

Summary of QAP Changes

The following is a summary of some of the proposed changes to DCA's 2010 Qualified Allocation Plan and Appendix I. Please note that this list contains some, but not all changes. Applicants are encouraged to review the entire Qualified Allocation Plan. DCA will be accepting comments on the Draft through November 30, 2009. All comments should be emailed to DCA at oahround2010@dca.ga.gov.

A complete copy of the QAP can be obtained by visiting the DCA website at <http://www.dca.state.ga.us/housingdevelopment/programs/QAP2010docs.asp> or by contacting Andria Williams at (404) 982-3483 or Andria.Williams@dca.ga.gov.

SUMMARY OF CORE CHANGES

Definitions Added

- "ARRA"
- "Exchange"
- "TCAP"

V. Financing Resources - Credits

- The Maximum Project Credit Award has been deleted and restructured.
- Supplemental Set-Aside has been changed from 2 million of 2010 credits to 1 million of 2010 credits.
- Designated Basis boost has been changed from 30% boost to 'up to a 30%' boost.
- Eliminated "Historic Rehab", and "Small or Rural" project boosts.
- Eliminated language to allow projects to be funded that have "extraordinary financial need".
- An Application for 4% Credit must contain an appraisal commissioned by the Lender or by a DCA approved appraiser regardless of whether there is an identity of interest between buyer and the seller.
- DCA requires that all bond applicants to submit those documents set out in the capacity determination in determining whether capacity exists. DCA will terminate its review of the proposed application if it determines that insufficient capacity exists.
- Owners of projects receiving a Letter of Determination for Bond Financed Projects in 2010 must close the bond financing within 180 Days of the issuance of the letter of determination.
- Any significant change in financing structure or scope of work set out in the application must be approved by DCA before the start of construction.

Underwriting Policy Changes

- Annual budget Operating Costs, excluding reserve contributions, must be no less than Four thousand five hundred dollars (\$4,500) for units to be located within the City of Atlanta.
- Four thousand dollars (\$4,000) per unit for urban projects other than Atlanta
- Three thousand dollars (\$3,000) for non MSA-rural projects, and Three thousand dollars (\$3,000) for projects that include 515 USDA Loans as a funding source.

Builder Cost Limitations Changes:

- Builder profit is limited to a maximum of 6% the Contact Sum (exclusive of Contractor Services). Builder's Overhead and General Requirements are limited to

8% of the Contract Sum (exclusive of Contractor Services). 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 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 Builder's Overhead/ General Requirements (8%)

Developer Fee Limitation Changes:

- DCA will no longer allow for a 20% developer fee for projects that incorporate a high degree of sustainability components.

Identity of Interests Changes between General Contractor and any Project Participants Changes

- DCA will require that contractor cost certification be submitted where there is an identity of interest of interest between any project participant and the general contractor. The cost certification shall be prepared in accordance with the standards set forth for a HOME contractor cost certification.

Identity of Interest - Project Participants.

- Identity of interest between any Project Participant and construction/permanent lenders requires financing terms and conditions which are reasonable, customary and consistent with industry standards.

Operating Deficit Reserve.

- All developments must budget for and fund an operating deficit reserve in an amount of no less than six times the secured monthly debt service to lenders plus no less than six months projected operating expenses. For underwriting purposes, DCA will generally use the higher of either six months of operating expenses plus six months of debt service, lender/Syndicator requirements. However DCA reserves the right to evaluate the reasonableness of the amount and may make appropriate adjustments.

Rehabilitation Cost Changes:

- Average per unit rehabilitation hard costs must equal or exceed \$25,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$30,000 for properties that exceed 20 years old.
- Replacement Reserve Cost
 - Rehabilitation cost has changed from \$25.00 per unit per month to \$350.00 per unit per year
 - New construction has changed from \$20.00 per unit per month to \$250.00 per unit per year
 - Single Family Units has changed from \$35.00 per unit per month to \$420.00 per unit per year.
 - Historic Rehabilitation has changed from \$35.00 per unit per month to \$420.00 per unit per year.

Revenue, Vacancy and Expense Trends Changes

- Revenue should be trended as 2% per year, operating expenses at 3%. Vacancy and collection loss will be underwritten at the higher of 7% or as DCA determines as appropriate based on market and historical information for the proposed project area.

Contractor Change Order.

- All changes to the approved scope of work and/or construct contract must be approved by DCA in advance of proceeding with the work.
- DCA must pre approve all change orders including orders that utilize the construction contingency.

Fixed or Floating Unit Designation.

- When HOME assisted units are “fixed” units are subject to specific HOME assisted units are “floating”, the units that are designated as 50% or 60% AMI units may change over time as long as the total number of those units in the project remains constant. 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

- When DCA HOME funds are approved source of financing for a project, each low income unit in the project is considered a “HOME assisted unit”. Based on the statutory HOME requirements, twenty percent (20%) of the total low income residential units in the project must be limited to rent and income restrictions based on 50% of AMI. The balance of low income units will be limited to rent and income restrictions based on 60% AMI, however all low income units will be limited to HUD Fair Market Rents should they be less than applicable rent based on the AMI and bedroom size.

Payment and Performance Bonds

- The cost of bonds that shall be included has changed from six (6%) percent to eight (8%) percent, Builders’ Overhead/General Requirement limit for the construction contract.

Pre-Determinations

Performance Scoring

- Applicants may submit documentation for DCA review and approval prior for the 2010 competitive round prior to April 15, 2010 for experience determinations. There will no longer be a pre application process for determination of scores. For experience determinations, the Experience Submittal Form Should be completed in accordance with the Performance Workbook Instructions for each Owner, Developer, and Management Company to be considered by DCA.

Final Award

- Tier One Entity Determinations section has been eliminated as well as the Waivers and Pre Approval Section.

Award Limitations

- Ownership interests in projects can not exceed one million seven hundred thousand (\$1,700,000).

QAP THRESHOLD CHANGES

Gross Rent Restrictions

HOME Rents with Tax Credits. For low-income units receiving HOME funds and tax credits, the gross rents may not exceed 30% of 50% of the effective AMI for at least twenty percent (20%) of the then income units, with the balance of low income units not exceeding 30% of the 60% AMI. It is important to note that all low income units are limited to HUD’s Fair Market Rent for the appropriate bedroom size should it be less than the applicable rent at the proposed AMI. 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.

Unit Cost Limitations. (New cost limits)

The maximum allowable developer fee will be calculated based on the allowable total developmental cost utilizing the Base Per Unit Cost Limits. The maximum amount of tax credits allocated to a project will also be based on the Base Per Unit Cost Limits. DCA will not accept requests for unit cost waivers.

For new construction and acquisition/rehabilitation projects, - the Base Per Unit Cost Limits for both Tax Credit and HOME funding, - must not exceed the following:

Unit Type	Cost Limit
Efficiency	\$110,481
1 Bedroom	\$126,647
2 Bedroom	\$154,003
3 Bedroom	\$199,229
4 Bedroom +	\$218,693

For Brownfield Projects, the unit cost limit is the following:

Unit Type	Cost Limit
Efficiency	\$132,577
1 Bedroom	\$151,976
2 Bedroom	\$184,804
3 Bedroom	\$239,075
4 Bedroom +	\$262,432

For Historic Rehabilitation projects, the unit cost limit is the following:

Unit Type	Cost Limit
Efficiency	\$121,529
1 Bedroom	\$139,312
2 Bedroom	\$169,403
3 Bedroom	\$219,152
4 Bedroom +	\$240,562

Market Feasibility (Market Study)

- Applicants must submit a market study by a DCA approved analyst showing there is adequate market demand for the project.
- The accuracy and outcomes of the Market Study will be considered in the scoring of applications.

Noise Requirements

- If additional noise source exists, such as manufacturing facility, then the Environmental Professional must comment on the additional source and give a professional opinion on the impact to the site.
- A select projected cannot exceed 75dB of exterior noise, DCA will no longer accept a waiver.

Additional Site Amenities

- All properties must include at least two Additional Site Amenities for projects that have 125 units or less. Properties with more than 125 units must include at least four additional Site Amenities.
- The DCA approved amenity list has been eliminated in favor of all amenities meeting certain set forth in the Amenities Guide Book- Which can be found on the DCA website under the architectural manual section.
- Additional Amenities not contained in the Amenities Guide Book must be approved by DCA prior to Application Submission.

Physical Needs Assessment (Rehabilitation Projects Only)

- For Rehabilitation projects only, a Physical Needs Assessment (PNA) must be completed by a DCA qualified consultant and must be included in the Application.
- The PNA must be prepared in accordance with the instructions as set forth in the Architectural Guide.
- Scope of work should not include repairs on an “as needed” basis. DCA will require that application specifically state the scope of work for the project. The final construction documents outlining the scope of work must be submitted to DCA before the start of construction. DCA will not allow material changes in the scope of work between selection and the commencement of construction.

Accessibility Standards

- All New Construction projects that receive allocations or funding under the Plan must comply with section 504 of the Rehabilitation Act of 1973.

Architectural Design & Quality Standards

- Rehab hard cost must equal or exceed \$25,000 for properties 20 years or less and \$30,000 for properties that exceed 20 years old.

19. Threshold Designation of Tier One Capacity has been eliminated.

Relocation and Displacement of Tenants

- All projects, new construction and rehabilitation, must submit a DCA relocation survey which specifically addresses the development history and occupancy of the proposed project. Failure to complete the survey and include it in the Application will result in Threshold failure.

QAP SCORING CHANGES

Undesirable Sites

- Developments that propose any new construction activities that place impervious surface including paving, sidewalks, or building within 100 feet of any floodplain, wetlands, perennial stream, or intermittent stream(a.k.a, state waters that require a buffer according to GA EPD). Exception: stream crossings that are covered under the USACE's Nationwide Permit.
- DCA has eliminated unoccupied or unsecured buildings as an undesirable, in place will be “abandoned houses or buildings, unoccupied, unsecured buildings(abandoned will be determined by the following factors: broken windows, doors, unsecured, lack of maintenance, and/or evidence of loitering) (unsecured means open or broken windows and doors)
- If a redevelopment plan details the mitigation of such deteriorated housing or buildings and evidence of such is submitted with the application, then a deduction will not be made.

Infill/Smart Growth Rural Development/ Community Transportation Options/Brownfield/Greyfield/Sustainable Communities Certification

- Points decreased.

DCA has eliminated the Energy Efficient Building Certification point.

Stable Communities/Redevelopment/Revitalization

Stable Communities

- Three (3) 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 (www.ffiec.gov.WebCensus/).
- Less than 10% below Poverty (see income).
- Designated Middle or Upper Income Level (see Demographics).
- Less than 15% of housing units are rental occupied (see housing).
- Tracts not designated as distressed or undeserved (see demographics).
- Market study must demonstrate need for affordable housing.

DCA has eliminated HOPE VI Initiatives (6) Points

Promotes Neighborhood Stabilization

- Two (2) points will be awarded, a change from three (3) points

Statutory Redevelopment Plans

- Two (2) points will be awarded, a change from three (3) points.
- In order to receive these points, the documentation must conclusively prove that the Plan is current, ongoing and directly affects the site of the proposed project.
- Document the Plan is current, ongoing and directly affects the site.

Redevelopment Zones

- Two (2) points will be awarded, a change from one (1) point.
- Ten (10) points will be awarded for Market Advantage.

Market Study

- A maximum of four (4) points will be awarded to projects in which the completed market study conclusively provides a “market advantage” for the project. The Market Study submitted at Application will be evaluated by DCA during the competitive round to determine a composite score based on the market study’s overall conformity to DCA policy and guidelines as set out in the DCA market study guide and the statically evaluation of the projects ability to successfully lease up.

Completeness Score

Market Advantage Score

Market Study Score Completeness	Points Awarded In Scoring Round
0-68 Points	0
69-85 Points	1
86-102 Points	2

Market Study Score Market Advantage	Points Awarded In Scoring Round
0-9 Points	0
10-18 Points	1
19-25 Points	2

Waiver of Qualified Contract Right/Tenant Ownership Plan

- Waiver of Qualified Contract Right
- 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, a change from two (2) points.

Leveraging of Resources

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
- NSP not allocated from DCA (\$1,000,000 minimum) 1 point
- Beltline Grant (\$1,000,000 minimum) 1 point
- HUD 202 or 811 program funds (\$3,000,000 minimum) 3 points
- Efficient use of DCA Resources Maximum 3 Points
- DCA OAH HOME Loan Consent 3 points
- DCA Allocated NSP funds (\$1,000,000 minimum) 3 points

Off Site Improvement, Amenity and Facility Investment

- The cost for the improvement must be at least \$2,000,000 and be paid for in full by the unrelated third party.