://www.practitionerresources.org/cache/documents/639/63997.doc</a>	2	
b. Educate management and maintenance staff with an orientation and produce a green operations and maintenance manual detailing sustainable features, the staff's role in maintaining those features, and a replacement parts product source guide. Submit a copy of the manual to DCA before LIHTC final allocation along with a schedule for the class. See an example at <a href="http://www.practitionerresources.org/cache/documents/639/63995.doc">http://www.practitionerresources.org/cache/documents/639/63995.doc</a>	2	

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**EXHIBIT A to APPENDIX I**  
**Building Sustainability Certification**

Project Name: \_\_\_\_\_

**7. Innovation**

a. Innovative materials & technologies such as green roofs, renewable energies, porous paving, high reflectance roofs & paving, recycled materials, etc. Proposed innovations must be submitted by pre-approval request prior to Application Submission detailing the proposed innovation(s), product data, development plans, cost, and suggested points structure.	4	
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*The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GHFA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.*

\_\_\_\_\_  
Applicant Signature Date

\_\_\_\_\_  
Architect Signature & Stamp Date

**DRAFT Appendix II  
2009 Competitive Scoring Criteria**

**COMPETITIVE SCORING CRITERIA**

**I. Application Completeness /Financial Adjustments/Organization            10 points**

Each Application will be awarded an initial score of Ten (10) points in this category. Point deductions to that score will be made for missing or incomplete documents, financial adjustments or unorganized submissions. There is no cap on the total number of points that may be deducted in this section. Therefore, an application may receive a negative point value in this section.

**A. Missing or incomplete documents**

DCA will review each submitted Application to determine if the application meets DCA policies and includes all required forms and supporting documentation. All documents must accurately reflect the applicant's pro forma and representations made in the Application. For each missing or incomplete document, one (1) point will be deducted. Points will also be deducted for each document that does not have the correct number of copies as set out in the Application Instructions. Documents that are submitted with the Application but must be modified to accurately reflect the structure of the application will be considered an adjustment and not a missing document. Only documents that were in existence prior to Application Submission day may be submitted after Application Submission. Applicants should not submit documents which have been drawn up after Application Submission. Please note that DCA requires that Applications must be complete when submitted. Applicants cannot submit updated applications or new documents after that time. Applications that contain a significant number of missing or incomplete documents will be returned to the Applicant and be deemed a threshold failure.

**B. Financial and other Adjustments**

DCA will review each Application submitted to determine if the information submitted is consistent with the QAP, DCA's project economic assumptions, the Plan and Manual requirements as well as directions provided prior to Application Submission day. DCA may make minor adjustments to a Core Application to ensure consistency with supporting documents. Total development cost may be decreased during DCA's review if it is determined that line items are not reasonable or are not accurately reflected in supporting documents. Development costs may not be increased by the Applicant during DCA's review. Minor adjustments in the pro forma made by DCA which result in increases may be allowed but only developer fee may be utilized to cover increases in some line items. DCA will not make transfers between line items other than to utilize developer fee to cover cost increases. Credits will be adjusted accordingly for each adjustment. Increases also must be covered by deferred developer fee and not by new

**DRAFT Appendix II**  
**2009 Competitive Scoring Criteria**

financing sources. Applicants may not request that one line item be reduced in order to increase or add another line item during the threshold clarification period.

Revisions that will not be allowed include, but are not limited to:

1. Unit count;
2. Rent structure (rents may be adjusted upward or downward but the number of 30/50/60/market units may not be adjusted). If rents are adjusted upward, the relevant debt coverage ratio and feasibility analysis must meet DCA's requirements;
3. New financing sources cannot be added (with the exception of DDF to fund any financing gap);

\*Minor clarification of submitted financing sources may be allowed but will be considered an adjustment

Points will be deducted for financial adjustments and revisions as follows:

- 1-3 adjustments and/or revisions will result in a one (1) point deduction
- An additional point will be deducted for each adjustment after the first three.

Examples of financial adjustments include, but are not limited to: incorrectly calculating developer fee, application errors that result in a change in the allowable tax credits, and/or failure to include DCA required reserves.

**C. Organization**

One (1) point will be deducted if the Application is not organized in the format prescribed by DCA in the Application binder tab checklist and/or a required document is not behind the appropriate tab.

**II. Tier One Developers**

**3 points**

Three points will be awarded to Applications in which a Tier One Developer has a minimum 51% ownership interest in both the general partner and development entity.

**III. Deeper Targeting / Rent and Income Restrictions**

**3 points**

Applicants can elect to deeper target in different combinations based on their own economic projections for the project. Applicants may utilize the following rent subsidies for units that have these restrictions:

- Projects that have a ten year Section 8 PBRA Agreement,
- PHA Operating subsidy
- 515 USDA rental assistance



**DRAFT Appendix II**  
**2009 Competitive Scoring Criteria**

(**Note:** Applicants may place tenants with portable tenant based section 8 vouchers in a deeper targeted unit provided the tenant meets the required income restriction for the property and the tenant portion of the rent does not exceed the rent restriction.)

**50% Gross Rent Restrictions / 50% Income Restrictions**

Applications that agree to set gross rents and income limits for a specified number of low-income units at or below 30% of 50% AMI shall be awarded points in this category. 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 or the Period of Affordability, whichever is longer. 50% rent and income restricted units are eligible for points as follows:

Equal to or greater than 5% and less than 10%	<b>1 point</b>
Equal to or greater than 10% and less than 15%	<b>2 points</b>
Equal to or greater than 15%	<b>3 points</b>

**IV. Quality Growth Initiatives**

**(25 Point Maximum)**

**A. Desirable and Undesirable Characteristics **10 points****

One (1) point will be awarded for each desirable activity/characteristic category that is near a proposed site to a maximum of ten (10) points. One (1) point will be deducted from the total desirable activities score for each undesirable activity/characteristic category that is near a proposed site. A maximum of ten (10) points will be awarded in this category. The total points awarded will be determined by calculating the sum of the total desirable activity points less the total undesirable activity points. A negative total in this category will be awarded zero (0) points.

For Scattered Site Projects, the perimeter of the ½ mile radius in which the non-contiguous parcels are located shall serve as the boundary of the proposed site from which the distances for determining the location of the desirable and undesirable activities shall be measured for both non-Rural and Rural sites. All desirable and undesirable activities within the perimeter of the ½ mile radius must also be noted for purposes of claiming points.

For Scattered Site Projects, each parcel shall be reviewed individually as defined above. One (1) point will be awarded for each desirable activity or characteristic to a maximum of ten (10) points. One (1) point will be deducted for each undesirable activity or characteristic. The applicant shall calculate the total score (to a maximum of ten (10) points) for each non-contiguous parcel then add the total points obtained and divide by

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the number of non-contiguous parcels to arrive at the total points for this category. No rounding up, and only whole numbers may be claimed as points.

**1. Desirable Activities**

In order to be eligible for points, the following criteria must be met:

1. Only activities and/or characteristics, which are located within a 1.0 mile walking/driving distance from the proposed site in urban areas or within 2.0 miles walking/driving distance from the proposed site in Rural areas will be considered.
2. Applicants must score one (1) point in five (5) different categories before they can receive points in a duplicate category.
3. Each building/entity will be assigned to only one desirable category.
4. Desirable activities/characteristics may include, but are not limited to the following categories:
  - Retail stores (includes pharmacies, clothing stores, department stores, etc.)
  - federally insured banking institutions (ATMs are not eligible for points in this category)
  - grocery stores, including convenience stores
  - recreational facilities/public parks/civic centers
  - libraries
  - school(s)
  - day care services (must be licensed)
  - medical facilities
  - employment centers
  - churches
  - restaurants

**2. Undesirable Sites**

In determining whether an undesirable activity/characteristic is near a proposed site, the Application must consider any undesirable activity/characteristic that is located within the radius of one quarter (1/4) mile of the proposed site. One (1) point will be deducted per category. Undesirable activities/characteristics may include but are not limited to the following:

- developments that propose site improvements, buildings, or amenities within 100 feet of any water, including wetlands as defined by 40 CFR Parts 230-233 and Part 22, and isolated wetlands or areas of special concern identified by state or local rule. New wetlands constructed as part of storm water mitigation or other site restoration efforts are exempt from this part of the requirement.
- junkyards

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- hazardous, chemical or heavy manufacturing activities, industrial development within ½ mile of the proposed site
- sources of odor
- noise (regardless of mitigation) that is 70 decibels or more at the time of Application Submission
- sources of excessive glare from lighting on adjacent properties
- unoccupied, unsecured buildings (unsecured means open or broken windows and doors)
- abandoned houses or buildings (abandoned will be determined by the following factors: broken windows, doors, unsecured, lack of maintenance, and/or evidence of loitering)
- Deteriorated housing or buildings where extensive minor defects are evident from the exterior of the building and depress an area's physical appearance, diminish living conditions and/or safety of the neighborhood and decrease the marketability of the proposed sites.
- Projects located in areas of minority concentration (as determined by the HOME/HUD Site and Neighborhood Standards) will also receive a one point deduction. DCA may make an exception for projects in economically distressed areas which have community revitalization plans with public funds committed to support the effort.

**Documentation**

In order to document desirable and undesirable activities/characteristics, the Applicant must complete the Desirable/Undesirable Form and attach the following:

1. A site map indicating the specific locations of each desirable and undesirable activity/ characteristics. The map must contain a key stating the type of activities/characteristics identified and their addresses, and must include the following:
  - location of site including an indication of major access roads
  - indication of distances in 1/4 mile increments
  - indication of any major industrial or commercial development, and
  - all desirable and undesirable activities/characteristics
2. Photographs of the site and the surrounding neighborhood. All photographs are to be either color originals or color copies. Black and white photographs are not acceptable.
3. If the Applicant has knowledge at the time of Application that the conditions that make the property undesirable are temporary and that change or mitigation is imminent (i.e. demolition, rehabilitation, etc.), sufficient evidence from the owner or other third-party source documenting how such change will occur and the time frame thereof must be included. DCA will consider mitigation that will remove the undesirable condition imminent if it scheduled to occur prior to October 1, 2009.

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Evidence of the completed mitigation must be received by DCA on or before October 1, 2009.

For desirable characteristics that are under construction, consideration will be given and points may be awarded to active construction sites where the new structures are above ground at the time of application submission.

**B. Infill/Smart Growth Rural Development**

**3 points**

Only new construction or the rehabilitation of unoccupied buildings (all buildings on site must be 100% unoccupied) are eligible for these points. The total number of new units constructed must exceed 50% of the total proposed number of units on the property to be eligible for these points

**1. Infill**

Three (3) points will be awarded to Applications that meet DCA's criteria for Infill. DCA defines infill housing as the process of developing vacant or underused parcels within existing urban areas that are already largely developed. Infill development results in the use of existing utilities and infrastructure while promoting the conservation of open space, the reduction of traffic congestion and the creation of more livable communities.

To qualify for three (3) Infill points, the proposed site must exhibit the following:

- The site must be surrounded on every side except one side with adjacent established development (for the purposes of this category, agricultural use and vacant land do not qualify as established development). DCA will review the four compass sides (north, south, east and west) of a project to determine if the site is surrounded by established development
- The site must maximize the use of existing utilities and infrastructure.
- For Master Planned Communities, DCA will look at the entire project site to determine if it is surrounded by established development. Documentation that the Applicant has site control over the entire parcel must be submitted in the Application.
- At a minimum, the established development on one side must consist of occupied residential development, and have no points deducted for undesirable activities/characteristics. (scattered, single family housing does not constitute established residential development for the purposes of this category)

**or**

**2. Rural Smart Growth Development**

Three (3) points will be awarded to Applications that meet DCA's criteria for Rural Smart Growth Development. DCA defines Rural Smart Growth Development as the encouragement of Rural housing development near or within areas of existing established development that minimizes the use of natural resources, maximizes the

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use of existing utilities and infrastructure, and reduces the need for individual transportation.

To qualify for three (3) Rural Smart Growth Development points, the proposed site must exhibit the following:

- Proposed site must be located in a Rural area
- The site must maximize the use of existing utilities and infrastructure.
- At a minimum, the Adjacent established development on one side must consist of occupied residential development. (Scattered, single family housing does not constitute established residential development for the purposes of this category).
- Have at least 3 desirable activities/characteristics within 1.0 miles walking/driving distance from the site.

**C. Community Transportation Options**

**3 points**

To qualify for three (3) Community Transportation points, the proposed site must exhibit one of the following:

- Projects formally designated as a Transit Oriented Development by a Rapid Transit Authority. (Documentation from a Rapid Transit Authority of the formal designation as a Transit Oriented Development by a Rapid Transit Authority must be included in the Application.)
- Projects located within ¼ mile walking distance of a rapid rail transit station along paved roads, sidewalks, established pedestrian walkways or bike trails

Documentation from the transportation authority indicating schedules, and rider pick up locations must be included in the Application

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

**D. Adaptive Reuse**

**3 points**

Three (3) points will be awarded if the proposed development is an adaptive reuse of an entire existing building. Adaptive reuse is defined as the change in use of a major building for residential use or as a community building. The reuse of only a part of a building (slabs, sheds, gazebos, trailers/mobile homes, pavilions, pump houses, barns, garages or single-family homes) are not eligible for these points. For rehabilitation projects, the reuse of buildings that are already part of the existing multifamily development are not eligible for these points. The documentation to be submitted by the applicant must include information on the previous use of the building and photographs of the building, and whether or not it is occupied.

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**E. Brownfield**

**3 points**

Three (3) points will be awarded if the proposed development is the redevelopment of a Brownfield site. The definition of a Brownfield site is one where the EPA, Georgia EPD or other environmental regulatory agency has defined the site as a Brownfield site and has determined the applicable guidelines for the cleanup required for residential uses. Evidence of such designation as a Brownfield site must be included in the Application. In addition, the Applicant should include an opinion letter from either an attorney or a PE that the property appears to meet the requirements for issuance of an EPD Letter of No Further Action. Documentation of the proposed scope of work for clean up of a site, a detailed budget for clean up and a time line for clean up must also be submitted. DCA will require a copy of the Letter of No Further Action prior to issuance of 8609s.

**F. Greyfield**

**3 points**

Three (3) points will be awarded if the proposed development is the redevelopment of a Greyfield. A Greyfield site is a site that has been previously developed primarily as a retail center or other commercial (non-residential) center that is vacant, abandoned or 90% of the square footage is unused. The existing associated parking areas must be in excess of 25% of the proposed developed area of the site. Documentation must include photos of the site and other documentation of the current status of the site.

To claim points for any of the above, each noncontiguous parcel of a Scattered Site Project must meet the above criteria, as applicable.

**V. Sustainable Developments**

**(6 Point Maximum)**

**A. Sustainable Communities Certification**

**6 points**

Six (6) points will be awarded to projects located within larger developments officially enrolled in the Earth Craft Communities program through Southface Energy Institute and the Greater Atlanta Home Builder's Association, Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND), or other equivalent sustainable neighborhood certification program pre-approved by DCA. Projects awarded points in this category are not eligible for points in the Sustainable Building or Energy Efficient Building Certification categories.

Sustainable Communities rating systems integrate the principles of smart growth, new urbanism, and green building into a standard for neighborhood design. The programs provide independent, third-party verification that a development's location and design meet accepted high standards for environmentally responsible, sustainable development. Developments certified under these programs successfully protect and enhance the overall health, natural environment, and quality of life of communities.

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Projects must provide evidence that the larger development is enrolled in one of the approved programs by providing a copy of either an executed EarthCraft Communities Memorandum of Participation for the development the project is locating within or LEED-ND registration for the larger development from US Green Building Council. Projects must also provide the draft scoring sheet for the development and master site plan for the development.

DCA will consider other nationally or regionally recognized sustainable community programs only if the project submits a letter detailing the alternate program at pre-application. DCA reserves the right to determine the documentation required for approval of alternate programs at pre-application.

**or**

**B. Sustainable Building Certification**

**3 points**

Three (3) points will be awarded to projects that commit to obtaining a sustainable building certification from one of the following entities. Scoring worksheets for the applicable program show the intended path towards certification must be provided at application. Projects awarded points in this category are not eligible for points in the Energy Efficient Building Certification category.

- Completed construction will meet the Southface Energy Institute's and Greater Atlanta Home Builder's Association's Earth Craft House multifamily (or single family or renovation) certification program.
- Completed construction will meet the Enterprise Foundation's Green Communities certification program.
- Completed construction will meet the US Green Building Council's LEED for Homes certification program which includes single family detached, and multi-family low and mid-rise structures.

Certification of the project's compliance with these programs must be submitted at either the LIHTC final certification or HOME Loan final construction draw, whichever comes last. Failure to demonstrate a good faith effort to receive the certification may result in a finding of non-compliance and limited participation in further rounds.

**or**

**C. Energy Efficient Building Certification**

**1 point**

One (1) point will be awarded to projects that commit to obtaining EPA's Energy Star program certification. Certification of the project's compliance with this program must be submitted at either the LIHTC final certification or HOME Loan final construction

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draw, whichever comes last. Failure to demonstrate a good faith effort to receive the certification may result in a finding of non-compliance and limited participation in further rounds.

**VI. Stable Communities/Redevelopment/Revitalization**

DCA promotes developments located in strong and stable communities that have a need for affordable housing and in areas which demonstrate the capacity for community redevelopment, economic growth and revitalization.

**A. Economic Investment Areas**

**3 points**

Three (3) Points will be awarded to proposed Projects located within areas deemed by DCA to be Economic Investment areas. DCA will utilize programs sponsored by the DCA Office of Economic Development such as REBA and EDGE to determine Economic Investment Areas. These areas will be posted on the DCA website on or before December 31, 2008.

(Please note that market consideration may mandate that DCA select only one new construction project in each of the EIA's.)

**-or-**

One (1) Point will be awarded to proposed projects located within an area that has experienced economic growth in the past three years.

To be eligible for points under these criteria, documentation that the project is part of an area that has experienced economic growth in the past three years must be included as follows:

- A narrative of new businesses that have relocated or opened in the immediate vicinity that have generated jobs (specific information regarding the number of jobs should be included)
- Statistical information from the market analyst outlining the rate of growth in the area compared to other similar Georgia areas
- Information on the demographics of the area from the most recent FFIEC Census Report

(Area will be defined as the local government jurisdiction)



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**B. Community Redevelopment /Revitalization Plans and Strategies**

**1. HOPE VI Initiatives**

**6 points**

Six (6) points will be awarded if the proposed project is a phase or component of a PHA-sponsored Community Building Initiative which is part of a PHA-sponsored HOPE VI revitalization initiative. The Initiative must:

- Provide affordable units for an extended period of 30 years or more;
- Be part of a mixed income phased community with a significant market components;
- Facilitate the deconcentration of poverty; and
- Provide for community improvements or amenities, which may include but are not limited to new or improved public infrastructure, green-space, improved transportation, quality of life enhancements, or other improvements benefiting the community

To be eligible for points under these criteria, documentation that the project is part of a HOPE VI development with definitive time limits for completion.

(A) A copy of the HOPE VI Revitalization Grant Assistance Award (form HUD-1044) which identifies the PHA receiving the HOPE VI grant and the amount of the grant;

(B) A letter from the Executive Director of the identified PHA certifying that:

- the development proposed in the Initial Application is identified in the PHA's HUD approved HOPE VI application or Revitalization Plan;
- the housing units are an essential element of that Plan; and
- the Tax Credits for the development proposed in the Initial Application are an essential component of the financing plan for the PHA's HOPE VI Program

(C) A copy of the HUD approved Revitalization Plan.

**2. Promotes Neighborhood Stabilization**

**3 points**

Three (3) points will be awarded if the proposed development will assist in the stabilization of a targeted neighborhood by demolishing or redeveloping property that has been foreclosed, abandoned or is a significant source of blight (isolated single family homes are not eligible). (Projects are not eligible for points if they have received points for neighborhood stabilization funding. The proposed project and/or immediate surrounding area is not required to have applied for, or been awarded Neighborhood Stabilization Funds, however, DCA will utilize the definitions and purposes set out in the Neighborhood Stabilization Program which was authorized under HERA in order to determine whether the proposed project qualifies for these points. (While these points promote policy initiatives similar to those set out in HERA, participation in that program is not required under this section).

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A property “has been foreclosed upon” at the point that the mortgage or tax foreclosure is complete. DCA will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure in accordance with state or local law. A property is “abandoned” when mortgage or tax foreclosure proceedings have been initiated for the property, no mortgage or tax payments have been made by the property owner for at least 90 days and the property has been vacant for 90 days. “Blight” is defined as a structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare. In addition, a Blighted property is a developed property which is uninhabitable, unsafe or abandoned.

DCA will review all documentation submitted by the applicant very closely to ensure that the purpose of neighborhood stabilization will be accomplished by the development or redevelopment of the proposed project. The following documentation must be submitted:

- Pictures of the proposed site
- Copy of foreclosure documents, if applicable
- Documentation sufficient to establish that the property is abandoned
- A letter from the chief operating officer of the local government certifying that the redevelopment of the property will assist in stabilizing the neighborhood
- Narrative of how the project promotes the purposes of the Neighborhood Stabilization Program

**B. Redevelopment Incentive Programs**

**(3 Point Maximum)**

**1. Opportunity Zone Tax Credit Program 3 points**

Three points will be awarded to a project that is located within a DCA Opportunity Zone. The Opportunity Zone Tax Credit Program authorizes DCA to designate as a "less developed area" an area within or adjacent to a census block group with 15% or greater poverty where an enterprise zone or urban redevelopment plan exists. Opportunity Zones are intended to encourage development, redevelopment and revitalization in areas that have higher levels of poverty and are underdeveloped or suffer from blight.

or

**2. Urban Redevelopment Plan 2 points**

Two points will be awarded to a project that is located within an area that has an Urban Redevelopment Plan that has been adopted and formulated by the local Government

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under O.C.G.A. §36-61 that clearly targets the specific neighborhood in which the project is located.

or

**3. Redevelopment Zones**

**1 point**

One (1) point will be awarded if the proposed development site is located in a State Enterprise Zone, Federal Enterprise Community or a HUD or USDA Empowerment Zone or a Renewal Community.

or

**4. Local Redevelopment Plan**

**1 point**

One Point will be awarded if there is an adopted redevelopment plan/community revitalization plan adopted and formulated by the Local Government that clearly targets the specific neighborhood in which the project is located. DCA will access the process the government used for developing and adopting the plan to determine whether it was formulated by the Local Government. Details regarding community input and public hearings held prior to the adoption of the plan must be included in the Application. The Plan must include an assessment of the existing physical structures and infrastructure of the community, as well as a strategy to address the social service needs in the community. Plans formulated by the Owner of the project and submitted to a local government for approval, short-term work plans, comprehensive plans, consolidated plans, municipal zoning plans or land use plans do not qualify as a community revitalization plan and are not eligible to receive points under this section. For the purposes of this category, in Rural counties a neighborhood may be as large as one county. Outdated plans will not be considered for points. The DCA Neighborhood Redevelopment Certification Form must be completed and submitted with the application in order to document these categories and earn these points.

The Community Redevelopment/Revitalization Plan must include the following:

- a discussion of potential sources of funding for the plan
- a clearly delineated target area that includes the proposed project site
- detailed policy goals (one of which must be housing), and
- Implementation measures along with specific time frames for the achievement of such policies and housing activities.
- A copy of the entire plan must be included in the Application.
- The proposed development project must support at least one of the goals of the redevelopment or revitalization plan.

**C. Stable Communities**

**3 points**

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Three points will be awarded to projects that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report.

- Less than 10% below Poverty level
- Designated Middle or Upper Income level
- Less than 15% of housings units are rental occupied
- Tract can not be designated as distressed or underserved

**D. Rural Communities**

**3 points**

Three points will be awarded to projects located in rural areas that have less than 80 residential units.

**VII. Previous Projects / Phased projects**

**(6 Point Maximum)**

**A. Phased Projects**

**6 points**

Six (6) points will be awarded if the proposed project is part of a Master Planned Community in which one or more phases received an allocation of 9% tax credits and at least one phase has commenced construction. Documentation of the Master plan, site control and total project concept must be submitted in the application. Projects that DCA determines are adjacent as opposed to a Master Planned Community 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 phased development.

**or**

**B. Previous Projects**

**3 points**

Three (3) points will be awarded if the proposed development is within the boundaries of a Local Government in which a 9% Credit, 4% Credit and/or HOME project has never been funded by DCA.

**or**

Two (2) points will be awarded if the proposed development site is within the boundaries of a Local Government in which a 9% Credit, 4% Credit and/or HOME project has not been awarded within the last four (4) DCA funding cycles.

For Scattered Site Projects, each non-contiguous parcel may be considered for points in this category. However, the Application will be awarded a maximum of three (3) points in this category.

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**VIII. Waiver of Qualified Contract Right/Tenant Ownership Plan (2 pt Maximum)**

**A. Waiver of Qualified Contract Right 1 point**

The Code requires that all low-income units in a project 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. However, owners have an option to request DCA's assistance in procuring a qualified contract for acquisition of the building(s) after the 14th year of the Compliance Period. If DCA is unable to present such a contract within a one-year period, the owner may terminate the extended use agreement.

One (1) Point will be awarded to Owners willing to forgo this "cancellation option" for at least five years after the close of the Compliance Period.

or

**B. Tenant Ownership 2 points**

Two (2) Points will be awarded to Owners that commit to submit a plan for tenant 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 tenant ownership plan points, Applicants must agree to submit a viable homeownership strategy for residents who inhabit the units before the end of the Compliance Period. The strategy must outline the Applicant's exit strategy, calculation of the estimated affordable purchase price for the unit occupied by the tenant, pre-purchase homeownership counseling, and provision for the DCA Georgia Dream Homeownership Program information or similar first time homebuyer assistance program for the tenant at the time of conversion to tenant ownership. DCA defines affordable purchase price as the purchase price that meets the sales price criteria set forth in the Georgia Dream Homeownership Program. 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 tenant's down payment will be managed.

**IX. Historic Designation 3 points**

Three (3) points will be awarded if buildings on the project site are listed individually in the National Register of Historic Places (Documentation of the listing must be included in the Application).

or

Two (2) points will be awarded if buildings on the project site are potentially eligible to be listed because they are located in a "registered historic district" or buildings are located in a potentially eligible district that contributes to the significance of the district.

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Documentation must include a State SHPO nomination letter/approval.

(DCA encourages Applicants to see <http://hpd.dnr.state.ga.us> 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.)

**X. Nonprofit**

**3 points**

Three (3) points will be awarded for a general partnership that is a general partnership comprised of 100% nonprofit organizations and the project is applying for and is eligible for the nonprofit set-aside.

**or**

One (1) point will be awarded if a for-profit entity partners with a nonprofit that is applying for (and is eligible) under the Plan's Credits nonprofit set-aside..

**XI. Local Government Support**

**(5 Point Maximum)**

**A. Resolution of Support**

**3 points**

Three (3) points will be awarded if the Local Government adopts a resolution of support for the proposed project. The resolution must clearly indicate that the Local Government understands the nature of the proposed project by identifying, at a minimum:

- the type of project,
- the number of anticipated units, and
- The specific project location.
- the resolution must clearly express the Local Government's support of the proposed project, as opposed to merely expressing indifference,

**or**

If the Local Government is governed by only one elected official (as specified in its Charter), a letter from the elected official outlining all the information required in the governing body resolution will be accepted in lieu of a resolution.

A letter in the form provided by DCA, with an attached certified copy of the resolution (or letter if the jurisdiction is governed by only one elected official in accordance with its Charter) must be included in the Application.

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**B. DCA Community Initiatives**

**2 points**

Two (2) points will be awarded for projects that have a letter from a designated DCA Signature Community or Georgia Institute for Community Housing Community or DCA Community of Opportunity which clearly:

- identifies the project as located within their political jurisdiction,
- is indicative of the community's affordable housing goals,
- identifies that the project is in accordance with their plan, and
- is executed by the official representative of the Community.

Each community may issue only one (1) letter for one project in this year's competitive round. If more than one letter is issued, no project in that community shall be awarded points.

(For Scattered Site Projects, the above documentation is required from each local government for each non-contiguous site).

**XII. Leveraging of Resources**

**(14 Point Maximum)**

**A. Grants/Loans**

Loans or grants from the following sources will qualify for points under this category:

- Community Development Block Grant (CDBG) program funds (\$500,000 minimum) **1 point**
- Federal Home Loan Bank Affordable Housing Program (AHP) (\$500,000 minimum) **1 point**
- DCA allocated NSP funds (minimum \$2,000,000) **6 points**
- NSP allocated from an Entitlement Area (Minimum \$2,000,000) **3 points**
- DCA OAH HOME Loan Commitment **6 points**

To be eligible for points under this section, the following criteria must be met:

1. Funding or assistance provided above must be binding and unconditional except as set forth in this section.
2. Resources must be utilized if the project is selected for funding by DCA.
3. Only loans that are for both construction and permanent phases will be considered for points in this section. Loans must be for a minimum period of ten years.

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4. Only cash flow loans and 0 percent interest balloon loans are eligible with the exception of DCA OAH HOME Loans.

Commitment or award documentation must be included in the Application from the entity providing the funding under this category. The documentation must indicate, at a minimum, the terms, conditions, fees and rates for the financing provided for the specific project.

**B. Off Site Improvement, Amenity and Facility Investment**

**1 point**

One (1) points will be awarded if an unrelated third party (foundation, trust, and/or government) investment of resources are provided that will result in off-site infrastructure improvements adjacent to the project site and/or the development of parks, green space and shared amenities, recreational facilities and improvements adjacent to the proposed project site that will serve the tenant base for the subject project. The proposed improvements, amenities and/or facilities must be completed prior to the proposed placed in service date for the project. The development cost and source of funding associated with the development of the improvements, amenities and/or facilities must be outside of and in addition to the development cost and sources of funding for the subject property. The cost for the improvement must be at least \$500,000 and be paid for in full by the unrelated third party.

Examples of third party improvement, amenity, and facility investment of resources include, but are not limited to, the following:

- construction of off-site or on-site access road which is required for access to the property,
- development of parks, green space or walking trails on a master plan development site,
- development of YMCA, youth center, senior center, and/or,
- Construction of sidewalks or streetscape adjacent to the property.

The proposed improvements, amenities and/or facilities must be pre-approved by DCA for points under this category. Sufficient documentation detailing the source of funds, specific investment, the timeline for completion, location of improvements on site map, and/or benefit to the tenant base, must be must be included in the pre-approval submittal to DCA.

Third party investments that are community wide in scope, part of the community local action plan or that will be developed regardless of the development of the proposed project will not be eligible for points in this section. Additionally, improvements that were completed prior to application submission are not eligible for points in this section.



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**XIII. DCA Optional Points for Superior Project Concept**

**6 points**

DCA may but is not required to, elect to give one submitted application six (6) points if it determines that the project represents a superior project concept that has “community changing” effect on the neighborhood or represents a unique concept or design or will meet an overriding DCA policy objective not generally addressed in tax credit projects. Criteria could include a superior level of sustainability, a project proposed to meet a unique and urgent need in a community, or a project has shown substantial community support and involvement. The award and exact criteria for this point category is at DCA’s sole discretion. Applicants should articulate and demonstrate how the development will fulfill or achieve these goals citing and evidencing as many of the above attributes as possible to be favorably considered for these points. If part of a comprehensive strategy, there should be a commitment of sufficient resources to substantiate that the strategy has a reasonable chance of being implemented. Efforts that show coordination with other state and local funding sources for economic and community development are encouraged in this initiative. However, the combination of such funding sources must tie together neighborhood enhancement and be part of a broader overall community plan.

These points are at DCA’s discretion. Applicants may submit a narrative, not more than two pages, along with supporting documentation to request these points.

**XIV. Compliance History Status**

**15 points**

All General Partner Entities, Development Entities and Principals of each property will receive a compliance history score under this section for inclusion in their DCA Final Score. Managers must also submit the required documentation (see below) However, Property Managers will receive a Pass/Fail notification and will not receive a numeric score.

**A. Overview of Scoring**

- Each Applicant starts with a base score of fifteen (15) Compliance Points. Deductions shall be made from that base Compliance Score.
- The Compliance score shall be determined by calculating the Compliance score for each entity and the Principals of the entity. The entity Compliance score shall be determined by averaging the compliance score of each entity and all principals who have Compliance history. Principals with no Compliance history do not need to be included in the calculation of the entity score.
- Non compliance point deductions will be made on a project basis as set forth in this section.
- Point additions will be made on a project basis as set forth in this section.
- An Application can receive a maximum of fifteen (15) compliance points under this category.

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- An Entity or Principal that receives five (5) points or less will be deemed ineligible to participate.
- If neither the General Partner/Developer entity nor its Principals have previous compliance history, the Applicant will receive a compliance score of (10) in this section. However, the Applicant may elect to utilize a higher compliance score received by a partner or consultant that they are utilizing to meet DCA experience requirements.
- The averaged scores of the entities and Principals will be utilized to determine the Compliance score.
- If more than one entity will be in the General Partner structure, the Compliance score will be the average of the score for each entity and principal.
- Non compliance shall be deemed to be noncompliance which is reportable on Form 8823 and which was not cured within the 90 day cure period or within any 6 month state approved extension.

**B. Funding Programs**

The following funding programs will be reviewed for purposes of calculating the score in this section:

- Low Income Housing Tax Credits (LIHTC)
- HOME
- FDIC/Affordable Housing Disposition Program
- Housing Trust Fund
- Department of Agriculture reviews of LIHTC properties

Only projects that have these sources of funding should be included on the Compliance History Summary.

**C. Required Documentation**

All Owner/Developer entities as well as principals of each entity and proposed Property Management Companies must submit a DCA Compliance History Form. All Owners/Developer entities as well as principals must also submit a DCA Compliance Certification from each state financing agency from which the Owner/Developer entity or principals have received Low Income Housing Tax Credits or HOME funding.

**D. Relevant Time Period**

All funding program reviews/audits from 2005, 2006, 2007, through February 1, 2009 will be considered for point deductions in the following areas:

- Program Administrative Non-compliance
- HOME Program Administrative Non-compliance
- DCA Program Administrative Non-compliance
- LIHTC Non-compliance issues that were reported on IRS Form 8823 as uncured

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In addition, all instances of major project failure/General Partner failure that occurred on, or after January 1, 2002 will be considered for point deductions.

**E. Calculation of Point Deductions**

**1. Point Deductions for Program Administrative Non-compliance**

**Low Income Housing Tax Credits:** One (1) point will be deducted for each project that is determined to be non compliant with Tax Credit Program administrative non compliance. For purposes of this section, non-compliance will include, but not be limited to those items as set forth in the IRS 8823 Guide and more fully explained in the following Chapters: Chapter 4, (Household Income Above Income Limit upon Initial Occupancy), Chapter 5 (Owner Failed to Correctly Complete or Document Tenant's Annual Income Recertification), Chapter 7, (Owner failed to Provide Annual Certifications or Provided Incomplete or Inaccurate Certification), Chapter 9, (Changes in the Applicable Percentage); Chapter 10 (Project failed to meet Minimum set aside), Chapter 11, (Gross rents exceed Tax Credit Limits), Chapter 12, (Project not available to the General Public), Chapter 14, (Violations of the Available Unit Rule), Chapter 17, (Low Income Units Occupied by Nonqualified Full-Time Students), Chapter 18, (Owner did not properly calculate utility allowance), Chapter 20, (Low Income Units used on a Transient Basis), Chapter 22 (Qualified Nonprofit Organization Failed to Materially Participate), Chapter 23 (Other Non- Compliance Issues). Non compliance shall also include the following:

- Failure to provide or maintain DCA required amenities,
- Failure to provide or maintain DCA required support services, and
- Failure to comply with representations made in application.

**HOME Program Administrative Non-Compliance:** One (1) point will be deducted for each project that is determined to be non compliant with HUD HOME program requirements. For purposes of this section, non-compliance will include, but not be limited to those items as set forth in the HOME Program Rules and Regulations, including but not limited to: failure to maintain high and low HOME rents, failure to Comply with Federal Relocation Requirements, failure to Comply with Davis Bacon and other required Federal Compliance Requirements,

**DCA Program Administrative Non-Compliance:** One (1) point will be deducted for each instance of DCA Program Administration non-Compliance. Examples of Program Administration Non Compliance include, but are not limited to the following:

- Failure to submit completed cost certification for a tax credit project within 6 months of the required due date. (All cost certifications for Bond Projects in which the bonds closed in 2005 or earlier are now more than six months overdue.) For 2009 only,

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these points will not be deducted if the cost certification is submitted prior to April 1, 2009.

- Failure to pay DCA Compliance monitoring fees for a project within 6 months of the required due date. For 2009 only, these points will not be deducted if the compliance fee is paid prior to April 1, 2009.
- Failure to respond to DCA requests for Monitoring Reviews as set forth in Chapter 19.
- Failure to convert a DCA HOME loan within 12 months of the required conversion date.
- Repeated failure to comply with administrative requirements such as notifying DCA in writing at least 30 days prior to any change of ownership or management

**Failure to Maintain Property in accordance with tax credit, HOME, FDIC or DCA requirements.** Three (3) points will be deducted for each instance of a failure to maintain property. Examples include but are not limited to the following:

- |   |          |
|---|----------|
| • Level 1 and 2 Violations of UPCS as set forth in 8823 Guide | 1 point  |
| • Level 3 and 4 Violations of UPCS as set forth in 8823 Guide | 2 points |
| • Health and Safety Issues                                    | 2 points |
| • Other code Issues   | 1 point  |

**Major Project/General Partner Failure.** Five (5) points will be deducted for each instance of Major Project/General Partner Failure. Examples of Major Project/General Partner failure includes, but is not limited to the following:

- Foreclosure of a project loan, including but not limited to a HOME loan, or State Housing Trust Fund Loan
- Foreclosure or default on bonds at a property that has DCA Tax Credit or HOME funding
- Failure to meet placed in service date which results in the recapture of credits
- Project Bankruptcy
- Failure to file a LURC for a Tax Credit Project within time prescribed by Section 42(h)(6)(j)
- Project is no longer in Compliance nor participating in Program
- Submission of fraudulent documents to DCA
- Debarred or suspended from participation in similar Federal or State programs in last six years
- Fair Housing Act violations
- General Partners/Developers, principals, or managing members who from January 1, 2002 through April 1, 2009 have been removed, debarred, or asked to voluntarily withdraw from a LIHTC partnership.

DCA may waive this deduction if it determines (prior to application submittal) that the withdrawal or removal was for reasons beyond the control of the General Partner/Developer

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Applicants that have one or more instances of major project failure may be deemed ineligible to participate pursuant to DCA Threshold requirement. DCA will, at its sole and absolute discretion, determine if the participant or entity is eligible to participate.

**F. Calculation of Point Additions**

The following points may be added to the Owner/General Partner Compliance Score if the score after deductions is less than fifteen (15) points:

One (1) point will be added if the General Partner can demonstrate that he has successfully owned, managed and operated five (5) Georgia Tax Credit Properties within the required time period and that none of the projects received any point deductions as set forth in the above section.

**OR**

Two (2) points will be added if the General Partner can demonstrate that he has successfully owned, managed and operated eight (8) Georgia Tax Credit Properties within the required time period and that none of the projects received any point deductions as set forth in the above section.

**OR**

Three (3) points will be added if the General Partner can demonstrate that he has successfully owned, managed and operated ten (10) Georgia Tax Credit Properties within the required time period and that none of the projects received any point deductions as set forth in the above section.

**G. Exceptions**

1. In the event DCA determines that a Project qualifies for a point deduction for an instance of non-compliance in which the cure was not completed by the DCA cure date, for the 2009 round only, the point will not be deducted if the cure is completed prior to Application Submission. The Applicant must submit sufficient evidence and documentation of the cure in the Application.
2. In the event DCA determines that a Project qualifies for a point deduction for Program Administrative Non compliance that cannot be cured such as the placement of a over income tenant in a unit and DCA determines that the non-compliance does not constitute a pattern of non-compliance, the Applicant may submit an explanation to DCA within 14 days of notification outlining the corrective action that has been taken by Management to ensure that the non-compliance will not occur again. DCA, at its discretion, may waive the Point deduction.
3. In the event DCA determines that a Project qualifies for a point deduction for Physical issues at the project site, the Applicant may submit evidence that corrective action has commenced, the timeline for completion and that sufficient funds have

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been set aside to pay for the correction within 14 days of notification. DCA, at its discretion, may waive the point deduction.

4. Waivers made for exceptions may be withdrawn if the Applicant does not take the proposed corrective action with the approved timeframe.
5. Participants who have significant successful tax credit experience outside of Georgia can submit a request that DCA consider that successful experience for point additions. The determination as to what experience will be considered is within the discretion of DCA.

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02-510	Cobblestone Landing Apartments	Acworth		2
02-531	Oak Hill Apartments	Athens		2
02-546	Ashton Clark	Athens		2
02-547	Ashton Athens, LP	Athens		2
04-028	Fourth Street Village	Athens		2
03-041	Heritage Gardens	Baldwin		2
03-055	Huntington Court Senior Res	Buford		2
04-016	Heathrow Senior Village	Byron		2
04-014	Ashton Calhoun, LP	Calhoun		2
04-043	Forest Heights	Calhoun		2
02-047	Heartstone Landing	Canton		2
03-516	Riverview Manor Apartments	Canton		2
02-517	Somerset Club Apartments	Cartersville		2
04-502	Wyncrest Apartments	Clarkston		2
03-039	Princeton Court Senior Res	College Park		2
02-522	Wellington Ridge Apt Homes	Covington		2
02-023	Autumn Ridge Apartments	Dalton		2
02-504	Providence Heights Apartments	East Point		2
03-502	Eagles Creste Apartments	East Point		2
03-503	Robins Creste Apartments	East Point		2
04-027	Norman Berry Village Senior Residences	East Point		2
03-513	McEver Vineyards	Gainesville		2
03-049	Dulles Park	Gray		2
02-044	Greenville Commons	Greenville		2
02-052	Poplar Point Apartments	Griffin		2
03-042	Poplar Grove Apartments	Griffin		2
02-006	JT Heritage, LP	Jackson		2
03-505	Mountainside Manor Apartments	Jasper		2
03-034	Sunset Pointe	Jesup		2
03-521	Walton Ridenour Apartments	Kennesaw		2
02-018	Orchard Grove Apartments	Madison		2
02-549	Woodlawn Park Apartments	McDonough		2
03-037	Timber Chase Apartments	McDonough		2
02-022	Sequoyah Village Apartments	Rabun Gap		2
03-035	Veranda Village	Rincon		2
02-516	Ashland Park Apartments	Rome		2
03-512	Park Ridge Apartments	Roswell		2
04-020	Saratoga Court	Summerville		2
03-033	Auburn Ridge	Trenton		2
02-012	The Chateau	Vidalia		2
02-533	Hickory Falls Apartments	Villa Rica		2
02-028	College Hill Apartments	West Point		2
02-553	Alta Ridgewalk Apartments	Woodstock		2
04-035	Pinewood Park		Bibb	2
02-529	Westwood Club Apartments		Columbia	2
02-501	Sargent Mill Lofts		Coweta	2
03-005	Westover Place Apartments		Dougherty	2
03-031	Mineral Springs Apartments		Fannin	2
03-008	East Oaks apartments		Sumter	2

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06-051	Barkley Estates	Albany		0
07-001	The Bridges at Southlake	Albany		0
08-075	The Landing at Southlake	Albany		0
02-049	South Albany Village	Albany		0
05-006	Azalea Court Apartments	Alma		0
06-052	Magnolia Village Apartments	Americus		0
03-010	The Verandah Apartments	Americus		0
03-036	Starlight Place	Americus		0
06-006	Village Green Apartments	Ashburn		0
06-022	Annadale Park	Ashburn		0
06-035	Ashton Place Apartments	Ashburn		0
05-005	Campbell Stone Apartments	Atlanta		0
05-015	Provenance at Hollowell Senior Housing	Atlanta		0
05-016	Provenance at Hollowell Family Housing	Atlanta		0
05-019	Gates Park Crossing Senior Residences	Atlanta		0
05-020	Gates Park Housing For Older Persons	Atlanta		0
05-024	Columbia at Senior Residences at Mechanicsville	Atlanta		0
05-025	MLK Village Tower	Atlanta		0
05-026	Columbia at Mechanicsville Apartments	Atlanta		0
05-040	Capitol Gateway Phase II	Atlanta		0
05-046	Seven Courts Apartments	Atlanta		0
05-502	Park View at Coventry Station	Atlanta		0
06-031	Mechanicsville Apartments Phase 3	Atlanta		0
06-033	Mechanicsville Apartments Phase 4	Atlanta		0
06-041	Grady Senior	Atlanta		0
06-056	John O. Chiles Senior Residences	Atlanta		0
07-009	Ashton Browns Mill	Atlanta		0
07-048	Welcome House	Atlanta		0
07-050	The Oakes at Auburn Pointe I	Atlanta		0
07-051	John O. Chiles Annex Supportive Housing	Atlanta		0
07-052	Ashley CollegeTown II	Atlanta		0
08-060	Adamsville Green Senior Apartments	Atlanta		0
08-062	The Veranda III at Auburn Pointe	Atlanta		0
02-021	Misty Amber Senior Apartments	Atlanta		0
02-034	Lakewood Christian Manor	Atlanta		0
02-035	Heritage Green Apartments	Atlanta		0
02-036	Holly Ridge Apartments	Atlanta		0
02-056	Crescent Hills Apartments	Atlanta		0
02-059	Columbia Park City Residences	Atlanta		0
02-060	Columbia Highlands Senior	Atlanta		0
02-061	Westview Lofts	Atlanta		0
02-532	The Auburn Glenn Apartments	Atlanta		0
02-537	Etheridge Courts Redevelopment, I	Atlanta		0
02-538	Etheridge Courts Redevelopment, II	Atlanta		0
02-539	Alta Pointe	Atlanta		0
02-540	The Peaks at Martin Luther King	Atlanta		0
02-541	City Views at Rosa Burney Park	Atlanta		0
02-545	Brookside Parkway	Atlanta		0
02-559	Northside Village	Atlanta		0
03-015	Kirkwood Gardens	Atlanta		0



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03-017	Pittsburgh, I	Atlanta		0
03-021	Trinity Towers	Atlanta		0
03-025	Columbia Senior Residences	Atlanta		0
03-026	Columbia Crest Apartments	Atlanta		0
03-056	Harris Homes Revitalization, II	Atlanta		0
03-504	Hollywood West	Atlanta		0
03-509	Toby Sexton Redevelopment	Atlanta		0
03-510	The Preserve at Cascade	Atlanta		0
03-511	Harris Homes Revitalization, I	Atlanta		0
03-515	Richmond Oaks	Atlanta		0
04-018	Constitution Avenue	Atlanta		0
04-024	Columbia Senior Residences at Mt. Pleasant	Atlanta		0
04-025	Columbia Grove	Atlanta		0
04-026	Columbia Senior Residences at Edgewood	Atlanta		0
04-034	Heritage Green	Atlanta		0
04-041	Pittsburgh Phase II, Senior	Atlanta		0
04-044	Atlantic Station Mixed Income	Atlanta		0
04-045	Carver Senior Building, LP	Atlanta		0
06-504	Columbia at Sylvan Hills	Atlanta		0
06-510	Lillie R Campbell House	Atlanta		0
06-511	The Villages at Carver V	Atlanta		0
07-501	The Terraces III	Atlanta		0
05-045	Cedarwood Apartments	Augusta		0
08-006	The Terrace at Edinburgh	Augusta		0
02-520	Woodlake Club	Augusta		0
02-557	Ashton Bon Air, LP	Augusta		0
08-502	Highland Ridge	Austell		0
06-030	Pine Ridge Estates	Bainbridge		0
07-008	Courtes de Emerald II	Bainbridge		0
07-030	The Rivers Apartments	Bainbridge		0
03-053	Courtes de Emerald Apartments	Bainbridge		0
07-021	Villas on Forsyth	Barnesville		0
07-007	Country Lane Apartments	Blakely		0
07-035	Blakely Commons	Blakely		0
08-030	Dogwood View	Bremen		0
06-016	Perry Park Townhouses	Brunswick		0
02-019	Gordon Armstrong Apartments	Brunswick		0
05-002	Kirby Creek Apartments	Cairo		0
07-022	The Village at Wedgewood	Cairo		0
04-002	Hunter's Glen	Cairo		0
05-032	Cottonwood Pointe	Camilla		0
08-055	Park Place	Carrollton		0
02-552	Magnolia Lake Apartments	Carrollton		0
05-021	Chamblee Senior Apartments	Chamblee		0
05-034	Linwood Place	Chatsworth		0
06-021	The Village at Chickamauga	Chickamauga		0
06-005	Rolling Oaks Elderly Apartments	Claxton		0
03-018	JT Rolling Oaks, LP	Claxton		0
07-013	Whitehall Commons Apartments	Cleveland		0
07-015	Whitehall Manor Apartments	Cleveland		0

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06-042	Ashley Station Phase II	Columbus		0
07-025	Baker Village Apartments Phase I	Columbus		0
07-504	Lumpkin Park	Columbus		0
08-074	Baker Village Apartments Phase II	Columbus		0
02-507	Eagles Trace	Columbus		0
02-550	Victory Crossing Apartments	Columbus		0
04-046	Peabody Redevelopment Partnership I, LP	Columbus		0
08-020	Rosewood Estates	Cordele		0
08-025	Woodvale II Apartments	Cordele		0
08-031	Willow Apartments	Cordele		0
08-033	Woodvale I Apartments	Cordele		0
02-058	Pateville Estates	Cordele		0
03-029	Montdele Development, LP	Cordele		0
04-021	Overlook Pointe	Cordele		0
08-011	Hooks Plantation Apartments	Cuthbert		0
03-028	Howell Mill Development	Cuthbert		0
06-028	Campbell Creek Apartments	Dallas		0
06-024	Autumn Crest	Dawson		0
07-502	Columbia Park	Decatur		0
08-072	Friendship Crossings	Donalsonville		0
08-048	Pine Meadows	Douglas		0
02-010	Estes Park	Douglas		0
08-019	Shannon Estates	Dublin		0
08-068	Oconee Park Apartments	Dublin		0
04-007	Emerald Pointe	Dublin		0
06-502	The Belmont of Duluth	Duluth		0
06-015	Merrimac Village	Fitzgerald		0
06-017	Bridge Creek Apartments	Fitzgerald		0
03-011	Jack Allen Apartments	Fitzgerald		0
06-007	Pine Point Apartments	Folkston		0
05-044	Water's Edge Apartments	Forest Park		0
03-506	Forest Club Estates	Forest Park		0
06-512	Breckinridge	Forest Park		0
06-025	Windsor Court	Fort Valley		0
07-031	College Square Apartments	Fort Valley		0
07-034	Magnolia Terrace II	Fort Valley		0
02-045	Magnolia Terrace	Fort Valley		0
08-064	Prairie Summit Apartments	Gordon		0
07-004	Cotton Mill Lofts	Hawkinsville		0
07-029	Cloverset Place	Hazlehurst		0
04-030	Greenbriar	Hazlehurst		0
07-039	Big Sky Village	Hiawassee		0
06-509	Northgate	Hinesville		0
06-505	Raintree	Hinesville		0
06-506	Baytree	Hinesville		0
07-503	Hinesville	Hinesville		0
06-501	Provence Place	Jonesboro		0
07-032	Kingsland Phase II -Family	Kingsland		0
07-038	Lucky Pointe	LaFayette		0
08-044	Mallard Lake Apartments	LaGrange		0

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03-009	Valley Ridge Apartments	LaGrange		0
07-053	The Terraces at Parkview	Lithonia		0
05-007	Village Square Apartments	Lumber City		0
06-004	Lyons Apartments	Lyons		0
04-038	Lakeview	Lyons		0
05-012	Riverside Gardens Apartments	Macon		0
05-043	Anthony Arms Apartments	Macon		0
05-048	Kingston Gardens Apartments	Macon		0
06-044	Colony West Apartments	Macon		0
06-045	Pearl Stephens Village	Macon		0
02-030	2009 Vineville	Macon		0
03-022	Tattnall Place	Macon		0
05-029	The Legacy at Walton Village	Marietta		0
07-024	The Retreat at Dorsey Manor	Marietta		0
08-065	The Tower at Dorsey Manor	Marietta		0
06-038	Summer Trace	Metter		0
08-049	Baldwin Park	Milledgeville		0
04-031	Pecan Hills	Milledgeville		0
08-076	Skyline Trace Apartments	Monroe		0
08-009	Antigua Place Phase II	Moultrie		0
04-011	Moultrie Manor	Moultrie		0
04-019	Antigua Place	Moultrie		0
06-029	Pines by the Creek Apartments	Newnan		0
02-534	Cobblestone Crossing	Newnan		0
02-544	Newnan Crossing Apartments	Newnan		0
05-010	Cypresswood Apartments	Pearson		0
07-006	Heritage Square Elderly Apartments	Pelham		0
06-026	Cameron Court	Perry		0
07-020	Sheppard Station Apartments	Pooler		0
08-012	Spring Creek Apartments	Quitman		0
08-045	Preston Place Apartments	Quitman		0
06-020	Lone Mountain Village	Ringgold		0
02-011	Bedford Place	Ringgold		0
08-056	Camellia Lane, L.P.	Sandersville		0
04-039	Tori Pines	Sandersville		0
06-057	Ashley Midtown II	Savannah		0
07-049	Sustainable Fellwood - Phase I	Savannah		0
08-059	Sustainable Fellwood Phase II	Savannah		0
02-048	Savannah Hope VI Development	Savannah		0
02-506	The Oaks at Brandlewood	Savannah		0
02-513	Savannah Neighborhood Action, I	Savannah		0
02-514	Savannah Neighborhood Action, II	Savannah		0
02-555	Bradley Pointe Apartments	Savannah		0
03-030	Montgomery Landing Apartments	Savannah		0
03-040	Heritage Corner & Heritage Row	Savannah		0
03-507	Ashton Savannah	Savannah		0
04-047	HAS Senior Partnership, LP	Savannah		0
05-501	Ashley Midtown II (F/K./A Savannah Hope VI)	Savannah		0
05-504	Rose of Sharon Apartments	Savannah		0
08-010	Southwood Apartments	Shellman		0

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08-054	Galleria Manor of Smyrna	Smyrna		0
06-037	Creekwood Apartments	Soperton		0
05-013	Statesboro Summit Apartments	Statesboro		0
05-508	Lake Point Apartments	Stone Mountain		0
06-039	Hickory Trace	Swainsboro		0
03-032	Jordan Estates	Swainsboro		0
04-032	Spring Gardens	Swainsboro		0
06-014	Fullerton Square Apartments	Sylvester		0
08-061	Paradise Estates Apartments	Sylvester		0
08-028	Washington Estates	Tennille		0
05-003	Hampton Lake Apartments	Thomasville		0
02-005	Hunter's Chase Apartments	Thomasville		0
02-535	Wood Valley Apartments	Thomasville		0
05-047	The Senior Residences at Thomson	Thomson		0
04-022	Monterey Pass	Thomson		0
04-036	Thomson Villas	Thomson		0
05-009	Wildwood Apartments	Tifton		0
08-027	Tifton Estates	Tifton		0
05-033	Imperial Place	Toccoa		0
06-513	South Fulton	Union City		0
06-002	Heron Lake II Apartments	Valdosta		0
03-006	Heron Lake Apartments	Valdosta		0
08-093	Potemkin Senior Village of Warner Robins	Warner Robins		0
02-556	Reserve on Lake View apts.	Warner Robins		0
05-036	Westport Village	Waycross		0
05-011	Waynesboro Gardens Apartments	Waynesboro		0
06-009	Pecan Grove II	Waynesboro		0
02-053	Pecan Grove Homes	Waynesboro		0
08-032	Pine Terrace Apartments	Wrightsville		0
03-019	JT Oakview, LP	Wrightsville		0
05-017	Enota Village Apartments	Young Harris		0
06-023	Mulberry Court		Ben Hill	0
05-506	Orchard Mill Apartments		Cobb	0
02-046	The Heritage at Walton Reserve		Cobb	0
02-511	Sedgefield Apartments		Cobb	0
02-519	Woodsong Apartments		Cobb	0
02-521	Walton Reserve Apartments		Cobb	0
02-542	Hickory Lake Apartments		Cobb	0
02-543	Woodchase Village Apartments		Cobb	0
07-036	Ashford Landing Senior Residences		DeKalb	0
07-040	Tuscany Village		DeKalb	0
04-048	Whispering Pines		DeKalb	0
02-530	Chapel Run Apartments		DeKalb	0
02-551	Highlands at East Atlanta		DeKalb	0
03-043	Antioch Manor Estates, I		DeKalb	0
03-501	Mountain Grove Apartments		DeKalb	0
05-018	Candler Forrest Apartments		DeKalb	0
05-507	Shannon Lake Apartments		Fulton	0
07-016	The Legacy at Walton Lakes		Fulton	0
04-017	Cove at Red Oak Residences		Fulton	0

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**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for either 3 points, 2 points or for the 6 points for master planned communities in this scoring category.**

<b>Proj #</b>	<b>Project Name</b>	<b>In City Limits of</b>	<b>In Unincorp. Portion of</b>	<b>Pts</b>
02-518	Orchard Springs		Fulton	0
06-507	Bradford Gwinnett		Gwinnett	0
02-515	Herrington Mill Apartments		Gwinnett	0
02-536	The Reserve at Ivy Creek		Gwinnett	0
02-554	North Glen Apartments		Gwinnett	0
03-518	Longwood Vista Apartments		Gwinnett	0
07-043	Juniper Court		Hart	0
06-036	Brookhaven Apartments		Lowndes	0
08-073	West Haven Senior Village		Tift	0
04-006	The Groves		Tift	0
06-001	Laurel Ridge Development		Troup	0
08-047	Ocean Breeze Park, L.P.		Ware	0
05-041	Ashford Parkside Senior Residences		Ware	0

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**EXHIBIT B to APPENDIX II**

**Rural Counties**

For Rural Points a project must be designated as rural according to US Department of Agriculture

**OR**

Appear on this list of Rural /Non-Metropolitan Counties:

Appling	Decatur	Lee	Sumter
Atkinson	Dodge	Lincoln	Talbot
Bacon	Dooly	Long	Taliaferro
Baker	Early	Lumpkin	Tattnall
Baldwin	Echols	Macon	Taylor
Banks	Effingham	Madison	Telfair
Ben Hill	Elbert	Marion	Terrell
Berrien	Emanuel	McDuffie	Thomas
Bleckley	Evans	McIntosh	Tift
Brantley	Fannin	Meriwether	Toombs
Brooks	Franklin	Miller	Towns
Bryan	Gilmer	Mitchell	Treutlen
Bulloch	Glascok	Monroe	Troup
Burke	Gordon	Montgomery	Turner
Butts	Grady	Morgan	Twiggs
Calhoun	Greene	Murray	Union
Camden	Habersham	Oconee	Upson
Candler	Hancock	Oglethorpe	Walker
Catoosa	Haralson	Peach	Ware
Charlton	Harris	Pierce	Warren
Chattahoochee	Hart	Polk	Washington
Chattooga	Irwin	Pulaski	Wayne
Clay	Jackson	Putnam	Webster
Clinch	Jeff Davis	Quitman	Wheeler
Coffee	Jefferson	Rabun	White
Colquitt	Jenkins	Randolph	Wilcox
Columbia	Johnson	Schley	Wilkes
Cook	Jones	Screven	Wilkinson
Crawford	Lamar	Seminole	Worth
Crisp	Lanier	Stephens	
Dade	Laurens	Stewart	

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