

**State of Georgia**  
**1997**  
**Combined State Qualified Allocation Plan**  
for  
**Low Income Housing Tax Credits**  
and  
**Affordable Housing Resources**

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Georgia's 1997 Combined Qualified Allocation Plan (Plan) sets forth: a) a description of federal and state resources available for financing rental housing affordable by low and very low income households; b) the legislative requirements for the distribution of these financing resources; c) the state's preferences for the location of such housing; d) the state's preferences for the type of rental housing to be developed; e) the process employed for evaluating funding requests and awarding these resources; and f) program compliance requirements and procedures.

The Plan is administered by the State of Georgia Department of Community Affairs (DCA) through the Affordable Housing Resource Bank (Resource Bank).

**SECTION 1                      FINANCING RESOURCES**

**I.            Low-Income Housing Tax Credits**

The annual federal Low Income Housing Tax Credit (Credit) allocated to the state of Georgia equals \$1.25 x the federal government's estimate of the State's population.

The amount of Credit available for the 1997 funding cycle will be comprised of the state's 1997 Credit allocation, unused Credit from previous years and national pool Credit available to the state. The total estimated amount of Credit available for 1997 will be set forth in the 1997 Notice of Funds Available (NOFA).

**II.          HOME Investment Partnerships Program (HOME)**

HOME funds are allocated to the states annually by the US Department of Housing and Urban Development (HUD) using a formula which takes into consideration the state's housing substandardness and poverty. The amount of HOME funds available for 1997 will be known subsequent to HUD's publication of state formula allocations and approval of the state's FY 1997 Annual Action Plan, which is anticipated to take place prior to July 1, 1997. The 1997 NOFA will set forth the approximate amount of HOME funds available for 1997.

### **III. State Housing Trust Fund for the Homeless**

In 1989, the General Assembly created the State Housing Trust Fund for the Homeless (HTF) to finance homeless assistance and homeless prevention programs. One of the HTF's programs, the Affordable Housing Production Program (AHPP), is administered by the Resource Bank. The amount of HTF funding for AHPP for 1997 will be set forth in the 1997 NOFA.

## **SECTION 2 AFFORDABLE RENTAL HOUSING OBJECTIVES**

The mandate of the Resource Bank is to encourage the statewide production of quality, rental housing affordable on a long-term basis by the state's low income households and to insure that this housing is maintained in good condition over the long term. To achieve this mandate, DCA provides federal and state resources through the Resource Bank to investor-owners of rental housing which meet these fundamental objectives and rental housing production priorities, as described below:

1. support of the state-wide development of new affordable rental housing, particularly projects located in local government-designated economic revitalization areas and in areas of the state where area median incomes are below the state's average and have been previously under-served by Plan resources.
2. support of the state-wide rehabilitation and conversion of occupied, substandard, multifamily housing properties for low and very low income tenancy, particularly such properties located in local government-designated economic revitalization areas and in areas of the state where area median incomes are below the state average and have been previously under-served by Plan resources.
3. support of the development of affordable rental housing incorporating supportive services programs for occupancy by "special needs" households, including households which are homeless or at the risk of homelessness, households which contain individuals who have been clinically-determined to be mentally challenged or mentally ill, households which contain members who have been clinically determined to be substance abusers, and households which contain members having HIV/AIDS.

Within these broad priorities, the DCA will prioritize projects which:

- provide the lowest economically feasible rents;
- provide the most lengthy rent affordability period;
- can be begun and completed within the shortest time frame;
- require the least amount of DCA-administered federal and state resources;

- are endorsed by local government; and
- receive the greatest amount of local government assistance.

## **SECTION 3                   LEGISLATIVE REQUIREMENTS**

### **I.       Low-Income Housing Tax Credit Program**

Section 42 of the Internal Revenue Code (IRC) mandates that state agencies responsible for the administration of Credits adopt an annual plan for allocation of the Credits. The Plan must be approved by the Governor after the public has had the opportunity to comment through the public hearing process. In addition to projects awarded Credits from the state's annual Credit allocation, the Plan applies to tax-exempt bond financed projects receiving Credits outside of the annual Credit allocation.

IRC Section 42 (m)(1)(B) requires that the State:

1. set forth the project selection criteria appropriate to local conditions;
2. give preference in allocating Credits to projects which:
  - a) serve the lowest income tenants
  - b) obligate to serve qualified tenants for the longest time periods;
3. consider the following in allocating Credits:
  - 1) project location
  - 2) housing needs characteristics
  - 3) project characteristics
  - 4) owner characteristics
  - 5) participation of local tax-exempt organizations
  - 6) tenant populations with special housing needs
  - 7) public housing waiting lists; and
4. establish procedures for monitoring projects receiving Credits for compliance with the provisions of the Credit program and notify the Internal Revenue Service of any noncompliance matters.

### **II.     HOME Investment Partnerships Program**

The regulations governing the HOME Investment Partnerships Program (24 CFR Part 92) require that the state:

1. make all reasonable efforts to maximize participation by the private sector (Section 92.200);

2. distribute HOME funds throughout the State according to the geographical distribution of the housing need (Section 92.201(b)(1)); and
3. distribute HOME funds to rural areas in amounts that take into account the non-metropolitan share of the State's total population and objective measures of rural housing needs (Section 92.201(b)(1)).

### **III. HTF Homeless Housing Production Program**

In 1989, the General Assembly created the State Housing Trust Fund for the Homeless (HTF). The HTF's Affordable Housing Production Program (AHPP), is administered by the Resource Bank.

## **SECTION 4 AFFORDABLE RENTAL HOUSING NEEDS**

The state's FY 1996 Consolidated Plan provided guidance in the design of the Combined State Qualified Allocation Plan. HUD requires that the state's Consolidated Plan identify housing needs and resources available to address the needs. DCA is required by HUD to establish a five-year strategic plan to meet the housing needs using the available resources identified in the Consolidated Plan. The state's Consolidated Plan offers a "holistic" approach for effectively using federal resources, including HOME Investment Partnerships funds, Community Development Block Grant (CDBG) funds, Emergency Shelter Grant funds, and Housing Opportunities for People with AIDS (HOPWA) funds to meet identified housing needs.

Through the consolidated planning process, the state identified the following general housing problems adversely affecting renter households:

- **Substandard Housing.** Approximately 43% of all renters live in substandard dwellings. The State defines a "substandard unit" as a unit with at least one of the following housing conditions: lack of a complete kitchen, lack of complete plumbing, overcrowded, or the household is shelter cost-burdened.
- **Housing Affordability** is the most common problem renter households experience. More than 290,000 households pay more than 30% of their gross annual income for rent and are, therefore, considered to be cost - burdened. Over 130,000 renters are severely shelter cost- burdened, paying more than 50% of their gross annual income for gross rent. Thus, approximately 36% of renters are cost-burdened and 16% are severely cost - burdened. Slightly less than half of all renter cost burdened households are severely cost burdened. Of the cost-burdened renters, 48,556 are elderly households (28% of all elderly renters), 120,101 are small families (21% of all small family renters), and 27,155 are large families (23% of all large family renters).
- **Overcrowding.** Households unable to afford sufficiently large dwellings opt to rent the size dwelling they can afford rather than the dwelling size they require. Overcrowding, defined by more than 1.01 persons per room, affects

nearly 55,000 renter households in Georgia. Nearly 7% of all renters are adversely affected by overcrowding. Overcrowding is most common in large family households, with over 36,000 renters affected (43% of all large family renters). The occurrence of housing overcrowding declines substantially for both elderly and small family households. Fewer than 1% of elderly households (142) and approximately 4% of small family households (16,323) reside in overcrowded conditions.

In addition to the general needs of Georgia's renter households, the special needs of certain households were also examined in the consolidated planning process. These are:

- **The Homeless.** Despite the inherent difficulties in quantifying its extent, homelessness is a substantial and serious problem in Georgia. In 1989, the U.S. Census Bureau conducted a "point-in-time" survey and counted 4,430 homeless individuals throughout the state. Advocates expressed considerable negative reaction to this survey because, in their opinion, it underestimated the extent of the problem. The Atlanta Task Force for the Homeless estimates that between 50,000 and 75,000 individuals are homeless during any year. The housing needs of the homeless include a need for emergency shelters and transitional housing. An inadequate number of facilities exist for homeless families and individuals. Acute shortages of emergency overnight and transitional shelters exist in all of Georgia's metropolitan areas. Long-term transitional facilities with supportive services for substance abuse treatment and employment training are also in short supply.
- **The Disabled.** The housing needs of the disabled include community-based residential facilities, which offer a non-institutional alternative for mentally ill and retarded individuals; respite homes, which provide care for the profoundly disabled when the primary caretaker is unavailable; and housing retrofitting, which provides access to the physically disabled. An estimated 13,000 disabled individuals in the state require residential services.
- **Persons with HIV/AIDS.** The Department of Human Resources estimates that 25,000 - 30,000 Georgians are infected with the Human Immunodeficiency Virus (HIV). The actual number of individuals testing positive for HIV is unknown because individual testing is anonymous and often occurs more than once. Over 2,100 individuals reported developing AIDS between October 1993 and September 1994. Approximately 3,000 - 4,000 people are living with AIDS at any one time in Georgia. One study conducted by an Atlanta-based non-profit organization found that 200 people living with AIDS need some form of rental assistance to allow them to stay at home or with a caretaker, because they have been disabled by the disease. AID Atlanta indicated in its written FY 1994 CHAS submission that approximately 85% of their clients have some problems finding appropriate affordable housing.

## **SECTION 5**

### **1997 APPLICATION SUBMISSION DEADLINE**

The Resource Bank will conduct one (1) Application cycle in 1997. The application submission deadline is **5:00 PM, April 21, 1997**. One (1) copy of the application bearing original signatures and original supporting documents must be delivered to the Division of Housing Finance, Floor 2, 60 Executive Parkway South, NE, Atlanta, Georgia 30329 by the above application submission deadline.

## **SECTION 6**

### **CONFORMANCE WITH APPLICATION INSTRUCTIONS**

Applications must conform with all of the Application Instructions set forth in the 1997 Resource Bank Application Manual (Manual). Applicants failing to complete applications in accordance with the instructions set forth in the Manual will be notified in writing of application deficiencies and will be provided a fifteen (15) day grace period to complete the application in accordance with Manual requirements (See Section 8).

## **SECTION 7**

### **1997 APPLICATION PROCESSING FEES**

#### **I. For-Profit and For-Profit/Nonprofit Joint Ventures**

|  |                         |
|--|-------------------------|
| A. 1997 Credit Application Fee             | \$ 2,000                |
| B. 1997 HOME Application Fee               | \$ 500                  |
| C. 1997 AHPP Application Fee               | \$ 500                  |
| D. Waiver Review Fee                       | \$ 100                  |
| E. Reprocessing Fee*                       | \$ 500 per document     |
| F. Credit Reservation Fee                  | 7% of annual allocation |
| G. Credit Compliance Fee                   | \$ 600 per unit         |
| H. Credit Compliance Fee for USDA projects | \$ 10 per unit          |
| I. Bond/4% Credit Application Fee          | 2% of Credit amount     |
| J. Credit Determination Letter             | \$ 500                  |

#### **II. Nonprofit Sole General Partner**

|  |                         |
|--|-------------------------|
| A. 1997 Credit Application Fee             | \$ 1,000                |
| B. 1997 HOME Application Fee               | \$ 250                  |
| C. 1997 AHPP Application Fee               | \$ 250                  |
| D. Waiver Review Fee                       | \$ 100                  |
| E. Reprocessing Fee*                       | \$ 500 per document     |
| F. Credit Reservation Fee                  | 7% of annual allocation |
| G. Credit Compliance Fee                   | \$ 600 per unit         |
| H. Credit Compliance Fee for USDA projects | \$ 10 per unit          |
| I. Bond/4% Credits Application Fee         | 2% of Credit amount     |
| J. Credit Determination Letter             | \$ 500                  |

**Note:** All fees must be paid by check or money order.

- \* This fee will be assessed for the reprocessing of each application form and supporting document submitted in the initial application which is determined to be inconsistent with the application instructions set forth in the Manual or the processing of each document not submitted in the initial application package.

## **SECTION 8 EVALUATION OF APPLICATIONS/FINANCING RESERVATIONS**

1997 Resource Bank project financing resources will be made available through a competitive project selection process. Applications submitted by the application deadline set forth in Section 5 will be evaluated as follows:

### **PHASE 1 COMPLETENESS REVIEW/PROJECT ECONOMIC ANALYSIS**

#### **A. Completeness Review**

Applications received by the Resource Bank by the application submission deadline will be reviewed for conformance with the application preparation and submission instructions set forth in the Manual, including:

1. organization of the application
2. the inclusion of all required application forms
3. the completion of all required application forms
4. the submission of all required supporting documents
5. the consistency of all supporting documents with Manual instructions
6. the consistency of the applicant's project economic forecasting assumptions with those prescribed in the Manual
7. the applicants adherence to Resource Bank's program policies

The sponsors of applications which fail to conform to the above listed application standards will be so notified in writing and will be provided fifteen (15) days to correct Resource Bank -identified application deficiencies.

A fee of \$500 per deficiency, as described above, will be assessed for document reprocessing.

The fifteen (15) day "grace period" will begin as of the date of the notification letter.

Responses to Resource Bank-identified application deficiencies must be in writing and must be sent to the Resource Bank via registered mail together with a check or money order in the appropriate amount to cover the document reprocessing.

Applications with deficiencies remaining after the fifteen (15) calendar day grace period will not be considered for funding.

**Note:** The modification of the scoring criteria documentation set forth in Section 13 will not be allowed after the point of application submission.

## **B. Project Economic Analysis**

The Resource Bank will review completed applications to confirm the economic feasibility of the subject projects.

## **C. Site Review**

The Resource Bank will inspect all sites proposed for development to verify projected site development budgets set forth in the work scope and dictated by field observation prior to Resource Bank financing commitments.

## **PHASE 2 APPLICATION SCORING/PRELIMINARY FINANCING RESERVATIONS**

Completed applications which pass the project economic analysis will be subsequently scored against the criteria set forth in Section 13. Scored applications will be ranked in ascending order by total point score.

The sponsors of applications which receive the highest point scores will be notified in writing and will be provided Credit and Loan Reservations, as applicable.

The approval of partial project financing will be at the sole discretion of the Resource Bank. Partial funding will be approved only when the applicant can identify immediately available alternate funding sources.

The sponsors of applications obtaining point scores too low for further consideration due to the absence of available 1997 Resource Bank financing resources will be notified in writing.

## **PHASE 3 CREDIT AND LOAN COMMITMENTS**

During this phase, binding commitments for Credits and Resource Bank loans will be processed. Instructions for receiving binding commitments for Credits and Resource Bank administered loans are set forth in the Manual.

## **SECTION 9 GEOGRAPHIC OVER-ALLOCATION**

1. In the event the 1997 project selection process potentially results in a over-allocation of Resource Bank assisted rental housing within a geographic/market area (county [non-MSA] or a census tract [MSA]), the Resource Bank, at its sole discretion, may further analyze the need for Resource Bank-assisted rental housing in the geographic/market area. If the Resource Bank determines there to be a need for fewer Resource Bank-assisted rental units than the total number of units proposed, the Resource Bank will fund the project or projects which receive the highest point scores within the geographic/market area.



2. The Resource Bank will evaluate the impact of proposed projects on existing subsidized housing located in the geographic/market area. The owner must demonstrate with a market study that there is sufficient demand for new rental housing (versus turnover from existing subsidized housing) in the proposed geographic/market to support the proposed project. The Resource Bank reserves the right in its sole discretion to independently evaluate the demand for additional Resource Bank-assisted rental housing in the geographic/market area.

## **SECTION 10            DETERMINATIONS FINAL**

Resource Bank's determinations on the allocation of Resource Bank funding assistance will be final. The sponsors of non-funded applications will not be afforded an administrative appeal.

## **SECTION 11            PROJECT RECONFIGURATION/APPLICATION MODIFICATION**

Following application submission, the owners of proposed projects selected for funding by the Resource Bank will not be allowed to reconfigure or modify the proposed project in a manner which would: 1) impact application scoring; 2) impact market or economic feasibility; or 3) impact the overall character of the proposed project. The Resource Bank will determine, at its sole discretion, whether or not a requested change in an application constitutes a substantial modification of the project.

## **SECTION 12            APPLICATION THRESHOLD REQUIREMENTS**

**To be considered for Resource Bank financing assistance, applications for Credits, Home loans and AHPP loans must meet the following mandatory Threshold requirements:**

### **1.        Organization of Application**

Applications must be organized as per the instructions set forth in the Manual.

### **2.        Completeness of Application**

Applications must be complete. All required application forms must be included in the application and be fully completed in accordance with Manual instructions. All required supporting documents must be included in the application and be in the format set forth in the Manual. All economic pro forma assumptions must conform to the economic pro forma assumptions specified in the Manual. All policies set forth in the Manual must be followed. All application forms requiring signature and supporting documents must be originals bearing original signatures. All supporting documentation must be addressed to the project ownership entity.

### 3. IRC Section 42 and/or 24 CFR Part 92 Gross Rent Restrictions

Dwelling unit rents must conform to Credit IRC Section 42 and/or HOME 24 CFR Part 92 gross rent (contract rent and tenant utility allowances) restrictions. Tenant utility allowances must conform to the requirements set forth in the Manual. In the event Credits and HOME or AHPP funds are requested, the most restrictive gross rents will govern.

### 4. Unit Cost Limitations for Calculating Subsidy Limit

The following maximum unit cost limitations will be employed for calculating subsidy limits. Where proposed per unit development costs exceed the following limits, the project owner must identify and provide commitments for the financing sources available to fund the additional per unit cost. Only the following per unit costs will be recognized for the purpose of calculating the Credit amount:

| <u>Unit Type</u> | <u>Cost Limit</u> |
|------------------|-------------------|
| 0 Bedroom        | \$50,000          |
| 1 Bedroom        | \$58,000          |
| 2 bedrooms       | \$71,000          |
| 3 Bedroom        | \$91,000          |
| 4 Bedroom +      | \$100,000         |

#### Example of Calculation of Cost Limits for Underwriting Purposes

A project has 100 total units, consisting of 35 one bedroom, 45 two bedroom, and 20 three bedroom units. The total project cost is \$8,245,000. The subsidy limits are calculated as follows:

|        |   |                          |   |             |
|--------|---|--------------------------|---|-------------|
| 35 1BR | x | \$58,000 (limit for 1BR) | = | \$2,030,000 |
| 45 2BR | x | \$71,000 (limit for 2BR) | = | \$3,195,000 |
| 20 3BR | x | \$91,000 (limit for 3BR) | = | \$1,820,000 |
|        |   |                          | = | \$7,045,000 |

The total proposed project cost, \$8,245,000 is above the maximum allowable for subsidy underwriting purposes.

In this case, the project owner must identify the source and provide commitments for funding the excess cost of \$1,200,000 (\$8,245,000 - \$7,045,000) to fill the gap.

## **Subsidy Limit Waivers: Historic Buildings & Special Needs Housing**

A waiver of the above per unit cost limits may be granted by the Resource Bank at its sole discretion. The waiver request must be based on 1) increased project hard costs resulting from state or national historic structure renovation requirements; or 2) increased hard costs resulting from defined structural or building/dwelling unit improvements necessary to accommodate special needs tenants. Waiver requests must be delivered to the Resource Bank at least thirty (30) days prior to the application submission deadline and be accompanied by a Waiver Review Fee of \$100.00. The Resource Bank will respond to Waiver requests within ten (10) days of receipt. Applicants must use the Per Unit Subsidy Waiver Form included in the Manual for requesting a Waiver. An approved Waiver must be included in the application as a condition of the Resource Bank's approval of higher subsidy limits.

**Note:** Not applicable to Tax Exempt bond financed projects.

### **5. Site Control**

Site control must be in the form of a Warranty Deed or a legally binding Contract to purchase the proposed project development site in favor of the ownership entity. Contracts must provide the proposed ownership entity with legal control of the site at least through July 31, 1997. In the event the Contract provides the ownership entity the ability to renew the Contract for specific periods of time, the ownership entity must include verifiable documentation in the application illustrating the ownership entity's performance in meeting the time period extensions through July 31, 1997. A copy of a recorded Warranty Deed or a fully executed Contract must be submitted with the application. Contracts for purchase must meet the specifications set forth in the Manual.

### **6. Site Owner's Environmental Questionnaire**

The owner of record of the proposed development site must complete a Site Owner's Environmental Questionnaire and the applicant must include the original Questionnaire in the application.

### **7. Environmental Study**

A Phase 1 Environmental Study prepared in accordance with the Environmental Guide contained in the Manual must be included in the application.

### **8. Site Zoning**

Zoning of the development site must conform to the proposed site development plan. Conformance of site zoning with the proposed site development plan must be confirmed, in writing, by the authorized local government official. The original letter from the authorized local government official must be included in the application. In

the event that the local government jurisdiction does not have or enforce a zoning code, an adopted resolution of the local governing body stating that the local government does not have or enforce a zoning code and that the local governing body approves the site development plan must be included in the application.

#### **9. Operating Utilities**

Required project operating utilities (gas and electric service) must be available to the proposed development site. The availability and capacity of operating utilities at the proposed development site must be confirmed, in writing, by the appropriate utility company. The original letters bearing original signatures from the appropriate utility companies must be included in the application.

#### **10. Public Water/ Sanitary Sewer/Storm Sewer**

Public water and sewer service must be available at the proposed development site. The availability and capacity of public water and sewer service to the site must be documented by letter(s) from the local public water and sewer authorities. The original letters bearing original signatures from the appropriate public water and sewer authorities must be included in the application.

**Note:** Not applicable to Tax Exempt bond financed projects.

#### **11. Market Study**

A Market Study prepared in accordance with the DCA Market Study Guide contained in the Manual must be included in the application.

**Note:** Not applicable to Tax Exempt bond financed projects.

#### **12. Physical Needs Assessment (Rehabilitation Projects)**

For rehabilitation projects, a Physical Needs Assessment prepared in accordance with instructions set forth in the Manual must be prepared and included in the application.

#### **13. Conceptual Design and Schematic Documents**

Conceptual design and schematic documents prepared in accordance with the instructions set forth in the Manual must be included in the application for all projects.

#### **14. Preliminary Financing Commitments**

Preliminary commitments for non-Resource Bank debt financing and general and limited partner equity contributions must be submitted in the form prescribed in the Manual and must be included with the Application, including preliminary commitments for:

- a. construction financing.
- b. non-Resource Bank permanent financing.
- c. General Partner's equity.
- d. Limited Partner's equity.
- e. equity bridge loans, if required.

The Resource Bank reserves the right to determine the adequacy of all preliminary financing commitments submitted in the application.

**Note:** Not applicable to Tax Exempt bond financed projects.

## 15. Economic Feasibility

The proposed project must achieve a blended debt service coverage ratio of no less than 1.0/1.0 during the full term of the Credit compliance period. The annual income, vacancy rate, operating cost and replacement reserve forecasting assumptions set forth in the Manual must be applied in determining the debt service coverage ratio.

## 16. Mandatory Maximum Rents for Projects Located in the Atlanta MSA

The weighted average of proposed gross unit rents must be at least ten percent (10%) below the weighted average of the maximum gross rents allowed under the 40/60 election for the Atlanta MSA for the duration of the Credit compliance period. Project owners will be required to execute restrictive covenants to this effect.

**Note:** Not applicable to Tax Exempt bond financed projects.

### Example: Calculation of Maximum Rents for Atlanta MSA

A proposed project for the Atlanta MSA has 50 units, consisting of 25 one bedroom units renting for \$450 (with utility allowances of \$50) and 25 two bedroom units renting for \$625 (with utility allowances of \$75). The aggregate gross rents of the proposed project must not exceed the aggregate gross rents of the same number of units at 54% of the area median income. The Atlanta MSA 54% gross rents are \$537 for one bedroom units and \$645 for two bedroom units. This test is performed as follows:

|                        |        |   |       |   |          |
|------------------------|--------|---|-------|---|----------|
| Proposed Gross Rents:  | 25 1BR | x | \$500 | = | \$12,500 |
|                        | 25 2BR | x | \$700 | = | \$17,500 |
|                        | Total  |   |       |   | \$30,000 |
| Allowable Gross Rents: | 25 1BR | x | \$537 | = | \$13,425 |
|                        | 25 2BR | x | \$645 | = | \$16,125 |
|                        | Total  |   |       |   | \$29,550 |

In the above example, the proposed gross rents exceed the maximum allowable gross rents. Therefore, the example project does not meet this requirement.

**Note:** The following Atlanta MSA counties are exempted from the above requirement: Carroll, Walton and Pickins.

#### **17. Energy Efficiency Requirements for New Construction Projects**

Plans and specifications for new construction projects must provide for dwelling unit energy efficiency requirements exceeding the dwelling unit energy efficiency requirements of the Georgia State Energy Code for Buildings (the Code) as verified by (a) a signed statement from the registered architect or professional engineer designated in the application as the architect or engineer of record and licensed by the State of Georgia and, where such program exists, (b) written verification by the gas and/or electric utility supplier that the proposed dwelling units exceed the energy efficient requirements of the fuel supplier's energy efficiency program which is designed to exceed the Code. If the local utility supplier does not have an energy efficiency program, the owner must obtain documentation from the nearest Electric Membership Corporation offering such a program. This energy efficiency documentation must be included in the application.

#### **18. Ownership Entity's Experience**

The ownership entity of the proposed project must submit documentation which demonstrates its experience in developing at least one (1) rental housing project of similar size and type (in terms of the number of dwelling units and physical configuration) within the last five (5) years. The experience of general partner and/or limited partner will qualify. "Developing" means coordinating the development team in project planning, financing and constructing a project through the point of Certificate of Occupancy.

#### **19. Management Company's Experience**

The proposed property management company must submit documentation which demonstrates, within the last ten (10) years, at least three consecutive years of management of at least one (1) rental housing project similar in scale (i.e., number of dwelling units, type of tenancy) to the project which is the subject of the application.

#### **20. Non-Profit Owner's Eligibility for Credits Under the Nonprofit Set-Aside**

- a. The nonprofit must be a qualified nonprofit organization, defined as a 501(c)(3) or 501(c)(4) organization that is not affiliated with or controlled by a for-profit organization and which has as one of its tax-exempt purposes the fostering of low-income housing (Section 42(h)(5)(C), IRC); and,

- b. The nonprofit may be the sole general partner of the ownership entity or a co-general partner with another qualified organization meeting the experience requirements set forth in item 15., above. In the event the nonprofit is a co-general partner with another entity, the nonprofit must have at least 49% of the ownership of the general partnership. The nonprofit must receive a percentage of the owner's profit and risk fee equal to the percentage of the ownership interest. A copy of the general partnership joint venture agreement indicating the nonprofit's general partnership interest and profit and risk fee must be included in the application.
- c. Nonprofit organizations applying for Credits under the nonprofit Credit set-aside must include in the application a tax law attorney's opinion concerning the nonprofit's current federal tax exempt qualification status accordance with the prescribed format contained in the Manual.

**Note:** Not applicable to Tax Exempt bond financed projects.

## **21. Nonprofit Eligibility for HOME Loans Under the CHDO Set-Aside**

Nonprofits applying for HOME funds under the Community Housing Development Organization (CHDO) set-aside must be certified as a State CHDO by DCA by the application submission deadline, and may be the sole general partner of the ownership entity or a co-general partner with another entity meeting the experience requirements set forth in item 9., above. In the event the CHDO is a co-general partner with a for-profit or nonprofit general partner, the CHDO must have at least 20% of the general partnership. A copy of the general partnership joint venture agreement indicating the CHDO's general partnership and its share of the profit and risk fee must be included in the application. A copy of the State CHDO certification must also be included in the application.

**Note:** Not applicable to Tax Exempt bond financed projects.

## **22. Conformance with Resource Bank Policy Statements and Economic Pro Forma Assumptions.**

In preparing project economic forecasts, applicants must use the Resource Bank's project economic pro forma assumptions and abide by Resource Bank policy statements. These economic pro forma assumptions and Resource Bank policy statements are set forth in the Manual.

## SECTION 13 PROJECT SELECTION CRITERIA

|           |                                |                           |
|-----------|--------------------------------|---------------------------|
| <b>A.</b> | <b>PROJECT CHARACTERISTICS</b> | <b>Maximum<br/>Points</b> |
|-----------|--------------------------------|---------------------------|

|           |  |  |
|-----------|--|--|
| <b>1.</b> | <b>REHABILITATION OF EXISTING STRUCTURES</b> |  |
|-----------|--|--|

The project involves rehabilitation of a substandard multifamily rental complex requiring a “hard cost” expenditure of at least \$10,000 per dwelling unit. Hard costs include labor and materials costs for on-site utilities distribution improvements, unit rehabilitation and common space. The proposed rehabilitation work must be set forth in the Physical Needs Assessment Guide contained in the Manual.

To be eligible for these scoring points, the building must be at least 50% occupied at the point of application.

**40**

|           |                          |  |
|-----------|--------------------------|--|
| <b>2.</b> | <b>PROJECT AMENITIES</b> |  |
|-----------|--------------------------|--|

The project includes amenities-in-common and unit amenities. Proposed amenities-in-common and dwelling unit amenities set forth in the application must be certified to by a letter from the project architect. These amenities must be substantiated in final project drawings.

A maximum of twelve (12) points are available.

**12**

**Amenities in Common**

|  |   |
|--|---|
| Washer and Dryer Equipped Laundry      | 2 |
| Community Recreation/Office Building   | 2 |
| Equipped Playground Area               | 1 |
| Entrance Security Gate                 | 1 |
| Perimeter Fence                        | 1 |
| Equipped Picnic Area (Tables & Grills) | 1 |
| Play courts (Tennis and/or Basketball) | 1 |
| Pool (In ground)                       | 1 |

**Unit Amenities**

|   |   |
|---|---|
| Washers/Dryers                          | 2 |
| Dishwashers                             | 1 |
| Ceiling Fans (All living areas of unit) | 1 |

The adequacy of proposed project amenities for the purpose of point scoring will be determined at the sole discretion of the Resource Bank.



**Note:** All dwelling units proposed in the application must be equipped with ranges, refrigerators and HV/AC systems.

## **B. MINORITY AND WOMEN OWNERSHIP**

Minorities and/or women participate in the ownership of the project by holding fifty-one (51) percent or more interest in the project ownership entity's general partnership. Minorities or women general partners in a limited partnership must have fifty-one (51) percent or more interest in the general partner entity. For non-profits, fifty-one (51) percent or more of the board of directors must be composed of women or minorities.

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For-profit general partner owners must include recorded organizational documents demonstrating ownership composition and gender/ethnicity in the application.

**Note:** All oral and written communications between the Resource Bank and the project ownership entity will be with the entity owning fifty-one (51) percent of the general partnership. All documents pertaining to the project will be executed by the fifty-one (51) percent owner of the general partnership.

Nonprofit organizations must include certified Board resolutions documenting the Board composition and gender/ethnicity in the application.

## **C. PROJECT LOCATIONAL CHARACTERISTICS**

1. The proposed project is located in a local government-designated economic revitalization area which has as one of its objectives the development of rental housing with rents affordable by families and individuals with incomes at or below 60 percent of the area median income, as evidenced by all documents listed below:

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- a. a letter from the local government's chief operating officer setting forth the name of the economic revitalization area in which the development is located and the specific objective the propose project fulfills in implementing the economic revitalization plan, citing the section of the plan setting forth this objective;
- b. a copy of the revitalization plan which sets forth the local government's objectives for improving the revitalization area, including the development of rental housing affordable by families and individuals with incomes at or below 60 percent of the area median income;
- c. evidence of the local government's commitment to improving the economic revitalization area in the form of a capital improvements budget and a schedule of improvements or other re-investment incentives such as real estate tax abatements;

- d. a map of the local political jurisdiction which indicates the boundaries of the revitalization area; and
- e. a copy of the local government's resolution designating the economic revitalization area.

The above documentation must be included in the application.

- 2. The proposed project is located in one of the rural counties listed in Section 14, Rural Set-Aside. **40**
- 3. The proposed project is located in a Qualified Census Tract or a Difficult Development Area. **40**

To be eligible for these points, the ownership entity must secure a letter from the local government planning department or agency affirming the Census Tract in which the proposed project is located. The letter must be included in the application.

**Note:** Projects will be eligible for points in only one (1) of the above locational categories.

## **D. TENANCY CHARACTERISTICS**

### **1. Public Housing Tenant Initiatives**

The proposed project is a component of the Local Public Housing Agency's public housing tenant initiative program as evidenced by: 1) the Local Public Housing Agency's financial investment in the project's physical plant and/or a financial contribution to the long-term economic feasibility of the project via operating cost contributions or tenant rent subsidies for a minimum period of five (5) years; and 2) an executed agreement between the Local Public Housing Agency and the project ownership entity setting forth the project ownership entity's responsibility to rent dwelling units to public housing tenants.

To be eligible for scoring points under this criteria, the applicant must include a copy of the executed agreement between the ownership entity and the Local Public Housing Agency in the application setting forth the type and amount of the Local Public Agency's financing assistance to the development of the proposed project and/or the Agency's long-term financial contribution to the long-term (at least five (5) years) economic feasibility of the proposed project via operating cost contributions and/or tenant rent subsidies and the number and type of rental dwellings the proposed owner will hold and rent to public housing tenants. **40**

Scoring points under this criteria will be awarded as follows:

|           |  |    |
|-----------|--|----|
| 1.        | 10% of units reserved and rented to public housing tenants | 10 |
| 2.        | 20% of units reserved and rented to public housing tenants | 20 |
| 3.        | 30% of units reserved and rented to public housing tenants | 30 |
| 4.        | 40% of units reserved and rented to public housing tenants | 40 |
| <b>2.</b> | <b>Self Sufficiency Initiative</b>                         |    |

#### **A. HTF Homeless Self Sufficiency Initiative**

The project owner agrees to hold and rent at least ten percent (10%) of the total project dwelling units to homeless families and individuals and provides the formerly homeless tenants with professional counseling services geared to move them into a lifestyle of self sufficiency.

**20**

In order to qualify for these scoring points, the project owner must:

1. apply for and obtain a three (3) year agreement with DCA for rental assistance for eligible homeless tenants through the Homeless Trust Fund;
2. submit a conditional contract with an experienced, established homeless service provider who will be responsible for implementing a defined program for moving the tenants into a lifestyle of self sufficiency;
3. submit a market study which illustrates that the project will be economically feasible and marketable to low income households on a long-term basis, absent the availability of this rental assistance

#### **B. DHR Special Needs Self Sufficiency Initiative**

The project owner agrees to hold and rent at least ten percent (10%) of the total project dwelling units to homeless families and individuals and provides the formerly homeless tenants with professional counseling services geared to move them into a lifestyle of self sufficiency.

**20**

In order to qualify for these scoring points, the project owner must:

1. obtain a conditional agreement with the Georgia Department of Human Resources for rent vouchers and special needs supportive services
2. submit a market study which illustrates that the project will be economically feasible and marketable to low income households on a long-term basis, absent the availability of this rental assistance

### **3. Mixed Income Tenancy**

The project will have “mixed-income” tenancy with a minimum of twenty percent (20%) of the units and a maximum of sixty percent (60%) of the units to be held and rented to low-income households - households with gross annual incomes at

or below sixty percent (60%) of area median income and the remaining units rented at market rate rents.

40

#### 4. **Very Low Income Tenancy Exceeding Mandatory Requirements**

Project owners reserving and renting dwelling units with rents affordable by very low income households, those earning annual gross incomes of fifty percent (50%) or less of the area median income, serve one of the most pressing housing needs in Georgia. Projects which reserve and rent more than the minimum required number of dwelling units to lower-income households will be awarded additional scoring points as indicated below. Owners will be required to execute restrictive covenants stipulating the number of dwelling units to be reserved and rented to very-low income households for the term of the Credit Compliance period or the term of the HOME loan, whichever has the longest duration.

40

##### **% of Units at 50% of AMI**

|         |    |
|---------|----|
| 11 - 20 | 10 |
| 21 - 30 | 20 |
| 31 - 40 | 30 |
| 41 - Up | 40 |

#### 5. **EXTENDED AFFORDABILITY PERIOD**

Project owners agreeing to maintain projects as affordable rental housing beyond the fifteen (15) year minimum required Credit compliance period will be awarded points as indicated below. To be eligible for these points, projects will be required to maintain the income and rent restrictions as presented in the application throughout the extended affordability period. Restrictive covenants will be recorded to reflect this requirement. A maximum of forty (40) points will be awarded.

40

##### **Period (Years)**

|           |    |
|-----------|----|
| 16 - 20   | 10 |
| 21 - 25   | 20 |
| 26 - 30   | 30 |
| 31 - plus | 40 |

#### E. **LOCAL GOVERNMENT SUPPORT AND FINANCING ASSISTANCE**

##### 1. **Local Government Support**

The elected body of the local government adopts a resolution of support for the proposed project. A certified copy of the resolution must be included in the application.

40

## 2. Local Government Project Cost Reduction

The local government reduces total project development costs through:

- a. waiver of water and sewer tap fees
- b. waiver of building permit fees
- c. foregoing real property taxes during construction
- d. contribution of land for project development
- e. providing below market rate construction and/or permanent financing
- f. providing an abatement of real estate taxes
- g. providing other project operational cost subsidies
- h. other contributions

Points under this scoring category will be calculated on the basis of percentage reduction in total project cost and/or project operating cost subsidies, as follows:

- |  |    |
|--|----|
| a. 5% total project cost and/or annual operating cost reduction  | 10 |
| b. 10% total project cost and/or annual operating cost reduction | 20 |
| c. 15% total project cost and/or annual operation cost reduction | 30 |
| d. 20% total project cost and/or annual operating reduction      | 40 |

**40**

A letter from the chief executive officer of the local government certifying the local government's contribution to the proposed project's development and/or operation must be included in the application.

**Note:** To be eligible for these scoring points, the local government's contributions must be from local sources. Local government contributions originating from federal funding (i.e., CDBG grants, HOME funds, etc.) will not result in points under this point category.

## F. LIMITATION OF REQUEST FOR CREDITS

The standard equity factor is .65/\$1.00. For every .01 over the standard equity factor, owners will be awarded five (5) scoring points up to forty (40) points. The required limited partner equity agreement must reflect the equity factor as a condition for receiving for these scoring points.

**40**

To be eligible for these scoring points, the owner must irrevocably elect to "lock-in" the Credit factor at the point of application.

## G. READINESS TO PROCEED: FIRM FINANCING COMMITMENTS

In order to be eligible for these scoring points, the project owner must provide firm commitments for non-Resource Bank debt financing and general and limited partner equity contributions in the form prescribed in the Manual. These commitments must be included in the application. For point scoring purposes,

“firm” debt and equity commitments must be only conditioned upon receipt by the owner of an allocation of Credits and/or a HOME loan from the Resource Bank. Maximum points:

80

| <u>Type of Financing</u>    | <u>Points Awarded</u> |
|-----------------------------|-----------------------|
| a. construction financing   | 10                    |
| b. permanent financing      | 30                    |
| c. General Partner’s equity | 10                    |
| d. Limited Partner’s equity | 30                    |

Points will not be awarded for partial debt and equity funding. The Resource Bank reserves the right to determine the adequacy of all firm financing commitments for point scoring purposes.

**Note:** Not applicable to Tax Exempt bond financed projects.

#### **H. READINESS TO PROCEED: BUILDING PERMITS OBTAINED**

Project owner has obtained all project building permits and other required local government construction commencement approvals necessary to commence construction. To be eligible for these points, the applicant must submit copies of all required building permits together with a letter from the appropriate local building official stating that all required construction approvals have been obtained.

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#### **I. LIMITATION OF OWNER’S PROFIT AND RISK FEE**

The Resource Bank restricts the owner's profit and risk fee to fifteen percent (15%) of total development cost less the cost of land, the owner’s profit and risk fee and builder’s profit (in the event there is an identity of interest between the owner and the general contractor).

Four (4) points will be awarded for each whole percentage point the allowable 15% owner’s profit and risk fee is reduced up to forty (40) points.

40

#### **Example: Calculation of Fee Reduction Scoring Points**

The proposed total development cost is \$5,345,234. Land cost is \$300,000. The proposed profit and risk fee is \$620,000. The test is performed as follows:

|  |                  |
|--|------------------|
| Total development costs:               | \$5,345,234      |
| Less land acquisition cost:            | (300,000)        |
| Less profit and risk fee:              | <u>(620,000)</u> |
| Fee base:                              | \$4,425,234      |
| Multiply by 15%:                       | <u>x 15%</u>     |
| Maximum allowable profit and risk fee: | \$ 663,785       |

In this case, the proposed profit and risk fee is below the maximum, \$663,755.  
For scoring purposes, the calculation is as follows:

|   |                  |
|---|------------------|
| Maximum allowable profit and risk fee:    | \$663,785        |
| Less <u>proposed</u> profit and risk fee: | <u>(620,000)</u> |
| Profit and risk fee reduction:            | \$ 43,785        |

Percentage of reduction:  $\$43,785 / \$663,785 = 6.60\%$

Because points are scored for whole percentage reductions only, this application will receive 24 total points: 4 pts. X 6% = 24pts.

**Note:** These points will not be awarded when the fee reduction is replaced by an owner's note.

## SECTION 14 LOW INCOME HOUSING TAX CREDIT SET-ASIDES

To facilitate the equitable geographic distribution of Credits and to target Credits for nonprofit-owned rental housing, the Resource Bank has established Credit set-asides. In the event applications received under these Credit set-asides are insufficient to use the Credits earmarked for a set-aside, the remainder of the set-aside will be re-assigned with the exception of the set-aside for nonprofit owned projects.

### **Nonprofit Project Ownership Set-Aside**

Ten percent (**10%**) of the Credits are set-aside for financing affordable rental housing owned, in part, by local, qualified nonprofit organizations incorporated in the state of Georgia with corporate offices located in the state. (See Section 12, Paragraph 20 for detailed nonprofit eligibility requirements)

### **Rural Set-Aside**

Thirty percent (**35%**) of the Credits are set-aside for financing projects located in rural areas of the state. Rural areas are defined as those counties that are located outside of Georgia's federally defined Metropolitan Statistical Areas (MSAs). Georgia's MSAs are listed under the Metropolitan Areas in the rent tables included in the Manual.

**Note:** Scoring points will be provided to projects located in the rural counties listed below. These counties have median incomes at or below the state median.

|           |         |          |
|-----------|---------|----------|
| Baker     | Brooks  | Long     |
| Brantley  | Cook    | Marion   |
| Calhoun   | Candler | Mitchell |
| Chattooga | Clay    | Polk     |
| Charlton  | Echols  | Randolph |
| Crisp     | Evans   | Stewart  |

|            |         |            |
|------------|---------|------------|
| Colquitt   | Early   | Taliaferro |
| Elbert     | Emanuel | Treutlen   |
| Fannin     | Gilmer  | Upson      |
| Greene     | Hancock | Wayne      |
| Hart       | Laurens | Warren     |
| Liberty    | Wheeler | Turner     |
| Haralson   | Worth   | Ware       |
| Meriwether | Lanier  | Webster    |
| Quitman    | Lincoln | Wilkes     |
| Schley     | Miller  | Terrell    |
| Sumter     | Rabun   | Thomas     |
| Talbot     | Taylor  | Towns      |
| Union      |         |            |

### **USDA Set-Aside**

Five percent (5%) of the Credits are set-aside for projects with firm commitments from the U.S. Department of Agriculture's Section 515 Program. Firm financing commitments are financing commitments in place at the point of the application submission deadline.

### **Special Needs Housing Set-Aside**

Five percent (5%) of the Credits are set-aside for financing projects serving “special needs” households. To be eligible to participate in this set-aside, projects must reserve and rent at least fifty (50) percent of dwelling units to formerly homeless individuals or families, households which include persons with special needs including persons with mental illness, developmental disabilities, persons with HIV/AIDS, persons recognized by federal or state government with other special needs or migrant farm workers throughout the affordability period. The project owner must provide the supportive services applicable to the needs of the designated special needs tenants. These services must be provided by an experienced, licensed provider of such services. A conditional contract for the proposed services executed by the project owner and the services provider must be included in the application. A final, binding contract for the proposed services must be provided and be approved by the Resource Bank as a condition of obtaining a Credit carry over or receiving a Resource Bank loan.

**Note:** Units set aside for households containing special needs persons must be rented to such households. Dwelling units so designated must remain vacant until such time that it is rented by a household containing a special needs member.

### **Elderly Tenancy Set-Aside**

Five percent (5%) of the Credits are set aside for financing projects for occupancy by elderly households with unit features incorporated for elderly occupancy. The dwelling units of projects funded through this set aside must incorporate features geared to the needs of elderly households, such as convenient height electrical outlets, walk-in shower tubs, lower counter heights and emergency call systems. The project architect of record



must certify to the inclusion of these features and the architect's certification must be included in the application.

**Note:** Units set aside for elderly households must be rented to such households. Dwelling units so designated must remain vacant until such time that it is rented by an elderly household.

### **Non Set-Aside Credits**

Forty percent (**40%**) of the Credits are available for financing projects state-wide which are not eligible for the set-asides described above.

Projects competing for Credits under the above set asides will be eligible to compete in the Non Set-Aside Credit pool.

## **SECTION 15 HOME SET-ASIDES**

Eighty-five percent (**85%**) of 1997 HOME funds are designated for funding projects located in local government designated economic revitalization areas, projects located in rural counties, projects located in Qualified Census Tracts or Difficult Development Areas and projects located state-wide for special needs households.

Fifteen percent (**15%**) of 1997 HOME funds are designated for CHODO owned projects located in local government-designated economic revitalization areas, projects located in rural counties, projects located in Qualified Census Tracts or Difficult Development Areas and projects located state-wide for special needs households.

## **SECTION 16 RESOURCE BANK FUNDING RESTRICTIONS**

### **1. Maximum Credit Authority Per Project**

No project will be awarded more than 10% of the state's annual Credit authority.

**Note:** Not applicable to Tax Exempt bond financed projects.

### **2. Maximum Credit Award per Resource Bank Annual Cycle**

No individual shall receive more than 20% of the state's annual Credit authority. The individual general partnership interests of applicants requesting Credits will be analyzed. In the event it is determined that an individual has general partnership interests in a limited partnership which will exceed the 20% Credit ceiling, the application will not be awarded financing, regardless of the application score or the project's economic feasibility.

**Note:** Not applicable to Tax Exempt bond financed projects.

### **3. Credit Recapture: Failure to Complete Work Scope**

Owners of projects receiving Credits for the rehabilitation of an existing property must perform one hundred percent (100%) of the rehabilitation work scope in accordance with the original Physical Needs Assessment. The Resource Bank will inspect projects requesting IRS Form(s) 8609 to insure that all work has been completed prior to issuing Form(s) 8609. If a lesser percentage is completed, the Resource Bank reserves the right to recapture all Credit allocated.

At its sole discretion, the Resource Bank may approve requested modifications to the proposed work scope.

**4. Credit Recapture: Failure to Commence Construction/Rehabilitation**

Owners of projects receiving Credits for new construction or rehabilitation must commence construction or rehabilitation by October 1, 1998. Failure to do so will cause an automatic recapture of the Credits. Construction start dates will be monitored by the Resource Bank. To certify the commencement of construction and/or rehabilitation, the project owner will be required to provide the Resource Bank with copies of project building permits and a copy of the project owner's Notice to Proceed to the project's general contractor.

**Note:** Not applicable to Tax Exempt bond financed projects.

**5. Credit Recapture: Failure to Pay Compliance Fee**

Failure by a project owner to pay the required Credit Compliance Fee within the time frame established by the Resource Bank will result in an automatic recapture of the Credits.

**6. Disqualification: Continuing Non-Compliance**

Principals of projects awarded Credits in previous Credit cycles determined by the Resource Bank to be in continuing non-Compliance with the Credit regulations, DCA HOME requirements, or in default under loan documents will be precluded from participating in the 1997 program. The Resource Bank will have sole discretion in determining whether or not the principal(s) are censurable due to continuing non-Compliance.

**7. Disqualification: Failure to Use Previously Awarded Credits**

No project owner, including principals or officers of the ownership entity, allocated Credit in a previous year, as evidenced by receipt of a reservation letter, carryover allocation or IRS Form(s) 8609, which went unused for reasons other than for acts of God or the exercise of the power of eminent domain by a governmental body, will be eligible to apply for Credits. In its sole discretion, the Department may allow a project owner who returned Credits allocated in a previous year to apply

for Credit on the condition that if the application is approved, the owner will pay a seventeen percent (17%) fee.

## **SECTION 17                    TAX EXEMPT FINANCED PROJECTS/4% CREDITS**

The sponsors of tax exempt bond financed projects anticipating an allocation of Credits will be required to provide certain additional information with the Bond Allocation application. This additional information is set forth in the Manual.

In order to be eligible for an allocation of four percent (4%) Credits, tax exempt bond financed projects must satisfy the Threshold requirements set forth in Section 12. Threshold items noted as “not applicable to Tax Exempt bond financed projects” are not applicable to tax exempt bond financed projects.

In addition, tax exempt bond financed projects must comply with certain requirements contained in Section 16, Resource Bank Funding Restrictions. Items noted as “not applicable to Tax Exempt bond financed projects” are not applicable to tax exempt bond financed projects.

The tax exempt bond issuer is directly responsible for providing the “Credit Determination Letter” which specifies whether or not the project meets the state’s qualified allocation plan. However, upon request, the Resource Bank will provide the Credit Determination Letter within forty-five (45) days of the request.

Tax exempt bond financed project which have been placed in service and are requesting IRS Form(s) 8609 must complete an application for 8609s which is set forth in the Manual.

The application deadline for both Credit Determination letters and IRS Form(s) 8609 in October 1, 1997.

The late fee for Credit Determination letters and IRS Form(s) 8609 is \$1,000 per calendar day.

## **SECTION 18                    MONITORING AND COMPLIANCE**

Project owners are hereby advised that DCA is required to monitor projects for compliance with the requirements of Section 42 of the Internal Revenue Code (IRC), the HOME regulations at 24 CFR Part 92, and the representations set forth in the application. The plan for compliance monitoring is described below. It outlines the overall requirements and offers explanations for the individual program requirements and the requirements for the properties participating in multiple programs.

### **A.            RECORD KEEPING AND RECORD RETENTION**

1. Project owners awarded HOME loans must keep records for each assisted building as stipulated in the final HOME regulations dated September 16, 1996 and in the Georgia HOME Compliance Manual.
2. Project owners allocated Credits must keep records for each building as stipulated in Section 42 of the IRS Code Section 1.42-5(b) and in the Georgia Low Income Housing Tax Credit Compliance Manual. All first year Tax Credit records must be kept for six (6) years beyond the fifteen (15) year Credit compliance period. Records for years two (2) through year fifteen (15) must be retained for six (6) years.
3. Project owners receiving both HOME loans and Credits must follow the most stringent requirements of the two programs.

**B. REPORTS TO BE PROVIDED TO DCA**

1. Project owners receiving HOME loans are required to submit quarterly occupancy reports in a format prescribed in the DCA HOME Manual, together with copies of income certifications for rental units leased during that quarter (beginning with initial lease-up date), until the property has reached 90% occupancy. After ninety percent (90%) occupancy is achieved and the property is determined by DCA to be in compliance with the HOME regulations and with DCA's requirements, the property will then be required to report on an annual basis throughout the term of the loan. Project owners are also required to submit an annual Owner's Certification in a format prescribed by the DCA.
2. Project owners receiving Credits are required to submit quarterly reports with income certifications for rental units leased that quarter, beginning with the first building placed in service forward, until the project reaches 90% occupancy. After ninety percent (90%) occupancy has been achieved and the property is found to be in compliance with the Credit regulations and DCA requirements, the property will then report on an annual basis through the end of the project's compliance period.
3. Project owners receiving HOME loans and Credits are required to submit Quarterly Reports from the initial lease-up date forward until the project has reached ninety percent (90%) occupancy. If the property is determined to be in compliance with the HOME regulations, with Section 42 of the IRC and with the DCA's requirements, the property will then report on an annual basis in a format prescribed by DCA through the term of the loan or the compliance period, whichever is longer.
4. Owners of projects which received Credits and are also financed under the Section 515 program of the US Department of Agriculture or with proceeds from tax exempt bonds generally will not be required to submit monthly or quarterly reports. These properties are required to submit the Annual Owner's

Certification, in a format prescribed by DCA, in the Tax Credit Compliance Manual, on an annual basis through the end of the project's compliance period.

### **C. PROPERTY AND RECORD COMPLIANCE**

1. For purposes of determining initial or ongoing eligibility or compliance with property maintenance requirements, DCA asserts the right to conduct on-site inspections of any project receiving Credits, 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 establish standards on which to base compliance assessments. These standards will be outlined in the respective program's manual. DCA will provide prompt written notice to the owner of noncompliance findings and will assign an appropriate cure period.

2. DCA asserts the right to perform an on-site inspection of tenant records of any project receiving Credits, HOME or both Credits 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 prompt written notice to the owner of noncompliance findings and will assign an appropriate cure period.

3. Typical cure periods are thirty (30) days but in certain instances may be as long as six (6) months. Health and safety issues are assigned cure periods of seventy-two (72) hours or less.

4. All items of noncompliance at Credit properties are assigned a cure period and DCA is required by the IRS to report every item of noncompliance to the Internal Revenue Service on IRS Form 8823. IRS Form(s) 8823 will be provided to all parties having ownership interest in a project. If the noncompliance has been corrected by the end of the of the cure period, that correction will be noted on Form 8823. DCA and IRS consider Form 8823 to be a confidential tax document and, as such, Form(s) 8823 will not be provided to parties not having ownership interest in the project.

### **D. REQUIRED TRAINING FOR OWNERS**

The Owner is required to attend a compliance training seminar provided by or sponsored by DCA. Limited partners are strongly encouraged to attend these training seminars, but may elect to have property management serve as their representative at the seminars. Seminars for HOME Tax Credit and HOME/Tax Credit properties are offered on a monthly basis. Certificates of attendance are awarded at the completion of the training. The Owner will be required to submit the Certificate of Attendance for the HOME program before the first unit is leased. The Owner of a Tax Credit property will be required to submit the Certification of attendance prior to the issuance of the properties' IRS Form(s)

8609. Georgia HOME and Tax Credit Compliance Manuals will be distributed at the training.

The representations set forth in the approved application are the Owner's responsibility. It is also the owner's responsibility to ensure that the property abides by the rules, regulations and restrictions specified in the Land Use Restriction Agreement, in the Georgia HOME and Tax Credit Manuals, in the HOME regulations, and in Section 42 of the IRS Code. DCA's obligation to monitor owner compliance with these rules, regulations and restrictions in no way will make DCA liable for an Owner's noncompliance.

#### **E. PROPERTIES WITH MULTIPLE SOURCES OF DCA FUNDING**

Projects receiving more than one source of DCA funding (e.g., HOME and Credits) are required to comply with the monitoring provisions of each of the individual funding sources and with the Land Use Restriction Agreements and Covenants. In the event of inconsistencies between the funding program requirements, agreements, or covenants, the more restrictive requirement will always govern.

#### **F. MONITORING FEES**

1. The department charges a monitoring fee for all developments containing five (5) or more low-income units. Low Income Housing Tax Credit recipients will be required to pay the entire fee covering the fifteen (15) year compliance period prior to the issuance of the projects IRS Forms 8609. The compliance fee for the fifteen (15) year LIHTC compliance period is \$600 per unit.
2. Developments financed by the U.S. Department of Agriculture under the Section 515 program and developments financed by the sale of tax-exempt bonds are charged \$10 per unit over the fifteen (15) year compliance period. The entire fee must be paid prior to the issuance of the project's 8609 forms.

#### **G. COMPLIANCE MONITERING RESPONSIBILITES**

1. 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 it's obligation to notify the HUD or the IRS of noncompliance instances. DCA may also delegate some or all of it's compliance monitoring responsibilities to another agency within the State. This delegation may include the responsibility of notifying the IRS of noncompliance.
2. DCA must be informed of all conditions or extenuating circumstances at each project which may impact compliance monitoring duties. Any questions regarding individual compliance issues or project owner/management's

respective requirements under the LIHTC program should be addressed to the following compliance staff members:

Ms. Nan Maddux, Senior Compliance Officer (404) 679-0611  
Mr. James McCray, Compliance Investigator (404) 679-4898  
Mr. Derold Mosley, Compliance Officer I (404) 679-5272

## **SECTION 19                      MODIFICATION OF PLAN**

Without limiting the generality of the DCA's power and authority to administer, operate, and manage the allocation of Credits according to federal law, federal procedures and this Plan, DCA shall make such determinations and decisions, publish administrative rules, require the use of such forms, establish such procedures and otherwise administer, operate, and manage allocations of tax credit in such respects as may be, in the DCA's determination, necessary, desirable, or incident to its responsibilities as the administrator, operator, and manager of allocations of tax credits.

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 the 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 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 tax credit allocation system and the power and authority to resolve conflicts, inconsistencies or ambiguities, if any, in this Plan or which may arise in administering, operating, or managing tax credit allocations pursuant to this Plan.

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." The Governor further expressly delegates to the Board of Directors of the DCA the ability to amend this Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credits.