



GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
Office of Affordable Housing

2002 Application Manual

Order Form

The Office of Affordable Housing's 2002 Application Manual is now available. The manual includes forms and instructions for the 2002 application round for the Low-Income Housing Tax Credit and the HOME Rental Housing Loan Program. You may download a copy from the DCA website or you may purchase a copy by completing this form and mail or courier it with your payment to:

Georgia Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, NE
Atlanta, Georgia 30329-2231
ATTN: Andria Williams

The cost of the manual is **\$35.00** per copy to cover the cost of printing and mailing. Make checks payable to the "Georgia Department of Community Affairs." DCA will not be able to deliver your copy until payment is received.

Name: _____
Address: _____
City, State, ZIP: _____
Attention: _____
Phone: _____

If you have a Federal Express account and would like the manual sent overnight, please enter your account number below. **Please note that if you use Federal Express, you must enter your street address above and not a P.O. Box.**

Federal Express Account Number: _____

Please note that the manual does not include a diskette with the electronic application. All applicants are required to use the electronic application, and can download the application and the manual from DCA's web site at <http://www.dca.state.ga.us>.

STATE OF GEORGIA

2002

**LOW INCOME HOUSING TAX CREDITS
and
AFFORDABLE HOUSING RESOURCES**

APPLICATION MANUAL

January 2002



**THE GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
THE OFFICE OF AFFORDABLE HOUSING**

DISCLAIMER AND NONDISCRIMINATION STATEMENT FOR THE OFFICE OF AFFORDABLE HOUSING APPLICATION MANUAL

DISCLAIMER

Copies of the Office of Affordable Housing Application Manual are distributed with the understanding that the Department of Community Affairs (DCA) does not render any legal, accounting, tax or other professional service or advice. The Application Manual is offered as an aid for encouraging compliance with DCA's State and Federal Tax Credit and HOME Rental Housing Programs. This manual is not intended to provide definitive legal interpretations of the Tax Credit or HOME regulations. All original sources of authority presented by this publication should be independently researched in dealing with a specific problem or issue.

Approval of a project by DCA for Tax Credit or HOME funding is an indication only that the project or proposal appears to meet DCA's program requirements. Such approval in no way constitutes a representation or warranty by DCA as to the project or proposal's likelihood of success, its financial viability, or its compliance with applicable laws and regulations, including but not limited to, the Tax Credit and HOME regulations.

NONDISCRIMINATION STATEMENT

DCA does not discriminate in employment, programs or service and provides equal opportunity without regard to race, color, sex, religion, national origin or disability. Any individual with a disability, who may require assistance or accommodation in order to participate in or receive the benefit of any DCA service, program, or activity, should contact the Georgia Department of Community Affairs, Office of Personnel at 60 Executive Park South, N.E., Atlanta, Georgia 30329-2231.

Georgia Department of Community Affairs
Office of Affordable Housing

2002 APPLICATION MANUAL

TABLE OF CONTENTS

A. State of Georgia 2002 Qualified Allocation Plan

Submitted under separate cover

Also available at <http://www.dca.state.ga.us/housing/rentalfin.html>

B. Application Forms and Instructions

- Core Application Form and Instructions (including application fee worksheet, tabs checklist, self-score, compliance disclosure form, and experience summaries) *is available at <http://www.dca.state.ga.us/housing/rentalfin.html>.*
- Form IRS-8821
- Tenant Household Data Form (all programs)
- Per-Unit Cost Limit Waiver Application
- Application Certification Form Letter
- Low-Income Housing Tax Credit Form Cover Letter
- Acquisition Tax Credit Legal Opinion Form Letter
- Federal Contracts Certification Form (HOME)
- Federal Disclosure of Lobbying Activities (HOME)
- Federal Applicant Disclosure Form (HOME)
- Local Government Certification Form Letter
- Debt Certification Form Letter
- Equity Certification Form Letter
- Nonprofit Eligibility Legal Opinion Form Letter
- Public Housing Certification Form Letter
- Tenant General Information Notice (HOME)
- Tenant Relocation Plan and Budget (HOME)
- Tenant Move-In Notice (HOME)
- Tenant Temporary Relocation Notice (HOME)
- Tenant Notice of Non-Displacement (HOME)
- MBE/WBE Outreach Plan Guide Form (HOME)
- Affirmative Fair Housing Marketing Plan Instructions (HOME)
- Affirmative Fair Housing Marketing Plan Form (HOME)
- Lead-Based Paint Brochure (HOME)
- Lead-Based Paint Disclosure Form Lease Addendum (HOME)

C. Tables

Note: HUD Fair Market Rents and Income Limits, Qualified Census Tracts, and Difficult Development Areas are available at <http://www.huduser.org>. The DCA Rent Charts and Utility Allowances will be forthcoming under separate cover, most likely with the “Q&A.”

- Utility Allowance Instructions
- Utility Allowance Chart
- DCA Rent Chart

D. Environmental Guide

- Property Owner Environmental Questionnaire
- Environmental Site Assessment Guide
- Operations and Maintenance Manual Guide

E. Rehabilitation Guide

- Physical Needs Assessment Guide
- Terms of Reference and Useful Life Tables

F. Architectural Guide

- Architectural Standards
- Architectural Submittal Instructions

G. Property Management Guide

- Management Guide
- Management Agent Questionnaire
- Development Information Summary

H. Insurance Requirements

I. General DCA Monitoring and Compliance Requirements

J. CHDO/Nonprofit Organization Consultant/Partnership Agreement Guide

K. Tax Credit Section

L. HOME Section

- HOME Rental Housing Program Requirements
- Compliance
- CHDOs
- Tenant Relocation
- Labor Standards
- Equal Employment Opportunity/Fair Housing
- Environmental Requirements

M. Tax-Exempt Bond Guidelines

N. Market Study Guide (information purposes only)

TAB A

STATE OF GEORGIA

2002 QUALIFIED ALLOCATION PLAN

**(available under separate cover or at
<http://www.dca.state.ga.us/housing/rentalfin.html>)**

TAB B

APPLICATION FORMS AND INSTRUCTIONS

**Georgia Department of Community Affairs
Office of Affordable Housing
Electronic Application Form and Instructions**

The Georgia Department of Community Affairs (DCA) is pleased to present the 2002 electronic application form and instructions. The Form OAH 2002-100 and instructions are posted on DCA's website at <http://dca.state.ga.us/housing/rentalfin.html>. Any problems that arise should be reported to Christie Shafer at cshafer@dca.state.ga.us.

Tax Information Authorization**► IF THIS AUTHORIZATION IS NOT SIGNED AND DATED, IT WILL BE RETURNED.**

OMB No. 1545-1165

For IRS Use Only

Received by:

Name _____

Telephone (_____) _____

Function _____

Date ____/____/____

1 Taxpayer information.

Taxpayer name(s) and address (please type or print)

Social security number(s)

Employer identification number

Daytime telephone number

Plan number (if applicable)

2 Appointee.

Name and address (please type or print)

CAF No. _____

Telephone No. (_____) _____

Fax No. (_____) _____

Check if new: Address ☐Telephone No. ☐**3 Tax matters.** The appointee is authorized to inspect and/or receive confidential tax information in any office of the IRS for the tax matters listed on this line.

(a) Type of Tax (Income, Employment, Excise, etc.)	(b) Tax Form Number (1040, 941, 720, etc.)	(c) Year(s) or Period(s)	(d) Specific Tax Matters (see instr.)

4 Specific use not recorded on Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. (See the instructions on page 2.) ☐

If you checked this box, skip lines 5 and 6.

5 Disclosure of tax information (you **must** check the box on line 5a or b unless the box on line 4 is checked):**a** If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box ☐**b** If you do not want any copies of notices or communications sent to your appointee, check this box ☐**6 Retention/revocation of tax information authorizations.** This tax information authorization automatically revokes all prior authorizations for the same tax matters you listed above on line 3 unless you checked the box on line 4. If you do not want to revoke a prior tax information authorization, you **MUST** attach a copy of any authorizations you want to remain in effect **AND** check this box ☐

To revoke this tax information authorization, see the instructions on page 2.

7 Signature of taxpayer(s). If a tax matter applies to a joint return, **either** husband or wife must sign. If signed by a corporate officer, partner, guardian, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute this form with respect to the tax matters/periods covered.

Signature _____

Date _____

Signature _____

Date _____

Print Name _____

Title (if applicable) _____

Print Name _____

Title (if applicable) _____

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of form. Form 8821 authorizes any individual, corporation, firm, organization, or partnership you designate to inspect and/or receive your confidential information in any office of the IRS for the type of tax and the years or periods you list on this form. You may file your own tax information authorization without using Form 8821, but it must include all the information that is requested on the form.Form 8821 does not authorize your appointee to advocate your position with respect to the Federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. If you want to authorize an individual to represent you, use **Form 2848**, Power of Attorney and Declaration of Representative.Use **Form 56**, Notice Concerning Fiduciary Relationship, to notify the IRS of the existence of a fiduciary relationship. A fiduciary (trustee, executor, administrator, receiver, or guardian) stands in the position of a taxpayer and acts as the taxpayer. Therefore, a fiduciary does not act as an appointee and should not file Form 8821. If a fiduciary wishes to authorize an appointee to inspect and/or receive confidential tax information on behalf of the fiduciary, Form 8821 must be filed and signed by the fiduciary acting in the position of the taxpayer.**Taxpayer identification numbers (TINs).** TINs are used to identify taxpayer information with corresponding tax returns. It is important that you furnish correct names, social security numbers (SSNs), individual taxpayer identification numbers (ITINs), or employer identification numbers (EINs) so that the IRS can respond to your request.

Partnership items. Sections 6221–6231 authorize a Tax Matters Partner to perform certain acts on behalf of an affected partnership. Rules governing the use of Form 8821 do not replace any provisions of these sections.

When to file. Form 8821 must be received by the IRS within 60 days of the date it was signed and dated by the taxpayer.

Where to file. Generally, mail or fax Form 8821 directly to the Centralized Authorization File (CAF) Unit at the service center where the related return was, or will be, filed. To find the service center address, see the related tax return instructions. To get the fax number, call **1-800-829-1040**.

If Form 8821 is for a specific tax matter, mail or fax it to the office handling that matter. For more information, see the instructions for line 4.

Specific Instructions

Line 1—Taxpayer information

Individuals. Enter your name, TIN, and your street address in the space provided. **Do not** enter your appointee's address or post office box. If a joint return is used, also enter your spouse's name and TIN. Also enter your EIN if applicable.

Corporations, partnerships, or associations. Enter the name, EIN, and business address.

Employee plan. Enter the plan name, EIN of the plan sponsor, three-digit plan number, and business address of the plan sponsor.

Trust. Enter the name, title, and address of the trustee, and the name and EIN of the trust.

Estate. Enter the name, title, and address of the decedent's executor/personal representative, and the name and identification number of the estate. The identification number for an estate includes both the EIN, if the estate has one, and the decedent's TIN.

Line 2—Appointee. Enter your appointee's full name. Use the identical full name on all submissions and correspondence. If you wish to name more than one appointee, indicate so on this line and attach a list to the form.

Note: Only the first three appointees you list will be input on the CAF.

Enter the nine-digit CAF number for each appointee. If an appointee has a CAF number for any previously filed Form 8821 or power of attorney (Form 2848), use that number. If a CAF number has not been assigned, enter "NONE," and the IRS will issue one directly to your appointee.

The CAF number is a number that the IRS assigns to appointees. The appointee's CAF number must be used on all future Forms 8821 or 2848. The IRS does not assign CAF numbers to requests for employee plans and exempt organizations.

Line 3—Tax matters. Enter the type of tax, the tax form number, the years or periods, and the specific tax matter. Enter "Not applicable," in any of the columns that do not apply.

In **column (c)**, write the years using the YYYY format, for example, "2000." **Do not** use general references such as "all years," or "all periods." If you do, your application will be returned.

You may list any prior years or periods, but for future periods, you are limited to the 3 future periods that end no later than 3 years after the date Form 8821 is received by the IRS. For **employment tax** or **excise tax** returns, enter the applicable quarters of the tax year. For **estate tax** returns, enter the date of the decedent's death instead of the year or period.

In **column (d)**, enter any specific information you want the IRS to provide. Examples of column (d) information are: transcript of an account, a balance due amount, a specific tax schedule, or a tax liability.

For requests regarding a **foreign certification** shown on **Form 6166**, Certification of Filing A Tax Return, enter "Form 6166" in column (d) and check the box on line 4.

Line 4—Specific use not recorded on CAF. Generally, the IRS records all tax information authorizations on the CAF system. However, authorizations relating to a specific issue are not recorded.

Check the box on line 4 if Form 8821 is filed for any of the following reasons: (1) requests to disclose information to loan companies or educational institutions, (2) requests to disclose information to Federal or state agency investigators for background checks, (3) civil penalty issues, (4) trust fund recovery penalty,

(5) application for EIN, or (6) claims filed on **Form 843**, Claim for Refund and Request for Abatement. If you check the box on line 4, your appointee should mail or fax Form 8821 to the IRS office handling the matter. Otherwise, your appointee should bring a copy of Form 8821 to each appointment to inspect or receive information. A specific use tax information authorization does not automatically revoke any prior tax information authorizations.

Line 6—Retention/revocation of tax information authorizations. Check the box on this line and attach a copy of the tax information authorization you do not want to revoke.

To revoke an existing authorization, send a copy of the previously executed Form 8821 to the IRS office where it was filed. Write "REVOKE" across the top of the form and sign your name again under the existing signature (line 7). If you do not have a copy of the prior Form 8821, send a letter to the IRS office where you filed it. The letter must indicate that the authority of the tax information authorization is revoked and must be signed by the taxpayer. Include the name and address of each appointee whose authority is revoked.

Note: Filing Form 8821 does not revoke any Form 2848 that is in effect.

Line 7—Signature of taxpayer(s)

Individuals. You must sign and date the authorization. **Either** husband or wife must sign if Form 8821 applies to a joint return.

Corporations. Generally, Form 8821 can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer, and (4) any other person authorized to access information under section 6103(e).

Partnerships. Generally, Form 8821 can be signed by any person who was a member of the partnership during any part of the tax period covered by Form 8821. See **Partnership items** above.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Form 8821 is provided by the IRS for your convenience and its use is voluntary. If you designate an appointee to inspect and/or receive confidential tax information, you are required by section 6103(c) to provide the information requested on the form. Under section 6109, you must disclose your social security number (SSN), employer identification number (EIN), or individual taxpayer identification number (ITIN). If you do not provide all the information requested on this form, we may not be able to honor the authorization.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also give this information to other countries pursuant to tax treaties.

You are not required to provide the information requested on a form unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Disclosure of the information on this form may be made as provided in section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 7 min.; **Learning about the law or the form**, 12 min.; **Preparing the form**, 24 min.; **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send Form 8821 to this address. Instead, see **Where to file** on this page.



TENANT HOUSEHOLD DATA FORM

Name of housing development: _____

Full name of head of household: _____

Street address: _____ Apt # _____

City: _____ Zip Code: _____ County: _____

Unit Type: SRO Eff 1BR 2BR 3BR 4BR

Initial lease start date (original move-in date) __/__/__ Current Lease expiration date: __/__/__

Total monthly rent charge: \$_____ Monthly subsidy amount: \$_____

Monthly utility allowance based on current appliances: \$_____

Subsidy Type: None Section 8 Home TBA Other

Race of the Head of Household?	White, not Hispanic	Black, not Hispanic
	Native American	Asian/Pacific Islander
	Hispanic	

Expected combined gross income of all household members over 18 years of age for the next 12 months, as defined and verified as set forth in the DCA HOME Manual: \$_____

Number of persons in the household, including the head of household: _____

List all household members by their ages. (Relationship to head of household should be listed as spouse, son, daughter, mother, grandson, nephew, etc. If a person is unrelated to head, enter "unrelated").

Relation to head of household	Age	Relation to head of household	Age
Head of Household	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

By signing this form, I certify that I understand all of the questions on this form, and that all of my answers are true and correct to the best of my knowledge

Signed: _____ Date: __/__/__
 Head of Tenant Household

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of the federal agency.

MAXIMUM PER UNIT COST WAIVER

PROJECT INFORMATION:

Project Name: _____

Street Address: _____

City: _____, Georgia Zip Code: _____

Rehab _____ New _____ No. of Buildings: _____ No of Units: _____

Unit Type: SRO: ____ Eff: ____ 1BR: ____ 2BR: ____ 3BR: ____ 4BR: ____

Total Square Footage Residential Uses: _____

Total Square Footage - Support/Community Uses: _____

APPLICANT/OWNER INFORMATION:

Firm Name: _____ Phone: _____

Address: _____ Fax: _____

City: _____ State: _____ Zip Code: _____

Contact Person: _____

REASON FOR EXCEEDING MAXIMUM PER UNIT COST LIMITS:

(Please describe, attach add'l sheets to describe Construction, Special Needs: Amenities/Services etc.

PROPOSED TOTAL DEVELOPMENT BUDGET: _____

PROPOSED CONSTRUCTION HARD COSTS: _____

(include Contr. Overhead, & profit & General Conditions)

ACQUISITION COSTS: _____

PROPOSED PER UNIT COST: Incl. Special Conditions described, & based on Total Dev. Budget

(Attach Construction Budget, Written Description or other information)

Unit Type: SRO: _____ Eff: _____ 1BR: _____

2BR: _____ 3BR: _____ 4BR: _____

PER UNIT COST IMPACT:

(What would the per unit cost be without the special conditions, attach as much as is necessary to explain)

By signing this form, I certify that I understand all of the questions on this form, and that all of my answers represent a truthful and informed statement of conditions and costs.

Signed: _____

Date: _____

Applicant/Owner

[This document is to be submitted with Application]

CERTIFICATION LETTER

[to be submitted under Applicant's letterhead]

[Date]

State of Georgia
Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, NE.
Atlanta, Georgia 30329-2231

Re: [Development's Name]

Staff:

This application is submitted in accordance with the 2002 Qualified Allocation Plan and the Office of Affordable Housing Application Manual. As described in the above referenced documents, the Applicant acknowledges that there will be a fee assessed for all documents submitted that are not in compliance with the instructions, and all approved amendments to the application must be submitted according to the instructions in the Manual.

In submitting this application for funding consideration, the undersigned applicant hereby certifies:

- The State of Georgia Department of Community Affairs (DCA) must be notified of any subsequent events or information which would change any statements or representations in the attached application or amendments thereto;
- DCA reserves the right to verify all information or documents used in processing the application, including requiring credit checks on all parties involved in the transaction. Applicant hereby authorizes the financing bank, accountant, mortgage lender, creditors and others sources identified in the application to release information to DCA or its designee in order to verify the accuracy of information in the application and amendments thereto; and

- This application, attachments, amendments and all correspondence relating thereto in particular or the Office of Affordable Housing in general are subject to disclosure under the rules governing the Georgia Open Records Act (GORA), and Applicant expressly consents to such disclosure. Applicant also agrees to hold harmless DCA and individual directors, employees, members, officers, and agents of DCA against all losses, costs, damage expenses, and liability of whatsoever nature or kind including, but not limited to, attorneys fees, litigation, and court costs directly or indirectly resulting from or arising out of the release of information from the application pursuant to requests under the GORA.

To the best of my knowledge, all of the information in the attached application, including all supporting documentation is correct, complete and accurate.

Applicant Name: _____

By: _____

Title: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

[This letter is submitted with the Application]

[Date]

Georgia Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, N.E.
Atlanta, Georgia 30329

SUBJECT: Application for Low-Income Housing Tax Credit Allocation

TO DCA:

This letter contains important representations and waivers of the undersigned in connection with the application for a reservation, commitment or allocation of State and federal low-income housing credit authority for the _____ project located in _____. This letter is incorporated by reference into the Formal Application. These certifications are of a continuing nature and apply at all stages of the application process: initial application, commitment, and final allocation. By my signature, I agree to the following:

- 1) I am responsible for ensuring that the project consists or will consist of a qualified low-income building (or buildings) as defined in the Internal Revenue Code section 42(c)(2) and will satisfy all applicable requirements of State and federal tax law in the acquisition, rehabilitation, and operation of the project to receive State and federal housing tax credits.
- 2) I am responsible for all calculations and figures relating to the determination of the eligible basis of the building(s). I understand and agree that the amount of the credit is allocated by reference to the figures that I submit as to eligible and qualified basis. I understand that the actual amount of credit allocated may vary somewhat from the amount initially reserved or committed due to (a) the determination by the Georgia Department of Community Affairs ("DCA") as to the amount of credit necessary for the financial feasibility of the project and its viability as a qualified low-income housing project; (b) revisions in the calculations of eligible and qualified basis as finally determined; (c) fluctuations in the prevailing credit percentage; and (d) availability of the credit.

- 3) I understand and agree that DCA makes no representations or warranties regarding the financial feasibility of the project, the amount of credit, or the appropriateness of the allocation of the credit and makes no independent investigation as to the eligible and qualified basis and that any and all credit awards and credit amounts are solely based on representations made by me. I therefore agree to hold harmless and indemnify DCA and the individual directors, employees, members, officers, and agents of DCA in the event that I or anyone acting on my behalf, at my request or by and through me incurs any loss in conjunction with the project, diminution of the credit, loss of the credit, recapture of part or all of the credit or failure to allocate the credit requested in my application.
- 4) I understand and agree that neither DCA nor any of its individual directors, employees, members, officers, or agents assume any responsibility or make any representations or warranties with respect to: (i) the amount or availability of credit for the project; or (ii) the financial feasibility of the project.
- 5) I understand and agree that my application for a low-income housing credit, all attachments thereto, and all correspondence relating to my application in particular or the credit in general are subject to a request disclosure under the Georgia Open Records Act and I expressly consent to such disclosure. I further understand and agree that any and all correspondence to me from DCA or other DCA-generated documents relating to my application are subject to a request for disclosure under the Georgia Open Records Act and I expressly consent to such disclosure. I agree to hold harmless DCA and the individual directors, employees, members, officers, and agents of DCA against all losses, costs, damages, expenses, and liability of whatsoever nature or kind (including, but not limited to, attorneys' fees, litigation, and court costs) directly or indirectly resulting from or arising out of the release of all information pertaining to my application pursuant to a request under the Georgia Open Records Act.
- 6) I understand that any misrepresentations in this application or supporting documentation may result in a withdrawal of tax credits by DCA, my (and related parties) being barred from future program participation, and notification of the

Internal Revenue Service.

- 7) I certify that all Federal, State and local subsidies have been disclosed and revealed.
- 8) I certify that all information provided in the application and all documents submitted is true, correct, and complete.

OWNER

Printed Name

Title

Signature

Date

[This letter is submitted with the Application]

**LOW-INCOME HOUSING TAX CREDIT PROGRAM
OPINION AS TO PROJECT QUALIFICATION**

**For Low-Income Housing Acquisition Credit under section 42 of the Internal
Revenue Code of 1986, as amended
To be submitted under Tax Counsel's Letterhead**

State of Georgia
Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329

ATTN: Low-Income Housing Credit Program

DEVELOPMENT NAME _____
BUILDING/DEVELOPMENT LOCATION _____
BUILDING/DEVELOPMENT OWNER _____

This opinion is given in compliance with the requirements of the Low-Income Housing Tax Credit Program. This firm represents the development owner in a legal capacity. This opinion is based on factual representations made by the development owner or proposed owner and reasonable and prudent verification of such representations. This opinion is rendered to induce the Georgia Department of Community Affairs to grant an acquisition credit under Section 42 of the Internal Revenue Code of 1986, as amended, on the subject building/development.

After reasonable investigation, we are of the opinion that the building for which the acquisition tax credit is requested meets or will meet the following statutory requirements at the time of allocation (PLEASE DELETE PARAGRAPHS WHICH ARE NOT APPLICABLE):

- (1) the building will be acquired by purchase as defined in the Internal Revenue Code Section 179(d)(2); and

(2) either the building was last placed in service at least 10 years prior to the date of acquisition by the new development owner or a period of at least 10 years has expired between the date of acquisition by the new development owner and the most recent nonqualified substantial improvement of the building placed in service by the new development owner or by any related persons specified in the Internal Revenue Code, section 42(d)(2)(B)(iii); or

(3) the building is subject to the following special rule for certain transfers as specified in the Internal Revenue Code Section 42(d)(2)(B)(iii):

_____; or

(4) the ten-year rule has been waived by the Secretary of the Treasury in connection with the building as provided in the Internal Revenue Code section 42(d)(6)(A). If applicable, a copy of that waiver is attached to this opinion; or

(5) the building qualifies for reasons as follows:

This opinion relates solely to the application identified at the outset and is rendered solely for the purpose of inducing the Georgia Department of Community Affairs to make an allocation of the low-income housing credit to the identified owner on the building or development specified. This opinion is not to be used for any other purpose or to be relied upon by, or delivered to, any other person.

Very truly yours,

(Tax Counsel)

CERTIFICATION FOR CONTRACTS, LOANS AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief that:

No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, of modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any persons for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signature of Applicant/Authorized Representative

Date

Name of Firm

Approved by OMB

0348-0046

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance		2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award		3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____	
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Congressional District, if known:			5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:		
6. Federal Department/Agency:			7. Federal Program Name/Description: CFDA Number, if applicable: _____		
8. Federal Action Number, if known:			9. Award Amount, if known: \$ _____		
10. a. Name and Address of Lobbying Entity (if individual, last name, first name, MI): <i>(attach Continuation Sheet(s) SF-LLLA, if necessary)</i>			b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): <i>(attach Continuation Sheet(s) SF-LLLA, if necessary)</i>		
11. Amount of Payment (check all that apply): \$ _____ <input type="checkbox"/> actual <input type="checkbox"/> planned			13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. contingent fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other; specify: _____		
12. Form of Payment (check all that apply): <input type="checkbox"/> a. cash <input type="checkbox"/> b. in-kind; specify: nature _____ value _____					
14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: <i>(attach Continuation Sheet(s) SF-LLLA, if necessary)</i>					
15. Continuation Sheet(s) SF-LLLA attached: <input type="checkbox"/> Yes <input type="checkbox"/> No					
16. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.			Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____		
Federal Use Only:			Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)		

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLLA Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLLA Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing
and Urban Development

OMB Approval No. 2510-0011 (exp. 3/31/2003)

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information

Indicate whether this is an Initial Report ☐ or an Update Report ☐

1. Applicant/Recipient Name, Address, and Phone (include area code):

() -

2. Social Security Number or
Employer ID Number:

- -

3. HUD Program Name

4. Amount of HUD Assistance
Requested/Received

5. State the name and location (street address, City and State) of the project or activity:

Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3).

☐ Yes ☐ No

2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9

☐ Yes ☐ No.

If you answered "**No**" to either question 1 or 2, **Stop!** You do not need to complete the remainder of this form. **However**, you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds

(Note: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity (\$ and %)

(Note: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

Signature:

Date: (mm/dd/yyyy)

X

Public reporting burden for this collection of information is estimated to average 2.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Privacy Act Statement. Except for Social Security Numbers (SSNs) and Employer Identification Numbers (EINs), the Department of Housing and Urban Development (HUD) is authorized to collect all the information required by this form under section 102 of the Department of Housing and Urban Development Reform Act of 1989, 42 U.S.C. 3531. Disclosure of SSNs and EINs is optional. The SSN or EIN is used as a unique identifier. The information you provide will enable HUD to carry out its responsibilities under Sections 102(b), (c), and (d) of the Department of Housing and Urban Development Reform Act of 1989, Pub. L. 101-235, approved December 15, 1989. These provisions will help ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD. They will also help ensure that HUD assistance for a specific housing project under Section 102(d) is not more than is necessary to make the project feasible after taking account of other government assistance. HUD will make available to the public all applicant disclosure reports for five years in the case of applications for competitive assistance, and for generally three years in the case of other applications. Update reports will be made available along with the disclosure reports, but in no case for a period generally less than three years. All reports, both initial reports and update reports, will be made available in accordance with the Freedom of Information Act (5 U.S.C. §552) and HUD's implementing regulations at 24 CFR Part 15. HUD will use the information in evaluating individual assistance applications and in performing internal administrative analyses to assist in the management of specific HUD programs. The information will also be used in making the determination under Section 102(d) whether HUD assistance for a specific housing project is more than is necessary to make the project feasible after taking account of other government assistance. You must provide all the required information. Failure to provide any required information may delay the processing of your application, and may result in sanctions and penalties, including imposition of the administrative and civil money penalties specified under 24 CFR §4.38.

Note: This form only covers assistance made available by the Department. States and units of general local government that carry out responsibilities under Sections 102(b) and (c) of the Reform Act must develop their own procedures for complying with the Act.

Instructions

Overview.

A. Coverage. You must complete this report if:

- (1) You are applying for assistance from HUD for a specific project or activity **and** you have received, or expect to receive, assistance from HUD in excess of \$200,000 during the fiscal year;
- (2) You are updating a prior report as discussed below; or
- (3) You are submitting an application for assistance to an entity other than HUD, a State or local government if the application is required by statute or regulation to be submitted to HUD for approval or for any other purpose.

B. Update reports (filed by "Recipients" of HUD Assistance):

General. All recipients of covered assistance must submit update reports to the Department to reflect substantial changes to the initial applicant disclosure reports.

Line-by-Line Instructions.

Applicant/Recipient Information.

All applicants for HUD competitive assistance, must complete the information required in blocks 1-5 of form HUD-2880:

1. Enter the full name, address, city, State, zip code, and telephone number (including area code) of the applicant/recipient. Where the applicant/recipient is an individual, the last name, first name, and middle initial must be entered.
2. Entry of the applicant/recipient's SSN or EIN, as appropriate, is optional.
3. Applicants enter the HUD program name under which the assistance is being requested.
4. Applicants enter the amount of HUD assistance that is being requested. Recipients enter the amount of HUD assistance that has been provided and to which the update report relates. The amounts are those stated in the application or award documentation. **NOTE:** In the case of assistance that is provided pursuant to contract over a period of time (such as project-based assistance under section 8 of the United States Housing Act of 1937), the amount of assistance to be reported includes all amounts that are to be provided over the term of the contract, irrespective of when they are to be received.
5. Applicants enter the name and full address of the project or activity for which the HUD assistance is sought. Recipients enter the name and full address of the HUD-assisted project or activity to which the update report relates. The most appropriate government identifying number must be used (e.g., RFP No.; IFB No.; grant announcement No.; or contract, grant, or loan No.) Include prefixes.

Part I. Threshold Determinations - Applicants Only

Part I contains information to help the applicant determine whether the remainder of the form must be completed. **Recipients filing Update Reports should not complete this Part.**

If the answer to **either** questions 1 or 2 is No, the applicant need not complete Parts II and III of the report, but must sign the certification at the end of the form.

Part II. Other Government Assistance and Expected Sources and Uses of Funds.

A. Other Government Assistance. This Part is to be completed by both applicants and recipients for assistance and recipients filing update reports. Applicants and recipients must report any other government assistance involved in the project or activity for which assistance is sought. Applicants and recipients must report any other government assistance involved in the project or activity. Other government assistance is defined in note 4 on the last page. For purposes of this definition, other government assistance is expected to be made available if, based on an assessment of all the circumstances involved, there are reasonable grounds to anticipate that the assistance will be forthcoming.

Both applicant and recipient disclosures must include all other government assistance involved with the HUD assistance, as well as any other government assistance that was made available before the request, but that has continuing vitality at the time of the request. Examples of this latter category include tax credits that provide for a number of years of tax benefits, and grant assistance that continues to benefit the project at the time of the assistance request.

The following information must be provided:

1. Enter the name and address, city, State, and zip code of the government agency making the assistance available.
2. State the type of other government assistance (e.g., loan, grant, loan insurance).
3. Enter the dollar amount of the other government assistance that is, or is expected to be, made available with respect to the project or activities for which the HUD assistance is sought (applicants) or has been provided (recipients).
4. Uses of funds. Each reportable use of funds must clearly identify the purpose to which they are to be put. Reasonable aggregations may be used, such as "total structure" to include a number of structural costs, such as roof, elevators, exterior masonry, etc.

B. Non-Government Assistance. Note that the applicant and recipient disclosure report must specify all expected sources and uses of funds - both from HUD **and any other source** - that have been or are to be, made available for the project or activity. Non-government sources of

funds typically include (but are not limited to) foundations and private contributors.

Part III. Interested Parties.

This Part is to be completed by both applicants and recipients filing update reports. Applicants must provide information on:

1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
2. any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Note: A financial interest means any financial involvement in the project or activity, including (but not limited to) situations in which an individual or entity has an equity interest in the project or activity, shares in any profit on resale or any distribution of surplus cash or other assets of the project or activity, or receives compensation for any goods or services provided in connection with the project or activity. Residency of an individual in housing for which assistance is being sought is not, by itself, considered a covered financial interest.

The information required below must be provided.

1. Enter the full names and addresses. If the person is an entity, the listing must include the full name and address of the entity as well as the CEO. Please list all names alphabetically.
2. Entry of the Social Security Number (SSN) or Employee Identification Number (EIN), as appropriate, for each person listed is optional.
3. Enter the type of participation in the project or activity for each person listed: i.e., the person's specific role in the project (e.g., contractor, consultant, planner, investor).
4. Enter the financial interest in the project or activity for each person listed. The interest must be expressed both as a dollar amount and as a percentage of the amount of the HUD assistance involved.

Note that if any of the source/use information required by this report has been provided elsewhere in this application package, the applicant need not repeat the information, but need only refer to the form and location to incorporate it into this report. (It is likely that some of the information required by this report has been provided on SF 424A, and on various budget forms accompanying the application.) If this report requires information beyond that provided elsewhere in the application package, the applicant must include in this report all the additional information required.

Recipients must submit an update report for any change in previously disclosed sources and uses of funds as provided in Section I.D.5., above.

Notes:

1. All citations are to 24 CFR Part 4, which was published in the Federal Register. [April 1, 1996, at 63 Fed. Reg. 14448.]
2. Assistance means any contract, grant, loan, cooperative agreement, or other form of assistance, including the insurance or guarantee of a loan or mortgage, that is provided with respect to a specific project or activity under a program administered by the Department. The term does not include contracts, such as procurements contracts, that are subject to the Fed. Acquisition Regulation (FAR) (48 CFR Chapter 1).
3. See 24 CFR §4.9 for detailed guidance on how the threshold is calculated.
4. "Other government assistance" is defined to include any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance from the Federal government (other than that requested from HUD in the application), a State, or a unit of general local government, or any agency or instrumentality thereof, that is, or is expected to be made, available with respect to the project or activities for which the assistance is sought.
5. For the purpose of this form and 24 CFR Part 4, "person" means an individual (including a consultant, lobbyist, or lawyer); corporation; company; association; authority; firm; partnership; society; State, unit of general local government, or other government entity, or agency thereof (including a public housing agency); Indian tribe; and any other organization or group of people.

[to be submitted on Local Government Body's Letterhead]

<<Date>>

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

RE: <<name of project>>
<<address or lot number>>
<<city, state>>

Dear Sir or Madam:

<<name of developer>>, the developer of the referenced proposed development, has notified the <<official name of local government body or chief elected official>> of its intention to develop and to apply to the Georgia Department of Community Affairs (DCA) for Low Income Housing Tax Credit (Credit) and/or financing through the HOME Investment Partnerships Program (HOME) for the development of units affordable to low income residents.

The purpose of this letter is to convey our understanding of the details of the project, as stipulated in the State of Georgia's 2002 Qualified Allocation Plan. The details are as follows:

Project Name:
Project Address and/or Lot Number:
Owner/Developer Name:
Owner/Developer Address:
Total Number of Units:
Total Number of Units Set Aside for Low Income Residents:
Project Type (New Construction/Rehabilitation):
Tenancy (Family/Elderly/Special Needs):

I hereby certify that I am the chief elected official of this jurisdiction, or the person duly authorized to speak on behalf of the elected person or body constituting the government of this jurisdiction, as specified in the attached copy of the charter or bylaws of the governmental body. In this capacity, I hereby state that the <<official name of local government body or chief elected official>> (*check one*):

___ Opposes the proposed development as presented.

___ Is unopposed to the proposed development as presented.

- ____ Supports the proposed development as presented, as evidenced by the attached <<resolution of support>> or <<letter of support *[if local jurisdiction is governed by only one elected official]*>>.
- ____ Supports the proposed development as presented, as evidenced by the attached <<resolution of support>> or <<letter of support *[if local jurisdiction is governed by only one elected official]*>>. Furthermore, this local jurisdiction commits to provide financial assistance to the proposed development, as evidenced by the attached letter from the chief executive officer of this jurisdiction outlining the type, amounts, terms, and conditions of such assistance.

Finally, I understand that I will also be notified by DCA when the Owner/Developer submits its application for Credit and/or HOME funding, and be given 30 days to provide additional comments on the application.

Sincerely,

<<name of chief elected official>>
<<title>>

Attachments: Copy of Local Charter or Bylaws Authorizing Signer
[Resolution of Support]
[Letter of Financial Assistance]

**OFFICE OF AFFORDABLE HOUSING
CERTIFICATION LETTER FOR DEBT FINANCING**

[For all projects: to be submitted under lender's letterhead no later than 75 days from the receipt of Carryover Allocation.)

[Date]

State of Georgia
Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, N.E.
Atlanta, Georgia 30329

Re: [Development Name]

The undersigned (hereinafter "Lender") hereby makes the following representations to the Department of Community Affairs (hereinafter "DCA") to induce DCA to award tax credits and/or HOME loan funds to **[Name of Applicant]** (hereinafter "Applicant") for permanent financing of the Development located at or to be located at **[address of Development]** known as or to be known as **[name of Development]**, and consisting of or to consist of approximately **[number of units]** affordable housing units (hereinafter "Development"):

1. The Lender has made a binding Loan Commitment (hereinafter "Loan Commitment") to Applicant for the **[construction]** **[and]** **[permanent]** financing of the Development. A copy of the Lender's Loan Commitment is attached hereto as Exhibit A and incorporated herein by reference. The attached Loan Commitment is valid through **[expiration date of the commitment document]**.
2. All conditions precedent to the issuance of the Loan Commitment, with the exception of allocation of tax credits, have been met by Applicant and are deemed satisfied by the Lender. Lender acknowledges that unacceptable conditions to the loan commitment include, but are not limited to, payment of fees and or deposits, and confirmation of the development's feasibility.
3. The Applicant has reviewed and accepted the terms and conditions of the Loan Commitment.
4. Lender certifies that the Loan Commitment contains no conditions, which are not customary and reasonable for loans of this nature and amount, and or which are not reasonably expected by the Lender to be satisfied at the time of loan funding.

5. The lender reasonably expects to close on the loan referenced in the Loan Commitment attached hereto by **[Projected Closing Date]**.
6. The undersigned is a duly authorized officer of the Lender who has direct and personal knowledge of the facts contained herein and in the Loan Commitment attached hereto, and who is authorized to execute said document on behalf of the Lender.
7. The attached Loan Commitment includes at minimum: all terms and conditions of the loan including interest rate, maturity date, security requirements, repayment provisions and an authorized signature of Lender on the Loan Commitment.
8. Lender certifies that to the extent this document conflicts with the Loan Commitment, attached hereto or loan documents related thereto, this document is to be given priority.

I hereby certify that the foregoing is an accurate summary of the Lender's representations concerning the attached Loan Commitment.

Lender: _____

By: _____

Title: _____

Attest: _____

By: _____

Title: _____

[SEAL]

**OFFICE OF AFFORDABLE HOUSING
CERTIFICATION LETTER OF LIMITED PARTNERS' EQUITY**

[to be submitted under Investor's letterhead within 75 days of credit reservation]

[Date]

State of Georgia
Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329

Attn: Office of Affordable Housing

The undersigned (hereinafter "Investor") hereby makes the following representations to the Department of Community Affairs (hereinafter "DCA") to induce DCA to award tax credits and/or HOME loan funds to **[Name of Applicant]** (hereinafter "Applicant") for **[acquisition]** **[and]** **[rehabilitation]** of the Development located at or to be located at **[address of Development]** known as or to be known as **[name of Development]**, and consisting of or to consist of approximately **[number of units]** affordable housing units (hereinafter "Development"):

1. The Investor has executed a binding Limited Partners' Equity Commitment (hereinafter) "Equity Commitment" with Applicant for the **[construction]** **[and]** **[permanent]** financing of the Development. A copy of the Equity Commitment is attached hereto and incorporated herein by reference. The attached Equity Agreement is valid through **[expiration date of the Equity Commitment document]**.
2. All conditions precedent to the issuance of the Equity Commitment, with the exception of allocation of tax credits, have been met by Applicant and are deemed satisfied by the Investor. Investor acknowledges that unacceptable conditions to the Equity Commitment include, but are not limited to, payment of fees and or deposits, and confirmation of the development's feasibility.
3. The Applicant has reviewed and accepted the terms and conditions of the Equity Commitment.
4. Investor certifies that the Equity Commitment contains no conditions, which are not customary and reasonable for equity commitments of this nature and amount, and or which are not reasonably expected by the Investor to be satisfied at the time of execution of the Limited Partnership Agreement.
5. The Investor reasonably expects to enter into the Limited Partnership Agreement referenced in the attached Equity Commitment by **[date of the execution of the Limited Partnership Agreement]**.
6. The undersigned is a duly authorized officer of the Investor who has direct and personal knowledge of the facts contained in the Equity Commitment attached hereto, and who is authorized to execute said document on behalf of the Investor.

7. The attached Equity Commitment includes at minimum: all terms and conditions of the Equity Commitment including physical description of the development, amount of net equity contributed to the development, conditions of payment of equity, equity pay-in schedule, cash flow distribution, disclosure of all guaranties and an authorized signature of the equity investor.

8. Lender certifies that to the extent this document conflicts with the Equity Commitment attached hereto or other documents related thereto, this document is to be given priority.

I hereby certify that the foregoing is an accurate summary of the Investor's representations concerning the attached Equity Commitment.

[Select One Format for Signature from page 2 or 3 and Delete the Other]

[Use this format if Investor is either a Corporation or a Limited Partnership with a corporate General Partner.]

[Name of Investor]

By: _____

Name: _____

Title: _____

[Specify sole or managing general partner, if applicable]

Attest : _____

Name: _____

Title: _____

[Should be an officer of Corporation]

[SEAL]

[continued on next page]

[If Investor is a limited partnership with an individual general partner]

[name of Investor]

By: _____
its sole or managing General
Partner

Name: _____

[SEAL]

[This letter is available with the Application, if applicable]

**FORMAT FOR OPINION OF COUNSEL
ON QUALIFICATIONS OF NONPROFIT**

(Must be submitted on Attorney's Letterhead)

[Date]

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

Subject: **[Development Name]**
[Development Address]

In order to satisfy one of the requirements set forth in the Office of Affordable Housing Application Manual, we have been asked to render an opinion as to: whether **[Applicant]** is a qualified nonprofit organization within the meaning of Section 42(h)(5) of the Internal Revenue Code (IRC); and whether Applicant satisfies the requirements of a qualified nonprofit organization, as defined in Section 7 of the State of Georgia 2002 Core Qualified Allocation Plan, and in Section 20 of Appendix I of the Plan (Threshold Criteria). We also understand that the Department of Community Affairs requires this legal opinion as a prerequisite to considering **[Applicant]** for an allocation of State and federal tax credits from the Set-Aside reserved for use by qualified nonprofits.

In formulating our opinion, we reviewed the Articles of Incorporation and Bylaws of **[Applicant]**, the Letter of Determination dated [date] from the Internal Revenue Service as well as the Certificate of Existence from the State of Georgia, Secretary of States' Office. We also examined the records of **[Applicant]** to determine whether or not an identity of interest exists between **[Applicant]** and any for-profit sponsors of the above-referenced development ("the Development").

Based on our review of the foregoing, it is our opinion that:

1. **[Applicant]** is a "qualified non-profit organization" within the meaning of Section 42(h)(5)(IRC);
2. To our knowledge, there is no identity of interest existing between **[Applicant]** and any for-profit sponsors of the project and that no impermissible affiliation with or control by a for-profit organization exists with respect to the Development;

3. One of the exempt purposes of [Applicant] includes the fostering of low-income housing; **[and]**
4. **[Applicant]** is a duly formed and validly existing nonprofit organization authorized to operate in the State of Georgia, as evidenced by a Certificate of Authority to Transact Business, or a Certificate of Existence. Applicant represents that all yearly annual registrations have been properly filed of record with the Secretary of State's office[.]; **and]**
5. *{Select One}*
[After reviewing the organizational documents and other supporting documents, it is our opinion that the [Applicant] is not sponsored, created or incorporated by a for-profit entity.] or
[After reviewing the organizational documents and other supporting documents, it is our opinion that the [Applicant] was sponsored or created by a for-profit entity and the for-profit entity's primary purpose is not the development or management of housing.]

We hereby certify that this opinion may be relied upon by the Office of Affordable Housing in the 2002 funding round in making a determination as to the eligibility of [Applicant] to receive State and federal tax credits from the nonprofit set-aside.

Sincerely,

[Name of Attorney or Firm rendering opinion]

[This letter is submitted with the Application]

PUBLIC HOUSING CERTIFICATION

[Date]

State of Georgia
Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329

Attn: Office of Affordable Housing

The [] (hereinafter "Applicant") and the [] Public Housing Agency (hereinafter PHA) hereby make the following representations to the Department of Community Affairs (hereinafter "DCA") to induce DCA to award State and federal tax credits and/or HOME loan funds to [Name of Applicant] (hereinafter "Applicant") for [acquisition] [and] [rehabilitation] of the Development located at or to be located at [address of Development] known as or to be known as [name of Development], and consisting of or to consist of approximately [number of units] affordable housing units (hereinafter "Development"):

The Applicant certifies:

1. Pursuant to the points awarded under the 2002 Qualified Allocation Plan, Applicant certifies that it will reserve **[number]** units to be rented exclusively to public housing tenants for at least five years.
2. Applicant understands that at no time can more than **[%]** of the total units be occupied by tenants other than those receiving public housing assistance.
3. Applicant certifies that no contribution has been made to the PHA as an inducement to provide subsidies in order to receive the points awarded under the 2002 Qualified Allocation Plan.
4. Applicant has reviewed and accepted the terms and conditions of the Public Housing Agreement, attached hereto.

PHA certifies:

1. PHA has committed to make contributions to the project in the form of **[operating/rent subsidies]** and/or **[financial assistance]** in the amounts of **[\$ _____]** and **[\$ _____]** respectively. This commitment is for consideration by the applicant for reserving [number] units exclusively for public housing tenants for a minimum of five years.

2. The PHA has reviewed and accepted the terms and conditions of the Public Housing Agreement, attached hereto.
3. PHA certifies that it has received no contribution as an inducement to provide subsidies in order receive the points awarded under the 2002 Qualified Allocation Plan.

The undersigned certifies that to the extent this document conflicts with the Public Housing Agreement attached hereto or loan documents related thereto, this document is to be given priority.

Both of the undersigned parties hereby certify that the foregoing is an accurate summary of the Public Housing Agreement which is attached hereto and incorporated herein by reference.

[APPLICANT]

By: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

[PUBLIC HOUSING AGENCY]

By: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

GENERAL INFORMATION NOTICE

DATE_____

Certified Mail # _____

Dear [Tenant]:

Georgia Department of Community Affairs (“DCA”) is in the process of reviewing [_____] (“Borrower’s”) application for federal financial assistance to rehabilitate the apartment complex where you live.

This notice is to inform you that, if GHFA loans federal money to the Owner to rehabilitate the property, you will not be displaced. Therefore, we urge you not to move anywhere at this time. If you decide to move for any reasons of your choice, you will not be provided any benefits under the Uniform Relocation Act.

If DCA approves the Borrower’s application for federal assistance to rehabilitate the property, you will be able to lease and occupy your present unit (or another affordable, suitable, decent, safe and sanitary unit in the same complex) after completion of the rehabilitation. Of course, you must comply with the standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent and average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be compensated for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Since you will have the opportunity to occupy a newly rehabilitated unit, we urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. If federal financial assistance is awarded, you will be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

In order to ensure protection of your rights, you will be asked to provide the following information within the next few weeks:

- Your monthly rent;
- Amount of any rent or utility subsidies you receive;
- Your monthly gross income;
- The number of persons in your household; and
- The marital status and age of the head of household.

This letter is important and should be retained. If you have any questions, please contact Linda Parks, Federal Regulations Compliance Officer, at 1 (800) 359-4663. Remember, do not move before we have a chance to discuss your eligibility for assistance.

Sincerely,

Linda Parks
Federal Regulations Compliance Officer

DCA OFFICE OF AFFORDABLE HOUSING DEVELOPMENT

HOME MULTIFAMILY TENANT RELOCATION PLAN

Under the Home Investment Partnerships Program (HOME) allocated by the Georgia Department of Community Affairs (DCA) for the purpose of establishing and implementing multifamily housing projects, DCA's approval of financial assistance for this project is premised on the Developer's certification of compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended and applicable instructions as implemented in HUD Handbook 1378.

The Developer, under the DCA HOME Program, plans to rehabilitate multifamily housing in order to improve the living environment of the tenants. This Tenant Relocation Plan (Plan) is for the purpose of submitting information which will enable DCA to determine if the temporary relocation of affected tenants will be in compliance with the requirements of the URA, as amended.

NOTE: Budgetary Implications. Early, common sense planning is necessary to ensure that sufficient funds will be budgeted to comply with applicable law and regulations. (If the project is not feasible, what can be done to make it feasible?)

PROJECT PLANNING

A. **Avoid Displacements.** Consistent with the goals and objectives of the DCA program, sub recipients/grantees shall assure that they take all reasonable steps to avoid displacement as a result of a project. For example, if feasible, residential occupants of buildings to be rehabilitated shall be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling unit in the building/complex following completion of the project (see Paragraph 1-8b(3) and chapter 8 in HUD Handbook 1378). If necessary to accomplish this goal, the Developer should consider the feasibility of carrying out the project in stages.

NOTE: Since permanently displacing a tenant causes additional/different requirements under the URA to be triggered, and; since permanent displacement of a tenant whose household income is determined to be low income triggers the requirements of section 104(d) of the Housing and Community Development Act of 1974, as amended, DCA will not approve projects which may result in permanent displacement.

B. **Coordination.** The Developer shall take the steps necessary to ensure cooperation and coordination with DCA, neighborhood groups and affected persons so that the project can proceed efficiently with minimal duplication of effort.

C. **Consultation with Property Occupants.** The Developer must consult with the occupants of the site to be acquired, rehabilitated or demolished at an early stage. Resident participation in the design of a project will usually facilitate the project and may be necessary for accurate budgeting. When public meetings are held, the meeting room must be accessible to all persons in the intended audience, regardless of disability.

D. **Determining Resource Needs.** During the planning stage the Developer should review applicable relocation policies, determine staffing, training and other capacity building needs and identify any special problems associated with displacement caused by the project and possible solutions. To the extent necessary and feasible, the developer should conduct a site survey before submitting a project and determine or estimate:

- (1) The number of households to be temporarily relocated; tenure (owner or tenant); tenant income; purchase cost or rent/utility costs; family characteristics; and impacts on minorities, the elderly, large families and the handicapped. Compare this information with the availability of reasonably priced comparable temporary replacement dwellings;
- (2) The need for providing advisory services to persons that will not be displaced; and
- (3) The need, if any, for providing advisory services to other persons in the neighborhood that will be adversely affected by the project.

E. **Estimating Relocation Costs.** During the planning stage, the Developer should budget for compensation for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent/utility costs.

MOVING BENEFITS:

1. Actual reasonable moving expense and storage costs paid to a bonded and licensed moving company for the move to the temporary housing unit shall be compensated by the owner/developer. If requested by the tenant, the Developer may assist the tenant in obtaining a qualified mover.
2. Actual reasonable moving expense and storage costs paid to a bonded and licensed moving company for the return move to the tenant's housing unit shall be compensated by the owner/developer. If requested by the tenant, the Developer may assist the tenant in obtaining a qualified mover.

*NOTE: The Developer should require each tenant to submit their moving cost estimate to the Developer prior to moving in order to determine if the cost estimate is reasonable, and that failure to do so could result in the tenant not being fully compensated.

TEMPORARY HOUSING EXPENSES:

1. Temporary housing expenses for tenant households shall be actual reasonable documented expenses. Temporary housing expenses that are eligible compensation under the URA are as follows:

- Any increase monthly rent and utility costs that are incurred at the temporary replacement unit offered by the Developer that are above the rent needed at the tenant's current unit.
- If the tenant elects to move to a unit other than the replacement housing unit offered by the Developer, the tenant will not be eligible for any amount that exceeds the amount that would have been needed at the replacement unit the Developer offered.
- Disconnection and connection of the tenant's utilities, telephone and cable (if the tenant has these services at their current unit) at the temporary unit and after the return move, for the tenant's current/new unit within the project.

REMEMBER:

In order to receive a compensation for Temporary Housing Expenses, the temporary replacement dwelling must be inspected and approved by a member of the Developer's staff, (or code official if designated) as decent, safe, and sanitary, and adequate to meet the tenant's occupancy needs. Tenants should remember that a premature move may result in loss of eligibility for a Temporary Housing Expense payment.

ATTACHMENTS:

To assist DCA in determining that the Developer has obtained sufficient information to identify the tenants temporary replacement housing needs, DCA requests that the Temporary Relocation Cost Estimate form provided be completed and submitted with the application to assure that the Developer has attempted to identify all cost associated with the temporary relocation of the tenants.

TENANT RELOCATION CERTIFICATION PLAN

The _____ (Developer) hereby certifies that it has planned this project in compliance with the Tenant Relocation Plan and that the budgetary information provided in this plan is sufficient to meet the relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended.

This CERTIFICATION is made this the _____ day of _____, 200__ by the

Director and Board of _____, Developer,

State of Georgia.

ATTEST:

_____ BY: _____
Authorized Developer Official

DCA OFFICE OF AFFORDABLE HOUSING DEVELOPMENT

TEMPORARY RELOCATION COST ESTIMATE

[illegible]

MOVE IN NOTICE

Dear Tenant:

The owner of this apartment complex is in the process of applying for federal funds from the Georgia Department of Community Affairs to rehabilitate this apartment complex. Should the owner receive federal funds to rehabilitate the apartment complex, the owner may have to either permanently displace tenants, due to rehabilitation, temporarily relocate tenants during rehabilitation, or increase the rent.

Because you are receiving notice of the above prior to signing the lease, you will not be entitled to any displacement or relocation assistance pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended ("The Act") should you have to relocate or pay an increase in rent after signing the lease.

Please contact Linda Parks, Federal Regulations Compliance Officer at GHFA at 1-800-359-4663, if you have any questions or need further explanation.

Sincerely,

Management

Tenant's Name _____ Date _____

Tenant's Signature _____

Address _____

TEMPORARY RELOCATION NOTICE

DATE _____

Certified Mail # _____

Dear [Tenant]:

The owner of [address of property or name of complex] applied for Federal assistance from the Georgia Department of Community Affairs (“DCA”) to make extensive repairs to your building. On [date] the owner’s request for funding was approved. Rehabilitation on your apartment will begin in the next 30 days.

This notice is to inform you that in 30 days you will be **temporarily relocated**. An apartment or unit located at [property address] will be made available to you during the rehabilitation of your unit.

You will not be displaced. You will be able to lease and occupy our present apartment or another comparable apartment in the complex upon completion of the rehabilitation. Your monthly rent will remain the same or if increased, your new rent and estimated average utility costs will not exceed 30% of the monthly gross household income. Of course, you must comply with the reasonable terms and conditions of your lease. You will be compensated for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

If there are any additional costs involved related to your temporary move, please save your receipts. You will need to provide them as documentation for reimbursement.

If you have any questions, please contact Linda Parks, Federal Regulations Compliance Officer, at 1 (800) 359-4663. Remember, **do not move** before we have a chance to discuss your eligibility for assistance.

Sincerely,

Linda Parks
Federal Regulations Compliance Officer

NOTICE OF NONDISPLACEMENT

Date_____

Certified Mail #_____

Dear [Name of tenant]:

We recently notified you that (the “Borrower”) had submitted an application to the Georgia Department of Community Affairs (“DCA”) for Federal financial assistance to make extensive repairs to the apartment complex where you live at [address].

This is a notice of nondisplacement. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building or complex) upon completion of the rehabilitation. Your monthly rent will remain the same or if increased, your new rent including the estimated average monthly utility costs, will not exceed the greater of your current rent and average utility costs, or 30 percent of the gross household income of all adult members of your household.
2. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated unit, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. If you have any questions, please contact Linda Parks, Federal Regulations Compliance Officer, at 1 (800) 359-4663. Remember, do not move before we have a chance to discuss your eligibility for assistance.

Sincerely,

Linda Parks
Federal Regulations Compliance Officer

MBE/WBE OUTREACH PLAN GUIDE FORM

Minority and Women's Business Enterprises Outreach Procedures

(Owner's name may be substituted for the blank space, however, Owner is responsible for each item in the plan) The MBE/WBE Outreach Plan Guide Form must be submitted with the second and final construction draw request.

DCA has established procedures to encourage the use of minority and women's business enterprises (MBE/WBE) in HOME-assisted housing in accordance with the Interim Rule of the Home Investment Partnerships (HOME) Program. These procedures are intended to further the objectives of Executive Orders 11625, 12432 and 12138.

(a) Informing the public, owners and potential MBE/WBE about the MBE/WBE outreach policy/procedures

1. _____ will publish its Minority/Women's Business Enterprises Policy Statement in the newspaper of widest statewide circulation and other minority/women oriented newspapers of widest statewide circulation.
2. _____ will develop and maintain a solicitation list of certified MBE/WBE with capabilities, services, supplies and/or products which are related to housing development. All state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing will be required to do the same, whenever financially feasible. The services and assistance of the Minority Business Development Agency of the U.S. Department of Commerce and other appropriate federal and state agencies will be sought in accomplishing this task.

(b) MBE/WBE participation in the HOME programs

1. To the maximum extent possible, MBE/WBE will be included in all contracts which _____ enters related to the provision of affordable housing under the HOME program. All state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing will also be required, to the maximum extend possible, to do the same.
2. When economically feasible, _____ will divide total requirements into small tasks and quantities to permit the maximum participation by MBE/WBE and will require the same of the state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing.
3. When economically feasible, _____ will establish delivery schedules which encourage MBE/WBE participation in HOME programs and will require the same of the state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing.

(c) Compliance

DCA will require that all state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing comply with the MBE/WBE outreach program procedures as a condition of assistance. This requirement will be included as a legal covenant in the appropriate Performance Agreement.

(d) Record keeping procedures

DCA will maintain records which will describe MBE/WBE outreach activities taken and will require the prime contractors, developers and owners of HOME-assisted housing to do the same and submit annual reports on their MBE/WBE outreach activities to DCA as a condition of receipt of HOME funds.

(e) MBE/WBE outreach assessment and corrective actions

DCA will review annually the success of its MBE/WBE outreach efforts associated with the HOME programs and will take corrective action to strengthen any weaknesses in its MBE/VVBE outreach activities. This assessment will be completed for each SR, CHDO, prime contractor, and owner of HOME-assisted housing consisting of more than four units (smaller housing projects will be assessed every two years). Each will be required to take corrective action to strengthen any weakness. Failure to do so may result in the pursuit of remedies by DCA.

Instructions For Affirmative Fair Housing Marketing Plan

Please Read Before Filling Out the Forms.

1. Introduction. DCA's Affirmative Marketing Plan for owners of HOME assisted projects with five or more units requires that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area *regardless of race, color, religion, sex, national origin, handicap or familial status.*

The applicant will describe on this format the activities it proposes to carry out during *advance marketing*, where applicable, and the initial sales and rent-up period. The affirmative marketing program also must ensure that any group(s) of persons normally **NOT** likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, location of housing in the SMSA, price or other factors) know about the housing, feel welcome to apply and have the opportunity to buy or rent.

Information specifically required in each subsection of this form must be attached upon submission of the application and must be resubmitted with the final construction draw.

In addition to the specific advertising and notification activities, please describe activities relating to instructions to staff on fair housing and EHO concerns, and acknowledge intent to participate in periodic DCA-sponsored training opportunities where applicable.

2. Part 2. Applicant and Project Identification.

- ◆ Parts A, B, and D are self-explanatory.
- ◆ With regard to Part C, the applicant shall obtain census tract information from local planning agencies, county planning departments, public libraries or other sources of census data. ***In addition, applicant must attach map and census tract information indicating location of existing assisted housing projects in community or proposed service area.***
- ◆ With respect to Part E, specify approximate starting date of initial occupancy.
- ◆ Part F is to be completed only if the applicant is not to implement the plan on its own.

3. Part 3. Type of Affirmative Marketing Plan. Applicant for multifamily and subdivision projects are to submit a Project Plan which describes the marketing program for the particular project or subdivision. Scattered site builders are to submit individual annual plans based on the racial composition of each type of census tract. For example, if a builder plans to construct units in both minority and non-minority census tracts, separate plans will be submitted for all of the housing proposed for both sites.

4. Part 4. Direction of Marketing Activity. Considering factors such as price or rent of housing, the racial/ethnic characteristics of the neighborhood in which housing is (or is to be) located, and the population within the housing market area, public transportation routes, etc., indicate which group(s) of the existing population you believe ARE **LEAST LIKELY** to apply without special outreach.

5. Part 5. Marketing Programs. The applicant will describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in Part 4 of the Plan as least likely to apply. The applicant will state:

- ◆ the type of media to be used,
 - ◆ the names of newspapers/call letters of radio or of TV stations,
 - ◆ the name of contact person at each medium,
 - ◆ the address and phone number of each medium,
 - ◆ the identity of the circulation or audiences of the media identified in the Plan, e.g., White (non-Hispanic), Black (non-Hispanic), Hispanic, Asian-American/Pacific Islander, American Indian/Alaskan Native,
 - ◆ and the size or duration of newspaper advertising or length and frequency of broadcast advertising.
-

Community contacts include the individuals or organizations that are well-known in the project area or the locality, and that can influence persons with groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood minority and women's organizations, churches, labor unions, employers, public and private agencies, and individuals who are connected with these organizations and/or are well-known in the community.

6. Part 6. Future Marketing Activities. Self-explanatory.

7. Part 7. Experience and Staff Instructions.

- a. Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing.
- b. Describe the instructions and training given to the sales/rental staff. This guidance to staff must include information regarding federal, state and local fair housing laws and AFHM Plan. Copies of any written materials must be submitted with the Plan, if such materials are available.

8. Part 8. Additional Considerations. In this section describe other efforts not covered previously which are planned to attract persons in either those groups already identified in Part 4 of the Plan as least likely to apply for the housing or in groups not previously identified in the Plan. Such efforts may include outreach activities to female-headed households.

9. Part 9. Self-explanatory. The applicant's authorized agent signs the AFHM Plan at the bottom and dates it. By signing the Plan, the applicant assumes full responsibility for its implementation. DCA may at any time monitor the implementation of the Plan and request modification in its format or content, as DCA deems necessary.

10. Notice of Intent to Begin Marketing. No later than 90 days prior to the initiation of sales or rental marketing activities, the applicant with an approved Plan will submit written notice of intent to begin marketing to DCA.

11. Annual Assessment of AFHM Plan. The applicant will submit to DCA on an annual basis, within 30 days of the anniversary of the approval of its AFHM Plan, an assessment of the Plan's execution. The assessment will include as attachments, confirmation of all media announcements made in accordance with Part 5(A) of the Plan. In the case of newspaper and other types of printed media, confirmation must be in the form of a photocopy of the actual notice or article, including the date and name of the publication. In the case of broadcast media, confirmation will be in the form of written text used to compose announcement(s), plus written acknowledgment from the broadcasting station, indicating the time(s) and date(s) of announcement and the fee paid or designation of the announcements as a public service announcement (PSA).

The assessment will include copies of brochures and/or public notices posted in fulfillment of Part 5(B) of the Plan. The assessment will also include copies of newsletters, church bulletins, correspondence or leaflets featuring notification of community contacts to their membership of the availability of housing through this project.

DCA will assess each applicant's compliance with and adherence to its approved AFHM Plan based on the completion of prescribed activities and the applicant's ability to provide adequate proof that such activities are undertaken as described in the AFHM Plan.

12. Corrective Action. In the event of an applicant's failure to submit an approved AFHM Plan or to comply with activities set out in the DCA-approved AFHM Plan, DCA will notify the applicant in writing that it has been placed on a 90-day probationary period during which the applicant will be allowed to complete those activities which will bring it into compliance. Upon coming into compliance, the applicant will be notified in writing by DCA and will undergo a six-month monitoring period during which DCA may request proof of the applicant's completion of activities specified in each part of the AFHM Plan.

13. Record Keeping. DCA will keep on file a copy of the applicant's approved AFHM Plan and all assessment materials, both as provided by the applicant and as discovered independently. The applicant must keep on file a copy of its AFHM Plan, with ongoing attachments.

DCA AFFIRMATIVE FAIR HOUSING MARKETING PLAN

COMPLETE FORM AND SUBMIT TO:

1. INTRODUCTION

Affirmative Fair Housing Marketing Regulations require that each applicant subject to these regulations carry out an affirmative program to attract prospective buyers or tenants of all minority groups to the housing that the applicant is providing. These groups include White (non-Hispanic) and members of minority groups: Blacks (non-Hispanic), American Indians/Alaskan Natives, Hispanics and Asian/Pacific Islanders in the standard Metropolitan Areas (SMSA) housing market area who may be subject to housing discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status.

2. APPLICATION AND PROJECT IDENTIFICATION

A. Applicant's: Name	B. Project or Application Number Number of Units
Address(City, State, & Zip Code)	Price Range of Units: From \$_____ to \$_____
Telephone Number (including area code)	D. For Multifamily Housing only: Elderly _____ Non-elderly _____
Project Name	E. Approximate Starting Dates Advertising _____ Occupancy _____
C. Location/Address (include: City, State, and Zip Code)	F. Name of Managing Sales Agent
County _____ Census Tract _____	Address (include: City, State, and Zip Code)

3. TYPE OF AFFIRMATIVE MARKETING PLAN

- ☐ Project plan ☐ Annual Plan (for single family scattered site units) NOTE: A separate Annual Plan must
☐ Minority ☐ White (non-minority) Area ☐ Mixed Area (with _____% minority residents) census tract in which housing is to be

4. DIRECTION OF MARKETING ACTIVITY

Indicate below which group(s) in the housing market area is/are least likely to apply for the housing because of its location and other factors

- ☐ White ☐ Black (non-Hispanic) ☐ American Indian or Alaskan Native ☐ Hispanic ☐ Asian or Pacific

5. MARKETING PROGRAM

A. Commercial Media

Check the media to be used to advertise the availability of this housing:

- ☐ Newspaper(s)/Publications ☐ Radio ☐ TV ☐ Billboard(s) ☐ Other (specify)

Name of Newspaper, Radio or TV Station (1)	Racial/Ethnic Identification of Readers/Audience (2)	Size/Duration of Advertising (3)

B. Brochures, Signs and HUD's Fair Housing Poster

(1) Will brochures, leaflets, or handouts be used to advertise? ____ Yes ____ No. If yes, attach a copy or submit when available. (2) For project site sign: indicate sign size _____ x _____; Logotype size _____ x _____. Attach a photograph of project sign or submit when available. (3) HUD's Fair Housing Poster must be conspicuously displayed whenever sales/rentals and showings take place. Fair Housing Posters will be displayed in the ☐ Sales Rental Offices(s); ☐ Real Estate Office(s); ☐ Model Unit(s) ☐ Other specify) _____

C. Community Contacts

To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups & organizations listed below that are located in the housing market area or SMSA. If more space is needed, attach an additional sheet. Notify DCA of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group/Organization (1)	Racial/Ethnic Identification (2)	Approximate Date of Contact or Proposed Contact (3)	Person Contacted or to be Contacted (4)

C. Community Contacts, continued

Address & Telephone (5)	Method of Contacts (6)	Indicate the specific function Group/Organization will undertake in implementing the Marketing Program (7)

6. Future Marketing Activities

Check the block(s) that best describe future marketing activities to fill vacancies as they occur after the project has been initially occupies.

- ☐ Newspapers/Publications ☐ Radio ☐ TV ☐ Brochures/Leaflets/Handouts ☐ Site Signs
☐ Community Contacts ☐ Others (specify)

7. Experience and Staff Instructions

Indicate any experience in marketing housing to the group(s) identifies as least likely to apply ☐ Yes ☐ No

Indicate training to be provided to staff on Federal, state and local fair housing laws and regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

8. Additional Considerations

By signing this form the applicant agrees, after appropriate consultation with DCA, to change any part of the plan covering a multifamily project to assure continued compliance with Section 200.620 of HUD's Affirmative Fair Housing Marketing Regulations.

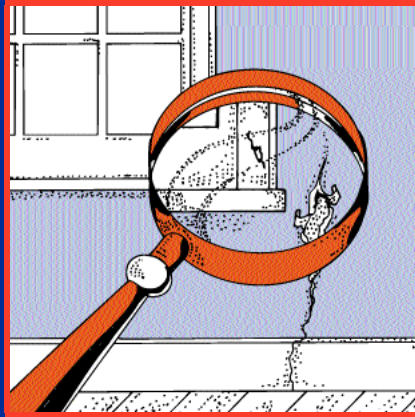
Signature of person submitting plan _____ Date _____

Name (type or print) _____

Title and Company _____

FOR DCA's USE ONLY

Approval by: Signature	Disapproval by: Signature
Name (type or print)	Name (type or print)
Title	Title
Date	Date



Protect Your Family From Lead In Your Home



United States
Environmental
Protection Agency



United States
Consumer Product
Safety Commission



United States
Department of Housing
and Urban Development

U.S. EPA Washington DC 20460
U.S. CPSC Washington DC 20207
U.S. HUD Washington DC 20410

EPA747-K-99-001
April 1999

Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

Many houses and apartments built before 1978 have paint that contains lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.

Federal law requires that individuals receive certain information before renting, buying, or renovating pre-1978 housing:



LANDLORDS have to disclose known information on lead-based paint and lead-based paint hazards before leases take effect. Leases must include a disclosure form about lead-based paint.



SELLERS have to disclose known information on lead-based paint and lead-based paint hazards before selling a house. Sales contracts must include a disclosure form about lead-based paint. Buyers have up to 10 days to check for lead hazards.



RENOVATORS have to give you this pamphlet before starting work. (After June 1, 1999.)



IF YOU WANT MORE INFORMATION on these requirements, call the National Lead Information Clearinghouse at **1-800-424-LEAD**.

This document is in the public domain. It may be reproduced by an individual or organization without permission. Information provided in this booklet is based upon current scientific and technical understanding of the issues presented and is reflective of the jurisdictional boundaries established by the statutes governing the co-authoring agencies. Following the advice given will not necessarily provide complete protection in all situations or against all health hazards that can be caused by lead exposure.

IMPORTANT!

Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly

- FACT:** Lead exposure can harm young children and babies even before they are born.
- FACT:** Even children who seem healthy can have high levels of lead in their bodies.
- FACT:** People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.
- FACT:** People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.
- FACT:** Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

Lead Gets in the Body in Many Ways

In the United States, about 900,000 children ages 1 to 5 have a blood-lead level above the level of concern.

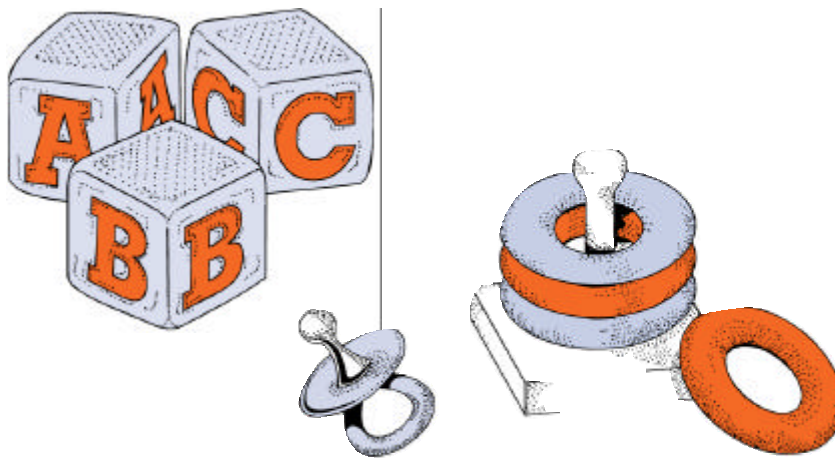
Even children who appear healthy can have dangerous levels of lead in their bodies.

People can get lead in their body if they:

- ◆ Put their hands or other objects covered with lead dust in their mouths.
- ◆ Eat paint chips or soil that contains lead.
- ◆ Breathe in lead dust (especially during renovations that disturb painted surfaces).

Lead is even more dangerous to children than adults because:

- ◆ Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.
- ◆ Children's growing bodies absorb more lead.
- ◆ Children's brains and nervous systems are more sensitive to the damaging effects of lead.



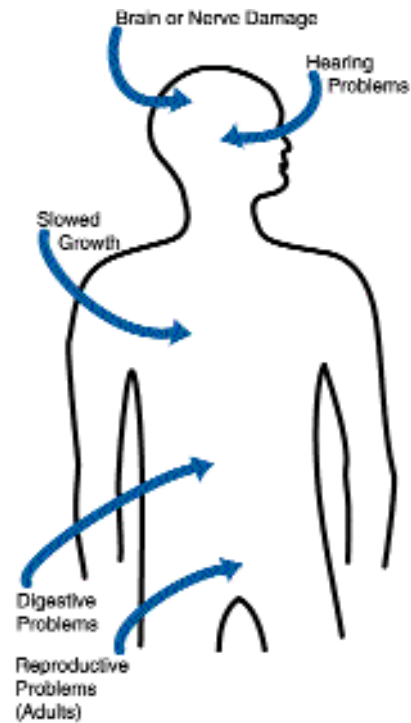
Lead's Effects

If not detected early, children with high levels of lead in their bodies can suffer from:

- ◆ Damage to the brain and nervous system
- ◆ Behavior and learning problems (such as hyperactivity)
- ◆ Slowed growth
- ◆ Hearing problems
- ◆ Headaches

Lead is also harmful to adults. Adults can suffer from:

- ◆ Difficulties during pregnancy
- ◆ Other reproductive problems (in both men and women)
- ◆ High blood pressure
- ◆ Digestive problems
- ◆ Nerve disorders
- ◆ Memory and concentration problems
- ◆ Muscle and joint pain



***Lead affects
the body in
many ways.***

Where Lead-Based Paint Is Found

In general, the older your home, the more likely it has lead-based paint.

Many homes built before 1978 have lead-based paint. The federal government banned lead-based paint from housing in 1978. Some states stopped its use even earlier. Lead can be found:

- ◆ In homes in the city, country, or suburbs.
- ◆ In apartments, single-family homes, and both private and public housing.
- ◆ Inside *and* outside of the house.
- ◆ In soil around a home. (Soil can pick up lead from exterior paint or other sources such as past use of leaded gas in cars.)

Checking Your Family for Lead

Get your children and home tested if you think your home has high levels of lead.

To reduce your child's exposure to lead, get your child checked, have your home tested (especially if your home has paint in poor condition and was built before 1978), and fix any hazards you may have.

Children's blood lead levels tend to increase rapidly from 6 to 12 months of age, and tend to peak at 18 to 24 months of age.

Consult your doctor for advice on testing your children. A simple blood test can detect high levels of lead. Blood tests are usually recommended for:

- ◆ Children at ages 1 and 2.
- ◆ Children or other family members who have been exposed to high levels of lead.
- ◆ Children who should be tested under your state or local health screening plan.

Your doctor can explain what the test results mean and if more testing will be needed.

Where Lead Is Likely To Be a Hazard

Lead-based paint that is in good condition is usually not a hazard.

Peeling, chipping, chalking, or cracking lead-based paint is a hazard and needs immediate attention.

Lead-based paint may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear.

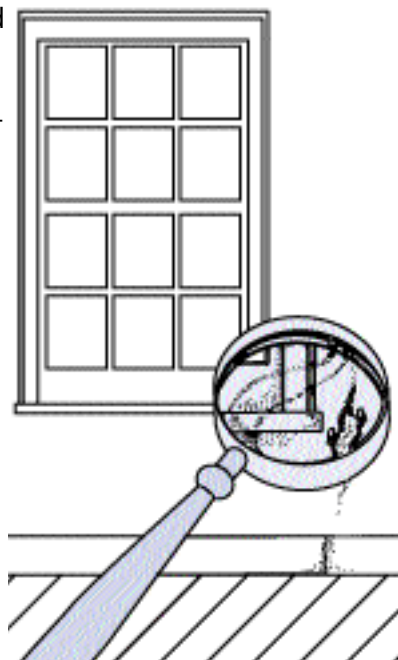
These areas include:

- ◆ Windows and window sills.
- ◆ Doors and door frames.
- ◆ Stairs, railings, and banisters.
- ◆ Porches and fences.

Lead dust can form when lead-based paint is dry scraped, dry sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can re-enter the air when people vacuum, sweep, or walk through it.

Lead in soil can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. Call your state agency (see page 11) to find out about testing soil for lead.

Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards.



Checking Your Home for Lead Hazards

Just knowing that a home has lead-based paint may not tell you if there is a hazard.



You can get your home checked for lead hazards in one of two ways, or both:

- ◆ A paint **inspection** tells you the lead content of every different type of painted surface in your home. It won't tell you whether the paint is a hazard or how you should deal with it.
- ◆ A **risk assessment** tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

Have qualified professionals do the work. *There are standards in place for certifying lead-based paint professionals to ensure the work is done safely, reliably, and effectively.* Contact your state lead poisoning prevention program for more information. Call 1-800-424-LEAD for a list of contacts in your area.

Trained professionals use a range of methods when checking your home, including:

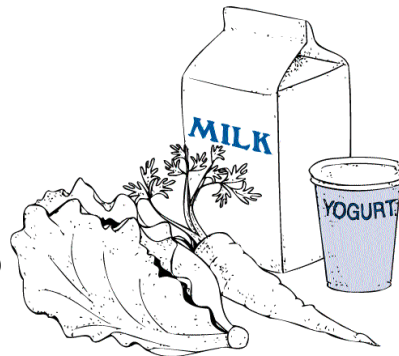
- ◆ Visual inspection of paint condition and location.
- ◆ A portable x-ray fluorescence (XRF) machine.
- ◆ Lab tests of paint samples.
- ◆ Surface dust tests.

Home test kits for lead are available, but studies suggest that they are not always accurate. Consumers should not rely on these tests before doing renovations or to assure safety.

What You Can Do Now To Protect Your Family

If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:

- ◆ If you rent, notify your landlord of peeling or chipping paint.
- ◆ Clean up paint chips immediately.
- ◆ Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.
- ◆ Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.
- ◆ Wash children's hands often, especially before they eat and before nap time and bed time.
- ◆ Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- ◆ Keep children from chewing window sills or other painted surfaces.
- ◆ Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- ◆ Make sure children eat nutritious, low-fat meals high in iron and calcium, such as spinach and dairy products. Children with good diets absorb less lead.



How To Significantly Reduce Lead Hazards

Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.

Always use a professional who is trained to remove lead hazards safely.



In addition to day-to-day cleaning and good nutrition:

- ◆ You can **temporarily** reduce lead hazards by taking actions such as repairing damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called “interim controls”) are not permanent solutions and will need ongoing attention.
- ◆ To **permanently** remove lead hazards, you must hire a certified lead “abatement” contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not enough.

Always hire a person with special training for correcting lead problems—someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Call your state agency (see page 11) for help with locating certified contractors in your area and to see if financial assistance is available.

Remodeling or Renovating a Home With Lead-Based Paint

Take precautions before your contractor or you begin remodeling or renovations that disturb painted surfaces (such as scraping off paint or tearing out walls):

- ◆ **Have the area tested for lead-based paint.**
- ◆ **Do not use a belt-sander, propane torch, heat gun, dry scraper, or dry sandpaper** to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
- ◆ **Temporarily move your family** (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
- ◆ **Follow other safety measures to reduce lead hazards.** You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.

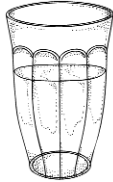
If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined on page 7 of this brochure.



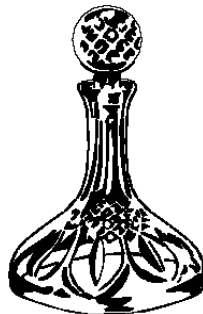
If not conducted properly, certain types of renovations can release lead from paint and dust into the air.



Other Sources of Lead



While paint, dust, and soil are the most common lead hazards, other lead sources also exist.



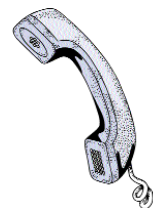
- ◆ **Drinking water.** Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:
 - Use only cold water for drinking and cooking.
 - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.
- ◆ **The job.** If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your work clothes separately from the rest of your family's clothes.
- ◆ **Old painted toys and furniture.**
- ◆ **Food and liquids stored in lead crystal or lead-glazed pottery or porcelain.**
- ◆ **Lead smelters** or other industries that release lead into the air.
- ◆ **Hobbies** that use lead, such as making pottery or stained glass, or refinishing furniture.
- ◆ **Folk remedies** that contain lead, such as "greta" and "azarcon" used to treat an upset stomach.

For More Information

The National Lead Information Center

Call **1-800-424-LEAD** to learn how to protect children from lead poisoning and for other information on lead hazards. (Internet: **www.epa.gov/lead** and **www.hud.gov/lea**).

For the hearing impaired, call the Federal Information Relay Service at **1-800-877-8339** and ask for the National Lead Information Center at **1-800-424-LEAD**.

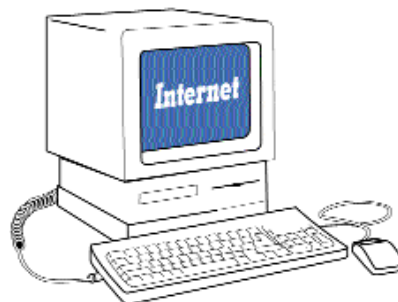


EPA's Safe Drinking Water Hotline

Call **1-800-426-4791** for information about lead in drinking water.

Consumer Product Safety Commission Hotline

To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call **1-800-638-2772**. (Internet: **www.cpsc.gov**). For the hearing impaired, call **TDD 1-800-638-8270**.



State Health and Environmental Agencies

Some cities and states have their own rules for lead-based paint activities. Check with your state agency to see if state or local laws apply to you. Most state agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards. Receive up-to-date address and phone information for state and local contacts on the Internet at **www.epa.gov/lead** or contact the National Lead Information Center at **1-800-424-LEAD**.

EPA Regional Offices

Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

EPA Regional Offices

Region 1 (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

Regional Lead Contact
U.S. EPA Region 1
Suite 1100 (CPT)
One Congress Street
Boston, MA 02114-2023
1 (888) 372-7341

Region 2 (New Jersey, New York, Puerto Rico, Virgin Islands)

Regional Lead Contact
U.S. EPA Region 2
2890 Woodbridge Avenue
Building 209, Mail Stop 225
Edison, NJ 08837-3679
(732) 321-6671

Region 3 (Delaware, Washington DC, Maryland, Pennsylvania, Virginia, West Virginia)

Regional Lead Contact
U.S. EPA Region 3 (3WC33)
1650 Arch Street
Philadelphia, PA 19103
(215) 814-5000

Region 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Regional Lead Contact
U.S. EPA Region 4
61 Forsyth Street, SW
Atlanta, GA 30303
(404) 562-8998

Region 5 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Regional Lead Contact
U.S. EPA Region 5 (DT-8J)
77 West Jackson Boulevard
Chicago, IL 60604-3666
(312) 886-6003

Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

Regional Lead Contact
U.S. EPA Region 6
1445 Ross Avenue, 12th Floor
Dallas, TX 75202-2733
(214) 665-7577

Region 7 (Iowa, Kansas, Missouri, Nebraska)

Regional Lead Contact
U.S. EPA Region 7
(ARTD-RALI)
901 N. 5th Street
Kansas City, KS 66101
(913) 551-7020

Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Regional Lead Contact
U.S. EPA Region 8
999 18th Street, Suite 500
Denver, CO 80202-2466
(303) 312-6021

Region 9 (Arizona, California, Hawaii, Nevada)

Regional Lead Contact
U.S. Region 9
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-1124

Region 10 (Idaho, Oregon, Washington, Alaska)

Regional Lead Contact
U.S. EPA Region 10
Toxics Section WCM-128
1200 Sixth Avenue
Seattle, WA 98101-1128
(206) 553-1985

CPSC Regional Offices

Your Regional CPSC Office can provide further information regarding regulations and consumer product safety.

Eastern Regional Center

6 World Trade Center
Vesey Street, Room 350
New York, NY 10048
(212) 466-1612

Western Regional Center

600 Harrison Street, Room 245
San Francisco, CA 94107
(415) 744-2966

Central Regional Center

230 South Dearborn Street
Room 2944
Chicago, IL 60604-1601
(312) 353-8260

HUD Lead Office

Please contact HUD's Office of Lead Hazard Control for information on lead regulations, outreach efforts, and lead hazard control and research grant programs.

U.S. Department of Housing and Urban Development

Office of Lead Hazard Control
451 Seventh Street, SW, P-3206
Washington, DC 20410
(202) 755-1785

Simple Steps To Protect Your Family From Lead Hazards

If you think your home has high levels of lead:

- ◆ Get your young children tested for lead, even if they seem healthy.
- ◆ Wash children's hands, bottles, pacifiers, and toys often.
- ◆ Make sure children eat healthy, low-fat foods.
- ◆ Get your home checked for lead hazards.
- ◆ Regularly clean floors, window sills, and other surfaces.
- ◆ Wipe soil off shoes before entering house.
- ◆ Talk to your landlord about fixing surfaces with peeling or chipping paint.
- ◆ Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
- ◆ Don't use a belt-sander, propane torch, heat gun, dry scraper, or dry sandpaper on painted surfaces that may contain lead.
- ◆ Don't try to remove lead-based paint yourself.



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Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.

Lessor's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) _____ Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the lessor (check (i) or (ii) below):

(i) _____ Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) _____ Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Lessee's Acknowledgment (initial)

(c) _____ Lessee has received copies of all information listed above.

(d) _____ Lessee has received the pamphlet *Protect Your Family from Lead in Your Home*.

Agent's Acknowledgment (initial)

(e) _____ Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Lessor	_____ Date	_____ Lessor	_____ Date
_____ Lessee	_____ Date	_____ Lessee	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

TAB C

TABLES

**Georgia Department of Community Affairs
Office of Affordable Housing
Tables**

HUD Fair Market Rents and Income Limits, Qualified Census Tracts, and Difficult Development Areas are available at <http://www.huduser.org>.

The DCA Rent Charts and Utility Allowances Charts used for Application are attached and also posted on DCA's website at <http://www.dca.state.ga.us/housing/rentalfin.html>.

DCA UTILITY ALLOWANCES

Section 8 Utility Allowances must be used in calculating the maximum allowable tenant-paid rent in HOME, Housing Trust Fund-assisted projects, and in most cases Low-Income Housing Tax Credit-assisted projects. The utility allowances for those utilities that the tenant is responsible to pay must be subtracted from the maximum gross rent to determine the maximum allowable tenant-paid rent.

For projects assisted with HOME, Housing Trust Fund, and Tax Credits, **applicants must use the Utility Allowances of the local housing authority** which administers the Section 8 program in the jurisdiction in which the project is located. Those projects also receiving assistance from the U.S. Department of Agriculture's Rural Housing Service (RHS) must use the RHS utility allowances.

DCA administers the HUD Section 8 Tenant-Based Rental Assistance Program in 149 of the 159 counties in Georgia; local Public Housing Authorities administer the Program in the other locations. **For projects located in counties in which DCA administers the Section 8 Program, the DCA Utility Allowances are used to calculate the maximum allowable tenant-paid rent. The current Utility Allowances used for Application Submission are attached.** If the project is located in a jurisdiction in which a local Public Housing Authority administers the Section 8 Program, contact the Local Public Housing Authority to obtain the current utility allowances which should be used in calculating the maximum allowable tenant-paid rent. If the Public Housing Authority's utility schedule does not include an allowance for air conditioning, an allowance must be obtained from the utility company.

The DCA Utility Allowances are divided by geographic region, utility type, and unit type. To calculate a unit's utility allowance, first determine in which geographic region the project is located using the Utility Regions Map. Then, identify whether the unit is in a single-family property (single-family detached house) or multifamily property (duplex, triplex, and larger). Use the appropriate region and property type table to calculate the utility allowance, finding the relevant unit size and appliance type (e.g., gas, electric, heat pump) for the tenant-paid utilities. Allowances for water, sewer, and trash removal are now also included.

UTILITY ALLOWANCES

Effective 6/1/2001

Northern Region

Unit Type	Use	Appliance Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
MULTI-FAMILY	Heat	Natural Gas	15	21	27	34	43	49
	Heat	Electric	19	26	34	41	52	60
	Heat	Propane	33	46	59	72	92	105
	Heat	78%+ AFUE Gas	10	13	16	21	26	30
	Heat	Electric Heat Pump	6	7	9	13	16	19
	Air Cond.	Electric	5	6	10	12	16	20
	Cooking	Natural Gas	4	6	7	8	10	12
	Cooking	Electric	4	6	8	10	12	14
	Cooking	Propane	9	11	15	18	22	26
	Hot Water	Natural Gas	10	14	18	21	27	32
	Hot Water	Electric	14	19	25	30	38	44
	Hot Water	Propane	22	30	39	46	59	66
	Lights	Electric	13	18	23	28	36	41
	Water		5	7	9	12	14	17
	Sewer		5	6	8	10	13	14
	Trash Collection		15	15	15	15	15	15

Northern Region

	Use	Appliance Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
SINGLE FAMILY	Heat	Natural Gas	17	23	31	37	48	54
	Heat	Electric	21	30	37	46	58	66
	Heat	Propane	37	52	66	81	101	116
	Heat	78%+ AFUE Gas	16	21	26	31	39	44
	Heat	Electric Heat Pump	13	21	23	26	35	38
	Air Cond.	Electric	6	8	13	16	21	26
	Cooking	Natural Gas	4	6	7	8	10	12
	Cooking	Electric	4	7	8	10	12	14
	Cooking	Propane	9	11	15	18	22	26
	Hot Water	Natural Gas	10	14	18	21	27	32
	Hot Water	Electric	14	20	25	30	38	44
	Hot Water	Propane	22	30	39	46	59	66
	Lights	Electric	14	20	25	31	39	45
	Water		5	7	9	11	14	16
	Sewer		5	6	8	10	12	14
	Trash Collection		15	15	15	15	15	15

UTILITY ALLOWANCES

Effective 6/1/2001

Middle Region

Unit Type	Use	Appliance Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
MULTI-FAMILY	Heat	Natural Gas	13	18	22	28	36	41
	Heat	Electric	15	21	27	33	42	48
	Heat	Propane	24	34	44	53	68	76
	Heat	78%+ AFUE Gas	8	10	13	17	21	23
	Heat	Electric Heat Pump	5	5	6	9	11	12
	Air Cond.	Electric	5	7	10	13	17	21
	Cooking	Natural Gas	4	6	7	8	10	12
	Cooking	Electric	4	6	8	9	12	14
	Cooking	Propane	8	10	13	16	19	23
	Hot Water	Natural Gas	10	14	18	21	27	32
	Hot Water	Electric	13	18	24	29	37	42
	Hot Water	Propane	19	26	34	40	52	58
	Lights	Electric	12	17	22	27	34	39
	Water		7	9	11	14	18	20
	Sewer		6	8	10	12	16	18
	Trash Collection		14	14	14	14	14	14

Middle Region

	Use	Appliance Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
SINGLE FAMILY	Heat	Natural Gas	14	20	25	31	39	45
	Heat	Electric	17	23	30	36	46	53
	Heat	Propane	27	37	49	58	74	86
	Heat	78%+ AFUE Gas	12	17	21	24	31	35
	Heat	Electric Heat Pump	9	14	16	18	24	27
	Air Cond.	Electric	6	8	13	16	21	26
	Cooking	Natural Gas	4	6	7	8	10	12
	Cooking	Electric	4	6	8	9	12	14
	Cooking	Propane	8	10	13	16	19	23
	Hot Water	Natural Gas	10	14	18	21	27	32
	Hot Water	Electric	13	18	24	29	37	42
	Hot Water	Propane	19	26	34	40	52	58
	Lights	Electric	14	19	24	30	38	43
	Water		7	9	12	14	18	20
	Sewer		6	8	10	12	16	18
	Trash Collection		14	14	14	14	14	14

UTILITY ALLOWANCES

Effective 6/1/2001

Southern Region

Unit Type	Use	Appliance Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
MULTI-FAMILY	Heat	Natural Gas	10	14	17	21	26	30
	Heat	Electric	11	15	19	24	30	35
	Heat	Propane	19	26	33	40	52	59
	Heat	78%+ AFUE Gas	5	6	8	10	12	14
	Heat	Electric Heat Pump	1	1	1	2	2	3
	Air Cond.	Electric	9	12	17	22	29	36
	Cooking	Natural Gas	4	6	7	9	11	13
	Cooking	Electric	4	6	8	9	12	14
	Cooking	Propane	9	10	14	17	21	24
	Hot Water	Natural Gas	11	14	18	22	28	33
	Hot Water	Electric	13	19	24	29	37	42
	Hot Water	Propane	21	28	36	43	56	63
	Lights	Electric	12	17	22	27	34	39
	Water		5	7	9	11	14	17
	Sewer		5	7	9	11	14	16
	Trash Collection		11	11	11	11	11	11

Southern Region

	Use	Appliance Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
SINGLE FAMILY	Heat	Natural Gas	11	14	19	23	29	34
	Heat	Electric	12	17	22	26	34	38
	Heat	Propane	21	30	36	45	57	66
	Heat	78%+ AFUE Gas	7	10	12	14	17	19
	Heat	Electric Heat Pump	3	4	4	5	7	7
	Air Cond.	Electric	11	16	23	28	38	48
	Cooking	Natural Gas	4	6	7	9	11	13
	Cooking	Electric	4	6	8	9	12	14
	Cooking	Propane	9	10	14	17	21	24
	Hot Water	Natural Gas	11	14	18	22	28	33
	Hot Water	Electric	13	19	24	29	37	42
	Hot Water	Propane	21	28	36	43	56	63
	Lights	Electric	14	19	24	30	38	44
	Water		5	7	9	11	14	16
	Sewer		5	7	9	11	14	16
	Trash Collection		11	11	11	11	11	11

Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
METROPOLITAN AREAS

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Albany	60%	454	486	585	675	753	831
(Dougherty,	50%	378	405	487	563	627	649
Lee counties)	FMRs	308	361	440	601	651	748
Athens	60%	499	534	642	741	826	912
(Clarke, Madison,	50%	416	445	535	617	688	712
Oconee counties)	FMRs	379	409	529	722	870	1000
Atlanta	60%	699	748	898	1037	1156	1277
(Barrow, Bartow, Carroll,	50%	582	623	748	864	963	997
Cherokee, Clayton, Cobb,	FMRs	647	720	839	1119	1353	1555
Coweta, Dekalb, Douglas, Fayette,							
Forsyth, Fulton, Gwinnett, Henry,							
Newton, Paulding, Pickens, Rockdale,							
Spalding, and Walton counties)							
Augusta	60%	504	540	648	748	835	921
(Columbia, McDuffie,	50%	420	450	540	623	696	720
Richmond counties)	FMRs	389	465	548	744	880	1012
Chattanooga	60%	517	554	666	768	858	946
(Catoosa, Dade,	50%	431	461	555	640	715	739
Walker counties)	FMRs	372	434	522	674	768	883
Columbus	60%	450	481	577	667	744	822
(Chattahoochee, Harris,	50%	375	401	481	556	620	641
Muscogee counties)	FMRs	356	396	475	620	673	773
Macon	60%	516	553	664	767	856	944
(Bibb, Houston, Jones,	50%	430	461	553	639	713	738
Peach, Twiggs counties)	FMRs	398	443	516	711	731	840
Savannah	60%	505	542	651	752	838	925
(Bryan, Chatham,	50%	421	451	542	626	698	723
Effingham counties)	FMRs	371	461	536	723	752	864

NON - METROPOLITAN AREAS

Appling Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Atkinson Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704

*60% and 50% rents calculated using HUD Area Median Incomes published **3/29/2001**, assuming 1.5 persons per bedroom.

HUD Fair Market Rents published **01/02/01**. HOME projects use lesser of desired % rent or FMR for rent restricted units.

Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Bacon Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Baker Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Baldwin Co.	60%	457	490	588	680	759	837
	50%	381	408	490	566	632	654
	FMRs	283	362	441	565	617	709
Banks Co.	60%	552	591	709	820	915	1009
	50%	460	493	591	683	762	788
	FMRs	283	340	416	539	613	704
Ben Hill Co	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	621	714
Berrien Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Bleckley Co.	60%	463	496	595	687	768	846
	50%	386	413	496	573	640	661
	FMRs	283	340	416	539	613	704
Brantley Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Brooks Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Bulloch Co.	60%	426	456	547	631	705	777
	50%	355	380	456	526	587	607
	FMRs	340	345	444	572	726	834
Burke Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Butts Co.	60%	478	512	615	709	792	873
	50%	398	426	512	591	660	682
	FMRs	283	374	496	664	696	800
Calhoun Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704

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HUD Fair Market Rents published **01/02/01**. HOME projects use lesser of desired % rent or FMR for rent restricted units.

Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Camden Co.	60%	450	482	579	669	747	823
	50%	375	401	482	557	622	643
	FMRs	395	447	500	696	822	945
Candler Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Charlton Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Chattooga Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Clay Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Clinch Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Coffee Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	621	714
Colquitt Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Cook Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Crawford Co.	60%	493	528	634	733	817	902
	50%	411	440	528	611	681	705
	FMRs	283	340	416	539	613	704
Crisp Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	286	340	416	539	613	704
Dawson Co.	60%	457	489	588	678	757	834
	50%	381	408	490	565	631	652
	FMRs	283	368	489	612	754	867
Decatur Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704

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HUD Fair Market Rents published **01/02/01**. HOME projects use lesser of desired % rent or FMR for rent restricted units.

Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Dodge Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Dooly Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Early Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Echols Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Elbert Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Emanuel Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Evans Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Fannin Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Floyd Co.	60%	475	509	612	706	787	870
	50%	396	424	510	588	656	679
	FMRs	283	340	417	550	613	704
Franklin Co.	60%	478	512	615	709	792	873
	50%	398	426	512	591	660	682
	FMRs	283	340	416	539	613	704
Gilmer Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Glascock Co.	60%	474	507	609	703	784	865
	50%	395	423	507	586	653	676
	FMRs	283	340	416	539	613	704

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Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Glynn Co.	60%	514	551	661	764	852	941
	50%	428	459	551	636	710	735
	FMRs	394	441	499	670	821	944
Gordon Co.	60%	481	515	618	714	796	879
	50%	401	429	515	595	663	686
	FMRs	335	340	424	547	699	803
Grady Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	288	340	416	539	613	704
Greene Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Habersham Co.	60%	477	510	613	708	790	871
	50%	397	425	511	590	658	681
	FMRs	303	340	416	539	618	710
Hall Co.	60%	547	587	705	814	909	1002
	50%	456	489	587	678	757	783
	FMRs	299	454	534	669	746	857
Hancock Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Haralson Co.	60%	435	465	559	645	720	794
	50%	362	388	466	538	600	620
	FMRs	283	340	416	539	613	704
Hart Co.	60%	445	477	573	661	738	814
	50%	371	397	477	551	615	636
	FMRs	283	340	416	539	613	704
Heard Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Irwin Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Jackson Co.	60%	492	526	631	729	814	898
	50%	410	438	526	608	678	701
	FMRs	314	340	427	539	703	808

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Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Jasper Co.	60%	439	471	565	654	729	804
	50%	366	392	471	545	607	628
	FMRs	283	340	421	572	613	704
Jeff Davis Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Jefferson Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	621	714
Jenkins Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Johnson Co.	60%	442	474	568	657	732	808
	50%	368	395	473	547	610	631
	FMRs	283	340	416	539	613	704
Lamar Co.	60%	448	480	576	666	742	819
	50%	373	400	480	555	618	640
	FMRs	283	349	416	539	659	757
Lanier Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Laurens Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Liberty Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	351	392	446	620	625	718
Lincoln Co.	60%	438	469	562	650	726	800
	50%	365	391	468	541	605	625
	FMRs	283	340	416	539	613	704
Long Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	368	416	539	613	704
Lowndes Co.	60%	423	453	544	628	700	774
	50%	352	377	453	523	583	604
	FMRs	316	383	463	649	718	825
Lumpkin Co.	60%	523	561	673	778	868	958
	50%	436	467	561	648	723	748
	FMRs	283	381	428	573	703	808

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Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
McIntosh Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Macon Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Marion Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Meriwether Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Miller Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Mitchell Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Monroe Co.	60%	415	445	534	618	688	0
	50%	346	371	445	515	573	286
	FMRs	283	340	416	548	613	704
Montgomery Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Morgan Co.	60%	502	538	646	747	834	919
	50%	418	448	538	622	695	718
	FMRs	283	340	431	539	613	704
Murray Co.	60%	460	493	592	684	763	842
	50%	383	411	493	570	636	658
	FMRs	283	340	416	539	613	704
Oglethorpe Co.	60%	465	498	598	690	771	850
	50%	387	415	498	575	642	664
	FMRs	283	340	416	539	613	704
Pierce Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Pike Co.	60%	531	569	682	789	880	971
	50%	442	474	568	657	733	758
	FMRs	328	355	450	627	631	725

*60% and 50% rents calculated using HUD Area Median Incomes published **3/29/2001**, assuming 1.5 persons per bedroom.

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Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Polk Co.	60%	429	459	550	636	709	783
	50%	357	382	458	530	591	611
	FMRs	283	340	416	563	613	704
Pulaski Co.	60%	505	541	649	750	837	922
	50%	421	451	541	625	697	721
	FMRs	283	340	416	539	613	704
Putnam Co.	60%	462	495	594	686	765	845
	50%	385	412	495	571	637	660
	FMRs	283	340	416	539	621	714
Quitman Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Rabun Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Randolph Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Schley Co.	60%	432	462	555	641	715	789
	50%	360	385	462	534	596	616
	FMRs	283	340	416	539	613	704
Screven Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Seminole Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Stephens Co.	60%	426	456	547	633	706	779
	50%	355	380	456	527	588	608
	FMRs	283	340	416	539	613	704
Stewart Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Sumter Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	345	416	539	613	704
Talbot Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704

*60% and 50% rents calculated using HUD Area Median Incomes published **3/29/2001**, assuming 1.5 persons per bedroom.

HUD Fair Market Rents published **01/02/01**. HOME projects use lesser of desired % rent or FMR for rent restricted units.

Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Taliaferro Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Tattnall Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Taylor Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Telfair Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Terrell Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Thomas Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	350	416	539	613	704
Tift Co.	60%	429	459	550	636	709	783
	50%	357	382	458	530	591	611
	FMRs	283	340	416	539	613	704
Toombs Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Towns Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Treutlen Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Troup Co.	60%	480	514	616	713	795	877
	50%	400	428	513	594	662	685
	FMRs	283	385	433	541	613	704
Turner Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Union Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	434	544	613	704

*60% and 50% rents calculated using HUD Area Median Incomes published **3/29/2001**, assuming 1.5 persons per bedroom.

HUD Fair Market Rents published **01/02/01**. HOME projects use lesser of desired % rent or FMR for rent restricted units.

Georgia Department of Community Affairs
Low-Income Housing Tax Credit and HOME Programs
2001 MAXIMUM GROSS RENT TABLES
NON - METROPOLITAN AREAS (cont'd)

<u>Location</u>	<u>Rent*</u>	<u>Unit Size</u>					
		0	1	2	3	4	5
Upson Co.	60%	423	453	544	628	700	774
	50%	352	377	453	523	583	604
	FMRs	292	340	416	539	613	704
Ware Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	312	350	416	539	647	744
Warren Co.	60%	421	452	543	627	699	771
	50%	351	376	452	522	582	602
	FMRs	283	340	416	539	613	704
Washington Co.	60%	436	467	561	647	721	797
	50%	363	389	467	539	601	622
	FMRs	283	340	416	539	613	704
Wayne Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	292	340	416	539	613	704
Webster Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Wheeler Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
White Co.	60%	483	517	621	717	801	882
	50%	402	431	517	598	667	690
	FMRs	283	340	416	539	627	721
Whitfield Co.	60%	522	559	670	775	865	954
	50%	435	466	558	646	721	745
	FMRs	283	371	446	570	672	772
Wilcox Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Wilkes Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704
Wilkinson Co.	60%	444	475	571	660	736	812
	50%	370	396	476	550	613	635
	FMRs	283	340	416	539	613	704
Worth Co.	60%	421	451	541	625	697	769
	50%	351	376	451	521	581	601
	FMRs	283	340	416	539	613	704

*60% and 50% rents calculated using HUD Area Median Incomes published **3/29/2001**, assuming 1.5 persons per bedroom.

HUD Fair Market Rents published **01/02/01**. HOME projects use lesser of desired % rent or FMR for rent restricted units.

TAB D

ENVIRONMENTAL GUIDE

**OWNER ENVIRONMENTAL QUESTIONNAIRE &
DISCLOSURE STATEMENT**

The checklist **MUST** be completed and signed by the current property owner, notarized in the spaces indicated and submitted with the application. Owner to supply and attach evidence of ownership of the property, i.e.: deed. In preparing this document, the property owner must make a good faith effort to correctly answer all questions in this checklist. Care should be taken to check the answers against whatever records are in the owner's possession. If any of the following questions are answered in the affirmative, or if answers are unknown and/or qualified, the Environmental Consultant must determine whether further inquiry is warranted. The property owner must fully document the reason for any affirmative answer, and provide the Environmental Consultant with all appropriate supporting information.

Purchaser: _____
(Phone) _____
Owner/seller: _____
(Phone) _____
Subject property: _____
(Phone) _____

QUESTIONNAIRE - PART A:

1. Land use: Is the property, or any adjacent property, used for commercial, industrial or manufacturing purposes including, but not limited to, dry cleaners and gas stations? Adjacent properties include those that border the site and include properties across the street from the site.
_ Yes _ No _ Don't Know Please describe:

Provide the name and describe the type of business operating at the property:

Name and type of business operating at the adjacent property to the **north**:

south:

east:

west:

2. Has the property or any adjacent property been used in the past for commercial, industrial or manufacturing purposes including, but not limited to, dry cleaners and gasoline stations?

☐ Yes ☐ No ☐ Don't Know Please describe:

Owner:

Date(s)

Current Use of property:

Previous use of property:

Previous use of property to **north**:

south:

east:

west:

3. Are there any pesticides, automotive or industrial batteries, paints or other chemicals stored on the property or at the facility?
_ Yes _ No _ Don't Know (If yes, please describe)
4. Are there currently any plastics or metal industrial drums (ranging from 5 to 55-gallons) located on the property or at the facility, or were there in the past?
_ Yes _ No _ Don't Know (If yes, please describe)
5. How and where were items identified in Questions #3 & #4 disposed of (and if you do not know all the specifics, provide names and present employers of people who might be able to provide additional information)?

6. Has fill dirt ever been brought onto the site?
_ Yes _ No _ Don't Know (If yes, please describe)
7. Have any substances identified as hazardous, unidentified waste materials, tires, automotive or industrial batteries or any other waste materials, including construction debris, been dumped above grade, buried and/or burned on the site (where and what disposal took place)?
_ Yes _ No _ Don't Know (If yes, please describe)
8. Is there any obviously stained soil, or other evidence of past waste disposal on the property (where)?
_ Yes _ No _ Don't Know (If yes, please describe)
9. a) Are there any above or underground storage tanks located on the property now (Identify location)?
_ Yes _ No _ Don't Know (If yes, please describe)
- b) Are the existing storage tanks empty, out of service, or closed? (If 'yes' provide information on when, give the name of the contractor used, and provide a copy of any report generated) .
_ Yes _ No _ Don't Know (If yes, please describe)

c) Have any tanks been removed ? (If 'yes' provide information on when, give the name of the contractor used, and provide a copy of any report generated).

☐ Yes ☐ No ☐ Don't Know (If yes, please describe)

10. Provide names and addresses and telephone numbers of any prospective buyers in the past that may have conducted an environmental assessment of the subject property. Provide the name, address and telephone number of your Lender on this property. Attach any past environmental reports you have, or provide information on how to locate a copy of the report(s) if you do not have them.

11. Does the property discharge waste water (other than storm water) directly to a ditch or stream on or adjacent to the property?

☐ Yes ☐ No ☐ Don't Know (If yes, please describe)

12. Is the property located near or in an area where conventional fuels (e.g. petroleum products) hazardous gases, (e.g. propane) or chemicals (e.g. benzene or hexane) of a flammable nature are stored?

☐ Yes ☐ No ☐ Don't Know (If yes, please describe)

13. Have there been any health complaints related to the indoor or outdoor air at the property or any building located on the property?
_ Yes _ No _ Don't Know (If yes, please describe)
14. Does the owner of the property or operator of the facility have any knowledge of environmental liens or governmental notification (including information requests) relating to violations or potential violations of environmental laws with respect to the property or any facility located on the property?
_ Yes _ No _ Don't Know (If yes, please describe)
15. Has the owner of the property or operator of the facility been informed of the presence of hazardous substances or environmental violations with respect to the property or any facility located on the property?
_ Yes _ No _ Don't Know (If yes, please describe)
16. Are you aware of any environmental assessment of the property that indicated the presence of hazardous substances or petroleum products on, in, at, or under the site?
_ Yes _ No _ Don't Know (If yes, please describe)
17. Are you aware of any environmental assessment of the subject property that has recommended further assessment or testing of the property?
_ Yes _ No _ Don't Know (If yes, please describe)

18. Are there any past, current, or pending lawsuits or administrative proceedings for alleged damages related to environmental issues or problems involving the property or any owner or tenant of the property?

☐ Yes ☐ No ☐ Don't Know (If yes, please describe.)

19. Have pesticides, herbicides or other agricultural chemicals ever been stored, mixed on or applied to the property?

☐ Yes ☐ No ☐ Don't Know (If yes, please describe.)

QUESTIONNAIRE – PART B:

1. Are there any structures on the site more than fifty (50) years old, or located in a designated historic district? If yes, please describe & submit photographs of all interior rooms and exterior facades. Include a copy of the proposed rehabilitation work scope and a location map.

☐ Yes ☐ No ☐ Don't Know

2. Is the site located in a 100-year floodplain?
Copy the portion of floodplain map indicating the site location. Attach a copy of the Flood Plain Map and include panel number on the copy.

☐ Yes ☐ No ☐ Don't Know (If yes, please describe below.)

- | | | | |
|----|---|-----|-----|
| 3. | Does the site have the potential to affect or be affected by? | Yes | No |
| a. | Coastal Areas Protection and Management | ___ | ___ |
| b. | Runway Clear Zones & Accident Potential Zones | ___ | ___ |
| c. | Endangered Species | ___ | ___ |
| d. | Farmland Protection | ___ | ___ |
| e. | Compatibility with Local Codes, Plans and Zoning | ___ | ___ |
| f. | Wetlands Designated land | ___ | ___ |
| g. | Thermal & Explosive Hazards | ___ | ___ |
| h. | Toxic Chemicals & Radioactive Materials | ___ | ___ |
| j. | Solid Waste Management | ___ | ___ |
| k. | Local Zoning Plans Compatibility | ___ | ___ |

(If yes, please describe.)

4. Is the site within 1000 feet of a major road/highway/freeway?
_ Yes* _ No *(If yes, the following information must be completed. Much of it can be obtained through the City/County Highway or Transportation Department)
- What is the name of the major road/highway/freeway? _____
 - List the distance of any stop sign (not a traffic signal) that is less than 600 feet from the site _____
 - What is the average speed of travel on this major road/highway/freeway? _____
 - List the average number of automobiles for both directions during a 24-hour day _____
 - List the average number of trucks for both directions during a 24-hour day _____
5. Is the site within 3000 feet of a railroad?
_ Yes* _ No *(If yes, the following information must be completed. Much of it can be obtained by contacting the Supervisor of Customer Relations and/or the Engineering Department for the railway)
- What is the name of the railway operating on this line? _____
 - List the average number of trains for both directions during a 24-hour day _____
 - List the average number of diesel locomotives per train _____
 - List the average number of railway cars per train _____
 - List the average train speed _____
 - Is the track welded or bolted? _____
 - Is the site near a grade crossing that requires prolonged use of the train's horn?
_ Yes _ No
 - If yes, how far from the grade crossing are the whistle posts located? _____
6. Is the site within 15 miles of a military airport?
_ Yes* _ No *(If yes, please attach a copy of the airport's current noise contour information. This information is available for almost all military airports and can be obtained by contacting the Military Agency in charge of Airport Operations. If noise contours are not available, please obtain the following information)
- List the average number of nighttime jet operations (10 p.m. - 7 a.m.) _____
 - List the average number of daytime jet operations (7 a.m. - 10 p.m.) _____
 - List the flight paths of the major runways _____

7. Is the site within 5 miles of a private/commercial airport or airfield?

☐ Yes ☐ No *(If yes, please attach a copy of the airport's current noise contour information. This information is available for almost all private/commercial airports and can be obtained by contacting the FAA Control Tower or Airport Operations. If noise contours are not available, please obtain the following information)

- List the average number of nighttime jet operations (10 p.m. - 7 a.m.) _____
- List the average number of daytime jet operations (7 a.m. - 10 p.m.) _____
- List the flight paths of the major runways _____

CERTIFICATION

This questionnaire above was completed by:

Owner/Developer/Sponsor Name: _____

Relationship to Site: _____

Address: _____

E-mail Address: _____

Phone Number: _____

Date: _____

I certify to the best of my knowledge and belief that the above statements and facts
submitted are true, accurate and complete.

Signed, sealed and delivered this ____ day

of _____, 2000, in the

Presence of:

By:

Witness

Property Owner

Notary Public

Name

My commission Expires on:

Title

(Notarial Seal)

ENVIRONMENTAL SITE ASSESSMENT STANDARDS

The Georgia Department of Community Affairs ("DCA") requires site specific environmental screening of all development proposals being considered for funding with 9% Tax Credits, 4% Tax Credits and/or Home Loans. At a minimum, DCA requires a Phase I Environmental Site Assessment ("Phase I"), in accordance with, but not limited to, standards developed by the American Society for Testing and Materials ("ASTM") and set forth in the ASTM Designation: E 1527,¹ "Standard Practice for Environmental Site Assessments, Phase I Site Assessment Process". *If the Phase I report documents a recognized environmental condition, groundwater or soil contamination, a Phase II Environmental Site Investigation ("Phase II") is required in all but the most exceptional circumstances and must be completed as part of the application submittal.*

OVERVIEW OF PHASE I AND PHASE II

Although ASTM standards are only guidelines, DCA **REQUIRES** the consultant to follow ASTM standards in conducting Phase I Environmental Site Assessments. In some areas, DCA has additional requirements which exceed the ASTM requirements. Some of these requirements are referred to in Section 12 of the ASTM practice guide as "non-scope considerations" which include, but are not limited to, asbestos, lead-based paint, lead in drinking water, radon, and wetlands (hereinafter referred to as "non-scope considerations"). When DCA requirements are more stringent than the ASTM standards, DCA requirements take precedence.

In accordance with ASTM standards, the Phase I serves as a screening process designed to identify "recognized environmental conditions" and non-scope considerations which may potentially impact the subject property while the Phase II is intended to conclusively determine the existence or extent of an issue raised by the Phase I. While the Phase I review is generally a screening process, DCA requires certain testing during a Phase I which exceed the ASTM requirements.

The Phase I must be conducted in a manner consistent with "all appropriate inquiry into previous ownership and use of the property consistent with good commercial or customary practice."² Applicants must use diligence when evaluating the property and should make "appropriate inquiry" to learn its true condition. Applicants must become familiar with local health, safety, and environmental laws governing the property. Developers/sponsors should disclose their knowledge of actual or

¹ ASTM 1527 is revised periodically. The current standards must be used & referenced.

² 42 U.S.C. Section 9601 (35)(B).

suspected environmental problems in accordance with ASTM standards and are strongly encouraged to contact DCA if unusual or questionable conditions exist before they submit their formal application to DCA.

The purpose of the Phase II is typically to determine the presence or absence of an uncertain liability (e.g., leaking underground storage tanks) or to quantify the extent of an actual or suspected liability (e.g., soils or groundwater contamination that may originate on- or off-site that may impact the subject property). Consequently, the Phase II need only extend to those investigations that are necessary to resolve the uncertainty of recognized environmental conditions or non-scope considerations that may affect the property. Accordingly, the Phase II may require additional information gathering or, if appropriate, physical sampling.

The Phase II must include thorough documentation of the methods utilized to conduct sampling and research. Qualified laboratory results, if any, along with professional interpretations and recommendations must be included in the report. DCA requires an expansion of the current records review prior to any Phase II sampling. Good management practices and regulatory standards must be followed at all times, especially where physical sampling and laboratory analysis is involved.

DCA defines a "**Qualified Environmental Professional**" as a professional engineer ("P.E.") who is licensed to practice environmental engineering in the State of Georgia, and who is an employee or principal of the Environmental Consultant Entity. The "**Qualified Environmental Professional**" must review and sign the Phase I and Phase II Environmental Review reports.

State Agency Review

DCA will routinely conduct a state agency review, which emphasizes preservation of the natural environment and highlights issues that may require specific design solution. These reviews will be based on the information provided in the Owner Environmental Questionnaire and Disclosure Statement required to be submitted with this Phase I Environmental Site Assessment.

These reviews may involve the following:

- | | |
|-------------------------|---------------------------|
| ◦ Historic Preservation | ◦ Coastal Areas |
| ◦ Floodplain Management | ◦ Endangered Species |
| ◦ Wetlands | ◦ Prime Agricultural Land |
| ◦ Noise | ◦ Wild and Scenic Rivers |
| ◦ Air Quality | |

The Phase I and/or Phase II Report must be no more than 6 months old at the time of submission of the Formal Application (unless waived by DCA at its sole discretion). This means the on-site investigation must have been conducted within the 6-month period preceding the Formal Application deadline. However, if the Phase I submitted with the application concludes that there are no recognized environmental conditions or other non-scope considerations that present a concern with respect to a property, and if this conclusion is based in whole or in part on the results from a prior Phase II performed at the property, that Phase II must be included in the Phase I submitted with the application. In addition, the applicant must provide DCA with a reliance letter that states that DCA may rely on the prior Phase II. Any previous Phase I or II reports relied upon or referenced in the Phase I or II submitted with the application must be submitted as part of the application package. Please contact DCA early in the process if you will be submitting a Phase I or II report that does not meet these requirements.

HAZARD ASSESSMENT

There are five possible conclusions the Consultant must reach concerning each recognized environmental condition or non-scope consideration (collectively “hazard”) found pursuant to the Phase I and Phase II reports. The property must be acceptable under either the Phase I or Phase II report for each specific hazard listed. The Consultant’s conclusion must be reached in accordance with ASTM and DCA standards. If the property is determined to be unacceptable and corrective action is not possible, the property may not be approved for funding. DCA will determine, in its sole discretion, whether a Consultant’s conclusion regarding a specific hazard is reasonable based on ASTM and DCA standards.

Five possible conclusions are:

Acceptable:	The property is acceptable for this hazard. No follow-up is required.
Acceptable and requires O&M Plan:	The property is acceptable for this hazard; however, while no additional environmental review work is required, the property will require an Operations and Maintenance ("O&M") plan.

Phase II Required:

If no definite conclusion can be reached after the Phase I, a Phase II is required if the developer/sponsor wishes to pursue the loan application.

Remediate: **The property is currently unacceptable, but could be acceptable with certain remedial actions. Additional Phase II testing may be required.**

Fail: **The property is unacceptable in its existing condition, and extensive corrective action is required.**

If clear and convincing evidence exists that a property is not impacted by a recognized environmental condition or non-scope consideration, then no Phase II Environmental Review is required for that issue. If the Phase I documents a recognized environmental condition or non-scope consideration, or if the status of the property is uncertain, then either the property is not acceptable, or a Phase II Environmental Review is required to address that hazard.

DCA Conclusions

Any sensitive environmental issues identified, including but not limited to soil or groundwater contamination, (or which the Qualified Environmental Professional fails to identify) in the Phase I review must be addressed with further study. Issues that cannot be resolved, or which present or may present a risk to the health or safety of persons or to the environment, and/or that present an unacceptable degree of lender and/or owner liability will be grounds for site rejection. Such decisions will be made at DCA's sole discretion. Estimates of costs for environmental clean-up must be certified by a "**Qualified Environmental Professional**" and must be included in the development cost estimates. Increasingly, applicable law requires environmental remediation and repair work to be performed and documented according to strict regulatory standards. If proper documentation does not exist to substantiate remedial work performed prior to the commencement of the Phase I, then a Phase II may be required and must be completed prior to submittal of the application and Phase I.

Upon review of the completed Phase I and/or Phase II reports, DCA, at its sole discretion, may impose additional assessments and/or environmental actions as a requirement for, or condition of, a funding commitment. Properties with potential environmental impairment(s) that are not satisfactorily addressed by Phase II testing are unlikely to be approved for funding. However, at DCA's discretion, applicants may be given the opportunity to develop an Operations and Maintenance Plan ("O&M Plan") with respect to certain known, suspected, or potential environmental hazards which are discovered during the Phase I and/or Phase II reviews. This option maybe exercised when HUD or EPA Regulations allow the environmental hazard to remain at the site.

OPERATIONS AND MAINTENANCE PLAN (O & M PLAN)

Some properties may have conditions that are currently acceptable but must be maintained or confirmed throughout the life of the loan with ongoing O&M Plan. Examples may include the presence of asbestos containing materials, lead-based paint, or underground storage tanks. The following documentation will be necessary for properties that require ongoing operations and maintenance:

1. A written O&M Plan must be submitted to DCA by the developer/sponsor no later than at the completion of any remedial actions a **“Qualified Environmental Professional”** must prepare and certify that the provisions, if carried out with diligence, are sufficient to maintain the property in accordance with the DCA O & M Guidance Manual, sound business practice, and any other applicable regulatory standards. DCA will review the O & M Plan and determine if it meets the standards set forth in the DCA O & M Guidance Manual.
2. The developer/sponsor must execute a written agreement with DCA, which recognizes the developer/sponsor's obligation to carry out the O & M Plan including, if applicable, preparing documentation necessary to demonstrate compliance. At its discretion, DCA may require additional O & M Plan provisions.

The developer/sponsor must send to DCA written confirmation on an annual basis, which certifies the property is being maintained in accordance with any applicable O & M Plans, environmental laws and regulations.

The developer/sponsor must make an on-site inspection and inquiry before making the declaration. The scope of the declaration should include both the buildings and grounds, and cover the activities of the developer/sponsor, tenants, sub-lessees, their agents and any other third parties. These confirmations must specifically address the ongoing effectiveness and adequacy of all current remedial and maintenance actions.

Such confirmations must be included as part of the annual Physical Inspection Report submitted to DCA. In addition, an inspection and confirmation must be made immediately following the occurrence of events which might reasonably be expected to impact the environmental condition of the property or the efficacy of prescribed remedial or maintenance actions. Such events would include, but are not

limited to fire, flood, building construction or rehabilitation, spills or leaks of hazardous wastes or substances, unusual or intense use of property facilities, and/or significant changes in custodial or management personnel.

If the developer/sponsor is unable to confirm that the property is being maintained in accordance with any applicable O & M Plans, environmental laws, and regulations, the developer/sponsor must take any and all remedial and maintenance actions necessary to correct these conditions. The developer/sponsor must promptly confirm in writing to DCA the environmental status of the property immediately following implementation of any remedial actions.

The developer/sponsor must report to DCA and the appropriate local, state, or federal authority all known violations of applicable environmental statutes and state laws on the property. In addition, the developer/sponsor must take all necessary actions to ensure that all violations are promptly corrected and that the property is brought back to and maintained in full compliance with appropriate environmental statutes and good management practices.

DOCUMENTATION CHECK LIST:

This checklist reflects items commonly omitted or problematic with the Phase I Environmental Site Assessments. Since this checklist is not intended to be a comprehensive checklist of all items required for a DCA approved Phase I Environmental Site Assessment, please read the Environmental Review Guide thoroughly before submitting a Phase I report to DCA.

Common Errors or Omissions Include:

- Report Date (missing, outdated)
- Letter of Reliance to Georgia Department of Community Affairs for all reports submitted with the application
- Signature of a Professional Engineer licensed by the State of Georgia certifying that he/she has reviewed the Report
- Environmental Consultant's resume, qualifications, letters of reference
- Proof of insurance in specified amounts on appropriate certification forms; DCA listed on the certificate as additional insured
- Reference in Report that current ASTM Standards were utilized
- Owner Environmental Questionnaire & Disclosure Statement
- Phase I Environmental Review Documentation
- Professional Opinion and Recommendations on all matters observed on the subject site and or surrounding sites.
- Use of Disclaimer language – (see Guide for the requirement of DCA)
- Title Search per DCA standards (chain-of-title required search must extend to 1940 or when property first developed, whichever comes first.)
- Discussion of prior use/history of property
- Interviews – names, titles
- Property inspection, date, observations
- Geological investigation
- Floodplain investigation
- Wetlands investigation
- Location map indicating groundwater flow
- Photographs must be dated and photography summary must include observations and environmental impact.
- Map locating all sites identified in Regulatory Review, specify environmental impact, if any to property
 - FINDS
 - RCRA TSD
 - NPL
 - TRI
 - State LUST
 - HSI
 - SWS
 - Federal CERCLIS/ CERCLIS NFRAP
 - RCRA Generators
 - ERNS
 - UST
 - HSRA
 - Spills List
 - RCRA CORRACTS
- Radon site classification for new construction; Radon testing in buildings for rehabilitation
- Asbestos sampling
- Lead Based Paint sampling
- Lead in Drinking Water documentation

DOCUMENTATION TO BE INCLUDED IN PHASE I AND PHASE II REPORTS

The Environmental Consultant that performs the Phase I and/or Phase II review must include at a minimum the following in the Phase I and/or Phase II reports:

Thorough explanations regarding all supporting data, test results, conclusions, and professional opinions as to the condition of the property;

Appropriate documentation (e.g., records review data, photographs, interview notes, any test results, etc.) that supports all findings and opinions in the report;

Language that establishes DCA as a beneficiary to the information found in the report or a letter that states DCA can rely on the report. The report must include the Environmental Consultant resumes, letters of recommendation, proof of insurance; and

A "Site Map" that shows (a) an area large enough to display the relative location of the site in its orientation to adjacent properties and facilities, (b) environmental concerns where applicable, and (c) direction (established or presumed) of groundwater flow.

In addition, the Phase I Environmental Review Report must document the following:

A. Prior Land Use History

DCA requires a search of the chain-of-title. Provide a listing of the chain-of-title and a comprehensive records review sufficient to give a complete history, **(back to the property's first obvious use or 1940, whichever is earlier)**. This must be clearly documented. The Environmental Consultant must comment on the results of this information, and give a professional opinion as to any potential environmental risk associated with the findings.

B. Owner Environmental Questionnaire and Disclosure Statement

This application document must be completed and signed by the owner of the property. The Questionnaire and Disclosure Statement must then be forwarded to the Environmental Consultant to be reviewed and attached to the Phase I report. (Questionnaire is attached hereto.)

C. Phase I Environmental Review Documentation

This application document must be attached to the Phase I report. This document, including the “Assessment Checklist,” must be prepared by the Environmental Consultant and all entries must be fully documented and explained in the Phase I report (Review Documentation is attached hereto).

D. Site Visit

1. General Site Setting:

- a. A review of the past and present land use of subject site and adjacent properties, noting any operations using hazardous substances.
- b. The identification of major potable water supplies within one-half mile.
- c. Geological, hydrogeological, hydrological and topographical data for the property. Include a discussion on the probable direction of groundwater flow along with a basis for the opinion.
- d. Empty and occupied user spaces, recreational facilities, parking lots, roads, and surface water.

2. Interior observations (if applicable):

- a. Type of business currently or previously conducted at the facility (multifamily housing, industrial, etc.)
- b. Operations which use, generate, or dispose of hazardous substances.
- c. Approximate quantities of hazardous substances used and hazardous wastes generated from site operations.
- d. Stained flooring, drains, or walls caused by substances other than water.
- e. Above-ground storage tanks (and/or underground, if inside building).

3. Exterior observations:

- a. Hazardous substance storage areas.
- b. Evidence of present or past underground storage tanks or above-ground tanks. (Presence of fill pipes or vents).
- c. Areas of obviously stained soil, leachate breakouts from waste disposal facilities, or stressed vegetation (from sources other than lack of water).
- d. Extensive filling or grading suggesting trash or other waste disposal.
- e. Water discharge into ditch or stream on or adjacent to property.
- f. Paint chips on the exterior of the building and the perimeter grounds.

4. Interior and Exterior observations:

- a. Suspect asbestos containing materials and conditions of those materials.
- b. Type of paint used and condition of paint.
- c. Strong, pungent, or noxious odors.
- d. Standing pools of liquid other than water.
- e. Metallic or plastic storage drums (5 to 55-gallons), whether or not leaking unless known that contents are not hazardous substances.
- f. Containers identified as containing hazardous substances.
- g. Open or damaged containers confining unidentified substances.
- h. Electrical generators, transformers, capacitors which may contain PCB's.

E. Photographs:

Prior to funding commitment, the developer/sponsor must take photographs to document the state of the property. The photographs should be taken both inside the buildings and around the grounds (including adjacent sites). The photos should be **clearly dated** and labeled with a site description of the view presented and include a discussion on the **environmental impact (if any)**. The photos must be submitted as part of the Phase I Environmental Site Assessment.

F. Flood Plain Areas:

The presence of floodplain areas on the property must be clearly defined and supported by the appropriate map(s) from the Federal Emergency Management Agency (National Flood Insurance). In no event will any property be accepted for funding that will place buildings in a flood plain or floodway. Any mitigation of existing floodplain areas planned on the property must be documented by the Qualified Environmental Professional and approved by the Federal Emergency Management Agency and the Georgia EPD and be eligible for reclassification out of the floodplain area.

G. Wetlands:

The presence of wetlands areas on the property must be clearly defined and supported by the appropriate map(s) from the U.S. Department of the Interior, U.S. Fish and Wildlife Service, National Wetlands Inventory and a wetlands delineation report. In no event will any property be accepted for funding that will disturb more than one tenth of an acre of wetlands on the subject property (or on any adjacent property where disturbing wetlands is necessary to gain access to the subject property). Any area of disturbance (even if no greater than 1/10th of an

acre) must be certified by the Qualified Environmental Professional and the Army Corps of Engineers.

J. Public and Historic Records Review

1. Federal/State/Local Environmental Database/Records Review:

Federal CERCLIS Sites	TRI List
FINDS List	Federal ERNS List
Federal NPL Sites	Federal RCRA Generators List
Federal CERCLIS NFRAP	RCRA CORRACTS
Federal RCRA TSD Facilities List	State Registered UST Files
State LUST Files	Georgia Spills List
State Solid Waste/Landfill Sites	State HSI within 1 mile
State HSRA Notification Files within 1 mile (Note: Contact Georgia EPD at (404) 656-7802)	
2. Review existing maps and similar data, including aerial photographs.
3. Review records of any business currently or previously conducted at the facility.
4. Review National Wetlands Inventory to determine if any part of the Property is considered wetlands. (Include copy of USGS map(s) for the property area. See notes above.)
5. Review National Flood Insurance Maps to determine if any part of the property is considered in a flood plain area. (Include a copy of the map(s) for the property area. See notes above.)

K. Radon Gas Levels

If the development to be funded is an existing structure, a radon test must be performed to determine radon gas levels. A radon test must be performed unless an EPA approved short-term radon test has been performed in the lowest public areas of the building(s) within the last six months which demonstrated radon levels at or below 4 pci/l or 0.02 WL. A copy of the Radon Report should be attached to the Phase I. If the development to be funded involves new construction, the building(s) must be constructed in accordance with current EPA requirements for radon resistant construction techniques, including, but not limited to, *Radon Resistant Construction Techniques for New Residential Construction: Technical Guidance*, February 1991, EPA 625-291-032 (available from NSCEP (800) 490-9198) and *Model Standards and Techniques for Control of Radon in New Residential Buildings*, March 1994, EPA 402-R-94-009 (available at <http://www.epa.gov/government/iaq/radon/pubs/newconst.html>). Testing at the

completion of construction will be required. Applicants should also discuss the designation of the property as depicted on the 1993 EPA Map of Radon Zones.

L. Asbestos Containing Materials ("ACM")

If the building was constructed before 1979, and there is suspect ACM, then representative sampling is required. However, such sampling is not necessary if an asbestos survey has previously been performed within the past year by a **Qualified Environmental Professional** and has been reviewed by the Environmental Consultant. The Environmental Consultant needs to note the condition of the materials originally suspected to contain asbestos. All asbestos related assessments, testing and remedial action programs must be in compliance with current EPA guidelines, including, but not limited to, *Guidance for Controlling Asbestos Containing Materials in Buildings*, June 1985, EPA 560/5-85-024 (a.k.a. the "Purple Book") (available from the TSCA Hotline (202) 554-0551 or NTIS (703) 487-4650). All O&M plans must be in conformance with current EPA guidelines, including, but not limited to, *Managing Asbestos in Place: A Building Owner's Guide to Operations and Maintenance Programs for Asbestos Containing Materials*, July 1990, EPA 20T-2003 (a.k.a. the "Green Book") (available from the TSCA Hotline (202) 554-0551 or NTIS (703) 487-4650). DCA requires friable ACM remediated by removal or encapsulation. In addition, an O&M Plan will be required for non-friable ACM. **Refer to O&M Guidance Manual for more information about the requirements for an O&M Plan.**

M. Lead-Based Paint

If the building was constructed before 1978 and does not have a valid certificate of compliance under lead-based paint laws, then lead paint sampling is required of both the interior and exterior of the building using EPA and/or HUD approved testing methods and procedures. A visual assessment of the exterior of the building and the perimeter grounds must be conducted for the presence of paint chips to determine if Phase II soil sampling should be performed. Any lead-based paint in excess of applicable standards must be remediated in accordance with applicable standards. An O&M Plan is required for any lead-based paint remaining in place. Refer to O&M Guidance Manual attached hereto for more information on O&M Plan requirements.

N. PCBs

If there are any transformers or other electrical equipment observed on or adjacent to the property that could contain Polychlorinated Biphenyls ("PCBs"), documentation must be submitted to indicate the disposition and condition of this electrical equipment. Ownership of

and responsibility for the electrical equipment must be determined along with a certification stating whether or not the equipment contains PCBs.

O. Other Hazards and Considerations:

Other hazards could include the presence of urea formaldehyde in existing structures. Existing septic tanks or wells on the property or the absence of a municipal water or sewer system to the property.

P. Lead in Drinking Water

If the local utility providing drinking water is not in compliance with current EPA standards for lead in drinking water, or the Environmental Consultant, based on the age of the plumbing system, believes there is a risk of lead in drinking water from lead solder in pipes, testing should be performed at the tap in accordance with EPA publication "Lead in Drinking Water in Schools and Non-Residential Buildings", EPA 812-B-94-002, April 1994. If lead is detected in the drinking water, remediation is required according to the applicable standards.

PROFESSIONAL OPINION

The Phase I and II reports shall contain the opinion of the Environmental Consultant and assess the risks related to the site. The report shall also contain the opinion of the Environmental Consultant regarding any risk to residents of the project relating to any groundwater or soil contamination reported at the site. The Report must also provide a recommendation as to whether there is a need for additional investigation to identify any potential contamination, related liabilities, and projected clean-up. The Environmental Consultant will be expected to provide a professional opinion regarding the probability of contamination at the site. If the consultant determined a Phase II was necessary, the results of the Phase II must be included in the report. A **‘Qualified Environmental Professional’** must review and sign both the Phase I and Phase II Environmental Review Reports.

The report providing the Environmental Consultant's professional opinion shall not contain:

(I) Any language eliminating or disclaiming the liability of the Environmental Consultant, or (ii) any language eliminating or modifying the Environmental Consultant's duties, obligations, or statement of work. The report may not state that it is exclusively for the use of the party who hired the Environmental Consultant or that there is no accountability, obligation or liability to any third party.

SELECTING AN ENVIRONMENTAL CONSULTANT

Phase I and II Environmental Review procedures involve the use of sophisticated environmental consulting firms, which specialize in identifying and analyzing environmental problems.

A “QUALIFIED ENVIRONMENTAL PROFESSIONAL” MUST BE RETAINED TO CONDUCT A DCA APPROVED PHASE I AND/OR PHASE II ENVIRONMENTAL ASSESSMENT. It is important to select a consulting firm who has the physical and technical capabilities to investigate and fulfill the ASTM and DCA requirements regarding Phase I and Phase II reports.

The developer/sponsor must supply the Environmental Consultant with the DCA Environmental Site Assessment Standards, which not only require adherence to ASTM standards, but set forth additional requirements unique to the DCA funding application process.

Several factors should be considered in selecting the Environmental Consultant who will be performing the Phase I and Phase II reviews:

1. The Environmental Consultant should have sufficient personnel, with technical expertise, to prepare in a timely fashion (approximately two to four weeks) a report on the Phase I Environmental Site Assessment. DCA requires a **“Qualified Environmental Professional”** employed by the consulting firm to review and sign both the Phase I and Phase II reports and any amendments thereto. The developer/sponsor should confirm any governmental certifications, accreditations and training of the Environmental Consultant. Other factors to consider when selecting an Environmental Consultant is whether the consultant is actively involved in relevant and professional associations.
2. The developer/sponsor should check resumes of key individuals in the consulting firm and ask for references for recently completed work to verify the firm's reputation, adherence to budget, compliance with schedules and deadlines, etc. The environmental consulting firm which performed the Phase I (and Phase II, if required) must submit, as part of its report, resumes of the principals of the firm, and three letters of reference attesting to the firm's prior work. At least one of the references should be from a real estate firm or law firm that used the environmental consulting firm to support a real property transaction.

3. The Environmental Consultant cannot be affiliated with the developer/sponsor, or a buyer or seller of the property, or a firm engaged in any business that might present a conflict of interest or give the appearance of a conflict of interest.

The environmental consultant must be a legally registered sole proprietorship or a business entity in good standing. The environmental consultant must carry insurance which provides coverage for all work performed. The insurance that must be maintained shall be issued with appropriate coverage, fully paid, from companies, in such amounts, in such form and substance and with such expiration dates as are acceptable to DCA. Such insurance policies are to provide that the insurer shall give DCA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance or bond(s) provided to DCA. Refer to **Insurance Requirements**, the General Requirements section for details.

Exercise due diligence in selecting an environmental consultant. For more information on the need for due diligence, and how to select an environmental consultant, consult the membership directory, which is available for a fee from:

ASFE/The Association of Engineering Firms Practicing in the Geosciences
8811 Colesville Rd., Suite #G106
Silver Spring, MD 20910
TEL: (301)565-2733; FAX: (301)589-2017

Sources Of Information for Conducting An Environmental Investigation

The following list of sources provides a reference base for conducting an environmental investigation. Not all sources are listed. Other sources may apply, depending on site specific impact or issues.

- Discussions with property management firms, local municipal officials, and governmental agencies and interviews with past and present employees of firms or housing developments located on the site
- On site investigations
- Documents seller agrees to produce, e.g., consultant and insurance files, etc.
- Document requests to local, state and federal agencies. Use the federal Freedom of Information Act and the Georgia Open Records Act to inspect or obtain copies of agency files.
- State and federal listings of clean-up sites

- Target company filings with the Securities and Exchange Commission (10-K, 10-Q)
- Notifications of inactive waste sites required under Section 103(c) of CERCLA
- Notifications of hazardous waste activities under Section 3010 of RCRA
- RCRA and other environmental permit applications
- EPA listing of potentially responsible parties of CERCLA sites
- EPCRA notifications
- EPA summary reports on Clean Water Act and Clean Air Act
- Notices sent to or received from local, state and federal environment agencies
- Correspondence with local, state and federal environmental agencies and responses to information requests under Section 104 of CERCLA, Section 3007 of RCRA, and other environmental statutes
- Environmental audits and inspection reports
- Environmental permits
- Spill reports and notifications
- Groundwater assessments
- Documentation of underground storage tanks, e.g., notifications and tests
- Litigation files
- Manifests and other documents concerning hazardous waste management, treatment, storage, and disposal
- Financial documents with respect to required financial demonstrations under environmental laws, e.g., for operation, corrective action, closure or post-closure care under RCRA and related closure, post-closure, operations and corrective action plans
- Aerial photographs and maps (USGS, Sanborn Fire Maps, etc.)
- County Fire Marshal notifications

GLOSSARY OF TERMS AND ACRONYMS

HSRA	Georgia Hazardous Site Response Act [O.C.G.A. Section 12-8-90 <u>et seq.</u>]
HSI	Hazardous Site Inventory
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [42 U.S.C. Section 9601 <u>et seq.</u>], as amended by the Superfund Amendment and Reauthorization Act of 1986
CERCLIS	Comprehensive Environmental Response, Compensation and Liability Information System

CERCLIS NFRAP CERCLIS -- no further remedial action planned

EPCRA Emergency Planning and Community Right to Know Act of 1986 [43 U.S.C. Section 11001 et seq.]

EPD Georgia Department of Natural Resources, Environmental Protection Division

ERNS Emergency Response Notification System [40 CFR Parts 300, 370, and 372]

FINDS Facility Index System [40 CFR Section 6901 et seq.]

LUST Leaking Underground Storage Tank Act

NPL National Priorities List [42 U.S.C. Section 9605]

RCRA Solid Waste Disposal Act as Amended by Resource Conservation and Recovery Act [42 U.S.C. Section 6901 et seq.]

RCRA CORRACTS RCRA corrective action database

RCRIS Resource Conservation and Recovery Information System

SARA Superfund Amendments and Reauthorization Act of 1986

TRI Toxics Release Inventory

UST Underground Storage Tank

PHASE I ENVIRONMENTAL SITE ASSESSMENT DOCUMENTATION

This form **MUST** be completed by the Qualified Environmental Professional who performed the Phase I and/or Phase II. All entries must be fully documented and explained in the environmental reports. This form, together with all supporting documentation relating to the Phase I , must be submitted to DCA before any application can be accepted for processing.

Property Log

Property Address:

Developer's Name and Address:

Developer's e-mail Address:

Developer's Telephone Number:

'Qualified Environmental Professional's' Name:

'Qualified Environmental Professional's' Telephone Number and e-mail address:

Environmental Consulting Firm's Name and Address:

Date Phase I Environmental Review Completed:

Summary of Phase I Results:

INFORMATION CHECKLIST

Check [v] any information sources used to perform the Phase I Review.

1. Overall Property Description

- Building Specifications
- Zoning or Land Use Maps
- Aerial Photos (e.g., Sanborn)
- List of Commercial Tenants On-Site
- Title History
- Site Survey
- Verification of Public Water and Sewer
- Interviews with Local Fire, Health, Land Use or Environmental Officials
- Interviews with Builder, and/or Property Manager
- Review of records of local, state and federal regulatory agencies
- Review of adjacent properties
- Other (Specify)

2. Asbestos

- Dated Building Construction Or Rehabilitation Specifications
- Engineer's/Consultant's Asbestos Report
- Other (Specify)

3. Polychlorinated Biphenyls

- Utility Transformer Records
- Site Survey of Transformers
- Site Soil and Groundwater PCB Test Results
- Other (Specify)

4. Radon

- Water Utility Records
- Gas Utility Records
- On-Site Radon Test Results
- Other (Specify)

5. Underground Storage Tanks

- Oil, Motor Fuel and Waste Oil Systems Reports, EPD LUST & ERNS Records
- CERCLIS/RCRIS Results of Neighborhood search (within radius of one mile)
- Site Soil and Groundwater Tests
- Site Tank Survey
- Other (Specify)

6. Waste Sites

- CERCLIS/RCRIS Results of neighborhoods search (within radius of one mile)
- State EPD site lists for neighborhoods (within radius of one mile)
- Federal Facilities Docket
- Site Soil and Groundwater Test Results
- Other (Specify)

7. Lead Based Paint

- Lead Paint Survey
- Certification/Compliance Records
- Other (Specify)

8. Additional Hazards

- Urea Formaldehyde Foam Insulation Survey
- Interior Air Test Results
- Lead in Drinking Water Test Results
- Other (Specify)

Checklist completed by: _____.

Name (Type or Print) : _____.

Date: _____.

ASSESSMENT CHECKLIST

Answer all applicable questions by checking the appropriate answer
(Y - Yes, N - No, DK - Don't Know).

A.	<u>Asbestos</u>	<u>Y</u>	<u>N</u>	<u>DK</u>
1.	Was (were) the building(s) constructed prior to 1979?			---
2.	Does a site walk through reveal any visible evidence of asbestos or the potential for asbestos containing materials?			---
3.	Is there any documented evidence of asbestos (e.g., building plans)?			---
4.	Is there an asbestos survey that included physical sampling by a qualified firm performed since 1979 that indicates that the property is free of asbestos?			---
5.	Comments:			
B.	<u>Polychlorinated Biphenyls (PCBs)</u>	<u>Y</u>	<u>N</u>	<u>DK</u>
1.	Are there any transformers located on the property?			---
2.	What type of transformers are located on the property?			---
3.	Is there any visible or documented evidence of the contents of the transformers?			---
4.	Are any of the transformers owned by any party with an interest in the property located inside any of the residential buildings?			---
5.	Is there any visible sign of leaks or spills of fluids from the transformers staining area soils?			---
6.	If transformers are confirmed to contain PCBs, have PCB concentrations of 50 ppm or greater been found in contaminated soils or groundwater?			---

7. Comments:

C. **Radon** Y N DK

1. Were the results of an EPA approved short-term radon test performed in the lowest public areas of the building(s) within the last six months with results at/or below 4 pci/l or 0.02 WL? ---
2. Is there any evidence that nearby structures have elevated indoor levels of radon? ---
3. Have local water supplies been found to have elevated levels of radon or radium? ---
4. Is the property located on or near sites that currently are or formerly were used for uranium, thorium, or radium extraction or for phosphate processing? ---
5. Comments:

D. **Underground Storage Tanks (USTs)** Y N DK

Note: In the questions below, "API" stands for "American Petroleum Institute" and "NFPA" stands for "National Fire Protection Association".

1. Is there a current site survey performed by a qualified engineer, which indicates that the property is free of any USTs? ---
2. Is there any visible or documented evidence of soil or groundwater contamination on the property? ---
3. Are there any petroleum storage and/or delivery facilities (including gasoline stations) or chemical manufacturing plants located on adjacent properties? ---
4. Are there any active underground tank facilities on-site or adjacent to the property for such activities as motor fuel, waste oil, fuel oil storage or chemical storage? ---

5. If the answer to question 4 is "yes", have these facilities been maintained in accordance with applicable laws and regulations and with sound industry standards (e.g., API Bulletins 1621 and 1623; NFPA Bulletins 329, 70, 77, etc.; or successor documents)?

6. If the answer to question 4 is "yes", are any of the tanks more than 10 years old?

7. If the answer to question 6 is "yes", have all of the tanks that are more than 10 years old been successfully tested for leaks within the last year using an API approved test?

8. Are there any empty, closed, or out of service USTs on the property?

9. If the answer to question 8 is "yes", were all of the tanks deactivated in accordance with applicable laws and regulations and with sound industry practices (e.g., API Bulletins #1604 and #2202 or NFPA Bulletin #30; or successor documents)?

10. Comments:

E. **Waste Facilities** Y N DK

1. Are there results of physical testing (including on-site sampling of soil and groundwater meeting all regulatory standards and sound industry practice).

Is the property free of petroleum or hazardous waste contamination?

and does it appear to have been operated in an environmentally safe manner?

2. Are there any obvious "high risk" adjacent properties engaged in generating, treating, disposing, storing or transporting petroleum or hazardous waste, chemicals or substances, including, but not limited to, dry cleaners and gasoline stations?

3. Was the property or adjacent properties ever used for research, industrial or military purposes since 1940?

4. Has space on the property ever been leased to commercial tenants who are likely to have used, transported or disposed of toxic chemicals or other hazardous substances (e.g., dry cleaner, print shop, gasoline station, etc.)? ---
5. Is water for the property provided directly from a well on the property? ---
- Is water for the property provided by a municipality or other governmental entity? --
6. Does the property, or any site within 1 mile that has the potential to impact the property, appear on any state or federal list of hazardous waste sites (e.g., CERCLIS, RCRIS, HSI, LUST, etc.)? ---
7. Is there any documented or visible evidence of solid or hazardous waste handling on the subject property or adjacent sites (e.g., stressed vegetation, stained soil, open or leaking containers, foul fumes or smells, oily ponds, etc.)? ---
8. Comments: ---

F. **Lead-Based Paint (More than 0.5% by dry weight)** **Y N DK**

1. Were all structures on the property constructed after 1978? ---
2. Does the property have a current, valid certification from applicable state or local authorities demonstrating it is in full compliance with Lead-Based Paint laws, ordinances or regulations regardless of what eligible tenant population may live there? (Answer "no" if no certification process exists). ---
3. Do the results of prior on-site sampling and analysis of representative surfaces from interior common areas and multiple unit bedrooms, including "chewable" areas as well as damaged or deteriorating paints, and exterior surfaces indicate that the property is free of Lead-Based Paints? ---
4. Comments: ---

G.	<u>Additional Hazards</u>	<u>Y N DK</u>
1.	Do the tenant areas contain Urea Formaldehyde Foam Insulation (UFFI) installed less than a year ago?	---
2.	Have there been health complaints about the indoor air quality?	---
3.	Did the current HVAC system meet ASHRAE standards (standard 62-73 and successors) when it was installed?	---
4.	Is the property served by publicly regulated municipal water and sewage services?	---
5.	Does the local utility providing the drinking water meet current EPA requirements for lead concentrations?	---
6.	Is there any evidence of illegal or dangerous on-site application, handling or storage of maintenance chemicals such as pesticides, fungicides, insecticides, rodenticides, fertilizers, cleaners, paints, solvents, swimming pool cleaners, etc.?	---
7.	Is the subject property, or any portion of the property listed on the National Wetlands Inventory?	---
8.	Does the title search or equivalent record review reveal any ownership or activity suspected to have caused environmental concerns?	---
9.	Does the subject property contain pits, ponds, lagoons or surface waters?	---
10.	Is any portion of the subject property located within the 100-year flood plain?	---
11.	Comments:	---

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OPERATIONS & MAINTENANCE GUIDANCE MANUAL

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
I. Introduction	2
– Background Information	2
– Health Issues	3
– Operations & Maintenance Plans	4
II. Preliminary Steps	5
– Inspections	5
III. DCA O&M Plan Objectives	8
IV. Preparing and Implementing the DCA O&M Plan	10
IV. Certification	22

I. INTRODUCTION

BACKGROUND INFORMATION ON ASBESTOS AND LEAD BASED PAINT

Asbestos

Asbestos is a naturally occurring fibrous mineral that is mined from certain geologic formations. Asbestos became a popular commercial product, dating back to the early 1900s, because of the product's capacity to insulate, resist heat and corrosion and overall strength and durability. Its use became increasingly popular during the period between 1940 and 1970. Since the mid-1970s, the use of asbestos has steadily declined due to concerns over human exposure and its related health effects. Several types of asbestos were banned by the Environmental Protection Agency (EPA) during the 1970s, such as spray-applied insulation, fireproofing and acoustical surfacing material. The Asbestos Ban and Phasedown Rule of 1989 was designed to essentially ban all types of asbestos-containing material (ACM) in the United States by the year 1997. However, some limited commercial use of asbestos will likely continue.



The EPA has estimated that friable (easily crumbled by hand pressure) asbestos can be found in approximately 700,000 public and commercial buildings in the United States. **Asbestos can be found in a variety of building products including, insulation for mechanical components (thermal system insulation), fireproofing, acoustical and decorative treatments for ceilings and walls (surfacing materials), roofing materials, floor coverings and ceiling or wall panels (miscellaneous materials) to name a few.**

Asbestos is of particular concern when it is damaged or easily susceptible to damage (friable or potentially friable materials). Intact, well-maintained and non-friable ACM's do not cause much concern unless they are disturbed by construction or maintenance activities. **However, in order to control potential exposure to asbestos fibers, it is essential that all asbestos be identified in a facility, repaired if needed, or otherwise managed in place until abatement is either necessary or desired.**

Lead-Based Paint

From the early 1900s, lead was added to paint, as a bonding agent and preservative. Adding lead to paint made the paint more durable. Most enamel paint manufactured

during the early and mid-1900s contains lead. Approximately ninety percent of the houses built before 1978 contain significant amounts of lead-based paint (LBP). In 1978, the Consumer Product Safety Commission lowered the maximum allowable lead content in paint to 0.06% by weight. Based on the practical elimination of LBP in 1978, the EPA does not anticipate housing units built after 1978 to have a lead paint risk. However, the practical elimination of lead paint in 1978 did not address the risk from deteriorating LBP found in housing units built before 1978.

HEALTH ISSUES

Asbestos

Exposure to asbestos fibers can cause serious health problems. **Three well-known diseases are related to the inhalation of asbestos fibers: asbestosis (a fibrous scarring of the lungs), lung cancer and mesothelioma (a cancer of the lining of the chest or abdominal cavity).** These diseases can take many years to develop in an individual previously exposed to asbestos.

Traditionally, asbestos diseases have been associated with long-term and elevated exposures to asbestos fibers. The risk of short-term, low level exposure continues to be evaluated by medical experts. In general, since their jobs usually bring them in contact with ACM, the risk of asbestos exposure for maintenance and custodial workers is thought to be greater than that of building occupants. However, potential ACM exposure to building occupants should not be overlooked.

Whether or not someone will contract a disease as a result of exposure to asbestos is dependent on numerous factors. It is, therefore, important to remain cautious and handle all ACM with care.

Lead-Based Paint



During the early 1960s, health officials became alarmed with the increasing occurrence of childhood lead poisoning cases. The Center for Disease Control (CDC) Lead Poisoning Health Study found that one in every four children living in urban areas had elevated levels of lead in their blood stream, which may cause adverse health effects. Lead is toxic to the body, and it directly impairs the body's nervous system. Health studies determined that children with elevated lead blood levels have health problems such as lower intelligence and IQ scores, learning and reading disabilities, and reduced muscular reflexes. Department of Housing and Urban Development (HUD) studies discovered that children were inadvertently ingesting lead dusts dispersed within living spaces that were generated by the deterioration of LBP. It was found that lead paint could be released into the air by friction from the mere opening and closing of windows and doors, as well as deterioration. Children living in such units were ingesting lead, which was eventually absorbed into the blood stream, impairing the nervous system. Children typically ingest lead by hand-mouth action.

Operations and Maintenance Plans

EPA defines an Operations and Maintenance (O&M) Plan as “a formulated plan of training, cleaning, work practices and surveillance to maintain hazardous building materials (ACM & LBP) in good condition.” O&M Plans are therefore an economic alternative to removal (abatement) of hazardous building materials. If a building's occupants and staff are properly prepared regarding the issues associated with managing ACM or LBP in place, the potential for release of asbestos fibers or lead dust into the environment is minimized and consequently, the health risk to building occupants can be reduced to a negligible level. An O&M Plan is the “plan” for “managing hazardous building materials in place.” While it is not the only option to evaluate, financial considerations often make the in-place management of hazardous building materials the most desirable choice in addressing ACM or LBP in a facility.

While this document does discuss all of the major categories of ACM and LBP found in buildings, it will focus on building materials that are typically found in multi-family

housing. Please note, however, that asbestos, lead paint surveys and O&M Plans prepared for DCA must address all suspected hazardous building materials.

This document will describe:



- 1. The preliminary steps to take before developing a DCA O&M Plan;*
- 2. The objectives of a DCA O&M Plan; and*
- 3. The steps for preparing and implementing a DCA O&M Plan.*

II. PRELIMINARY STEPS



Inspections

Prior to the development of the DCA O&M Plan, a qualified environmental professional will need to perform a thorough inspection of the facility for friable and non-friable ACM and lead-based paint, if the date of construction is consistent with the potential existence of these materials. All consultants that contract with the DCA to perform asbestos or lead paint consulting services should have the following qualifications and should have supporting documents available for review, if requested:



- 1. Certified inspectors and management planners;*
- 2. Registered professional engineers;.*
- 3. Conform to the Qualified Environmental Professional guidelines as set forth in the DCA Environmental Review Guide*

Typically, in a multi-family housing situation, at least ten percent of similarly constructed housing units should be inspected for ACM or LBP, as well as, all other common building areas (clubhouse, office, etc.) on the property. Of course, this random percentage applies to buildings of the same type, which were constructed during the same phase or year. Lead-based paint (LBP) inspections should follow the EPA's latest guidance document

for pre-purchase requirements involving HUD funds. However, DCA may, at their discretion, elect to perform an alternative sampling protocol.

Many multi-family housing communities are developed during different phases of construction, which are often separated from one another by a period of years. If this is the case, the consultant should consider each phase of the community as an entirely separate area and sample representative areas accordingly.

So, it is important to interview a knowledgeable person at the community to obtain:



1. *Relevant information regarding building unit types;*
2. *Dates of construction;*
3. *Construction plans for review; and*
4. *A tour of the facility.*

Multiple samples of each type of suspect hazardous building material should be collected during DCA building inspections. One sample of a suspect material from a housing unit should never be considered representative of that material type for the entire facility.

Most of the ACM encountered in a multi-family housing community will be surfacing materials or miscellaneous materials, such as textured ceiling material, floor coverings, wallboard or ceiling panels, patching compounds and roofing materials. However, the inspector may encounter other suspect ACM. Generally, thermal system insulation will not be encountered in a residential setting, with the possible exception of some insulated domestic water lines.

LBP was primarily used on building materials exposed to wear, abuse or weather such as cabinets, doors and door frames, windows and window frames, trimwork or moldings, exterior siding, exterior clap boards and porches. Lead paint was added less frequently to wall and ceiling paints.

Regardless of the anticipated outcome, a thorough inspection for all suspect ACM and LBP should be performed on DCA projects. Suspect materials that are not sampled, but which are suspect in appearance, should be considered ACM or LBP. **Material**

locations, accessibility, friability, current condition, potential for damage and the approximate quantity of the identified ACM and LBP should be documented in chart form and included in the inspection report. The condition of hazardous building materials is especially important and needs to be thoroughly reviewed and documented at all locations as part of the DCA inspection.

In summary, because a properly prepared O&M Plan is dependent upon the completeness of the building inspection, the following list represents the minimum procedures to be followed when conducting a DCA inspection:



- 1. Interview a knowledgeable person at the facility for information regarding dates of construction, etc.;*
- 2. Review available plans and specifications for the building;*
- 3. Tour representative buildings on the property;*
- 4. Obtain multiple samples of suspect materials identified;*
- 5. Report condition, accessibility, location and approximate quantity of ACM and LBP at each sampling location;*
- 6. Obtain sample analysis services from a qualified laboratory;*
- 7. In a thorough manner, report the findings of the building inspection, by providing detailed discussion of procedures and results and supporting documentation such as sample locations and lab data.*
- 8. Require report to be prepared by a trained asbestos and lead paint inspector and require a review by a Qualified Environmental Professional.*

After the ACM or LBP has been identified at the facility and its condition evaluated, a decision can be made regarding management in place, repair or abatement alternatives.

Abatement should be considered, if construction plans are scheduled that will disturb the ACM and LBP or if significantly damaged materials are encountered during the inspection.

III. DCA O&M PLAN OBJECTIVES

The principle objective of the DCA O&M program is to minimize or eliminate exposure of all building occupants to asbestos and lead paint. To accomplish this objective, the DCA O&M Plan includes work practices that:



1. *Help to maintain ACM and LBP in good condition;*
2. *Ensure proper cleanup of hazardous dust or debris previously released and repair of damaged materials;*
3. *Minimize further release of asbestos fibers or lead dust;*
4. *Monitor periodically the condition of ACM and LBP.*

To accomplish the objectives cited above, the DCA O&M Plan should address the following three categories of hazardous building materials, if present:



- ***Surfacing Materials*** - *Examples include asbestos fireproofing, asbestos-containing decorative or acoustical treatments to walls or ceilings and lead-based paint on walls, doors, ceilings, windows or any other identified building surface.*
- ***Thermal System Insulation*** - *Examples include asbestos insulation applied to pipes, boilers, ducts and tanks.*
- ***Miscellaneous Materials*** - *Examples include asbestos floor coverings, ceiling panels, wallboard, siding and roofing products.*

Specific instructions on how to appropriately manage each of these categories, if present, should be included in the DCA O&M Plan. Certain factors such as material friability, condition and accessibility to building occupants (potential for damage/exposure) are important and will need to be considered when developing the O&M Plan. For ACM and LBP that are highly friable or damaged, limited access and frequent monitoring may be appropriate. While in-place management is generally preferred by most, abatement may be the best option, if:



- 1. The material is highly friable;*
- 2. The ACM or LBP has a significant potential for damage;*
- 3. The ACM or LBP is already substantially damaged; or*
- 4. The ACM or LBP would be difficult to manage, from an occupant exposure point of view.*

To centralize procedures at the facility and ensure that the O&M Plan objectives are met, a recommendation to appoint a Program Manager at the property should be included in the O&M Plan. The Program Manager should be employed full time at the subject facility, but may have other duties in addition to hazardous building material management. This person will need to oversee all hazardous building material activities at the facility. **A recommendation to train the Program Manager in the basics of asbestos or lead paint hazards and to familiarize this person with the locations of all identified materials at the facility should be included in the DCA O&M Plan as well.** The Program Manager will guide custodial and maintenance staffs, contractors, outside service vendors and residents with regard to activities that could potentially disturb asbestos or lead paint. The Program Manager will be responsible for periodic inspections of identified ACM and LBP, which will document their condition over time. When damage is observed, the Program Manager should arrange for repair or cleanup of damaged ACM or LBP and limit access to the damaged area. Further, the Program Manager will be required to keep documents and records on file of all activities relating to asbestos or lead paint issues on the property including work permits in areas containing ACM or LBP, emergency responses and the like. A maintenance supervisor or property manager usually holds this responsible position.

IV. REPAIRING AND IMPLEMENTING THE DCA O&M PLAN

The success of an O&M program is dependent upon its proper preparation and the commitment of key personnel at the facility to implement its procedures. In order to achieve the greatest potential for successful implementation of the O&M program, it will be important that staff properly administer the provisions of the O&M Plan. Also the building tenants and outside contractors will need to be educated on the locations of ACM and LBP and on the policies of the O&M Plan.

The preparation of the DCA O&M Plan should:



1. *Be tailored to the findings of the asbestos or lead paint inspection at the facility;*
2. *Identify the roles of responsible parties who will implement the program; and*
3. *State clearly the O&M policies and procedures for the facility.*

The DCA O&M Plan should include the following eight basic elements:



- | | |
|-------------------------------------|--------------------------------|
| 1. <i>Notification and Labeling</i> | 5. <i>Record Keeping</i> |
| 2. <i>Periodic Surveillance</i> | 6. <i>Worker Protection</i> |
| 3. <i>Controls</i> | 7. <i>Training</i> |
| 4. <i>Work Practices</i> | 8. <i>Emergency Procedures</i> |

Each of the eight elements presented on the previous page should be emphasized in the DCA O&M Plan and constitute the basic core of the document. The following discussion includes the minimum requirements which should be included in the O&M Plan.

1. NOTIFICATION AND LABELING

All persons that could be potentially affected by ACM or LBP at the facility should be:



- 1. Notified regarding the location of ACM and LBP;*
- 2. Their potential health effects; and*
- 3. Issues associated with how and why its disturbance should be avoided.*

This communication should be directed towards building residents, occupants, on-site staff and outside vendors. Not only do building occupants have the right to be informed of potential hazards in their environment but also, if notified, these persons will be less likely to disturb the ACM or LBP. A record of notices sent, meetings held and recipients of information should be kept permanently on file at the facility by the Program Manager.

Asbestos and lead paint awareness communication can be accomplished by:



- 1. Conducting group meetings;*
- 2. Distributing written notices; and*
- 3. Posting caution signs in areas where ACM and LBP are located.*

At a minimum, potentially affected personnel and building residents should be given the following information:



1. *Instruction on the basics of exposure, including the fact that ACM and LBP are hazardous only when inhaled or ingested;*
2. *How one is to evaluate reasonable hazards presented by ACM or LBP;*
3. *The locations, types and current condition of ACM and LBP that have been identified at the community, with particular emphasis on areas that could be easily disturbed, that are in poor condition, and which present an immediate asbestos or lead paint hazard;*
4. *Activities to avoid in areas that contain ACM or LBP on the property;*
5. *The need to notify the Program Manager regarding incidents of damaged ACM or LBP;*
6. *The commitment of the management staff to closely monitor the ACM and LBP, engage in proper work practices to prevent damage to ACM and LBP and protect the health and well being of all building residents and workers.*

Establishing a comfort factor among the community residents regarding the asbestos and lead paint issues on the property and management's ability to properly handle the situation will promote trust and cooperation in the implementation of the O&M program.



Caution labeling should be placed at all entrances to areas containing ACM or LBP. It is recommended that the materials themselves are labeled as well, so that persons reading the caution signs are thoroughly advised of the potential hazards in that area. For example, these signs are often found in mechanical areas. If an area contains damaged, friable ACM or LBP, warning tape, prohibiting the access of unauthorized persons, should be placed over all access points until the damaged areas have been repaired. The entrances to these areas should be kept locked at all times, with limited access to only authorize, protected personnel.

2. PERIODIC SURVEILLANCE

Periodic surveillance to monitor the physical condition of ACM and LBP is important and should be a component of a DCA O&M Plan. The visual re-inspection should be:



- 1. Performed or supervised by the Program Manager;*
- 2. Photo-documented or video taped for record keeping; and*
- 3. Recorded as part of the permanent records of the facility.*

In a multi-family residential setting, the re-inspection process will be time consuming, if ACM or LBP have been identified in numerous apartment units throughout the property. The condition of ACM and LBP in each and every unit should be recorded in some manner as part of the surveillance program. Informed residents could play a part in the periodic surveillance program by filling out and returning specific questionnaires that request observation of ACM and LBP for indications of damage.

The environmental consultant should stipulate the recommended frequency of re-inspections and the procedures to accomplish those tasks in the DCA O&M Plan.

If the facility contains friable, or damaged ACM or LBP, a section of the DCA O&M Plan should include provisions for sampling and analysis of settled dust and/or periodic air monitoring to supplement, not replace, the efforts of a visual re-inspection of these areas. If air monitoring is conducted, a baseline study will need to be performed as a comparison value for future air monitoring events. Visual inspections can recognize situations and anticipate future exposure, whereas air monitoring can only detect a problem after it has occurred. However, these supplemental methods may provide management with an early warning of deterioration or disturbance of the ACM or LBP. Because of the need for particular sampling equipment and the specialized nature and training required to perform this supplemental testing, a professional engineering firm with these capabilities should be consulted to conduct these services.

CONTROLS

A system to control all work that may disturb ACM or LBP, should be a part of the DCA O&M Plan. An effective means towards this end is to develop a work permit system, whereby **all work requests need to be approved by the Program Manager**. The procedure of submitting work requests for approval, prior to actual maintenance or construction activities, can:



- 1. Minimize unauthorized access to restricted areas;*
- 2. Minimize potential disturbance of ACM and LBP; and*
- 3. Reduce the possibility for release of asbestos fibers or lead paint dust.*

The Program Manager should review all work requests for the property and review the maintenance records for the facility to evaluate the potential for ACM or LBP disturbance. **If asbestos or lead paint is present in the requested work area, procedures to minimize the release of asbestos fibers or lead paint dust must be stipulated on a work authorization form.** These work conditions should include a written description of specific work practices that will and will not take place, isolation of work areas and provisions for clearance inspections prior to job completion.

The Program Manager will be responsible for insuring that contractors, who are working in areas where ACM and LBP could be disturbed, have the appropriate training, respiratory protection and that the stipulated work practices are employed during the project. The Program Manager for documenting observations of approved work activities can use a work evaluation form. The Program Manager needs to have the authority to stop all work if deviations from stipulated work practices are observed during the project.

4. WORK PRACTICES

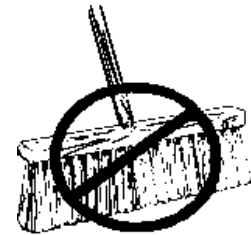
All DCA O&M Plans should include a section which details appropriate work practices for custodial, maintenance and construction personnel that will be working

near areas which contain ACM or LBP. The work practices should be tailored to the likelihood that ACM or LBP would be disturbed.

Specific procedures to minimize and/or contain asbestos fibers and lead paint dust should be thoroughly discussed in the DCA O&M Plan. These procedures could include:



1. *Wetting ACM prior to disturbance;*
2. *Use of isolated enclosures; and*
3. *Avoidance of certain maintenance activities such as sawing, sanding, drilling, cutting, abrading, chipping or braking identified ACM and LBP.*



Additionally, cleaning practices such as dry sweeping, dry wiping and regular vacuuming of areas, where fallout of asbestos fibers or lead paint dust are possible, should be stipulated in the O&M Plan as practices to be avoided. Rather, special vacuums with high efficiency particulate air (HEPA) filters and wet cleaning methods should be employed in these areas. The purchase of a HEPA vacuum is recommended at facilities, which have been identified as containing friable ACM or LBP.

Asbestos or lead paint waste (i.e., debris, dust, dirty rags, mop heads, HEPA vacuum filters) should be disposed of in a specially marked plastic bag as hazardous waste. The consultant should recommend special cleaning of potentially contaminated areas as a part of the DCA O&M Plan. A small supply of pre-labeled 6-mil-thick plastic waste bags should therefore be purchased and made available for disposal of contaminated waste.



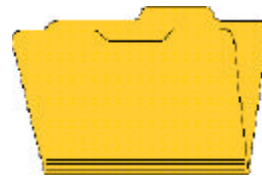
Special cleaning techniques should supplement, not replace, repair or abatement actions.

The DCA O&M Plan should include special work practices for each type of ACM or lead paint identified at the facility as well as for each type and category of maintenance activity that is likely to be performed in that area. Different situations will require different levels of basic O&M procedures to minimize asbestos fiber or lead

paint dust release. It will be up to the discretion of the Program Manager to evaluate the level of precautionary procedures that will need to be employed. For instance, there will be situations when disturbance of ACM or LBP is unlikely, those when disturbance will be possible and those when disturbance is intentional. Each situation will require different levels of precautionary work procedures.

Work procedures in some areas may only require the use of wet methods in an effort to reduce the potential for fiber or dust release. The work procedures in these areas may include wetting of the material prior to work activities, damp wiping, mopping or HEPA vacuuming. Care should be used when changing HEPA vacuum filters because of the potential for fiber release. Other work procedures may require the use of drop cloths, respirators or protective clothing. More significant disturbance activities may actually require an enclosure of the work area and the services of an abatement contractor. Whatever the conditions may be, the DCA O&M Plan should detail specific work practices to be employed when work is being performed that could potentially disturb ACM or LBP.

All of the facility's asbestos or lead paint-related management documents should be retained in a safe and secure location at the facility. **The DCA O&M Plan should itemize particular documents that need to be retained by the facility.** Because certain exposures can have a latency period, the records should be kept for at least 30 years. Particular documents that should be retained by the facility may include:





- 1. The asbestos and lead paint inspection reports;*
- 2. The O&M Plan and any revisions thereto;*
- 3. ACM and LBP damage and emergency response reports;*
- 4. Safety equipment issued to personnel;*
- 5. Work permits issued to contractors;*
- 6. Training and notification sessions held and attendee logs;*
- 7. Medical examination reports of personnel that work near ACM or LBP on a regular basis; and*
- 8. ACM or LBP abatement or repair reports.*

The DCA O&M program should provide example record keeping forms to facilitate orderly Record Keeping procedures by the facility.

6. WORKER PROTECTION

The DCA O&M Plan should provide a worker protection program that includes provisions for respiratory protection and possibly, protective clothing, for personnel who will have regular contact with ACM or lead paint. A written respiratory protection program is required by the Occupational Safety and Health Administration (OSHA) regulations whenever an O&M Plan specifies that service workers wear respirators or where respirators are made available to employees. A properly trained Program Manager is capable of preparing this document. Otherwise, the environmental consultant should be able to meet this need.

If substantial quantities of friable ACM or deteriorated lead paint are identified on the property then, the DCA O&M Plan should include an element for respiratory protection. It is recommended that a qualified health and safety professional (perhaps a representative from the respiratory equipment distributor) or a properly trained Program Manager provide instruction on the proper use and care of respirators. Attendees of a respirator training session should be documented. Additionally, a supply of protective clothing (disposable type suits) should be maintained on the premises in the event that certain situations arise which require their use. When in doubt about exposure during

certain work operations, building owners should provide respiratory protection and protective clothing to their employees.

The DCA O&M Plan should require individuals, who have respirators available for their use, to complete a medical questionnaire and submit to medical examinations at the beginning and end of their employment period. The employer is required by law to pay for the medical examination. These procedures will provide valuable information about the individual's ability to function while wearing the respirator and document medical test information.

A wide variety of respirators are available. Only respirators that are approved for protection against asbestos fibers or lead paint dust by the National Institute for Occupational Safety and Health (NIOSH) and the Mine Safety and Health Administration (MSHA) should be recommended in the DCA O&M Plan. Generally, a half-face, negative pressure respirator should provide adequate protection to maintenance workers in the residential setting. These respirators are designed to provide a level of protection that is roughly equal to ten times that of an unprotected person. **The environmental consultant should make a specific respirator selection recommendation in the DCA O&M Plan, if conditions warrant their use.**

7. TRAINING

The DCA O&M Plan should include provisions for appropriate training of personnel who may come in contact with ACM or LBP at the facility. If these persons are not adequately trained, O&M tasks may not be performed properly or at all, possibly resulting in the spread of contamination to other areas or human exposure. The environmental consultant should provide specific guidelines in the O&M Plan for Level 1 Awareness Training (see below). This training should be provided by the facility's Program Manager, who should be qualified and available to conduct Level 2 training for those individuals who require more in depth knowledge on handling asbestos or lead paint at the property.

In the residential setting there are generally two levels of worker training that are considered appropriate for persons who may come in contact with ACM or LBP:

Level 1 – Awareness Training:

Involves two to eight hours of training concerning background information on asbestos or lead paint, health effects, worker protection, locations of ACM and LBP on the property, the elements of the O&M Plan and emergency response actions. This level of training is usually provided to those who will be involved in cleaning and simple maintenance tasks where ACM or LBP may be accidentally disturbed.



Example: Awareness training should be provided to a maintenance person who needs to replace broken or damaged ceiling tiles, behind which, is located an asbestos-containing spray-applied fireproofing material. Likewise, awareness training would be applicable to a maintenance person that is responsible for painting of interior or exterior building areas where lead paint has been identified.

Level 2 – Special O&M Training:

Involves 16 hours of training concerning the aspects presented at Level 1 as well as coverage of regulations, work practices, waste handling and disposal, respirator use, care and fit testing, protective clothing, exercises in limited removal glove bag work, HEPA vacuum use and documentation procedures. This level of training is usually provided to maintenance workers who will be significantly involved with general maintenance and repair tasks.



Example: Special O&M training should be recommended for a maintenance person who removes a section of ACM pipe insulation in order to repair a broken pipe valve.

A third level of training would prepare an individual to abate ACM or LBP. However, **if abatement becomes necessary, the DCA O&M Plan should recommended that the services of a qualified abatement contractor be retained.** If the abatement is not properly performed, the situation could become worse, resulting in a larger area of contamination and a potentially greater number of exposed persons.

At a minimum, the awareness training should be included as part of the DCA O&M Plan. If significant quantities of friable asbestos or damaged lead paint are identified then, the 16 hours of specialized O&M training should be recommended for select personnel.

The Program Manager should also be aware of the levels of training held by contractors who are brought in to perform various tasks that could potentially disturb the ACM or LBP. **It should be stipulated in the O&M Plan that appropriate training will be verified prior to the release of outside vendors to perform services which may disturb asbestos or lead paint.**

The DCA O&M Plan should identify the level of training required at the facility. The O&M Plan should also specify those job classifications for which training is a requirement prior to employment. The Program Manager could conduct the training at Level 1, if they have sufficient prior knowledge regarding the training topics. The consultant that prepares the O&M document should be involved with the training session(s) because of their expertise and familiarity with the facility.

8. EMERGENCY PROCEDURES

A major fiber release for asbestos is defined by the Environmental Protection Agency (EPA) as one, which involves more than 3 square or linear feet of disturbed material. **Certain specific management practices and emergency work procedures should be outlined in the DCA O&M Plan, in the event that a release of asbestos or lead dust occurs on a DCA-funded property.** These emergency response procedures will vary according to:



- 1. The amount of ACM or LBP affected;*
- 2. The extent of the release;*
- 3. The area in which the release has occurred;*
- 4. The relationship of the release area to the air handling system of the building; and*
- 5. Access to the area by building occupants.*

In general, closing doors, windows and HVAC systems to restrict airflow in the affected area should isolate areas, which have had a release of asbestos or lead dust. Signs should be posted and restrictive barriers installed that identify the problem and allow entrance only to authorized personnel. Persons that are assigned to clean up hazardous material debris should wear respiratory protective equipment and possibly protective clothing and employ specialized cleaning procedures.

Different levels of training are needed for workers involved with release episodes. The DCA O&M Plan should stipulate the level of training required. A major release will generally require abatement worker training. For this reason, an abatement contractor and a qualified engineering firm should be consulted to address these situations. For major releases, a visual inspection and clearance air monitoring should be conducted, following the removal of bulk material.

The consultant should prepare this section of the DCA O&M Plan to provide specific guidance with respect to emergency procedures that need to be employed, and also to provide the Program Manager with options regarding contacts to make when in need of assistance from abatement contractors or engineering consultants.

V. CERTIFICATION

The DCA O&M Plan should provide a signed certification statement from the reviewing registered engineer or architect. The certification statement should be worded as follows:

I certify that this document and all attachments were prepared under my direction or supervision in accordance with the DCA O&M Guidance Manual, dated January 2002, and that qualified personnel properly gathered and evaluated the information submitted. The information submitted is, to the best of my knowledge and belief, true, accurate and complete.

Signature: _____
Printed Name: _____
Title: _____
Date: _____

TAB E

REHABILITATION GUIDE

PHYSICAL NEEDS ASSESSMENT GUIDE

The Physical Needs Assessment is required for all rehabilitation and/or renovation applications being presented for potential funding from programs administered by the DCA Office of Affordable Housing.

The Physical Needs Assessment Report must be prepared with all recommendations for the finished project incorporated in the final work scope. Refer to the Architectural Standards contained in this manual for further guidance. The report must address all existing conditions on the site, and must contain an analysis of the site in relation to all applicable building codes, and must state whether or not there are violations of the referenced building codes and if there are any conditions that might threaten the health or well-being of current or future residents. The report must also contain recommendations to correct any conditions identified in the Building Code Investigation, the Site and Neighborhood Standards, and the Environmental Site Assessment, Phase I and II as applicable.

The Physical Needs Assessment investigation and report must be undertaken and completed by a competent professional in the construction industry. **The report must include a resume of the education, background and experience of the individual or company** presenting this assessment. The report must also include three letters of recommendation and endorsement attesting to the Consultant's prior work. At least one of these references should be from a real estate development or construction firm, that used the Consultant to support a real estate rehabilitation to completion.

The Physical Needs Assessment investigation and report must be completed by a third party and not by the applicant, sponsor or owner of the property.

The report must include a statement that the investigation has been completed in accordance with DCA requirements and the information included is accurate and can be relied upon as a true evaluation of the existing conditions of the property. The statement must also include reliance to DCA for all information included therein, and be signed and sealed by the Consultant completing the report.

The inspection and report must be no more than **90 days** old at the time the Application is submitted, and must be reconfirmed prior to Loan Closing or issuance of LIHTC commitment. Refer to Submittal Instructions, contained in this manual, for additional information.

DCA reserves the right to verify all information contained in the report, with an on site inspection of the property, which will be conducted during the application process. DCA reserves the right at its sole and absolute discretion, to decline any property for rehabilitation, if it is determined the work scope is inadequate, does not address the issues of the physical needs assessment, or the work scope will not result in safe and decent housing or will not result in a property with a longevity exceeding the life of the mortgage loan, or the compliance period of any other form of funding by at least three years.

In any event, the work scope must represent a minimum construction hard cost expenditure of \$12,000 per unit and include the complete replacement of at least one major system on the property, i.e. HVAC system, roofing system etc. All materials and systems replacement must be considered with reference to the Expected Useful Life Tables contained in this Section, as well as the recommendations contained in the Physical Needs Assessment. Major systems, materials or components with a useful life of less than 5 years must be replaced under the proposed immediate work scope included in the application. All issues of building code violations, accessibility, hazardous substances and health and safety must be included in the immediate work scope. Refer to Appendix I of the Qualified Allocation Plan, Section 1, Project Feasibility and Viability Analysis for further guidance. Refer to the Architectural Standards for minimum unit/room sizes, materials and systems requirements and replacement of existing components.

I.0 SPECIFIC GUIDANCE TO THE EVALUATION CONSULTANT

A. Purpose

The purpose of the Physical Needs Assessment is to identify and provide cost estimates for the following key items:

1. Immediate Physical Needs - repairs, replacements and significant maintenance

problems that should be addressed immediately. (Particularly to correct any building code violations and environmental hazards, identified in the inspection and reporting process)

2. Physical Needs Over the Term - repairs, replacements and significant maintenance problems that will be needed over the next 30 years.

The assessment is based on the Consultant's judgement of the actual physical condition of the improvements and the expected useful life of those improvements. (Note: Refer to Architectural Standards *and the Expected Useful Life Tables*, for component replacement requirements with reference to remaining useful life.) It is understood that the conclusions presented are based on the Consultant's professional judgement and that the actual performance of individual components after the date of the evaluation may vary.

This guide explains how to use the set of forms provided by Fannie Mae and adapted by DCA for purposes of the Affordable Housing Programs. The forms are intended to help the Consultant conduct a comprehensive and accurate assessment, and to present the results of that assessment in a relatively standard format that will be useful to DCA in making underwriting decisions. However, the forms should not constrain the Consultant from fully presenting his or her concerns and findings. The forms should be supplemented as may be necessary to fully and accurately assess and report on the physical needs of the property.

The Systems and Conditions forms may be computerized to serve the Consultants' needs so long as information is provided on the condition and Effective Remaining Life of all components and the Effective Remaining Life is compared to the standard Expected Useful Life (EUL). The summary forms may also be extended or computerized so long as the basic format is maintained.

B. Terms of Reference Form

The Owner/Applicant completes this form for the Consultant. It serves as a reference point for the assessment and provides the Consultant with basic information about the property and the term of the loan. Specific guidance concerning some sections of the form are as presented below:

1. Sampling Expectation

The Owner/Applicant's expectations about the number and/or percentage of dwelling units, buildings and specialized systems to evaluate may be stated. However, at a minimum, the Consultant must inspect all vacant and down units, plus at least 10% of the occupied units, in order to state **with confidence** the present and probable future condition of each system at the property. If a higher level of sampling is required, the Consultant should so advise the Owner/Applicant, and a higher number of units are to be inspected.

Considerations in determining an adequate sample size are age, number of buildings (especially if the property was developed in phases), total number of units, and variations in size, type and occupancy of units. Effective sampling is based on observation of a sufficient number of each significant category. Using the above criteria, categories could include:

- **Buildings by age** of each building (e.g. inspect buildings in the eight (8) year old phase and in the eleven (11) year old phase),
- **Buildings by type** (e.g. rowhouse, walkup, elevator) and/or buildings by construction materials (e.g. inspect the garden/flat roof/brick bldgs and the garden/pitched roof/clapboard bldgs).
- **Dwelling units** are separate categories from buildings. At a minimum, sampling is by unit size (0/1/2/3/4 bedrooms).

There may be further categories if units are differently configured or have different occupant types (especially family or elderly). Systems that are not unit specific, such as boilers, compactors, elevators and roofs, will often have a one hundred percent(100%) sample.

The overriding objective is to **inspect enough of each type and system to be able to state with confidence the present and probable future condition.**

2. Market Issues

In certain instances, market conditions may necessitate action on certain systems. Examples are early kitchen/bathroom replacement or recarpeting, new entry paving, special plantings, and redecorated community areas. If the Owner/Applicant has identified such an action, the Consultant should include a cost estimate for such action and indicate what, if any, other costs would be eliminated by such action.

3. Work In Progress

In some instances, work may be underway (which can be observed) or under contract. When known by the Owner/Applicant, this must be noted. For purposes of the report, such work should be assumed to be complete, unless observed to be unacceptable in quality or scope in which case percentage complete must be noted.

4. Management-Reported Replacements

The property management should provide the Owner/Applicant with information about prior repairs or replacements that have been completed in recent years. The Owner/Applicant should provide this information to the Consultant to assist in the assessment of these components. The Consultant should include enough units, buildings, or systems in the sample to provide reasonable assurance that the reported repairs or replacements were made.

2.0 SYSTEMS AND CONDITIONS

It is the responsibility of the Consultant to assess the condition of **every major system and component** present at a property. All conditions, except as noted below, requiring action during the life of the loan must be addressed regardless of whether the action anticipated is a **capital** or **operating** expense.

To assist the Consultant in reviewing all systems at a property, Systems and Conditions Forms are provided. Each form lists a group of systems typically related by trade and/or location. The forms are Site, Architectural, Mechanical and Electrical, and Dwelling Units. While the forms have several columns in which information may be recorded, **in many instances only the first three columns will be completed**. If the condition of a system is acceptable, the Effective Remaining Life exceeds the term of the mortgage by three (3) years, and no action is expected or required, no other columns need to be completed.

The report is not expected to identify minor, inexpensive repairs or other maintenance items that are clearly part of the property owner's current operating responsibility as long as these items appear to be maintained on a regular basis. Examples of such minor operating items are occasional window glazing replacement and/or caulking, minor

plumbing repairs, and annual HVAC servicing. However, the Consultant **must** comment on such items in the report if they do not appear to be routinely addressed or are in need of immediate repair. The Consultant **must** also report on any **violations of all applicable building codes** observed and documented during the inspection process.

The report is expected to address infrequently occurring “big ticket” maintenance items, such as exterior painting, all deferred maintenance of any kind, and repairs or replacements that normally involve significant expense or outside contracting. The Consultant must note any suspected environmental hazards seen in the course of the inspection. Confirmation of such suspected environment-related hazards, such as lead-based paint or asbestos containing materials, will be addressed in a separate report prepared by an environmental engineer. **However, it is the responsibility of the Physical Needs Assessment Consultant to include the costs of any abatement or other environmentally related activities in the completed report.**

3.0 USING THE SYSTEMS AND CONDITIONS FORMS

A. Purpose

The forms can be used both to record actual observations at a specific location and for an overall summary. For example, the architectural form can be used for a specific building (or group of identical buildings) as well as for summarizing all information for buildings at a property. The same is true for the Dwelling Unit form. An unlabeled form is included which can be used as a second page for any of the Systems and Conditions Forms.

In some instances, the Consultant will note components that, while still functional, may reduce marketability of the property. For example, refrigerators or appliances in outmoded colors and designs may have such an impact on the marketability at some properties. The Consultant should note these items, discuss them with the Owner/Applicant, and provide separate estimates of the cost to replace such items if requested.

B. Items (EUL)

Each of the forms has a number of frequently occurring systems and components listed. This list represents only the most frequently observed and is not meant to be all-inclusive. **Every system present at the property must be observed and recorded.** Any system

not listed on the form may be included in the spaces labeled “Other.” Note that the assessment includes the systems and components in both residential and non-residential structures, thus, community buildings, management offices, pools, and other areas are included.

The Expected Useful Life (EUL) figure that appears in parentheses after the Item is taken from the Expected Useful Life Table *provided in this section*. This table provides standard useful lives of many components typically found in apartment complexes. In some instances the parentheses do not contain a number because of various types of similar components with differing useful lives. The Consultant should turn to the Expected Useful Life Table (EUL) and select and insert the appropriate Expected Useful Life (EUL) number.

Note: DCA recognizes that the Expected Useful Life Tables represent reasonable estimates of the expected life of the various components. If DCA receives substantial material to the effect that one or more of the estimates are inappropriate, DCA will make adjustments. Until such changes are made, the Tables provide a useful and consistent standard for all Consultants to use. They avoid debate on what the appropriate expected life is and permit focus on the Consultant's judgement of the effective remaining life of the actual component in place, as discussed below.

C. Age

The Consultant should insert the actual age of the component or may insert “OR” for original. If the actual age is unknown, an estimate is acceptable. If there is a range in age (for example, components replaced over time), the Consultant may note the range (i.e., 5-7 years) or may use several lines for the same system, putting a different age of that system on each line.

D. Condition

This space is provided to indicate the condition of the component, generally excellent, good, fair, or poor, or a similar and consistent qualitative evaluation.

E. Effective Remaining Life

This space is provided for the Consultant to indicate the remaining life of the component as is. For standard components with standard maintenance, the Expected Useful Life

Table provided by DCA could be used to determine Effective Remaining Life by deducting the Age from Expected Useful Life (EUL). However, this should not be done automatically. A component with unusually good original quality or exceptional maintenance could have a longer life. On the other hand, if the component has been poorly maintained or was of below standard original quality, the useful life could be shorter than expected. **The Consultant should apply his or her professional judgement in making a determination of the Effective Remaining Life.**

If the Effective Remaining Life is longer than the term of the loan or compliance period, plus three (3) years, no deferred maintenance exists, and no action needs to be taken during the life of the loan, and no other columns need to be filled out. The only exception may be “Diff?” (Difference), as discussed below. This should be noted when the Consultant’s estimate of the Effective Remaining Life varies by more than two years from the standard estimate.

F. “Diff?” (Difference)

The age of the component should be deducted from the Expected Useful Life (EUL) in parentheses and the answer compared to the Effective Remaining Life estimated by the Consultant. Where there is a difference of over two years, the Consultant should insert a footnote number in the “Diff?” column and provide, in an attached list of footnotes, a brief statement of why, in his or her judgement, the Effective Remaining Life of the component varies from the standard estimate. This approach provides consistency among Consultants while making best use of the Consultant’s professional judgement.

G. Action

If any action is required -- immediately, over the life of the loan, or within three years thereafter -- the action should be recorded as **repair, replace or maintain**. Repair is used when only a part of an item requires action, such as the hydraulics and/or controls of a compactor. Replace is used when the entire item is replaced, Maintain is used where special, non-routine maintenance is required, such as the resurfacing of a swimming pool. In cases where repair or maintenance may be needed now, and replacement or further maintenance may be needed later, separate lines may be used to identify the separate actions and timing.

H. Now?

If the item involves a threat to the immediate health and safety of the residents, clearly affects curb appeal, will result in more serious problems if not corrected, or should otherwise be addressed as part of an immediate repair, maintenance or replacement program, this space should be checked. Replacements that may be needed in year one, but do not require immediate attention, must be checked, and should be included in the work scope of the current application.

I. DM (Deferred Maintenance)

The “DM” space is marked in any instances where current management practice is clearly inadequate and the Owner/Applicant’s attention should be called to the item, even if no major expenditure or significant labor may be required.

J. Quantity

For items requiring action, the Consultant should note the quantity of the system, with the applicable unit of measure entered (each, unit, square feet, square yards, linear feet, lump sum, etc.).

K. Field Notes

This space, as well as attachments, may be used to record the type of component (16 cf, frost free, Hotpoint), the problem (valves leaking) or other information (consider replacement for marketing purposes, replace 30% per year, work in progress, etc.) that the Consultant will need to complete the Evaluator’s Summary.

L. Sample Form

The following example from the Dwelling Unit systems and Conditions form illustrates how this form is properly used. The example presumes an eleven (11) story building containing one- and two-bedroom units. There are 100 units. The age of the building is 9 years. The term of the proposed loan is 7 years.

1. Countertop/sinks are 9 years old. (The entry could also be “OR”). Condition is excellent, with an Effective Remaining Life of 10 years. This is significantly different from the anticipated Effective Remaining Life of 1 (an EUL of 10 years minus an Age 9 years). Therefore, there is a footnote entry “1” in the Diff? (Difference) column. The footnote will indicate that this item is made of

an exceptionally durable material (Corian), along with a top quality stainless steel sink. No capital need would be reported if the Consultant's estimate of an Effective Remaining Life of 10 years+ is beyond the term +3.

2. Refrigerators are also original, reported as 16 cf frost free Hotpoints. Replacement is expected around the Effective Remaining Life, noted as 20%

annually and beginning in the 5th year of the loan when the refrigerators are 14 years old.

3. Disposals range from new to original (Age = 0-9) 20 % per year replacements will be needed starting in year 1. The Consultant notes that disposals appear to be replaced as part of the development's normal operations.
4. Bath fixtures are original, and in good condition. No replacement is expected to be required during the term +3 years. The note indicates that they are "dated looking", which may prompt a market consideration for replacement.
5. Ceiling is a special entry. The "04" stack of units has experienced water damage to ceiling from a major plumbing leak. This is noted for repair NOW. As this apparently occurs in all 10 units in this stack and therefore is likely to have more than a modest cost, this action would be reported on the Immediate Physical Needs summary form.

4.0 EVALUATOR'S SUMMARY FORMS

Two separate forms are used to summarize the Consultant's conclusions from the Systems and Conditions Forms. One summarizes Immediate Physical Needs and the other summarizes the Physical Needs Over 30 years.

A. Evaluator's Summary: Immediate Physical Needs

All of the items for which Now? is checked are transferred to this form. This form provides for the listing of Items, Quantity, Unit Cost and Total Cost of each. The Item and Quantity are transferred directly from the Systems and Conditions Form.

1. Unit cost:

This is the cost per unit (sf, ea, lf, etc.) in current dollars to implement the required action. The source of the cost estimate should be listed in a separate attachment. The sources may include a third-party estimation service (e.g., R. S. Means: **Repair and Remodeling Cost Data**), actual bid or contract prices for the property, estimates from contractors or vendors, the Consultant's own cost files, or published supplier sources.

2. Total Cost:

This is the result of multiplying the quantity times the unit cost. It is expressed in current year dollars.

3. DM (Deferred Maintenance):

If the item evidences deferred maintenance, this column is checked.

4. Comments:

The comments column, should clearly provide information on the location and the nature of problem being addressed. The information should be adequate for the owner to begin to implement the action for each item.

B. Evaluator's Summary: Physical Needs Over The Term

Those items not listed on the Immediate Physical Needs form, but for which action is anticipated during the term of the loan plus three years, are listed on this form. The Item and Quantity are transferred directly from the Systems and Conditions Form. The Unit Cost is calculated in the same manner as on the Immediate Physical Needs Form. Provide any necessary information on the location of action items and the problem being addressed for each item.

1. Cost by Year:

The result of multiplying the quantity times the unit cost, in current dollars, is inserted in the column for the year in which the action is expected to take place. Generally, the Effective Remaining Life estimate provided by the Consultant on the Systems and Conditions will indicate the action year. For example, if the Consultant has indicated that the Effective Remaining Life of the parking lot paving is 4 years, the cost, in current dollars, is inserted in Year 4. If the items are likely to be done over a number of years, the costs, in current dollars should be spread over the appropriate period. For

example, if the Effective Remaining Life of the refrigerators is estimated to be 4 years, or 3-5 years, one third of the cost of replacing the refrigerators may appear in each of Years 3, 4, and 5.

2. Total Uninflated:

After inserting all of the appropriate action items, the Consultant should total the items for each year.

3. Total Inflated:

The Consultant should multiply the Total Uninflated time the factor provided to produce the Total Inflated.

4. Total Inflated All Pages:

The Consultant should include the Total Inflated Dollars for that page and all prior pages.

5. Cumulative Total All Pages:

The Consultant should insert the Total Inflated Dollars of that year and all prior years.

C. Special Repair and Replacement Requirements

While performing a property inspection, the Consultant must be aware that certain building materials and construction practices may cause properties to experience (or to develop in a short time period) problems that can be corrected only with major repairs or replacements. If any of the following requirements are not met or if the Consultant determines that the following conditions (or others) are present, **the Consultant must contact the Owner/Applicant immediately to discuss the timing as well as the cost of the repairs or replacements.**

The Consultant should ensure that any of these conditions are thoroughly addressed in the Physical Needs Assessment. These items should also be part of the immediate work scope contained in the application.

1. Building Code Violations:

Any code violation identified must be clearly and adequately addressed. Code violations must be categorized according to health and safety of any existing tenants, and must be the first items listed, discussed and remediated. This includes handrails, smoke detectors, compliance with current electrical and mechanical codes and state energy and accessibility codes.

2. Minimum Electrical Capacity:

Each apartment unit must have sufficient electrical capacity (amperage) to handle the number of electrical circuits and their use within an apartment. Therefore, the Consultant must determine, based on referencing the National Electric Code as well as local building codes, to determine the minimum electrical service needed. In any event, that service must not be less than 60 amperes.

3. Electrical Circuit Overload Protection:

All apartment unit circuits, as well as electrical circuits elsewhere in an apartment complex, must have circuit breakers as opposed to fuses as circuit overload protection.

4. Aluminum Wiring:

In all cases where aluminum wiring runs from the panel to the outlets of a unit, the Consultant's inspection should ascertain that the aluminum wiring connections (outlets, switches, appliances, etc.) are made to receptacles rated to accept aluminum wiring or that corrective repairs can be done immediately by the Owner/Applicant.

5. Fire Retardant Treated Plywood:

While performing the roof inspection, the Consultant should investigate whether there is any indication that fire-retardant treated plywood was used in the construction of the roof (primarily roof sheathing). This inspection should focus on sections of the roof that are subjected to the greatest amount of heat (e.g., areas that are not shaded or that are poorly ventilated) and, if possible, inspect the attic for signs of deteriorating fire-retardant treated plywood or plywood that is stamped with a fire rating.

Certain types of fire-retardant treated plywood rapidly deteriorate when exposed to excessive heat and humidity or may cause nails or other metal fasteners to corrode. Common signs of this condition include a darkening of the wood and the presence of a powder-like substance, warping of the roof and the curling of the shingles. Fire-retardant treated plywood is most likely to be in properties with pitched, shingled roofs that were constructed after 1981 and that are located in states east of the Mississippi River and some southwestern states.

D. Narrative Conclusion and Attachments

A complete narrative summary of the property and its components is required. The Consultant should include a concise summary of the conclusions reached concerning the overall condition of the property, its future prospects, and the quality of the current maintenance program.

Any Building Code violations, or items affecting the health and safety of existing residents should be clearly flagged and included in the immediate work scope.

The summary should include a discussion of the sampling approach described above, and any market issues which the Consultant believes may be appropriate to address or noted by the Owner/Applicant. The narrative, the forms used and the attachments (footnotes explaining differences, information regarding sources of costs, and, if necessary, information needed to identify the location and type of problem addressed in the Evaluator's Summary: Physical Needs Over the Term) should be supplied to the Owner/Applicant and included in all applications for funding from DCA.

EXPECTED USEFUL LIFE TABLE

SITE SYSTEMS 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Basketball Courts	15	25	Fence only
Built Improvements (playgrounds/site furniture)	20	20	
Catch Basin	40	40	
Cold Water and Sewer Lines	40	40	
Compactors	15	15	
DHW/Supply/Return	30	30	
Dumpsters	10	10	
Dumpster Enclosures	10	10	
Earthwork	50+	50+	
Electrical Distribution Center	40	40	
Emergency Generator	15	15	
Fencing			
Chain Link	40	40	
Wrought iron	50+	50+	
Stockade	12	12	
Post & Rail	25	25	
Gas Lines	40	40	Resurface Pave with asphalt or concrete
Heating Supply/Return	40	40	
Incinerators	50+	50+	
Irrigation Syatems	30	30	
Lift Station	50	50	
Mail Facilities	10	10	
Landscaping	50+	50+	
Parking			
Asphalt	25	25	
Gravel	15	15	
Pedestrian Paving			
Bituminous	15	15	
Concrete	30	30	
Retaining Walls			
Concrete	20	20	
Masonry	15	15	
Wood	15	15	
Stone	15	15	
Roadways			Seal Resurface Pave with asphalt or concrete
Asphalt (sealing)	5	5	
Asphalt	25	25	
Gravel	15	15	
Sanitary Treatment	40	40	
Site Electrical Main	40	40	
Site Gas Main	40	40	
Site Lighting	25	25	
Site Power Distribution	40	40	

EXPECTED USEFUL LIFE TABLE			
SITE SYSTEMS 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Site Sanitary Lines	50+	50+	Resurface
Site Sewer Main	50+	50+	
Site Water Main	40	40	
Storm Drain Lines	50+	50+	
Swimming Pool			
Deck	15	15	
Mech'l Equipment	10	10	
Tennis Courts	15	15	
Transformer	30	30	
Water Tower	50+	50+	
BUILDING ARCHITECTURE 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Appurtenant Structures			Paint @ 5 years Paint @ 5 years Paint @ 5 years
Porches	50	50	
Wood Decks	20	20	
Storage Sheds	30	30	
Greenhouses	50	50	
Carports	40	40	
Garages	50+	50+	
Basement Stairs	50+	50+	
Building Mtd. Exterior Lighting	6	10	
Building Mtd. HID Lighting	6	20	
Bulkheads	6	20	Replace Re-roof Paint Paint
Canopies			
Wood/Metal	40	40	
Concrete	20	20	
Ceilings, exterior or open	5	5	
Chimney	25	25	
Common Area Doors	50+	50+	
Common Area Floors			
Ceramic/Tile/ Terrazzo	50+	50+	
Wood (Strip/Parquet)	30	30	
Resilient Floor (tile/sheet)	15	15	Replace Replace/sand & finish Replace Replace
Carpet	7	7	
Concrete	50+	50+	
Common Area Railings	50+	50+	
Common Area Ceilings			
Concrete/DW/Plaster	50+	50+	
Acoustic Tile	20	20	
Common Area Countertop/sink	20	20	

EXPECTED USEFUL LIFE TABLE

BUILDING ARCHITECTURE 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Common Area Dishwasher	15	15	
Common Area Disposal	5	5	
Common Area Walls	50+	50+	Paint 5-8yrs
Exterior Common Doors			
Aluminum & Glass	30	30	Door Only
Solid Core (wood or metal)	25	25	Door Only
Automatic	15	30	Door & Mechanism
Exterior Stairs			
Wood	30	30	Replace
Filled metal pan	20	20	Replace
Concrete	50+	50+	Replace
Exterior Unit Doors	25	25	
Exterior Walls			
Aluminum siding	15	15	Prep & Paint
Brick or block	40	40	Repoint
Stone veneer (brownstone)	20	20	Waterproof & Caulk
Glass Block	15	15	Recaulk
Granite block	40	40	Repoint
Metal/glass curtainwall	10	10	Recaulk
Precast Concrete panel	15	15	Recaulk
Vinyl siding	30	30	Replace
Wood siding/shingles	5	5	Prep & Paint/Stain
Plywood/stucco	5	5	Prep & Paint/Stain
Fire escapes	40	40	Resecure
Foundations	50+	50+	
Hatches/Skylights			
Access hatch	30	30	
Smoke hatch/skylight	50+	50+	
Insulation/Wall	50+	50+	
Interior Lighting	25	25	
Interior Railings	50+	50+	
Kitchen Cabinets	(wood construction)	20	
Local HVAC			
Electric fan coil	20	20	
Electric heat/AC	15	15	
Gas furnace/split DX AC	20	20	
Heat pump w/suppl.electric	15	15	
Heat pump water source	20	20	
Hydronic fan coil	30	30	
Hydronic heat/electric AC	20	20	
Mail Facilities	10	30	
Parapet Wall	50+	50+	
Penthouse	25	25	New Door & Pointing

EXPECTED USEFUL LIFE TABLE

BUILDING ARCHITECTURE 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Public Bathroom Accessories	7	7	Repaint
Public Bathroom Fixtures	15	15	
Radiation			
Hydronic (basebd or freestand)	50	50	
Electric Baseboard	25	25	
Electric Panel	20	20	
Roof Railings	10	10	
Refrigerator, common area	15	15	
Residential Galss Doors			
Sliding	15	15	
French	30	30	(Subject to Waiver) (Subject to Waiver)
Roof Covering			
Aluminum shingles	40	40	
Asphalt shingles	20	20	
Built up (BUR)	20	20	
Membrane	20	20	
Preformed metal	40	40	
Shingles (slate, tile, clay etc)	50+	50+	
Wood shingles	20	20	
Roof Drainage Exterior (gutter & fascia)	25	25	Replace
Roof Drainage Interior (drain covers)	50+	50+	Replace
Roof Structure	50+	50+	Repair/Repaint Replace
Slab	50+	50+	
Service Doors	25	25	
Soffits			
Wood/Stucco/Concrete	5	5	
Aluminum or vinyl	25	25	
Stair Structure	50+	50+	
Storm/Screen Doors	7	15	
Storm/Screen Windows	20	20	
Waterproofing Foundation	50+	50+	
Window Security	40	40	Door only
Windows (frames & glazing)	30	30	
Wood Floor Framing	50+	50+	
Bath Accessories	10	15	
Bath Fixtures (sink, toilet, tub)	20	20	
Closet Doors	10	20	
Countertop & Sink	10	20	
Dishwasher	10	15	
Disposal	5	8	
Electric Fixtures	20	20	
Hallway Door	30	50	
Heat Detectors	20	20	

EXPECTED USEFUL LIFE TABLE

DWELLING UNITS 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Interior Doors		30	50	Door only
Interior Stairs		50+	50+	
Kitchen Cabinets	(wood construction)	20	25	
Living Area Ceilings				
	Concrete/Drywall/Plaster	50+	50+	Replace (Paint 5-8yr)
	Acoustic Tile	20	20	
Living Area Floors				
	Ceramic/Tile/Terrazzo	50+	50+	Replace
	Wood (strip/parquet)	30	30	Replace part/refinish
	Resilient Flooring	15	20	Replace
	Carpet	7	10	Replace
	Concrete	50+	50+	Replace
Living Area Walls		50+	50+	Replace (Paint 5-8yr)
Local HVAC				
	Electric fan coil	20	20	
	Electric heat/AC	15	15	
	Evap. condensor (swamp cooler)	20	20	
	Gas furnace, split DX AC	20	20	
	Heat pump w/suppl. electric	15	15	
	Heat pump, water source	20	20	
	Hydronic fan coil	30	30	
	Hydronic heat/electric AC	20	20	
Range		15	20	
Rangehood		15	15	
Refrigerator		15	15	
Smoke/Fire Detectors		10	10	
Unit Air Conditioning		15	15	
Unit Electric Panel		50+	50+	
Unit Level Boiler		25	25	
Unit Buzzer/Intercom		20	30	
Unit Level DHW		10	10	
Unit Level Hot Air Furnace		25	25	
Unit Radiation				
	Hydronic or steam (baseboard or freestanding)	50	50	
	Electric Baseboard	25	25	
Unit Vent/Exhaust		15	15	
Unit Wiring		99	99	
Vanities	(wood construction)	20	20	
Window covering		3 (20yr)	3 (20yr)	Material/user specific

EXPECTED USEFUL LIFE TABLE

MECHANICAL/ELECTRICAL 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Central Unit Exhaust, roof mtd	15	15	
Chilled Water Distribution	50+	50+	
Chilling Plant	15	25	
Compactor	15	15	
Cooling Tower	25	25	
Electrical Switchgear	50+	50+	
Electrical Wiring	50+	50+	
Elevator, Controller, dispatcher	15	20	
Elevator, Cab	15	20	Rebuild interior
Elevator, Machinery	30	30	
Elevator, Shaftway Doors	20	30	Replace gibs & rollers
Elevator, Shaftways			
Hoist rails, cables, travelling	25	25	
Hydraulic piston & levelling	25	25	Resleeve piston
Emergency Alarm System			
Call Station	15	15	
Emergency Generator	35	35	
Emergency Lights	10	10	Battery operated
Evaporative Cooler	15	15	
Fire Pumps	20	20	Pump motor
Fire Suppression	50+	50+	Piping
Gas Distribution	50+	50+	Piping
Heat Sensors	15	15	
Heating Risers & Distribution	50+	50+	
Heating Water Controller	15	15	
Hot & Cold Water Distribution	50	50	
HVAC			
Cooling only	15	15	
Heat only	15	15	
Heating & Cooling	15	15	
Master TV System	15	15	
Outdoor Temperature Sensor	10	10	
Sanitary Waste & Vent System	50+	50+	
Sewage Ejectors	50	50	
Buzzer/Intercom, central panel	15	15	
Smoke & Fire Detection System, central panel	15	15	
Sump Pump			
Residential	7	7	Replace
Commercial	15	15	Replace motor
Water Softening & Filtration	15	15	
Water Tower	50+	50+	
Boiler Room Equipment			
Blowdown & Water Treatment	25	25	
Boiler Room Pipe Insulation	w/boiler	w/boiler	

EXPECTED USEFUL LIFE TABLE

MECHANICAL/ELECTRICAL 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Boiler Room Piping	w/boiler	w/boiler	Repack valves
Boiler Room Valves	15	15	
Boiler Temperature Controls	w/boiler	w/boiler	
Boilers			
Oil-fired, sectional	22	22	
Gas/dual fuel, sectional	25	25	
Oil/gas/dual fired, low MBH	30	30	
Oil/gas/dual fired, high MBH	40	40	
Gas fired atmospheric	25	25	
Electric	20	20	
Bottled Gas Storage	20	20	Replace Replace motor Replace fan/preheater
Building Heating Water Temperature Controls			
Residential	12	12	
Commercial	15	15	
Combustion Air			
Duct w/fixed louvers	50+	50+	
Motor louver & duct	25	25	
Make-up air	25	25	
Compressors	15	15	
Condensate & Feedwater			
Feedwater only (hydronic)	10	10	Replace Point Tank Lining
Condensate & feedwater (steam)	w/boiler	w/boiler	
DHW Circulating Pumps	by size	by size	
DHW Generation			
Tank only, dedicated fuel	10	10	
Exchanger in storage tank	15	15	
Exchanger in boiler	15	15	
External tankless	15	15	
Instantaneous	10	10	
DHW Storage Tanks			
Small (up to 150gals)	12	12	Replace Point Tank Lining
Large (over 150gals)	7	7	
Domestic Cold Water Pumps	15	15	
Fire Suppression	50+	50+	
Flue Exhaust	w/boiler	w/boiler	
Free Standing Chimney	50+	50+	
Fuel Oil Storage	25	25	
Fuel Transfer System	25	25	
Heat Exchanger	35	35	
Heating Water Circulating Pumps	by size	by size	
Line Dryers	15	15	Replace collectr panels
Motorized Valves	12	12	
Outdoor Temp Sensor	10	10	
Pneumatic lines & Controls	30	30	
Purchased Steam Supply Station	50+	50+	
Solar Hot Water	20	20	

FORM AH - 13 PHYSICAL NEEDS ASSESSMENT

[illegible]

FORM AH – 13 PHYSICAL NEEDS ASSESSMENT

[illegible]

FORM AH – 13 PHYSICAL NEEDS ASSESSMENT

[illegible]

FORM AH - 13 PHYSICAL NEEDS ASSESSMENT

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FORM AH - 13 PHYSICAL NEEDS ASSESSMENT

[illegible]

FORM AH – 13 PHYSICAL NEEDS ASSESSMENT

[illegible]

FORM AH – 13 PHYSICAL NEEDS ASSESSMENT

Date _____

Page ____ of ____

EVALUATOR'S SUMMARY

PHYSICAL NEEDS OVER THE TERM

MORTGAGE TERM:	
FAMILY:	
ELDERLY:	

Project: _____

Address(es): _____

of Units: _____ # of Buildings: _____ AGE: _____

[illegible]

FORM AH – 13 PHYSICAL NEEDS ASSESSMENT

Date _____

Page ____ of ____

EVALUATOR'S SUMMARY

PHYSICAL NEEDS OVER THE TERM

MORTGAGE TERM:	
FAMILY:	
ELDERLY:	

Project: _____

Address(es): _____

of Units: _____ # of Buildings: _____ AGE: _____

[illegible]

FORM AH – 13 PHYSICAL NEEDS ASSESSMENT

TERMS OF REFERENCE

Project: _____

Address(es): _____

Contact: _____ Telephone: _____

Title: _____ Family: _____

Elderly: _____

Age of Property		Elevator	Garden	Staked Flats	Town House	Other	Total
	# buildings by type						

Term of Loan		0 BR	1 BR	2 BR	3 BR	4 BR	5+ BR	Total
	# units							

SITE CONFIGURATION

SAMPLING EXPECTATION

MARKET ISSUES

	Item	Timing
Absolute:		
Possible:		

WORK IN PROGRESS

Item	Quantity	\$s	% Complete	Comments

MANAGEMENT REPORTED REPLACEMENTS

Item	Quantity	\$s	Date replaced	Comments

TAB F

ARCHITECTURAL GUIDE

ARCHITECTURAL STANDARDS

In accordance with requirements established by the federal government at 24 CFR 92.251 for the proper operation of the HOME program, IRC Section 42 for the proper operation of the Low Income Housing Tax Credit (LIHTC) program, and the state 1989 General Assembly for the proper operation of the State Housing Trust Fund (HTF) for the Homeless, the Georgia Department of Community Affairs (DCA) has established these Architectural Standards. All projects receiving HOME funds, LIHTC, Bonds and HTF, from DCA for the purpose of building new property and rehabilitating existing property must meet or exceed these architectural standards. Incorporation of these minimum standards into all work scopes which control the level of construction to be performed on all properties is required. These standards have incorporated all State and local building codes, State energy and accessibility codes and the HUD Housing Quality Standards (HQS). Americans with Disabilities Act (ADA), Section 504 regulations and Federal Fair Housing Laws, and in many cases DCA requirements exceed the referenced State and Federal Requirements. Compliance with these architectural standards will result in properties that pass the local codes and HQS standards upon project completion (except for those HQS standards, which vary by occupant household size). The marketability of rental property and the appraisal requirements of all properties may result in a higher level of construction required in certain areas.

These architectural standards **do not** have the effect of replacing local codes or minimum property standards. All properties must meet or exceed applicable local codes and property standards. With the exception of offsite development costs, measures required to address local codes and property standards are eligible construction costs for properties receiving HOME, LIHTC & HTF funding,

These architectural standards are **applicable to new and rehabilitation construction**. New & rehabilitation construction is governed by all local and state building codes and requirements. New construction is defined as projects having construction costs exceeding 75% of the replacement cost of the completed property (as defined by Section 504 regulations).

Building Permits are required for all work to be funded under DCA programs. Proof of inspections and approvals by local officials will be required for final allocation of Low Income Housing Tax Credits (LIHTC). See Submittal Instructions for specific information and verify all requirements with LIHTC and HOME underwriters.

The American Institute of Architects has issued new forms to replace some of the existing contract forms. Please ensure all required documentation is on these new forms.

Final determination as to compliance with the architectural standards rests solely with DCA, the mortgage lender and the credit enhancement provider. The highest standards will prevail.

I. GENERAL STANDARDS FOR ALL PROPERTIES:

A. Drawings and Specifications:

The architectural drawings and specifications must be in compliance with the Livability Standards found in HUD's Minimum Property Standards 4910.1 (1984). These are the minimum standards. Where DCA or local standards are higher, the higher standards will prevail. All local codes must be met, including all applicable Building and Fire Codes, Georgia Energy Code, ADA, Georgia Accessibility Codes, Section 504 requirements, Federal Fair Housing Laws, and any other applicable requirements. In every case the most restrictive requirement shall prevail.

B. Contract Drawings:

The contract drawings should be complete, clear and consistent. This is to minimize construction problems, schedule delays, discrepancies in documentation and cost overruns, all of which affect the overall construction process. Refer to the Architectural Submittal Standards, located in this tab, for format and submittal requirements.

C. Exterior Construction Materials:

All construction materials must be appropriate for lifecycle cost and ease of maintenance. The cost of materials may be greater 'up front', as compared to other alternatives at the time of construction, but the integrity of the property over the long run will be maintained. All materials are to be installed according to manufacturer specifications using acceptable methods and materials that will result in the issuance of a manufacturer's

guarantee. All materials must bear the label of an industry accepted testing or certification agency. Preference must be given to materials that represent low maintenance and longevity over the life span of the property. Existing properties presented for rehabilitation must meet this requirement and reference to the Expected Useful Life Tables published in this Manual must be considered. **In general, any major component of the rehabilitation project with less than five years remaining life shall be replaced.** Specific exterior construction material requirements are listed below.

1. **Roofing:** DCA requires a minimum warranty of 20 years for all pitched roofs, that must verified by the manufacturer. Note: flat roofs are not permitted in any construction. (For rehabilitation properties DCA may consider waiver applications based on the excessive cost to reconfigure an existing flat roof in good condition.)
2. **Vinyl Siding:** DCA requires commercial grade siding with a minimum thickness of .044 and with a 15 year warranty to be verified by the manufacturer.
3. **Manufactured Siding:** Siding must be 7/16" nominal thickness or equivalent with a 20 year warranty, to be approved by DCA. Warranty must be verified by manufacturer.
4. **Wood Siding:** Cedar or redwood in random lengths of 4'-0" or greater is acceptable. Any other wood siding product must be approved by DCA. All wood siding must have a protective finish.
5. **Dryvit:** The installation of dryvit, or similar products, must include protection of finish in high traffic areas, and must be approved by DCA.
6. **Stucco:** Hard stucco may be used in some instances, but must be approved by DCA.
7. **Soffits & Fascias:** Consideration should be given to prefinished, or low maintenance finishes to all fascias and soffits. Gutters and downspouts are mandatory for all construction and on all buildings.
8. **Doors and Windows:** Exterior doors must be 1 3/4" metal insulated or solid core wood C-labeled door. Windows must have double or insulated glass and thermobreak design frames.
9. **Exterior Stairs:** All exterior stairs are to be covered and protected from the elements as is feasible.

D. Amenities:

The selected amenities of the Property, (ie. washers, dryers, appliances, community spaces) must be completely reflected in the construction documents and budget, and must be suitable for the market being served. All appliances and amenities indicated in the application package must be reflected in the final construction documentation, and be part of the completed Property. All community spaces must meet the requirements for accessibility as defined in the Americans with Disabilities Act. (ADA) and the HUD Fair Housing Requirements. This is required on all rehabilitated properties as well as new construction. **Note: DCA requirements exceed the Federal and State requirements for accessibility.**

E. Inspections:

The soils testing, construction methods, and materials inspections (including related written documentation and reports) must meet or exceed applicable industry standards. A testing lab must approve all soils under foundations, slabs and paving. Concrete must be tested to ensure it meets specifications. In addition, a careful monitoring, including material testing and lab participation is essential especially when steel framing is used. (Note: Soils testing is required for new construction only.)

F. Consultant Reports:

For each construction project there shall be a consultant to monitor construction and review pay requests. Such consultant will be engaged by DCA and/or the mortgage lender (when applicable the same consultant may serve both lenders). The construction reports, in addition to reviewing construction draw requests, shall address methods of construction, percentage of completion, progress and budget analysis, and adherence to codes and acceptable building practices. There will be periodic construction inspection of all LIHTC properties.

II. SITE DEVELOPMENT STANDARDS

A. Environmental Conditions:

The environmental conditions surrounding the immediate area and the neighborhood must be carefully evaluated in order to determine the appropriate access to the property.

Any negative adjoining situations should be mitigated with screening, building orientation, and other measures. Site design should take into account the views, prevailing wind patterns and solar orientation of the property location.

Refer to Environmental Phase I Site Assessment standards published in this Manual for environmental documentation and review process.

B. Parking:

The number of parking spaces on a site shall meet all local zoning requirements. However, in no cases shall there be less than 1.5 spaces per unit. (DCA may consider a waiver for an existing site layout that cannot meet this requirement. A waiver will only be issued where the Local Zoning will allow a lesser ratio of parking spaces.). All access roads, parking areas and walking paths shall be either concrete or asphalt paving. DCA must approve any alternate paving materials.

The relationship and distance of parking areas from building entrances is paramount to the safety and security of the property and tenants. The path traversed from parking to the building entrance should be as direct as possible and other safety measures such as apartment windows overlooking the parking areas should be considered.

All handicapped parking spaces must meet the requirements of the Georgia Accessibility Code, ADA or local requirements, whichever is most restrictive. Ramps and no-step access must be provided from parking areas to walkways community facilities, amenities and to the entrance of all first floor apartment units per ADA, State Accessibility Code and Federal Fair Housing requirements. (Where there is an elevator to upper level units, building all apartment units must have a no step entry.)

C. Vehicle Circulation:

Vehicle circulation should allow for road patterns that are economically laid out. Roads should impact as little as possible on the buildings, and should use as little of the site as possible. All roadways shall be paved and have curbs as appropriate to the neighboring community.

D. Pedestrian Circulation:

Pedestrian circulation should incorporate paved walks to expected destinations. Access, which would require walking on the streets, grass or gravel/sand surfaces, is not acceptable. Security considerations, such as adjoining landscaping and site lighting, are to

be taken into account in (re) designing pedestrian walkway layouts and landscaping.

E. Open Spaces:

The relationship between buildings should be oriented toward taking advantage of open landscaped spaces as much as possible. Open spaces should be located where they are overlooked by adjacent buildings to enhance the safety of the residents using the areas.

G. Landscaping:

Landscaping must be adequate and aesthetically appealing. The design and materials should convey a residential image and should carefully consider the requirements of future maintenance. Landscaping is an important marketing tool. Landscaping design should take appearance, maintenance and security considerations into account.

1. All shrubs must be a minimum size of 2 gals.
2. Trees at streetscape must be at least 2 ½" caliper, trees for general landscaping must be at least 2" caliper.

H. Site Lighting:

Site lighting is an important security consideration. One-foot candle as a minimum, in parking lots and along pedestrian walks is generally an acceptable standard to follow. The site lighting should be designed so that a warm, attractive residential atmosphere is created. All parking and site lighting should be directed down to the areas to be lit and to diminish nuisance to adjacent residential units. There should be no dark spots particularly at building entrances and parking lots. Lighting must be directed to areas of community use, such as mail pick up areas, building entries etc. Each unit must have an exterior light at entry doors, controlled from inside the apartment unit, in addition to other building/site lighting.

I. Site Amenities:

Site amenities such as swimming pools, community buildings, tot-lots and other recreational facilities are important marketing features. The location of these features must be taken into account, with the amenities such as tot-lots being in close visual proximity to the buildings. However the areas that may create noise or disturbance may be located more remotely on the property. All community areas must meet the

requirements of the Americans with Disabilities Act (ADA), Georgia Accessibility, FHA and any other local requirements. This shall include no-step access from adjacent walk or parking lot to amenity, and provision of a seating area as appropriate to the type of amenity. Protection from the elements as appropriate is an important design consideration and will enhance the appearance and use of these amenities.

J. Trash Collection

All trash collection areas must be screened from the residential and community areas, and be located no closer than 50' from any building face. Access must be convenient to tenants and service vehicles, and all dumpsters must be placed on concrete slabs with approach concrete aprons of at least 10'-0" in depth. Accessibility to the collection area must meet all requirements of the Americans with Disabilities Act (ADA), Georgia Accessibility, FHA and any other local requirements.

K. Signage and Fixtures:

The design, location and materials for signage, free standing mailboxes, site lighting fixtures, benches etc, should be compatible with the overall site design and materials used. Illumination for the property entrance signage should be provided.

L. Site Grading and Drainage:

All portions of the site should drain properly away from all buildings and other site amenities, to eliminate standing water, ponding or any other undesirable drainage patterns. The site surface drainage should rely on existing drainage patterns as much as possible. Grading must meet requirements for pedestrian access, and handicapped access where applicable. All design for drainage must meet local requirements, and retention ponds on the site must be well maintained.

All drainage retention and detention areas (ponds), that hold water on the property, must be fenced to protect the residents. The fencing may be designed with a gate access for maintenance of the areas, but there should be a mechanism to secure the gate. Any large inlet or outlet drainage ways must also be screened or gated to prevent resident entry.

Gutters and downspouts are required on all buildings, with adequate grading to ensure positive drainage away from the buildings, pedestrian entrances and walkways (waterproofing under newly constructed slabs must be at least 6 mil polyethylene film).

Basement and foundation walls must be designed to prevent free access to, or the entrance of, water, moisture, insects, or rodents into the basement or crawl space areas. Access and ventilation of basement and crawl spaces must be in accordance with all codes, and must be secured from the exterior as appropriate.

M. Site Entry:

Entry image is the impression created on entering the site. The entry image should work to enhance a favorable impression of the development. Landscaping, lighting, signage, lighting, paving and open spaces all contribute to the entry image.

N. Residential Image:

The residential image is composed of the facade treatments, the relationship of the buildings, the roads and pedestrian layouts, landscaping and all the other visual elements present on the site. The residential image should convey an informal, warm, humanly scaled design, using site treatments generally applied and accepted in residential design. The end product should create a favorable marketing atmosphere.

O. Personal Safety and Security:

Any aspect of the site design that might affect personal safety and security must be closely examined and mitigated (e.g., dark, poorly lighted parking areas or long walkways, corners that have the potential for concealment of a person, or objects that might present a hazard to a resident. Steep grades, retention ponds, etc., must be fenced or otherwise guarded to prevent danger to the residents.

P. Underground Utilities:

The underground utilities should be efficiently laid out. The electrical distribution system should be underground where possible. Utilities should be given to the local authorities after construction to avoid future utility maintenance needs, which could include excavation and the room for equipment to accomplish the tasks. All projects must have access to and be connected to the public water and sewer systems.

Work scope plans for rehabilitation projects must contain a budget line item to repair or replace all main utility lines on the property and within the buildings that do not exceed the Expected Useful Life Tables by at least five years.

III. UNIT AND BUILDING DESIGN STANDARDS:

A. Individual Tenant Security:

Individual tenant security (e.g. security systems, and intercoms) is equally important as overall property security. Measures that will enhance security should, to the maximum extent possible, be incorporated into the architectural design. All entry doors to units shall be equipped with a viewer and bell or buzzer (see section L for mounting height requirements). All exterior doors and windows must be equipped with locks, to prevent access from the outside.

B. Room Configuration:

The overall configuration of the rooms should make functional sense. For example, the primary bathroom must be accessible from a common area such as a hall. The kitchen should be conveniently accessed from the entry and the coat closet should be located in close proximity to the entry door. Bathrooms must not open from areas of food preparation, or be used as a sole passageway to a habitable room, hall, basement or to the exterior. No habitable rooms are permitted in basement or cellar spaces unless egress is provided according to applicable fire codes.

C. Circulation Patterns:

The circulation pattern should be efficient, with a minimum amount of space devoted to hallways. At the same time, circulation through the habitable rooms should be kept to a minimum, e.g., access to the primary bathroom only through a bedroom is not desirable.

D. Unit Sizes:

The minimum unit size permissible for funding under DCA programs for **all construction types**, is for a Single Room Occupancy (SRO) unit and shall not be less than 250 sq.ft. of floor space. All SRO's must include a cooking area and a bathroom within the unit. A

studio unit shall be no less than 375 sq.ft. and must include a cooking area or kitchen and a bathroom within the unit. An efficiency unit shall be no less than 450 sq.ft. and must include a complete kitchen and a bathroom. A one-bedroom unit shall be no less than 600 sq.ft., a two-bedroom unit shall be no less than 800 sq.ft., a three-bedroom unit shall be no less than 1,000 sq.ft., and a four-bedroom unit shall be no less than 1,200 sq.ft..

DCA may consider a waiver to these minimum sizes for an existing property only, where the rehabilitation work scope does not qualify as new construction as defined in the Federal Section 504 requirements. However, DCA reserves the right to withhold such waiver if the completed rehabilitation will not result in safe and decent housing that is equal to comparable housing in the marketplace.

E. Room Sizes:

Rooms should be sized so they can contain, at a minimum, the required furniture functionally arranged. Room sizes can be larger so long as the budget does not exceed the per unit cost limitation.

DCA may consider a waiver to these minimum sizes for an existing property only, where the rehabilitation work scope does not qualify as new construction as defined in the Federal Section 504 requirements. However, DCA reserves the right to withhold such waiver if the completed rehabilitation will not result in safe and decent housing that is equal to comparable housing in the marketplace.

1. Primary Space and Furniture Guidelines:

- Living rooms must have a minimum dimension of 11'-6" (min. 150 – 200 sq.ft.).
- Living/Dining combinations must have a minimum dimension of 11'-6" (min. 180 – 220 sq.ft.).
- Living rooms must have at least 2 furnishable walls and as a minimum, and comfortably contain:
 - a. 1- couch, 6'-10" x 3'-0"
 - b. 2- easy chairs, 2'-6" x 2'-6"
 - c. 1- desk or table, 2'-0" x 3'-6"
 - d. 1- television, 2'-8" x 2'-0"
- Dining Spaces should have at least 1 furnishable wall and as a minimum contain:
 - a. 1- table with 2'-0" of frontage per person seated, based on 2 people per bedroom.
 - b. The table is to be 2'-6" wide for 1 bedroom units, and 3'-0" wide for 2 or more

bedroom units.

c. The appropriate size of dining chairs, 1'-6" x 1'-6"

Circulation space around furniture should allow for reasonable clearances

- Primary bedrooms must have a minimum dimension of 11'-0" (min. 130 – 160 sq.ft.).
- Primary Bedrooms must have at least 2 furnishable walls and as a minimum contain:
 - a. 1- full sized bed, 5'-6" x 7'-10" (min)
 - b. 2- night stands, 1'-6" sq.
 - c. 1- dresser, 3'-6" x 2'-0"
- Secondary bedrooms must have a minimum dimension of 9'-6" (min. 120 – 140 sq.ft.).
- Secondary bedrooms should have at least 2 furnishable walls and adequately accommodate a full sized bed, or two twins, or a single twin bed in addition to nightstands and a dresser.
- In all cases the minimum dimension shall not include any storage areas or closets.
- Flat ceilings must be a minimum of 7'-6" above finished floor.
- Sloped ceilings must not be less than 5'-0" for the purposes of computing floor areas. Ceilings less than 7'-6" high must not exceed 50% of the floor area of the room.
- Layouts should allow for functional furniture arrangements. For example, a television should be easily viewable from the couch and chairs. The couch and chairs should form a conversational group setting.

2. Storage and Kitchen Guidelines:

- The following closets and storage spaces must be present:
 - a. Entry closet, 3'-0" wide x 2'-0" deep
 - b. Primary bedroom, 7'-0" wide x 2'-0" deep
 - c. Secondary bedrooms, 4'-0" wide/bed x 2'-0" deep
 - d. Linen closet, 2'-0" wide x 1'-6" deep
 - e. Broom closet/Pantry 1'-6" x 1'-6" deep (min)
 - f. Equipment, 16 sq.ft. or as appropriate for HVAC etc.
 - g. Bathrooms must have built in medicine cabinets. Do not place the medicine cabinets in party walls unless fire separation is continuous behind the unit.
- Wherever possible storage spaces should be larger than the minimum spaces

shown above to accommodate livability and marketing considerations. All closets designed to contain clothes must be a minimum of 2'-0" deep. All closets and defined storage areas are in addition to the minimum room sizes and must not be included in the room area computations.

- Kitchens must be at least 7'-6" wide.
- Kitchens must have the following minimum clear countertop frontages, excluding sinks and appliances:
 - a. 1- Bedroom unit, 6'-9", with a minimum of 16-18 lf. of cabinets
 - b. 2- Bedroom unit, 7'-9", with a minimum of 18-20 lf. of cabinets.
 - c. 3- Bedroom unit, 8'-9", with a minimum of 20-22 lf. of cabinets.
- Cabinets must be provided above and below the counter. Cabinets shall be constructed with solid wood or wood/plastic veneer styles, doors & drawer fronts. Kitchen appliances must include both refrigerators and ranges. Appliance size must be appropriate to the unit size and number of tenants.
 - a. Refrigerators: one and two bedrooms 14cf minimum, three bedroom 16cf minimum.
 - b. Water Heaters: one and two bedrooms 30 gallons minimum, three bedroom units 40 gallons minimum.
 - c. Water heaters and washers in units must be equipped with a drip pan or floor drain.

F. Floor Finishes:

The floor finishes should be suitable to the market in conjunction with maintenance considerations. Living rooms, bedrooms and halls should be carpeted. If resilient flooring is used in the bathrooms, it should be sheet material rather than tile. All materials are to be installed according to manufacturers specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee.

Carpeting in the units must be at least cutpile 24oz or level loop 24oz. Carpeting in the community areas must be at least cutpile 30oz or level loop 24oz., 100% nylon with 5-year warranty. Sheet vinyl must be a minimum of 3/32" thick, and VCT must be at least .080 gauge thickness.

Padding must be installed under all carpeting for which it is intended and should be ½ rebound or equal as appropriate. DCA may approve alternate carpeting materials and installation methods, in units intended for the elderly or disabled.

G. Windows, Light & Ventilation:

Window sizes and locations should be taken into consideration with furniture arrangements, privacy and views. Skylights must meet all applicable codes for light, ventilation and egress. All window locations, sizes and operable panels must meet the requirements of SBCCI (most recent revision) for light, ventilation and egress. Glazing must meet the requirements of the Georgia Energy Code (most recent revision). Window frames should include thermobreaks in the design (See Section I, General Design Considerations, subsection C, Exterior Materials). All windows should have horizontal mini-blinds installed in white or other neutral color. All glass doors should have either horizontal mini-blinds or vertical slat blinds as appropriate.

Baths that do not have an operable exterior window (minimum size of 3 sq.ft. and minimum width of 20”) must have a mechanical exhaust fan ducted to the exterior. The exhaust fan must be of sufficient size to adequately exhaust all humidity in an efficient manner. Kitchens are to be equipped with range vent hoods, preferably vented to the exterior. All exhaust fans are to be installed in accordance with applicable codes, and cannot be exhausted into attic spaces under any circumstances.

H. Building Exteriors, Design and Materials:

The design and materials of building exteriors should create a residential image. The design and use of the materials should fall within the range of locally held perceptions of quality residential developments. All materials chosen should be considered from a durability and long term maintenance standpoint. All materials must be installed according to manufacturers’ specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee. (See Section I, General Design Considerations, subsection C, Exterior Materials.)

I. Electrical, Heating and Air Conditioning:

The heating and air conditioning systems are mandatory, and should be suitable for the marketplace and climate. DCA requires self-contained heating and air conditioning systems for each apartment unit. Indoor air quality is of utmost importance. Refer to

exhaust fan requirements under section G, Windows, Light & Ventilation, above.

The following minimum standards also apply:

1. gas furnace minimum efficiency of 82%;
2. air conditioning minimum 10 seer, or per Georgia Energy Codes whichever is greater;
3. minimum sized breaker for individual unit electrical system 100 amp, or per Code; and
4. all electrical switches, outlets, phone or television jacks and mechanical controls such as thermostats must not be installed higher than 48" or lower than 15" above the finished floor.

In rehabilitation of existing buildings, all existing electrical, heating and air conditioning systems are to be repaired or replaced to meet these standards, and upgraded as necessary to meet all applicable codes.

J. Acoustical Isolation:

Thermal and acoustical isolation should meet or exceed minimum standards of practice as defined in the State of Georgia Energy Code. Acoustical isolation is essential in providing a comfortable living environment for tenants, and is one of the greatest sources of tenant complaints if ineffective. Increasing acoustical isolation above required minimums will increase tenant livability significantly. The following minimum standards apply:

1. between units: one layer 5/8" 1 hr., GWB on each side (minimum or per local fire requirements if greater) w/two sets of staggered 2x4 studs (or metal stud equivalent), sound-insulated with blanket material to STC rating of 52. All wall edges must be caulked;
2. within unit: one layer 1/2" GWB on each side 2x4 studs (or metal stud equivalent); and
3. floor to floor: minimum STC rating 53, with a minimum of 1" lightweight concrete or gypcrete topping over wood sub floor (optional floor construction will be considered).

Rehabilitation work scopes must meet these requirements where-ever party & exterior wall structure and floor construction is exposed during the course of construction.

K. Energy Efficiency and Thermal Insulation:

Thermal insulation must meet or exceed minimum standards of practice as defined in the State of Georgia Energy Code. Energy efficiency considerations, materials and techniques should be taken into account in all aspects of the design and construction. Wherever energy sources and uses are involved, it is paramount that the property design encourages energy conservation.

All plumbing in exterior walls must be insulated on the cold side of the wall to prevent freezing. Exterior walls must have a minimum of R-13, attics must have a minimum of R-30, and crawl/basement/other areas must have a minimum of R-19. For rehabilitation work scope, wall cavities that are exposed during the construction process must be insulated to meet these requirements.

All attic and crawl spaces in rehabilitated buildings must meet these insulation requirements, whether or not other work is being completed in these areas.

L. Accessibility:

The Property must be designed to meet all applicable codes and requirements for accessibility by individuals with disabilities. This is essential and should be incorporated in the basic layout and design of open spaces, building location and unit design. The HUD Fair Housing Act 1988, Georgia Accessibility Codes and Section 504 Requirements, must be incorporated into the property design, along with all other applicable codes. The American with Disabilities Act (ADA) is applicable to all community or shared or common spaces throughout the site. The most stringent code/requirements shall prevail. Please note that DCA requirements may be more stringent than the Federal Requirements referenced.

The Americans with Disabilities Act (ADA), and the HUD Fair Housing Act (FHA) cover all areas of community access including, but not limited to:

1. No step entry from all parking areas to buildings and amenities.
2. Parking spaces located adjacent to ramps and curb cuts and designated per ADA standards.
3. Ramp slopes not to exceed ADA maximums.
4. Stairs to have solid risers.
5. Underside of all stairs when “open” to be fitted with guardrails per ADA standards.
6. Handrails to be extended top and bottom past last treads per ADA standards.
7. All community buildings must be fully accessible, including bathrooms with grab

bars, turning circles, water pipe protection and all fittings and fixtures to be installed to meet the requirements of ADA.

8. All doors must a minimum of 2'-10" wide with lever hardware throughout the building.

This list should not be regarded as all inclusive.

DCA requires 5% of the units to be equipped for the disabled, with an additional 2% to be equipped for the hearing and sight impaired. All units equipped for the impaired and disabled must have as a minimum:

1. no step entry to unit;
2. two peepholes in main entry door at 54" and 45" above finished floor;
3. lever hardware on all doors in unit;
4. all doors no less than 2'-10", unless as allowed by code to access storage closets;
5. minimum hall width of 38";
6. five (5) foot turning circle in bathrooms and kitchens, or T-turn space as allowed by Codes;
7. grab bars in the bathrooms per codes;
8. electrical and mechanical controls and outlets mounted no lower then 15" and no higher than 48";
9. kitchen and bath cabinets already in adjusted position and modified for use by the disabled; and
10. any other items as required for compliance with local accessibility codes and for the hearing and sight impaired.

This list should not be regarded as all inclusive.

In addition, **all first floor units** must be visitable (accessible) to the physically disabled. In a building that is equipped with an elevator, **all units** must be visitable (accessible) on all floors. To achieve this all the designated units must have as a minimum:

1. no step access to parking lots, with ramps designed to meet the accessibility codes;
2. main (front) entry doors with a no step entry, and equipped with lever hardware;
3. two peepholes in main entry door at 54" and 45" above finished floor;
4. bathroom doors with lever hardware and walls reinforced for future grab bars;
5. at least one bathroom with a 2'-10" or larger door;
6. electrical and mechanical controls and outlets mounted no higher than 48" and no lower then 15" above the finished floor; and

7. kitchen and bath cabinets that can be readily modified for use by a disabled resident.

This list should not be regarded as all-inclusive.

M. Fire and Life Safety:

The property design shall meet or exceed all requirements to provide a safe environment for all tenants. Aspects of this design have been discussed in earlier sections, and affect the property from overall site layout to individual unit design. Strict adherence to the most recent adopted editions of the Life Safety and SBCCI codes is required. Smoke detectors must be hard-wired and located per code for all construction rehabilitation or new. (DCA will not waive this requirement for rehabilitation proposals.) Fire Alarms and sprinklers must meet fire department, State and local code requirements.

N. Rehabilitation Modifications/Additions:

1. All projects presented for rehabilitation must meet all threshold requirements as published in the Qualified Allocation Plan, including longevity, per unit cost limitations, financial feasibility and economic viability.
2. All buildings presented for rehabilitation must meet all current, applicable building, accessibility, fire and safety codes at the completion of the construction. This includes adherence to current electrical and mechanical codes etc. (DCA will not waive this requirement.) Note that DCA requires building permits and local authority inspections for all rehabilitation proposals.
3. All components of the project, that have less than 5 years remaining life, must be repaired or replaced as part of the immediate construction work scope. Refer to the Expected Useful Life Table (EUL) which can be used to determine whether a component is in need of replacement. See the Qualified Allocation Plan for life expectancy requirements for the completed property.
 - Roof Replacement: If 50% or more of the roof needs replacement, the entire roof must be replaced.
 - Plumbing/Electrical Systems: If 75% of the system needs replacement, the entire system must be replaced. This would include all piping for the plumbing system and all wiring for the electrical system.
 - Site sewer pipelines and site water pipelines that have been in place for more than 30 years shall be replaced. If more than 50% of the pipelines of either or both systems are identified as leaking or failed, the entire pipelines of whichever or both systems identified must be replaced.

- HVAC: If there is less than 3 years useful life in the major heating and cooling components or the major components do not meet applicable building codes, the entire system must be replaced. The duct system must be replaced as required to meet applicable codes.
4. All rehabilitation work scopes must include costs for the abatement or containment of any hazardous substances that are identified on the site. All work must be in accordance with HUD, EPA and Georgia EPD requirements.
 5. All rehabilitation work scopes must be based on the Physical Needs Assessment recommendations and the EUL for repair or replacement of components. DCA will consider work outside the recommended work scope only if it is in addition to the recommendations and will enhance the property, and is not a substitute component.
 6. All rehabilitation proposals must meet all Federal and State accessibility requirements for new construction. (DCA will not allow waivers for this requirement.) This includes DCA requirements for 5% of the units to be equipped for the disabled, with an additional 2% to be equipped for the hearing and sight impaired. In addition DCA requires all first floor units to be visitable and all units in a building equipped with an elevator to be visitable. See Section L above for further information. (DCA may consider a waiver request for a rehabilitation project where the slope of the existing grade exceeds the FHA definitions for accessibility.)
 7. Any modifications of these Architectural Standards for a rehabilitation work scope must be approved in writing by DCA in advance of the project start-up.

ARCHITECTURAL SUBMITTAL INSTRUCTIONS

These guidelines are established as an aid to the applicant and the development team, detailing the necessary submissions, cost controls, scheduling, approvals and procedures to be used during development of the application. Disciplined adherence to these requirements, together with periodic consultation with DCA staff, is essential to ensure that scheduling deadlines are met and that a high quality project will result. All submittals are required to be on the most current standard forms issued by the American Institute of Architects (AIA).

The Owner/Developer, Architect and General Contractor are required to study and apply the following DCA documentation standards during all phases of project development. The following must be submitted during the application process:

STEP 1: DUE WITH ALL APPLICATIONS

Site design and layout documents

Conceptual Design & Schematic Documents

(For Rehabilitation this includes the Physical Needs Assessment)

STEP 2: DUE BEFORE FINAL COMMITMENT OF RESOURCE

HOME funding - Design Development Documents (Step II)

DUE ONE YEAR AFTER CARRYOVER

(or as designated in the current QAP)

LIHTC (no other DCA funding) – Building Permits and Construction Documents

STEP 3: DUE BEFORE FINAL ALLOCATION OF RESOURCE

HOME or other DCA funding - Final Permit/Construction Documents (Step III)

LIHTC (no other DCA funding) - Final Inspection & Certificates of Occupancy

(Note: For the LIHTC only program there are construction requirements and other submittal requirements. Refer to Qualified Allocation Plan, Application Manual, and Allocation Documents for further information.)

I. GENERAL REQUIREMENTS

A. Submissions

The Architect should make as many design submissions as necessary in order to meet the requirements of the Developer/Sponsor and DCA. Each submission should include the following basic information:

- A. The proposed number of buildings and dwelling units**
- B. The apartment type distribution**
- C. The proposed preliminary construction budget**
- D. All other relevant requirements, as indicated in the Qualified Allocation Plan.**

E. Drawings - Size and Scale

All drawings submitted to DCA must be in a format to ensure they are legible and represent a complete set of construction documents. **(Note: No separate rolls of drawings will be accepted at the application stage of the process. See application instructions for further information.)**

Suggested scales for the drawings are:

1. Site Plans: 1" = 20' (or as appropriate)
2. Building plans, elevations, and sections: 1/8" = 1'
3. Unit plans and other areas requiring more detail: 1/4" = 1'
4. Details (not required at application) should be at a scale to adequately illustrate the requirements for construction.

F. Specifications

Final development specifications shall be prepared in accordance with Construction Specifications Institute (CSI) format. Either the "alpha-numeric" or "five-digit" identification systems will be acceptable. **(Full specifications are not required at application an outline only is acceptable. Do not include full specifications within the application binder See application instructions for further information.)**

H. Code Conformance

DCA requires conformance with all applicable codes, and the most restrictive code shall govern. Approval by the various state and local authorities (building, environment, plumbing, etc.) must be obtained and submitted to DCA. This requirement is applicable

to rehabilitation projects as well as new construction.

I. Developer/Sponsor Approval - DCA Acceptance

All required documents and any revisions or applications thereto shall be subject to written approval of the Developer/Sponsor and DCA. Unless otherwise directed in writing, the Architect shall not proceed with preparation of any stage or documentation until the prior documents have been approved and a construction cost agreement reached. Significant variations from approved documents shall be communicated to the Developer/Sponsor and DCA as soon as the extent and cost impact are known. Such variations shall not be incorporated without approval.

Approval or acceptance by DCA does not constitute a waiver of the Architect's or Engineer's responsibility for all required documents, nor does it constitute approval as measured by A/E standards. The approval herein is limited to DCA's agreement that the documents comply with DCA's program objectives.

At the time of submissions, the applicant must provide evidence that the proposed plans are in compliance with all applicable Federal, State and local laws, codes, ordinances, and regulations and provide a valid Architect's Certificate of License.

The outline of each phase to follow is separated into site planning and architectural sections.

II. STEP 1: ALL APPLICATIONS: (DUE WITH APPLICATION)

Conceptual Design & Schematic Documents

The Conceptual/Schematic Plan submission shall provide a technical review of the development and establish agreement on schematic design concepts and other essential criteria. All design concepts, systems, and materials must be sufficiently defined and graphically presented such that a preliminary cost estimate can be made. The size of the documents should be as required to present a clear picture of the proposed development and be able to fit within the application binder. Drawings as small as 8 ½" x 11" are acceptable if appropriate and legible. **Note: No separate rolls or containers of drawings will be accepted at the application stage of the process. The drawings may be 24" x**

36" size, folded within the binder, or may be reduced to a size that can be bound within the binder. (See the Application Instructions for further information.)

A. Submission Required

Submit the number of copies as requested in the Application Instructions to DCA

1. Title Sheet
 - a. Development name, location, and number of each unit type, number of parking spaces etc.;
 - b.. Developer/Sponsor, Architect, and other consultants;
 - c.. Location Map

2. Site Analysis: This phase should identify the character, structure, and potential of the site. The analysis should be done on a site topographic map (if available) at a scale no smaller than 1" = 100'-0". It should cover the site and also the surrounding areas that may influence site and include the following information:
 - a. Contiguous Land Use: Indicate type and impact of adjoining land use.
 - b. Topography: Indicate basic topography, special or unique ground forms, percent of slope. (This can be general in nature and does not require a completed contour map if it is not available at this stage.)
 - c. Drainage: Indicate natural watershed (direction), drainage swale(s), swamp areas, wetlands and flood plain. (This information is required at the time of application.)
 - d. Vegetation: Locate and identify existing tree masses and any other ground cover of significance that will remain in the final site layout. (This is a requirement for allocation of points.)
 - e. Existing Conditions: Identify existing structures, utilities, and circulation.
 - f. Special Features: Identify existing lakes and ponds, special land features, rock outcroppings, dramatic views, etc.
 - g. Orientation of property and development to North.

3. Conceptual Site Plan: Indicate new and existing slopes in a **general** form, controlling grades, surface features, adjacent drainage flow, inlet locations

and the relationship of buildings to existing roads. Refer to the Qualified Allocation Plan for requirements for point scoring.

The site plan must be submitted at the time of application as part of Step I, for ALL applications, and include the following:

- a. Orientation of property and development to North.
- b. Location of each building on the site with ground floor elevations, (as available or pertinent) general arrangement of buildings or part of buildings to be used for other than residential purposes, (e.g., management office, community room, commercial spaces, laundry, etc.). A preliminary Demolition Plan may be included if applicable;
- c. General layout of interior service roads, curbs, foot paths, pedestrian bridges and relation of all building entrances thereto;
- d. Off-street parking areas, including garage parking, if any;
- e. Location of outdoor recreational areas to be provided within the development and as proposed in the application, differentiate purposes of each, i.e., for small children, adult or elderly, and indicate approximate area to be used for each type of activity and the general layout of equipment; and
- f. Tabulations, which shall include:
 - Breakdown of dwelling units by types, building areas, net apartment area, and number of units;
 - Number of units equipped for the mobility impaired and hearing and sight impaired, and indicate the unit distribution on the site plan. (Note: DCA requires 5% of the total units be equipped for the mobility impaired and a further 2% equipped for the hearing and sight impaired);
 - Number of professional units (if any) and non-dwelling units by area and quantity with totals for building(s) and development;
 - Total land coverage in square feet and percentage of total site;
 - Total dwelling units per acre;
 - Total parking spaces; and
 - Zoning & Use Group classification and construction classification intended as defined by the Standard Building Code or local applicable codes.

6. Floor Plans: Floor plans shall include:
 - a. 1/8" to one foot minimum scale plans of building(s) complete with overall dimensions and all community, management, maintenance, utility and storage spaces, and other use of areas;
 - b. Dwelling Unit Schematic Designs: Floor plans at 1/4"=1'-0" scale for each typical unit including door swings, doors, and window locations; room area, dimensions, and designation of each room and space (including storage); show extent of kitchen & bath, base and wall hung cabinets;
 - c. Community Facilities: Floor plans, at 1/4"=1'0" scale of community building(s);
 - d. Non-Residential Facilities: Plans of commercial and other non-residential facilities included in development as appropriate; and
 - e. Additional Information: Such additional information as necessary to fully illustrate development conditions.
6. Elevations: Building elevations may be supplemented with perspective sketches to illustrate the design elements and relationships, and type of exterior finish materials. **Note: the arrangement and percentages of different exterior materials must not change throughout the development of the construction documents without DCA approval.** (It is mandatory that the exterior finish materials support the application, for points awarded under the design categories.)
12. Cost Estimate: The schematic cost estimate must be prepared by the General Contractor, or a design professional.
14. Noise Assessment: If directed by DCA or the Developer/ Sponsor, conduct an investigation in accordance with applicable HUD requirements and submit copies to DCA.

B. Renovation/Rehabilitation Requirements

At the discretion of DCA, the requirements for design construction documents may be modified for a renovation/rehabilitation application. Renovation/rehabilitation of existing buildings may dictate a different package of documentation, refer to the Architectural

Standards contained in this Tab, for information and documentation requirements.

The rehabilitation package MUST include but not be limited to:

- a. Physical Needs Assessment of existing buildings & units. Refer to Rehabilitation Guide for additional information;
- b. Unit by unit breakdown of scope of work, if there is internal rearrangement of the units, e.g., new HVAC closets, new kitchen/bath layouts, etc.; drawings must be submitted of typical units (see above for required information to be included in these layouts); the total work scope may be in written format, preferably indicated with a unit by unit matrix, and must include 1/4" unit floor plans which clearly indicate the scope of the work to be completed;
- c. Building by building breakdown of scope of work, including all exterior improvements (drawings of typical buildings are to be submitted);
- d. Site plan locating all existing buildings and showing all planned improvements; **this drawing is mandatory**, and must include all existing conditions and clearly illustrate proposed work scope; include Location Map with North point indication, parking, paving, all existing structures and recreation areas clearly shown; locate all existing utilities, streets and site access (see requirements in preceding section for information to be included);
Note: All amenities and community features must conform with the requirements of the Americans with Disabilities Act (ADA) and the HUD Fair Housing Act (FHA), and the units equipped for the handicapped must be clearly located;
- e. detailed specifications to indicate work scope, quality and quantity of materials to complete the rehabilitation/renovation;
- f. detailed cost estimate of all proposed work; and
- g. photographs including site, buildings and unit interiors.

III. STEP 2 - SUBMISSION PRIOR TO FINAL COMMITMENT OF RESOURCE:

a. Low Income Housing Tax Credit (Required one year after Carryover, or as designated in the current QAP))

A copy of all Building Permits is required at the time of construction commencement with a copy of the Owner/Contractor Agreement and all Construction Documents. Verify with LIHTC program underwriters for dates of all required submissions.

b. HOME or Other Funding Submission:

Design Development Documents

This submission shall consist of a correlated set of documents that incorporate further development and refinement of the proposed and approved Conceptual/Schematic Documents to completely satisfy the scope and intent of the development. All design concepts, systems and materials must be sufficiently defined and graphically presented such that a detailed cost estimate can be made, and accurate construction bids may be obtained. All unusual items must be substantially developed to eliminate unknowns.

A. Submissions Required

Submit one copy of each required item to DCA.

1. Cover Sheet: The cover sheet shall include:
 - All information as requested in the general requirements sections plus:
 - a. Signature lines for Sponsor/Developer, Architect, G/C and DCA as to the authenticity of final plans; and
 - b. Completed code review with all applicable codes listed for compliance including but not limited, to building, energy, accessibility and zoning.

2. Soil Boring Report: Include a complete log of subsurface conditions, a location of plan of all borings made and including engineer recommendations for foundation and paving design and allowable soil bearings. (For all new construction.) Submission not required for LIHTC funded projects only
3. Site Plan: The plan should refine to a more exact scale the arrangement and functional groupings of units to create a meaningful sequence of usable spaces. Specific relationship of unit arrangement, relationship of structure to site, site grading, circulation, lighting, paving, screening, setbacks, parking, play areas, and recreation areas, should be communicated in this phase. Show new and existing contours, controlling grades, all surface features, adjacent drainage flow, inlet elevations, elevations of buildings and the relationship of buildings to existing or proposed roads. This drawing must be essentially complete so that accurate quantities and associated cost estimates can be obtained. It should include but not be limited to the following:
 - a. Structures: location, shape, size, arrangements and groupings;
 - b. Circulation: location and materials of vehicular and pedestrian routes, indicate access for the disabled, & locate units equipped for the disabled;
 - c. Recreation: location and type of facilities (these amenities must support the application);
 - d. Parking: location, material, number of spaces, and parking ratio. Indicate parking spaces designated for the disabled;
 - e. Grading: resolution of special and typical site drainage, general grading character, proposed and existing contours, including berms;
 - f. Planting: planting characteristics, indicating screening concepts, planting relationship to units and open space, etc., with sections or sketches (the tree save areas must be clearly indicated with details for preservation of the individual trees, see Qualified Allocation Plan for point scoring requirements);
 - g. Lighting: location, character (attach catalogue illustrations as available);
 - h. Contract limit line, retaining walls (existing/required), fencing, detention/retention basins, etc., to illustrate extent of improvements intended for entire site; **Note: All retention/detention ponds must be fenced where there is a safety hazard to residents;** and
 - i. Existing and proposed contours at one foot intervals, including existing

off-site contours adjacent to development to facilitate evaluation of off-site impact to the project.

4. Site Utility Plan: indicate all utility systems on one drawing if the final drawing presents a clear representation. The scale shall be the same as the site plan to identify mutual relationships. The drawings must show the building(s), road, walks, etc. Show essentially complete development of the intended site utility systems, including inverts and sizes with, profiles and details. If substantial variations from schematic layout occur, local authority approval must be obtained. The site utility plan shall show:
 - a. sanitary disposal system;
 - b. storm water disposal system;
 - c. domestic water supply system;
 - d. fire protection water supply system;
 - e. other site utility systems as may be appropriate, i.e., irrigation, fire alarm, security, cable television, etc.;
 - f. electrical service system;
 - g. telephone system;
 - h. site lighting; and
 - i. gas supply systems.
5. Landscape Plan: Show general treatment to be provided (i.e., grass area, planting area, sprinklers etc.). Indicate direction of rainwater runoff from building downspouts. Sprinkler systems must be indicated to support the allocation of points. Cost estimates will be based on an allowance, which must be mutually agreed upon. (Note: Refer to Qualified Allocation Plan for information required to substantiate point scoring items)
6. Composite Floor Plans: - Scale not less than $1/8" = 1'-0"$
 - a. Show dimensions and functional arrangement of all areas including corridors and utility spaces, properly related to exterior accesses, vehicular parking, service areas, etc.
 - b. These plans must include to all community buildings and facilities, and non-residential spaces.
 - c. Overall dimensions must be indicated with a general layout of units with

referencing to individual plans.

- d. Indicate accessible route of travel on first floor plans.

7. Composite Roof Plan: - Scale not less than 1/8" = 1'-0"

- a. This is not required if all essential information is contained on the site plan or other drawing.
- b. Indicate roof ridges, valleys, intersections and roof overhangs and including roof slope and building outline.
- c. Indicate all mechanical equipment, vents, roof drains, gutters and downspouts, and any other roof mounted items.

8. Unit Floor Plans: - Scale not less than 1/4" = 1'-0"

- a. Separate floor plans of each unit type, including end units and identify with a number or letter with references to composite plan.
- b. All dimensions must be indicated including outdoor patios, terraces, porches or balconies, and all indoor wall locations and openings.
- c. Windows and exterior and interior door locations indicating swing must be indicated and must key to schedule.
- d. Indicate all permanently installed features and equipment, including kitchen appliances, cabinets, shelving, plumbing fixtures and mechanical equipment.
- e. Indicate units equipped for access for the disabled, and the modifications included for mobility, hearing and sight disabilities.

9. Elevations: - scale not less than 1/8" = 1'-0"

- a. Indicate design of all exterior views including courts and offsets.
- b. Indicate the extent of all major exterior materials (the exterior materials must support the application for all points allocated in the design categories).
- c. Indicate the existing and proposed grades at buildings.
- d. Indicate floor lines and elevations.
- e. Indicate gutters and downspouts, and show direction of rainwater runoff
(Note: gutters and downspouts are mandatory on all buildings, new and existing)
- f. Indicate windows, doors, openings, vents, louvers, utility meters and

equipment.

- g. Outline, depth below grade and stepping of building footings as applicable.

10. Building Sections: - Scale not less than $1/8" = 1'-0"$

- a. Show floor height, expansion joints, horizontal ceiling joints, vertical control joints, fenestration, suspended ceilings (if any), partitions and adaptations to finish grade.
- b. Show materials, thickness, method of attachment and relation of fenestration to supporting columns or walls.
- c. This section must be referenced to larger scale details.

11. Detail Sections: - Scale not less than $1/2" = 1'-0"$

- a. Indicate each common wall type, fire wall, typical exterior wall, bearing and non-bearing, complete from footing to roof deck.
- b. Indicate size and spacing of all framing members, opening heights, sill and header conditions, roof overhangs, gutters and downspouts.
- c. Indicate all interior and exterior finishes including roof and wall insulation. (Details must be included to support any points allocated for the structure to exceed Georgia Energy Codes.)

12. Construction Details:

- a. Indicate interior Elevations (scale not less than $1/4" = 1'-0"$)
- b. Indicate all built-in cabinets in kitchen and baths, any fireplace surrounds, built in shelving, and other fixtures.
- c. Indicate stair details (scale not less than $1/2" = 1'-0"$)
- d. Include plans, elevations and sections as required to indicate rise and run, dimension headroom, handrails, balusters and guardrails.
- e. Indicate any special conditions as necessary to completely detail foundations, sills, walls, windows and doors, overhangs, roofs and projections.
- f. Detail features for accessibility modifications to units and buildings as applicable.
- g. Details to indicate that the structure exceeds Georgia Energy Codes, if points have been allocated.

13. Schedules:
 - a. Complete information on door and windows including size, type and frame details
 - b. Include interior treatments and finishes, including floors, base, wall ceiling and trim for all spaces.
14. Composite Foundations Plan— scale not less than 1/8"=1'-0":
 - a. Indicate foundation wall dimensions, offsets, heights.
 - b. Indicate location, sizes and connections of foundation drainage systems.
 - c. Indicate footing locations, sizes, and depths.
 - d. Indicate locations and sizes of pads, piers, and openings.
 - e. Indicate slab construction and thickness.
 - g. Indicate locations, sizes, spacing, and directions of reinforcing.
 - h. Include notes on drawing stating allowable soil pressure and required concrete and steel strengths, and other pertinent design information as appropriate.
 - j. Include any other information that is not already included or adequately presented on building or unit floor plans.
15. Structural Framing Plans
 - a. Include plans and details for each floor level and roof construction if not adequately presented on foundation and unit floor plans.
 - b. Indicate the size and spacing of floor, wall, ceiling/roof framing members.
 - c. Indicate the size and spacing of columns, piers and posts.
 - d. Indicate the size, type and construction of girders, beams, headers, and lintels.
16. Structural Details: Include details sufficient to allow completion of construction (scale not less than 1/2" = 1'-0").
17. Heating, Ventilation and Air Conditioning Drawings:
 - a. Include plans showing all floors and all utility rooms. Indicate location of all HVAC equipment, all major piping, and all duct runs in utility

rooms (as applicable) and all floors. All major ducts must be sized. All unusual arrangements must be shown.

- c. Include a plan showing the typical floor and/or apartment units indicating supply, exhaust and transfer duct systems, and the location of terminal heating units.
- d. Include on architectural roof plan locations of roof-mounted equipment such as exhaust fans, cooling tower, etc. (as applicable).
- e. Include at least a partially completed series of equipment schedules (as applicable) indicating all HVAC equipment by symbol designation, name and estimated size or capacity in BTU, GPM, gallons, etc. **(Note: heating and air conditioning is mandatory on all projects, both new and existing).**
- f. Indicate all components and construction type that will support any points allocated for the equipment and structure to exceed the Georgia Energy Codes.

18. Plumbing Drawings:

- a. Include plans showing all floors and all utility rooms. (as applicable). Pipe sizes should be included and the location of piping is necessary for coordination purposes. Indicate connections to the site utility piping and any non-standard piping arrangements.
- b. Include plan and riser diagrams showing the typical floor and/or apartment units, specifically to show fixtures, sanitary and hot and cold water riser locations. Indicate fire standpipes and gas piping diagrams as applicable.
- c. Provide a reasonably completed series of equipment schedules indicating all plumbing equipment by symbol designations, name and estimated size or capacity, i.e., GPM, gallons, etc.
(Note: Private water wells or sewer systems are not allowed on any projects both new and existing)

19. Electrical Drawings:

- a. Include plans showing all floors and utility rooms as applicable. Indicate locations of all equipment associated with the electrical trade as defined in the specifications. Show intended location of all services and

distribution wire, cable and duct runs. Sizes should be indicated. Indicate connection to the site system. Also indicate all unusual configurations.

- b. Include a plan showing the typical floor and/or apartment units indicating the electric power panel locations (show typical wiring and outlet locations for one apartment).
- g. Provide a complete light fixture schedule indicating all lighting fixtures including site lighting.
- h. As applicable include all equipment and/or structure that indicates that the structure exceeds the Georgia Energy Codes.
- d. Provide the electric distribution and riser schematics as applicable to show the concept. (Sizes should be shown and all major electric equipment should be shown, i.e., generator, switch board, meter, riser to elevator, etc.).
- e. Indicate the estimated size of the service equipment (switch board), main disconnect (i.e., 200 amperes).

B. Renovation/Rehabilitation Requirements:

This package should now be revisited and revised as necessary to reflect **current** site conditions. All costs are to be verified and certification provided that all codes have been referenced and included in the proposed development.

Note:

- a. Building Permits are required for all rehabilitation/renovation projects. In a jurisdiction where there is no permitting procedure, a letter from the governing jurisdiction must be submitted to show the review process has been followed and the construction proposals meet all building and local codes.
- b. Projects that have construction costs that exceed 75% or more of the replacement cost of the completed property are considered new construction by DCA. (As defined in Section 504 regulations.) See Physical Needs Assessment Guide and Architectural Guide for more information.

C. Specifications

Submit specifications in detail, including all divisions and sections of the work to be completed under the immediate work scope.

D. Calculations

Mechanical, electrical, and structural calculations as required by the local jurisdictions, to develop this phase of work must be submitted for DCA review, and shall consist of the following:

1. detailed heating and cooling calculations;
2. foundation and framing calculations;
3. structural calculations;
4. electrical load calculations; and
5. building energy calculations.

E. Cost Estimate

A cost estimate must be prepared by the Contractor based upon a quantity take-off of the design development documents, and must be sufficiently detailed so as to permit evaluation. The breakdown must be detailed by trade. The Contractor must be willing to provide DCA with any additional information requested to verify construction estimating procedures to the satisfaction of the agency. The finalized cost estimate will follow industry standard procedures for development cost control.

F. Approvals

Submit local authority approval of site and site utility plan, if such approvals are required. Submit local authority approval of all fire prevention procedures ie; installation of fire sprinklers, alarm systems, emergency lighting etc.

G. Construction Schedule:

Submit an estimated construction schedule in bar graph form to indicate construction period, scheduling of trades and total construction period. This graph should indicate time in monthly increments, and the construction should be broken into trades. This schedule should be prepared by the contractor and approved by developer/sponsor prior to submission to DCA.

IV. STEP 3 - DUE BEFORE FINAL COMMITMENT OF RESOURCE

a. Low Income Housing Tax Credits - Final Allocation
Submission Required

Submit one copy of each required item to DCA

1. Certificates of Occupancy: Prior to issuance of Final Allocation for Low Income Housing Tax Credits (LIHTC), Certificates of Occupancy must be submitted. In a jurisdiction where Certificates of Occupancy are not issued, a letter from the Local Authority indicating the property meets all State and Local building and fire codes.
2. Inspection Certification: A copy of Final Inspection and acceptance from the local governing authorities must also be submitted.

DCA reserves the right to inspect all properties prior to issuance of Final Allocation of Low Income Housing Tax Credits. Any outstanding items of non-compliance with building codes, accessibility codes and DCA requirements must be corrected prior to issuance of Final Allocation for the Low Income Housing Tax Credits.

b. HOME or other DCA Funding - Loan Closing

Final Permit/Construction Documents

This submission of Contract Documents shall be consistent with the approved construction cost estimate, drawings and specifications established in the previous submissions. The documents submitted must be complete construction documents, setting forth in detail and describing thoroughly all of the work to be done during construction of the development. The Owner/Contractor Agreement must be completed at the time of closing, and a revised Construction Schedule must also be submitted. These requirements apply to both new construction and rehabilitation of existing properties.

Submission Required

Submit one copy of each required item to DCA

1. Drawings: The construction documents must include those which may be necessary to make this submission 100% complete. Any information not

completed in previous documents, such as HVAC, plumbing and electrical panel schedules, shall be provided for this submission. These documents should be stamped for construction by the Local Building Authority.

2. Specifications: The final development specifications shall be tightly bound. Each page shall contain Development Number, page number, and division or subject identification.

The following shall be included:

- a) Cover, with pertinent development data;
- b) Signature sheet;
- c) Index;
- d) General Conditions & Special Conditions (if applicable);
- e) Federal wage requirement, Davis Bacon, etc.; and
- f) Technical Specifications.

3. Utility Approvals. This submission must include specific written local and governmental approvals regarding all utilities and services and should include Building Permits for the development. Technical closing shall not occur without submission of all required approvals.

Following DCA acceptance of the complete set of Contract Documents, a formal Construction Loan Closing shall be held, at which time the documents will be signed. In the event that the final documents are not one hundred (100%) complete, the required changes, additions and clarifying sketches shall be assembled into an Addendum, which shall become a part of the closing documents. The Addendum must be acceptable to DCA prior to actual closing, or shall be made part of the requirements for first draw from the construction loan. All Closing Requirements must be verified with DCA underwriters on an individual project basis.

TAB G

PROPERTY MANAGEMENT GUIDE

PROPERTY MANAGEMENT GUIDE

This Guide outlines the requirements the Borrower is to submit and follow in managing their Georgia Department of Community Affairs financed development. This Guide is organized as follows:

- I. Property Manager Selection**
- II. Management and Occupancy Plan**
- III. Property Manager Insurance Requirements**

This Guide is applicable to multifamily projects with 12 or more units and not applicable for projects receiving only low income housing tax credits. This Guide also applies to projects funded by the Housing Trust Fund for the Homeless Commission. The information in this section is not intended to provide definitive legal interpretations, and should be used as guidance in understanding the requirements and other informal information. All original sources of authority presented in this section should be independently researched in dealing with specific problems and issues. Review the regulations, and consult knowledgeable professionals on whether information meets the requirements of the Internal Revenue Code and HOME rules.

Definitions:

The following words and terms, when used in this guide, shall have the following meanings, unless the context clearly indicates otherwise:

"Affirmative Fair Housing Marketing Plan" is a plan to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups who would least likely apply for residence;

"Elderly Family" means one in which the head of household, spouse or sole member is 62 years of age or older, handicapped or disabled;

"Family" is two or more persons sharing residency and related by blood, marriage or operation of law, or who demonstrate a stable relationship over a period of time;

"Household" is one or more persons who share or will share a residence;

"Housing Needs" are circumstances beyond the control of a family which are one of the priorities or preferences set forth such as substandard housing, overcrowding, living with family or others, dangerous neighborhood, housing unsuitable due to medical reasons, etc.;

"Individual with a Disability" means an individual who satisfies one of the following: (i) has a physical or mental impairment that substantially limits one or more of the major life activities of such individual; (ii) has a record of such impairment; or (iii) is regarded as having such impairment;

"Lease" shall mean the form of agreement between the Borrower and a Tenant under the terms of which said Tenant is entitled to enjoy possession of a dwelling unit;

"Minority" is a household in which one or more of whose members are either Black, Hispanic, American Indian or Asian/Pacific Islander;

"Non-Housing Income" shall mean all amounts actually collected by the Manager, other than the rental income from the residential units, including but not limited to the following: (i) vending and laundry machine income, and (ii) income received from rental of parking spaces, garage spaces and commercial space;

"Rent" shall mean the monthly amount that a Tenant is obligated to pay the Owner pursuant to the terms of a Lease;

"Restrictive Covenants" refers to the land use restriction agreement executed by Owner which sets forth certain rent and/or occupancy restrictions; and

"Tenant" shall mean a person occupying a dwelling unit in the Development pursuant to a Lease.

I. PROPERTY MANAGER SELECTION

Property Managers who wish to manage developments financed by DCA must be evaluated and approved by DCA. To facilitate the evaluation, the prospective Property Manager must complete a Management Agent Questionnaire, which is attached hereto.

The management evaluation reviews the following areas:

- A. The type of property to be managed;
- B. Principals and employees of the management company;
- C. Management company portfolio and experience;
- D. Financial reporting and operating controls;
- E. Maintenance systems;
- F. Tenant selection procedures;
- G. Tenant/Management relations;
- H. Physical condition of sample portfolio properties; and
- I. Affirmative Fair Marketing performance.

DCA retains the right to obtain credit reports and other pertinent information on the management company, the company principals and employees. Deficiencies in any of the above areas may need to be corrected or explained before DCA will approve the Property Manager.

In certain instances, a Property Manager may be approved subject to engaging the services of an acceptable consultant or more experienced management company. In these instances, the functions of the consultant/management company must be described in detail in the contract and the contract must be submitted to DCA for review and approval. Based on the results of the management evaluation, DCA will either approve or deny the proposed management company.

Property Managers are generally eligible to manage all types of DCA-financed developments. In the case where a Property Manager is granted limited approval, applicable conditions will be specified. In those cases where the request for approval is rejected, DCA will state the reasons for rejection, and Property Manager may not be eligible to manage any DCA-financed development until deficiencies are corrected. Consequently, the development team may be required to engage another Property Manager acceptable to DCA.

A Property Manager who received limited approval, or whose request for approval was rejected, may reapply for approval status. DCA will review a request for reapplication if the reasons for rejection are corrected or other significant changes have occurred. The period for reapplying is one year from the date of the decision.

Property Managers who intend to resign property management responsibilities must provide the Borrower with no less than 60 days prior written notice. The Borrower must notify DCA Asset Management of the resignation decision within 2 business days after receiving such notice. Following the Property Manager's resignation notice, Borrower shall propose a replacement Property Manager and provide DCA Asset Management with such information as outlined in this section within 30 days of receipt.

II. MANAGEMENT AND OCCUPANCY PLAN

The Borrower (a/k/a Owner) and Manager are to submit a comprehensive Management and Occupancy Plan ("Plan") detailing planned management activities. If the rental housing is assisted with HOME funds, the following procedures must comply with Paragraphs 92.203 (Income determinations), 92.252 (Qualification as affordable housing: Rental housing), 92.253 (Tenants and participants protections), and 92.351 (Affirmative marketing; minority outreach program) from the Final Rule of the HOME investments Partnerships Program, 24CFR Part 92, dated September 16, 1996. The Plan should be attached as an exhibit to the Management Agreement and all statements contained in the Plan should be incorporated into the Management Agreement. At a minimum, the Plan must address the areas outlined below:

A. Relationship between Borrower and Property Manager

Items to be addressed in this section of the Plan include:

1. A description of the Borrower's goals and objectives, including a brief summary of the Borrower's expectations to achieve and sustain lease-up;
2. A description of the legal and corporate relationship between the Borrower and Manager, including a history of all prior services performed by the Manager on the Borrower's behalf;
3. A description of the limitations of management's authority, identifying those requiring the Borrower's prior approval, and the type of authority the Manager has in dealing with emergency situations; and
4. A description of the levels of authority for disbursements and Borrower limitations.

B. Development Characteristics

This section of the Plan should include a description of the project development including location, site, neighborhood characteristics, type/number of building(s), number of stories, number of units, number of bedrooms/distribution, types of financial subsidy(s) and tenant composition (e.g. family, elderly or mixed).

C. Property Manager's Structure of Organization

This section of the Plan should include a description of the Property Manager's organization and history.

Items to be addressed in this section of the Plan include:

1. Job titles along with explanation noting if position is part-time or full-time and also indicating if the position is temporary (i.e. temporary asst. manager) during lease up. All positions for specific property must be listed.
2. Names and resumes of personnel (if known) responsible for on-site management activities;
3. Job descriptions for both supervisory and on-site personnel, indicating;
 - a. job title,
 - b. scope and purpose of job,
 - c. specific duties and responsibilities associated with the job,
 - d. required qualifications for the position, and
 - e. salary (including benefits) to be charged as a project expense.
3. Personnel policies relating to fringe benefits (e.g. medical coverage, vacation, sick leave, overtime, etc.), grievance procedure, termination procedure, hiring procedure (e.g. security check and screening) and training and promotion opportunities, and for employee rent free or reduced rent units.

D. Policies and Procedures for Occupancy

Items to be addressed in this section of the Plan include:

Plan for advertising (e.g. television, radio, newspapers, signage, etc.);

1. Procedures for implementing an Affirmative Fair Housing Marketing Plan (Form HUD 935.2), including the strategy for marketing the rental units for both initial occupancy and for ongoing occupancy;
2. Policy/procedures for screening and processing applications (including sample of the application and other appropriate forms);
3. Procedures for determining tenant income eligibility;
4. Tenant Selection policy/procedures (including priorities and preferences for admission, limitations on admission for over-income tenants and prohibited conditions for admission);
5. Procedures for income certification, recertification and verification (including sample forms);
6. Procedures for notifying acceptable applicants and rejecting applicants;
7. Procedures for establishing waiting list;
8. Policy/procedures regarding non-discrimination; and
9. Policy/procedures for temporary tenant relocation (DCA has a nondisplacement policy).

E. Leasing Policies and Procedures

Items to be addressed in this section of the Plan include:

1. Procedures "Move-in/Move-out" (including samples forms);
2. Procedures for supplemental charges stating amount (e.g. air conditioning, pets, parking, washers);
3. Procedures for handling security deposits;
4. Procedures for lease termination and eviction;
5. Policy and enumerating "House Rules" concerning such items as NSF checks, jacked up cars, loud music/ television, pool conduct, long term visitors, etc, including policies/procedures for enforcing the rules;
6. Procedures to obtain coverage under federal crime insurance (if applicable); and
7. Standard lease forms.

F. Rent Collection Policies and Procedures

Items to be addressed in this section of the Plan include:

1. Procedures for rent collection (who, when, where and how);
2. Procedures for collecting late charges and amount charged;
3. Procedures for collecting accounts receivable noting date when delinquent accounts will be referred to an attorney;
4. Samples of collection and other form letters;
5. Collection procedures for laundry and other receivables; and
6. Procedures for rental increases (must comply with contractual and regulatory obligations).

G. Accounting Policies and Procedures

Items to be addressed in this section of the Plan include:

1. Location of tenant records;
2. Description of the accounting system including the type of software system/program with samples of an income statement, balance sheet and cash flow statement; and
3. Description of internal controls including payables/receivables, cash disbursements, etc.

H. Maintenance and Security

Items to be addressed in this section of the Plan include:

1. Procedures for conducting and following-up on regular property inspections;
2. Procedures for conducting unit inspections;
3. Procedures and schedules for regular common area cleaning (e.g. grounds, hallways);
4. Procedures for apartment/exterior painting and other renovations and for scheduling the work;
5. Procedures for controlling tenant maintenance requests, including samples of work order forms;
6. Procedures and schedules for pest and insect exterminating and special tenant requests;
7. Standard maintenance requirements to be performed by on-site staff and outside contractors;
8. Procedures and schedules for preventative maintenance programs

(mechanical systems); and

9. Procedures for security and safety (e.g. controlling keys, fire prevention plan, company or outside security).

I. Tenant Services

Items to be addressed in this section of the Plan include:

1. Plan and procedures for providing tenant orientation;
2. The role management will take in the tenants' organization, programs, activities and sources of funding (e.g. recreation, social service programs, etc.), if applicable; and
3. Procedures for handling all types of tenant grievances;

J. Management Fee

This section of the Plan should include a description of the management fee designed to compensate the Property Manager for directing and supervising project operations in accordance with DCA, HUD and industry guidelines and standards. The management fee should be quoted as a percentage of rental collections.

K. Marketing

This section should include a description the plans and costs of furnishing a model apartment, hiring/training support staff (if applicable) and advertising (e.g. publications, signage, etc.) the project, including an annual marketing budget.

Note: Any changes to the information must be provided to DCA Asset Management for review. Substantive material changes to the information, such as an adjustment in the management fee may require, prior written approval from DCA Asset Management.

III. PROPERTY MANAGER INSURANCE REQUIREMENTS

The Property Management Company shall be required to procure and maintain the following insurance coverage in such form and substance as are acceptable to DCA.

- A. Fidelity Bond - Fidelity bond for the management company for an amount of \$50,000 - \$100,000, depending on the size and scope of a particular project and circumstances of a particular management company.
- B. General Liability Insurance - General liability insurance for third party managed property liability. This coverage may be provided under the Borrower's policy, to the satisfaction of DCA, in an amount acceptable to DCA. DCA standard is \$3,000,000.
- C. Business Vehicle Liability Insurance - Business vehicle liability insurance may be provided under the Borrower's policy, to the satisfaction of DCA, in an amount acceptable to DCA. Coverage of \$2,000,000 is the DCA standard.
- D. Workers' Compensation Insurance - Workers' Compensation Insurance is an amount as required by state statute.

Note: The insurance required and to be maintained shall be issued with appropriate coverage, fully paid, from companies, in such amounts, in such form and substance and with such expiration dates as are acceptable to DCA. Such policies are to provide that the insurer shall give DCA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance or bond(s) provided to DCA. Refer to **Insurance Requirements TAB**, the General Requirements section for details.

Office of Affordable Housing Management Agent Questionnaire

Development Name: _____

Name of Management Firm: _____

Mailing Address: _____

City: _____

Name of Principal : _____

Telephone: (____) _____ Fax: (____) _____

Address of Principal Office: _____

City: _____

General Territory Served: _____

Firm's Legal Form (v one): ☐ Proprietorship ☐ Partnership ☐ Corporation

☐ Other: _____

Is this firm a subsidiary or affiliate of another firm: ☐ Yes ☐ No

If yes, please provide name, address and relationship with this other firm:

Describe any business activities, other than real estate, engaged in by your firm or its parent.
If none, state "NONE".

How long has this firm been managing residential rental properties? _____ years

Does your firm provide the following services in addition to property management?

Real estate sales or brokerage ☐ Yes ☐ No

Mortgage banking or brokerage ☐ Yes ☐ No

Real estate development ☐ Yes ☐ No

Real estate appraisals ☐ Yes ☐ No

Insurance sales or brokerage ☐ Yes ☐ No

Market studies ☐ Yes ☐ No

Office of Affordable Housing Management Agent Questionnaire

Complete the following table with information concerning employees working at your Principal Office:

Perm Full Time	Perm Part Time	Job Title	Administrative Functions
<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____	_____

Please complete the following table related to employees throughout your organization:

	Current	2 Yrs. Ago
Total number of full-time and part-time employees	_____	_____
Number of executive-level managers	_____	_____
Number of executive-level managers responsible for property management	_____	_____
Number of clerical, accounting, and bookkeeping employees	_____	_____
Number of maintenance employees	_____	_____
Number of site management employees	_____	_____

Total number of rental units currently managed by your firm: _____

Total number of low and very low income units currently managed by your firm: _____

Has a housing development gone into default while under your management? ☐ Yes ☐ No

If yes, identify the development and describe the cause of the default:

Office of Affordable Housing Management Agent Questionnaire

Has your firm ever been party to a FHA 2530 proceeding? ☐ Yes ☐ No

If yes, identify the project and outline the details of the proceeding:

List any professional property management organizations of which your firm is a member:

List any property management certifications held by your employees and the number of employees holding each certification:

Has any principal of your firm been involved in a personal or business bankruptcy within the last seven years?

☐ Yes ☐ No

If yes, identify the principal and describe the circumstances:

Does your firm carry fidelity bond coverage for your employees? ☐ Yes ☐ No

If yes, what is the amount of insurance coverage carried? \$ _____

Has your firm or any of your employees ever been turned down for bonding? ☐ Yes ☐ No

Has your firm or any of your employees ever been accused of a Federal fair housing violation?
☐ Yes ☐ No

If yes, please provide details and disposition:

Office of Affordable Housing Management Agent Questionnaire

Have any of your firm's property management contracts been terminated before their expiration within the last five years?

☐ Yes ☐ No

If yes, provide development name and address:

In the last five years, have any of your firm's expiring property management contracts not been renewed?

☐ Yes ☐ No

If yes, provide development name and address:

Please submit the following supporting documents with this questionnaire:

- Resumes of all principals and executive-level employees
- Job Description for Property Manager Supervisor or equivalent
- Job Description for Site Property Manager position or equivalent
- Development Information Summary (MF-11) for all low income properties managed

The undersigned owner/officer hereby certifies that the information contained in this document and all attachments are true, correct, and complete, to the best of his/her knowledge.

Date: _____

Name of Firm

By: _____

Authorized Signature

Title: _____

Office of Affordable Housing Development Information Summary

Proposed Development Name: _____

Name of Management Firm: _____

Complete and submit a copy of this form for each low income housing development managed by your firm for the last five years.

Name of low income development: _____

Address of development site: _____

City: _____ State: _____ Zip _____

Term of your management contract: Starting on _____, Expiring on _____

Staffing: How many on-site management employees? _____ Full-Time _____ Part-Time

How many on-site maintenance employees? _____ Full-Time _____ Part-Time

Name of current site manager: _____

Site Office Phone: (_____) _____

Approximate age of buildings: _____ years Year of last major renovation: _____

Total number of residential units: _____ Number of low income units: _____

Annual operating expense budget per unit, excluding replacement reserve payment: \$ _____

Annual replacement reserve payment per unit: \$ _____

Primary source of ownership financing, if known: _____

Name of Ownership Entity: _____

Owner's Mailing Address: _____

City: _____ State: _____ Zip: _____

TAB H

INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS

I. Borrower

The Borrower shall be required to procure and maintain during the life of the loan, including any modifications or restructure, the following insurance coverage in such form and substance as are acceptable to DCA.

- A. Title Insurance - An original mortgagee title insurance policy, satisfactory in form and substance to DCA, in an amount not less than the Loan and originated by a title insurance company and agent acceptable to DCA. This policy shall be provided to DCA within ten (10) business days from the date of the Loan Agreement. In the event of a Loan conversion, DCA shall require an updated policy, satisfactory in form and substance to DCA.
- B. Hazard Insurance - Subsequent to completion of construction, or of the improvements, or termination of builder's risk insurance (whichever occurs earlier), the Borrower shall procure "All Risk" hazard insurance policy ("Blanket Coverage"), insuring the project development against all hazards, including, but not limited to; fire, windstorm, flood, earthquake, collapse, vandalism and malicious mischief, theft, and against such other insurable hazards as considered usual and customary in the industry. The insurance amount shall not be less than 100% of the full insurable replacement cost of the improvements (without deductions for depreciation), and containing a mortgagee loss payable clause satisfactory to DCA; and "loss of rent" insurance insuring the Borrower in an amount not less than 100% of gross rental income for a period of twelve (12) months. Copies of the policies shall be promptly delivered to DCA upon completion of construction or of the improvements, and before any portion of the development is occupied by the Borrower or their agent or any tenant of the Borrower. The insurance is to remain in full force and effect until the Loan is retired according to the terms and conditions. The policy should have an "Agreed Amount" clause that waives the coinsurance requirement. The policy should include a replacement cost endorsement to provide "New for Old" on the property coverage.
- C. Commercial General Liability Insurance – Commercial General Liability Insurance for personal injury, to include without limitation bodily injury, death

and property damage liability on a per occurrence basis is required. All projects shall carry no less than \$3,000,000 in General Liability coverage. The Borrower may supplement the coverage with an umbrella liability policy. DCA has established the following minimum limits for Commercial General Liability insurance:

- | | |
|--|-------------|
| • General Aggregate | \$3,000,000 |
| • Products-Completed
Operations Aggregate | \$1,000,000 |
| • Personal & Advertising Injury | \$1,000,000 |
| • Each Occurrence | \$1,000,000 |
| • Fire Damage (any one fire) | \$50,000 |
| • Medical Expense (per person) | \$5,000 |

- D. Workers' Compensation Insurance - Workers' Compensation Insurance in an amount as required by statute.
- E. Automobile Liability Insurance – Automobile Liability Insurance for owned, hired and non-owned vehicles in an amount acceptable to DCA, but in no event less than \$2,000,000.
- F. Flood Insurance - If the project development (or any part of) is situated in an area now or subsequently designated as having flood hazards, as defined in the Flood Disaster Protection Act of 1973 as amended. Flood insurance shall be required in an amount equal to the replacement cost of the improvements.
- G. Boiler & Machinery Insurance - Insurance coverage for major components such as; central heating, air conditioning, ventilating systems, boilers, other pressure vessels, high pressure piping and machinery or other similar equipment installed either for a repair or replacement basis. Such policy shall also provide complete coverage, including repair costs against damage to the Improvements as a result of an accident.
- H. Other Insurance - DCA may require additional or other forms of insurance. The necessity for such coverage will be based on the circumstances of the project location, type of construction and improvements and use.

Note: The Borrower shall be required to procure (prior to loan closing) and to maintain the aforementioned applicable insurance coverage, fully paid, from companies, in such amounts, in such form and substance and with such expiration dates as are acceptable to DCA. Such policies are to provide that the insurer shall give DCA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance provided to DCA. Refer to General Requirements of this section for details.

II. General Contractor

The Borrower shall require the General Contractor to procure and maintain for the construction period the following insurance coverage in such form and substance as are acceptable to DCA:

- A. Builder's Risk Insurance - "All Risk" builder's risk insurance on a non-reporting, completed value basis, insuring the improvements against all hazards, including, without limitation, flood, earthquake, and collapse. The amount shall not be less than 100% of the full replacement cost of the improvements (without deductions for depreciation), and containing a mortgagee loss payable clause satisfactory to DCA. Such insurance is to remain in full force and effect until completion of construction of the Improvements and the full satisfaction of DCA.
- B. Commercial General Liability Insurance - Commercial general liability Insurance insuring the General Contractor and all subcontractors, in an amount acceptable to DCA.
- C. Workers' Compensation Insurance - Workers' Compensation Insurance in an amount as required by statute.
- D. Automobile Liability Insurance – Automobile Liability Insurance for owned, hired and non-owned vehicles in an amount acceptable to DCA, but in no event less than \$2,000,000.
- E. Performance and Payment Bond - A coverage amount no less than 100% of the contract amount.

Note: The insurance and bond(s) required and to be maintained shall be issued with appropriate coverage, fully paid, from companies, in such amounts, in such form and substance and with such expiration dates as are acceptable to DCA. Such policies are to provide that the insurer shall give DCA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance or bond(s) provided to DCA. Refer to General Requirements of this section for details.

III. Consultant

The Borrower shall require any attorney, architect, engineer, surveyor or other form of advisor (hereinafter referred to as "Consultant") providing services for or on behalf of any project financed by DCA to procure and maintain the following insurance coverage in such form and substance as are acceptable to DCA.

- A. Commercial General Liability Insurance – Commercial General Liability Insurance for personal injury, to include without limitation bodily injury, death and property damage liability on a per occurrence basis is required. All projects shall carry no less than \$2,000,000 in General Liability coverage. The Borrower may supplement the coverage with an umbrella liability policy. DCA has established the following minimum limits for Commercial General Liability insurance:
- B. Automobile Liability Insurance – Automobile Liability Insurance for owned, hired and non-owned vehicles in an amount acceptable to DCA.
- C. Workers' Compensation Insurance - in an amount as required by statute.
- D. Professional and Liability Insurance or Errors and Omissions Insurance in an amount acceptable to DCA.

Note: The insurance required shall be issued with appropriate coverage, from companies, in such amounts, in such form and substance and with such expiration date(s) as are acceptable to DCA. Refer to General Requirements of this section for details.

IV. Property Management

The Borrower shall require the Property Management Company to procure and maintain the following insurance coverage in such form and substance as are acceptable to DCA.

- A. Fidelity Bond - Fidelity bond for the management company for an amount of \$100,000. At the discretion of DCA higher limits may be required, depending on the size and scope of a particular.
- B. Commercial General Liability Insurance – Commercial General Liability Insurance for personal injury, to include without limitation bodily injury, death and property damage liability on a per occurrence basis is required. All projects shall carry no less than \$3,000,000 in General Liability coverage. The Borrower may supplement the coverage with an umbrella liability policy. DCA has established the following minimum limits for Commercial General Liability Insurance.
- C. Automobile Liability Insurance – Automobile Liability Insurance for owned, hired and non-owned vehicles in an amount acceptable to DCA, but in no event less than \$2,000,000.
- D. Workers' Compensation Insurance - Workers' Compensation Insurance in an amount as required by state statute.

Note: The insurance required and to be maintained shall be issued with appropriate coverage, fully paid, from companies, in such amounts, in such form and substance and with such expiration dates as are acceptable to DCA. Such policies are to provide that the insurer shall give DCA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance or bond(s) provided to DCA. Refer to General Requirements of this section for details.

General Requirements:

All insurance required and provided for shall be in a form, amount, content and written by companies acceptable to DCA. The current minimum standards are those companies that carry an A.M. Best Rating of A- VII or better. Any Certificates of Insurance provided to DCA must have the following clearly stated; type of insurance, amount of insurance, policy

effective date, policy expiration date, cancellation notice terms and conditions as required, certificate holder and additional interest. The information must be on the following appropriate Acord forms; the Acord 75-S (Insurance Binder), the Acord 27 (Evidence of Property Insurance), the Acord 25-S (Certificate of Liability Insurance). No other form is acceptable. Regardless of the types or amounts of insurance required, the Borrower shall assign and deliver to DCA, as collateral and further security for the payment of the Note, all policies of insurance which insure against any loss or damage to the development (excluding Consultants), with loss payable to DCA, without contribution by DCA, pursuant to the "New York Standard" (loss payee clause) or other mortgagee clause satisfactory to DCA. If the borrower receives any insurance proceeds or other money for loss or damage, such amount shall be delivered to DCA and shall, at DCA's sole discretion, be disbursed for the repair and restoration of the development in accordance with the provisions of the Loan Agreement governing advances of loan proceeds. However, if an Event of Default is outstanding or if restoration is not to be accomplished but rather demolition, or if DCA determines that restoration is not feasible, DCA may, at its option, retain and apply all or any portion of such money toward payment of the Note.

Prior to but no later than the time of loan closing the Borrower shall provide DCA with certified copies of the policies providing for the aforementioned coverage and certificates of insurance indicating that such policies are issued and in force, together with evidence of payment of premiums. "Evidence of Property Insurance" (ACORD 27) is to state that no less than 30 days written notice of cancellation is provided, and DCA be shown as Loss Payee, Additional Insured and Mortgagee. Not less than 30 days prior to the expiration date of each required policy, the Borrower shall deliver to DCA either a renewal policy, or policy marked "premium paid", or a policy accompanied by other appropriate evidence (ACORD 27) of payment satisfactory to DCA. DCA reserves the right to require the Borrower to escrow insurance premiums into their mortgage loan payment during the term of their Loan.

DCA has the discretion to amend the Insurance Requirements as deemed appropriate based on type and size of projects and/or in keeping with current insurance industry standards and practices. Final determination will be at DCA's sole and absolute discretion.

TAB I

**GENERAL DCA MONITORING AND
COMPLIANCE REQUIREMENTS**

GENERAL DCA MONITORING AND COMPLIANCE REQUIREMENTS

1. General.

The applicant's compliance responsibilities begin with the award of the HOME Loan and/or Credits and will continue through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer.

DCA is required to monitor projects for compliance with the requirements of the Code, the HOME regulations, the representations set forth in the Application, the requirements stated in the Plan, and the requirements set forth in the DCA's various program manuals. DCA's plan for compliance monitoring described below outlines the overall requirements, offers explanations for individual program regulations, and sets forth the requirements for properties participating in multiple programs.

2. Required Training for Owners.

The owner/general partner is required to successfully complete a compliance-training seminar provided by or sponsored by DCA. The owner of a HOME Rental Housing Loan Program property will be required to submit the Certificate of Successful Completion prior to leasing the first unit. Limited partners are strongly encouraged to attend these training seminars, but may elect to have property managers serve as the limited partner's representative. Seminars for HOME Loans, Credits, and HOME Loan/Credits properties will be available on an individual property basis. Certification testing is required and certificates are awarded upon successful completion of the training. The owner of a Credits property will be required to submit to DCA the Certificate of Successful Completion for the Credits training prior to placing the first building in service. Georgia HOME Rental Housing Loan Program and Credits Compliance Manuals will be distributed at the training sessions.

DCA will hold the applicant/owner responsible for all representations made in the approved Application. The applicant/owner also is responsible for ensuring that the property abides by the rules, regulations, and restrictions specified in the Plan, the Land Use Restriction Agreement or Covenant, the Georgia HOME Rental Housing Loan Program and Credits Compliance Manuals, the HOME regulations, and the Code. Although DCA is responsible for monitoring the owners' compliance with these rules, regulations, and restrictions, this responsibility does not make DCA liable for owners' noncompliance.

3. Property and Record Compliance

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 Credits and/or HOME Loans at any time during the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. DCA will provide prompt written notice to the owner of noncompliance findings and will assign an appropriate cure period.

DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credits and/or HOME Rental Housing Loan Program funding at any time through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. DCA will provide prompt written notice to the owner of any noncompliance finding and will assign an appropriate cure period.

In the Federal Credits 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 the noncompliance can be and has been corrected 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.

4. Reports to be Provided to DCA

Project owners receiving HOME Loans are required to submit Quarterly Occupancy Reports in a format prescribed in the DCA HOME Rental Housing Program Manual, together with copies of Tenant Income Certifications for rental units leased during the quarter (beginning with initial lease-up date), until the property has reached one hundred percent (100%) initial occupancy. After one hundred percent (100%) occupancy is achieved and the property is determined by DCA to be in compliance with the HOME regulations and with all DCA requirements, the property will then be required to report on an annual basis throughout the Period of Affordability or the term of the HOME Loan. Project Owners are also required to submit an Annual Owners Certification and Annual Owners Report in a format prescribed by DCA.

Project 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 project reaches one hundred percent (100%) initial occupancy. After one hundred percent (100%) occupancy has been achieved and the property is found to be in compliance with Credits regulations and all DCA requirements, the property will then report on an annual basis through the end of the project's Compliance Period. Project owners are also required to submit an Annual Owners Certification and Annual Owners Report in a format prescribed by DCA.

Project owners receiving HOME Loans and Credits are required to submit Quarterly Occupancy Reports from the initial lease-up date forward until the project has reached one hundred percent (100%) occupancy. If the property is determined to be in compliance with the HOME regulations, with the Code, and with all DCA requirements, the property will then report on an annual basis in a format prescribed by DCA throughout the Period of Affordability, the Compliance Period, or whichever is longer. Project owners are also required to submit an Annual Owners Certification and Annual Owners Report in a format prescribed by DCA. Project owners who received Credits and are financed under the Section 515 program of the U.S. Department of Agriculture will not be required to submit monthly or quarterly reports. These properties are required to submit the Annual Owner's Certification and Annual Owner's Report prescribed by DCA in the Tax Credit Manual, on an annual basis through the end of the project Compliance Period.

Owners of projects that received Credits and are also financed with proceeds from tax-exempt bonds will be required to submit Quarterly Occupancy Reports beginning with the first building placed in service until the property has reached one hundred percent (100%) occupancy. If the property is determined to be in compliance with Credits regulations and all DCA requirements, the property will then report on an annual basis throughout the Compliance Period. Failure to report as required will be considered noncompliance

5. Record Keeping and Record Retention

Project owners awarded HOME Loans must keep records for each assisted building as stipulated in the final HOME regulations and as stated in the DCA HOME Rental Housing Program Compliance Manual.

Project owners allocated State Credit must keep records for each building as stipulated in code Section 1.42-5(b) and in the Georgia Tax Credit Manual.

Project owners receiving HOME Loans and Credits must follow the most stringent requirements of the two programs.

6. Properties with Multiple Sources of DCA Funding.

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

7. Compliance Standards

Assessment of Noncompliance. Principals of projects awarded Credits in previous award cycles must remain materially in compliance with Credits and the HOME Rental Housing Loan Program requirements (if applicable) to remain eligible to compete for future Credits 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 matters in a timely manner. DCA will have sole and absolute discretion in determining those parties ineligible to participate in the DCA financing resources due to noncompliance status.

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 to of ninety days. Examples of noncompliance matters and typical cure periods are presented on the following page.

Noncompliance Items	Typical Cure Periods
Health and Safety	
Any issue	48 hours
Administrative Noncompliance	
Incomplete or incorrect tenant income certifications	30 days
Failure to submit quarterly reports	30 days
Failure to submit an annual report	30 days
Project-wide Noncompliance	
Incorrect utility allowances	60 days
Violations of 40/50 rule	60 days
Rent overages	60 days
Incurable Instances of Noncompliance	
Submission of fraudulent information to DCA	No cure

Federal regulations require that all noncompliance, whether or not corrected, must be reported to the IRS. Federal Regulations also authorize DCA to extend the cure period for up to six (6) months, but only if DCA determines that such extension is justified.

8. Monitoring Fees.

DCA charges a monitoring fee for all Credits developments containing five or more low-income units. Credits recipients will be required to pay the entire fee covering the 15-year Compliance Period no later than 1 year after the first building is placed in service. Failure to do so may adversely affect the applicant's ability to compete in future funding rounds. In no case will the final Credits allocation (IRS Form 8609) be issued before these fees are paid. See Section 15 for fee schedules.

9. Compliance Monitoring Responsibilities.

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.

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 Credits or the HOME Rental Housing Loan Program requirements should be addressed in writing and faxed to DCA's Compliance Monitoring Section at (404) 327-6849.

TAB J

**COMMUNITY HOUSING DEVELOPMENT
ORGANIZATION (CHDO) / NONPROFIT
ORGANIZATION CONSULTANT /
PARTNERSHIP AGREEMENT GUIDE**

Nonprofit/Community Housing Development Organization Consultant/Partnership Agreement Guide

The Georgia Department of Community Affairs (DCA) recognizes the unique and important role nonprofit housing developers and Community Housing Development Organizations (CHDOs) play in carrying out the objectives of the 2002 Qualified Allocation Plan (“Plan”). Nonprofits/CHDOs are close to the constituents they serve and can sustain a broad-range, long-term vision of their local community’s housing, social, and economic development needs. Special set-asides in the Low-Income Housing Tax Credit and HOME Programs demonstrate DCA’s commitment to nonprofits/CHDOs having the necessary financial resources to help implement their vision.

The State also has a responsibility to ensure that the funds allocated to nonprofits/CHDOs will be efficiently used to create well-constructed, well-managed affordable housing. Some nonprofits/CHDOs do not yet possess the necessary development, operations, and managerial experience to develop, rent up, and provide management oversight of affordable housing projects without additional technical assistance. In this case, the Plan devises a way for inexperienced nonprofits/CHDOs to develop projects by engaging the services of an experienced consultant or partnering with an experienced developer. The key to this interim strategy of developing experience for nonprofits/CHDOs is the requirement that intensive training take place during the term of the consultant/partnership agreement. The ultimate goal is to have a financially sound nonprofit/CHDO that can initiate, develop, and manage future projects independently.

The nonprofit/CHDO must remain in control of the decisionmaking regarding the project notwithstanding the involvement of the consultant/partner. The consultant/partner’s role is to assist the nonprofit/CHDO in acquiring the necessary expertise to continue developing projects in the future by systemically training the nonprofit/CHDO in those areas of the development process in which the nonprofit/CHDO lacks experience. Therefore, all communication between DCA and the ownership entity throughout the project development process will be through the nonprofit/CHDO.

Consultant/Partnership Agreement

The consultant/partnership agreement between the nonprofit/CHDO and the experienced consultant/partner must meet the requirements of the Plan at Appendix 1, Section 19 (A), “Owner Experience and Capacity” and/or Section 19 (B), “Developer’s Experience and Capacity”, as applicable. Specifically, the consultant/partnership agreement must have as an exhibit a training plan that:

1. Details the training services the consultant/partner will provide;
2. Specifies that the training services will be provided through construction, lease-up, and permanent loan conversion; and

3. Includes timetables, milestones, and training hours per month.

The training plan will be approved by DCA at its sole and absolute discretion. DCA will monitor the consultant/partnership agreement for compliance with the terms of the training plan exhibit.

Training Plan

In developing the training plan exhibit to the consultant/partnership agreement, the nonprofit/CHDO and the consultant/partner must develop a division of responsibilities at each stage of the development process: site identification, site evaluation, preliminary economic feasibility analysis, site control, development team selection and feasibility studies, financing identification and application, final design and underwriting, financing closing, construction, and lease-up. Tasks, milestones, and work products for each stage of the development process must be identified, along with timetables for completion and training hours per month for each stage. Training must directly involve the nonprofit/CHDO staff and the board of directors.

An emphasis throughout the training plan must be the close coordination between the nonprofit/CHDO and its board throughout the pre-development and development of the project. The nonprofit/CHDO board is responsible for making all policy decisions and authorizing the project to move forward at each stage of the process. The nonprofit/CHDO staff is responsible for warranting that the information, understandings, and the decisions reached are understood by and have the support of the board. Therefore, this emphasis on staff/board coordination is essential for efficient nonprofit/CHDO administrative functioning.

Following are the stages of the development process with sample objectives, tasks, milestones, and the division of responsibilities between the nonprofit/CHDO and consultant/partner in accomplishing each stage. **This is an example of a division of responsibilities for illustration purposes only.** The consultant/partner and the nonprofit/CHDO will divide time and responsibilities between each of the stages depending on the complexity of the proposed project and the expertise each brings to the project.

Appendix A contains a matrix that may be used as a scope of services or Appendix to a consultant/partnership agreement.

1. Site/Building Identification

The site search may be guided by the desire to serve a particular client population, implement a neighborhood redevelopment strategy, or meet the community's affordable housing need. The site search can be accomplished by driving around the community to identify available potential sites (windshield survey), or through contact with community leaders, local public agencies or financial institutions, or local realtors.

Objective: To familiarize the nonprofit/CHDO with the various ways to identify possible development opportunities.

Tasks: Consultant/partner and nonprofit/CHDO jointly conduct several of the tactics above to identify potential sites concentrating on developing contacts with local players (realtors, bankers, public officials).

Milestone(s): A report that lists potential sites and the process used to identify them.

2. Site Evaluation

Once identified, a site(s) should be evaluated to determine if it is suitable for development. Is the site suitable for the client group, and acceptable to the funding agency and to the community? In answering these questions, the following factors must be evaluated:

- Environmental factors: flood plain, suitable soil, slope, drainage, noise, odors, pollution, visual blight.
- Government infrastructure: water, sewer, electricity, roads, proper zoning.
- Services: public transportation, schools, shopping, health facilities, jobs, recreation, etc.
- Character of neighborhood: scale of buildings, architectural style, density, and commercial/industrial/residential zone mix.
- Appropriateness to client population: meets the needs of families, seniors, handicapped, mixed income, special needs.
- Price: can the land be donated, does the bank hold it for liquidation, is it in a redevelopment zone, can a portion be developed commercially or subdivided and sold.

Objective: To systemically review possible sites and focus in on one that will be most promising.

Task: Consultant/partner and nonprofit/CHDO jointly evaluate site options that best fit with the nonprofit/CHDOs strategic mission.

Milestone(s): A report in a matrix format that assigns values to the factors above, as well as additional factors as needed, leading to the identification of a preferred site.

3. Preliminary Economic Feasibility Analysis

A properly designed economic feasibility analysis will provide the cost and income parameters of the project, and will identify the ideal cost/income balance. There are several components of a preliminary feasibility analysis:

A. Development Budget:

Pre-Development, Acquisition, Site Improvements, Construction, Construction Financing, Contractor Services, Professional Services, Local Government Fees, Financing Fees, Equity Costs, Developer's Fees, and Reserves.

B. Project Income:

Number of units multiplied by net rent (adjusted for utilities). See the Application and HOME Manuals for the appropriate rent limits.

C. Operating Expenses Budget:

Management (day-to-day financial administration, supervision of maintenance and repairs, advertising), Maintenance (costs involved in keeping the property and grounds in good condition, repairing and replacing structures and systems, and maintaining insurance), and Operations (utilities, wages and payroll taxes, taxes, and insurance). See the Policy Guide for operating cost requirements.

D. Proforma Cash Flow:

Projecting income and operating expenses for the length of the loan (adjusting for annual increases), and debt service (amount of money that is required on a monthly basis to debt borrowed to finance all of the costs prior to and including construction less any equity contribution) with a minimum debt coverage ratio of 1.10 for each year. See the Policy Guide for trending, debt coverage ratio requirements.

The board should be clearly informed and approve of any financial commitments involved in moving the project forward. Consultant/partner fees will most likely be tied to moving the project along that may or may not be in the best interest of the organization. The board must decide with the assistance of its own staff.

The board should also review and approve any impact the project will have on the organization's capacity to continue existing programs. Specifically, does staff have the time and resources to carry out the responsibilities this project will impose on the organization? Are the financial and organizational controls in place to manage existing programs as well as any additional burdens the project will create? The board should approve an amended internal budget, recognizing the impact the project will have on the organization.

Objective: To prepare the preferred site's initial feasibility analysis that provides information sufficient to make a decision on the projects merits.

Task: Consultant/partner and nonprofit/CHDO jointly prepare a preliminary economic feasibility analysis detailing each element (Development Budget, Project Income, Operating Expenses, & Proforma) and its effect on the nonprofit/CHDO.

Milestone(s): A report to the board of directors that explains the initial selection of potential sites, the process used to identify them, the process used to narrow the search to the most promising, and a detailed review of the Preliminary Economic Feasibility Analysis. The nonprofit/CHDO staff should present the document to the board. The board of directors should decide, based upon the report, to move the project forward or to seek other alternatives.

4. Site Control

Upon notice to proceed from the board of directors, the next step is to gain control of the site. The property must be under the nonprofit/CHDO's control to pursue any further preliminary design or due diligence reviews. There are various ways to gain control: the most common is an option to purchase. Negotiations to establish site control must be contingent on obtaining any required permits, resolving any access and environmental issues, and securing adequate permanent financing.

Objective: To gain site control with all necessary contingencies at the least cost to the nonprofit/CHDO.

Task: Consultant/partner and nonprofit/CHDO jointly conduct all negotiations with property owner in consultation with the nonprofit/CHDO's attorney.

Milestone(s): A site control document (option) approved by the nonprofit/CHDO's attorney and board of directors.

5. Development Team Selection & Feasibility Studies

The creation of the development team and the commissioning of necessary pre-development studies move the project forward. The development team includes an architect and engineer (design development and environmental review), attorney(s) for real estate closing and tax compliance issues, general contractor, property manager, and physical needs assessor (rehabilitation). Once the team is assembled the following studies should be commissioned: market study, title search, property survey, environmental reports, soil borings (new construction), physical needs assessment (rehabilitation), and conceptual architectural plans.

Objective: To select a qualified cohesive development team and the commissioning of all necessary pre-development studies.

Task: Consultant/partner prepares scope of services for each required development team member and assists the nonprofit/CHDO in selecting the most experienced and best qualified to further the interests of the project.

Milestone(s): An objective matrix of those prospective team members interviewed indicating a preferred candidate for each required specialty. The

nonprofit/CHDO staff should present the document to the board. The board of directors needs to approve the selections.

6. Financing Identification and Application

With the development team in place and pre-development studies completed, the project budgets become more refined and accurate. The architect prepares preliminary plans with the added knowledge gained from the survey, environmental, and engineer's reports. Budgets are adjusted to take into account the work from the development team. The consultant/partner's knowledge and expertise is brought to bear in selecting the most appropriate financing and the preparation of any required funding applications.

Objective: To apply to all funding sources that best fit the financial viability of the project with the most recent and accurate information possible.

Task: Consultant/partner and nonprofit/CHDO jointly select the financial resources most suitable to the viability of the project and prepare all necessary financial applications.

Milestone(s): A report that lists possible funding sources with a description of each program's requirements, advantages, disadvantages, and application timetables. The report will also detail the reasons for selecting the one(s) chosen and state progress on completing the application(s).

7. Final Design & Underwriting

Should the application(s) prove to be successful, construction plans and specifications need to be completed and all conditions placed by the funders need be completed prior to loan closing.

Objective: To obtain a completed set of construction plans and specifications and resolve all issues and conditions prior to loan closing.

Task: Consultant/partner and nonprofit/CHDO jointly monitor the progress of the architect and resolve any final design changes. The consultant/partner and nonprofit/CHDO will jointly resolve any outstanding issues imposed by the funders prior to loan closing.

Milestone(s): Completed set of construction plans and specifications, signed architect and contractor agreements, and list of required outstanding underwriting closing documents with assigned responsibilities and timetables for completion.

8. Financing Closing

With all of the issues and conditions eliminated, a loan closing is held and all legal documents executed. It is imperative that the consultant/partner, the nonprofit/CHDO, and the nonprofit/CHDO's attorney conduct a training session prior to loan closing and review the meaning of the loan closing documents. This process can be challenging with the nonprofit/CHDO's attorney, funders, consultant/partner, and the nonprofit/CHDO intensely focused on this critical legal step. The site is purchased, and money becomes available to pay for pre-development costs, some developer's fees, and begin construction of the project.

Objective: To transfer the site's ownership to the nonprofit/CHDO and receive the funds necessary to begin the project's construction/rehab.

Task: Consultant/partner and nonprofit/CHDO jointly coordinate the loan closing activities closely with the funder's underwriters and attorneys and with the nonprofit/CHDO's attorney.

Milestone(s): Ownership of the site, all financial loans and commitments signed, and "notice to proceed" with construction from the ownership entity to the contractor.

9. Construction

The architect's contract (standard AIA contract) should contain construction management provisions to monitor and certify that the general contractor is building the project as designed. However, inevitable construction related problems that arise, change orders, and normal progress payments require nonprofit/CHDO management.

Objective: To see the project completed within budget and time, free and clear of any mechanics liens.

Task: Consultant/partner and nonprofit/CHDO jointly monitor contractor progress and payments to warrant that the project is within budget and on time.

Milestone(s): A completed project, with all buildings having received a certificate of occupancy or substantial completion, within budget and on time per the budget and timetable in the contractor agreement.

10. Lease-Up

Prior to granting of a certificate of occupancy to the project, all the management, financial/accounting, reporting, and income verification procedures need to be in place and staff trained in performing those procedures. The marketing plan, advertising, and intake of potential tenants should be implemented.

Objective: To attain full lease-up of the project when placed in service in the allotted time with all the procedures for financial and site operations in place.

Task: Consultant/partner creates an operations guide and financial/accounting structure consistent with the funders program requirements. This guide should be thoroughly reviewed by the nonprofit/CHDO.

Milestone(s): Operations guide covering day-to-day management of the project, financial/accounting processes, income verification procedures, and any other reporting requirements imposed by the funders. The nonprofit/CHDO should also sign an affidavit that the operations guide was prepared, reviewed, and understood.

**Appendix A: Consultant/Partnership Agreement
Scope of Services**

	Site Identification	Site Evaluation	Economic Feasibility Analysis	Site Control	Team & Studies
Objective	Familiarize various ways to identify possible development opportunities.	Systemically review possible sites and focus in on one	Prepare initial feasibility analysis	Gain site control	Selection of a qualified development team & commissioning predevelopment studies
Tasks	Contact and discuss with realtors, bankers, officials possible development sites.	Evaluate development options based on CHDO's/ funders criteria	Preparation of necessary financial plan for the project and it's effect on the CHDO	Negotiate site control with owner and coordinate w/ CHDO attorney	Preparation & negotiation of development team and predevelopment studies
Milestone(s)	Report that lists possible development sites.	Matrix of site criteria that identifies the preferred site	Preliminary Feasibility Analysis report to the Board of Directors	Site control option	Process used to identify best qualified team and study consultants
Timetable for Completion					
Cost/Hours					
Training Hours/Month					
Work Product	Contact List Methodology Used Windshield Personal Contacts Financial Institutions Realtors Other Site Development List	List of factors and values used to identify site. Environmental Infrastructure Character neighborhood Community needs Price	Preliminary Feasibility Development Budget Project Income Operating Expenses Proforma cash flow for project & CHDO Board Minutes	Site control option Board Minutes	Criteria used to identify team members & consultants. Team contracts Consultant contracts
	Financing/ Applications	Final Design/ Underwriting	Closing	Construction	Lease-Up
Objective	Successful applications to best fit funding sources	Completion of plans and resolution of all pre-closing issues	Loan closing and ownership of project	Complete construction of project on time & within budget-free and clear of any liens	Full lease up
Tasks	Selection of funders and preparation of applications.	Monitor completion of final designs and studies including funders pre-conditions	Coordination w/CHDO & funders attorney, must have training session to review all closing docs.	Administer contractors progress payments	Creation of operations & financial guide consistent w/funders
Milestone(s)	Report of all possible funding sources and applications	Complete set of plans w/ constructions specs	Loan Closing	Conversion of construction to permanent financing	Operations guide & financial management guide
Timetable for Completion					
Cost/Hours					
Training Hours/Month					
Work Product	Report of funding sources Advantages of each Disadvantages of each Completed Applications	Set of plans Completion of predevelopment studies	Signed closing agreements Site, loans, partnership Construction	Progress payments Review of any mechanics liens Certificate of occupancy	Operations guide & financial management guide
Total Cost/Hours					

TAB K

TAX CREDIT SECTION

FEDERAL AND STATE HOUSING TAX CREDITS

PART I. HOW TAX CREDITS WORK

DEFINITION AND COMPUTATION

1. Federal Tax Credits (IRC Section 42; 26 CFR 1.42)

The Low-Income Housing Credit is a 10-year Federal tax credit against a taxpayer's ordinary income tax liability which is available to individuals (directly or through partnerships) and corporations that acquire or develop and own qualified low-income rental housing. The Georgia Department of Community Affairs (DCA) is charged with administering the Federal Credits in Georgia. The minimum qualifications for credit-eligible projects are:

- A. a continuous set-aside of no less than 20 percent of the total units in the project for occupancy by low-income persons or families;
- B. rent restrictions for units occupied by low-income tenants;
- C. compliance with the occupancy and rent restrictions for a period of 15 years; and
- D. a willingness to enter into an Extended Low-Income Housing Commitment.

Through the annual reduction of the taxpayer's ordinary income tax liability, the tax credit returns to the owner/investor a percentage of the cost of constructing, acquiring and/or rehabilitating low-income rental housing. In contrast to other types of tax credits for other purposes, such as the Historic Rehabilitation Tax Credit, the Low-Income Housing Credit provides a tax credit **only** for expenditures associated with units which are occupied by low-income persons and not for the entire development (unless, of course, the entire development is reserved for low-income persons).

In order to compute the annual tax credit, it is therefore necessary to distinguish between the total cost basis of the project (the "eligible basis") and the basis that is allowable to the low-income units (the "qualified basis"). See definitions below.

2. State Tax Credits (O.C.G.A. 48-7-29.6)

The Georgia Housing Tax Credit, enacted in 2000, is a credit against Georgia income tax liability to the owner of an affordable housing development that has been allocated Federal low-income housing credits. DCA has been charged with administering the State Credits, which are in an amount equal to the Federal Credits and will be available to owners of projects placed in service after January 1, 2001.

State credits were made a part of all tax credit allocations beginning in 2000. However, some project owners with 1999 Federal Credits may elect to use State Credits if their buildings are placed into service after January 1, 2001. In any case, Federal and State subsidy layering requirements require that no more Federal and State Credits will be allocated to a project than is necessary to ensure financial feasibility. For example,

depending upon individual circumstances, it may be possible for a project awarded credits in 1999 to receive a reduction in the final allocation of Federal Credits, even though there would be the addition of a matching amount of State credits to that final amount.

The amount of State Credits a project will be assigned will be exactly equal to the amount of Federal Credits allocated to that project.

3. Eligible Basis

The eligible basis of a new building is its adjusted basis used to calculate depreciation, which is generally the development cost minus the cost of land, land related fees, and investment and permanent financing costs. [Section 42 (d)]

Due to certain private letter rulings and technical advisory memoranda issued by the Internal Revenue Service in recent years, DCA highly recommends that an accountant or tax counsel be consulted on the ability to include all or a portion of certain soft costs, such as site development costs, developer fees, and construction financing costs, in the eligible basis.

- A. New construction:
The eligible basis of a new building is its adjusted basis as of the close of the first taxable year of the credit period. [Section 42 (d)(1)]

- B. Acquisition:
The eligible basis of an existing building that is being acquired in accordance with the 10-year rule is:
 - (1) its adjusted basis as of the close of the first taxable year of the credit period (generally its acquisition cost), and
 - (2) zero in any other case.

- C. Rehabilitation over \$3,000 per low-income unit or 10 percent of adjusted basis:
The eligible basis for an existing building involving rehabilitation expenditures of at least 10 percent of its adjusted basis or \$3,000 per low-income unit is equal to the allowable rehabilitation expenses incurred during any 24-month period with certain exceptions. [Section 42 (d)(2)]
For tax credit purposes, there is no basis adjustment for depreciation. Common areas or amenities available for use by all the tenants are taken into account in determining the adjusted basis if no separate user fees are charged. [Section 42 (d)(4)]
Note: Although the Code establishes the minimum expenditure for rehabilitation projects at \$3,000 per unit, DCA policy is more restrictive and requires a minimum of \$12,000 per unit for rehabilitation hard costs.

As originally enacted, the Tax Reform Act provided that a building's eligible basis would be determined on the day it was placed into service. As amended, the Code has been modified to permit eligible basis to be determined at the same time qualified basis is

established, e.g., the end of the first year of the credit period. Project owners, therefore, may include the cost of items or work performed after the project is placed into service. Landscaping, usually done after the buildings are completed, is an example of work performed after the project is placed in service which may be included in the determination of eligible basis. These costs should **not** exceed \$3,000 per unit.

The eligible basis is reduced if the low-income units are not "comparable" to the other units in the project. If the construction or acquisition costs are comparable and the units are provided in similar proportion for both low-income and other tenants, the units are considered to be of comparable quality. Federal regulations allow a differential in square footage cost of up to 15 percent for the market rate units. If any market rate units are of a higher quality or provide additional amenities, the adjusted basis for those units is subtracted from the eligible basis; or upon election, the excess cost is excluded from the eligible basis if the cost differential does not exceed 15%. The percentage of low-income units to the total project remains the same, but is applied against the lower eligible basis. [Section 42(d)(3)]

The eligible basis of a project may be increased in certain low-income and high cost areas as designated by HUD. In census tracts where at least 50 percent of the households have an income which is less than 60 percent of the area median income, or which has a poverty rate of at least 25 percent, ("qualified census tract") a project's eligible basis attributable to rehabilitation expenditures and new construction costs may be increased by 30 percent. This means that projects in very low-income neighborhoods can attract additional equity. A 30 percent increase in basis will also apply to projects located in certain "difficult development areas," i.e., a limited number of metropolitan and non-metropolitan areas with high construction, land, and utility costs relative to income.

4. Qualified Basis

The qualified basis is equal to the percentage, or "applicable fraction", of the eligible basis attributable to the low-income units. The applicable fraction is the smaller of (a) the percentage of low-income units to total units; or (b) the floor space of low-income units to the total floor space of the residential rental units. [Section 42 (c)]

Only those units that are occupied by low-income persons may be included in determining the qualified basis during the first year of the credit period. Subsequently, a unit previously occupied by low-income persons and then vacated may count as a low-income unit as long as no other unit of equal or smaller size is rented to a non-low income tenant following such vacancy.

Special rules apply for determining qualified basis where a portion of a building is used to provide supportive services for the homeless. The qualified basis may be increased by the lesser of (a) the eligible basis used annually to provide supportive services that assist tenants in finding and retaining permanent housing; or (b) 20 percent of the qualified basis of the building.

In projects that are subject to tax credit allocation, the qualified basis is based on the amount of credit allocated by DCA. For example, if a taxpayer rents 75 percent of a

project's units to low-income persons, but initially received a credit allocation equal to only 50 percent of the units, the qualified basis for which the annual tax credit may be claimed will be limited to 50 percent of the eligible basis.

5. Applicable Credit Percentage

Federal tax credits allocated to a project cannot exceed the amount calculated by multiplying the qualified basis by the applicable credit percentage. In 1987 only, the applicable percentage was 9 percent for new construction and rehabilitation and 4 percent for the acquisition of existing buildings and for all projects defined as Federally subsidized, whether new construction or rehabilitation. The 9 percent and 4 percent credit percentages over a 10-year period are intended to equal to the discounted present value of 70 percent and 30 percent, respectively, of the qualified basis. After 1987, the above present value percentages remain constant; however, Treasury adjusts the applicable credit percentages monthly. The maximum credit percentage applicable to each building is that percentage that is in effect either during the month the building is placed into service, or during the month a binding agreement between DCA and the tax credit recipient is made. The credit recipient makes the choice of which applicable credit percentage is used to calculate the tax credit allocation. However, in 1990, and thereafter, the housing credit dollar amount allocated to a project cannot exceed the amount DCA determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. An imputed credit percentage can be derived by dividing the DCA-determined credit amount by the project's qualified basis. [Section 42 (b) and 1990 Revenue Ruling, Applicable Credit Percentages]

6. Tax Credit Computation/Underwriting

Credit calculation. Under the Code, tax credits cannot exceed the amount necessary to support the low-income portion of the project. The Code requires that the credit amount be calculated at application, allocation, and placed-in-service date. Credit amounts may fluctuate from stage to stage as project costs, operating expenses, financing and syndication terms are finalized. DCA will estimate the Federal and State credit amounts at reservation or carryover allocation. Generally, any increase in the credit amount will be based on changes in both the sources and uses of funds and not on increased project costs alone. Please note that if the amount of credit necessary for financial feasibility increases over the amount shown on the Notice of Reservation or Carryover Allocation, the Owner must apply and compete for additional credit in the funding round in the year the Owner expects to place the project into service.

Credit calculation assumptions. The credit calculation at the reservation or carryover stage will be, in most cases, based on cost and financing estimates rather than actual numbers. DCA will carefully review the estimates to determine that: project costs are documented and/or reasonable, debt capacity has been determined using documented and/or reasonable income and expenses, debt capacity is fully utilized, subordinated debt is fully accounted for, and the calculated credit does not exceed the statutory limit (e.g., approximately 4 percent and 9 percent of qualified basis). The actual financing and syndication terms, as soon as available, will be used to calculate the tax credit amount (either at commitment or allocation).

7. Credit Period

The tax credit may be taken for a period of ten (10) taxable years, beginning with the taxable year in which the building is placed in service or, if elected by the owner, the succeeding taxable year (the "Credit Period"). [Section 42 (f)]

If, after the first year of the credit period, there is an increase in the project's qualified basis, but no increase in the eligible basis, and there remains sufficient credit authority previously allocated by DCA for such increase, the owner may take the additional credit in an amount equal to two-thirds of the applicable percentage. This two-thirds credit is then taken over the remaining Compliance Period, rather than the remaining Credit Period.

8. Compliance Period

Although the Credit Period spans ten years, **the project must comply with the occupancy and rent restrictions for at least fifteen (15) years** beginning with the first taxable year of the Credit Period. Additionally, the Code provides for an extended low-income housing commitment for an additional fifteen years following the compliance period (unless earlier terminated).

UTILIZATION OF THE CREDITS

1. Credit Allocation Provisions

The credit taken during the Credit Period may not exceed the credit amount allocated by DCA (certain tax-exempt bond financed projects are an exception). An allocation is generally effective only if it occurs in the same year that the building is placed in service and if the allocation is made no later than the close of the calendar year in which the building is placed in service. The allocation will specify both the allocated maximum **qualified basis** and the **credit percentage**.

2. Allocation of Credits on a Project Basis

In general, in the case of a project which includes (or will include) more than one building, an allocation is effective only if:

- the allocation is made to the project for a calendar year during the project period which is the time between first building's allocation and the last building's allocation in the project;
- the allocation only applies to buildings placed in service during or after the calendar year for which the allocation is made; and
- the portion of such allocation, which is allocated to any building in such project, is specified not later than the close of the calendar year in which the building is placed in service. [42(h)(1)(F)]

3. Carryover and Reallocations

Post-1989 credit authority may be carried over on a statewide as well as project basis. Thus, DCA effectively has two years within which to allocate any particular year's credit ceiling. Credits not allocated by DCA by the end of the second year are to be reallocated among the states that have used all of their allotments. In any year, DCA can recapture allocations from projects that do not go forward or projects that do not become qualified

low-income projects within the applicable period. Such amounts can then be reallocated to other projects. [Section 42(h)(3)]

4. First Year Credit Determination

The credit may first be claimed either for the year the building is placed in service or the next taxable year. [There is an exception for the acquisition credit. See Section 42(f)(5).] The owner must choose in which year the credit period begins and, once chosen, the election is irrevocable. The term "placed in service" has different meanings depending upon the type of activity as explained below:

New Construction

For new construction, a building shall be deemed placed in service on the date the building is available for occupancy (usually evidenced by a Certificate of Occupancy issued by the local government).

Acquisition

A transfer of the building ownership results in a new placed-in-service date if, as of that date, the building is occupied or ready for occupancy.

Rehabilitation

A building involving rehabilitation is treated as placed in service at the close of any 24-month period during which rehabilitation expenditures averaging at least 10 percent of the building's adjusted basis or \$3,000 per low-income unit, whichever is more, were made. This placed-in-service date applies even if the building is occupied during the rehabilitation period.

First Year Proration

During the first year of the Credit Period, the credit allowed based on the qualified basis for any building will not be the full amount of the credit allocated, if all of the planned low-income units are not occupied during the first month. To determine the amount of the credit to be taken, an averaging convention is used. The qualified basis is calculated at the close of each full month of the first credit year and added to the qualified basis of the preceding months. The cumulative total is then divided by 12 months. Any resulting reduction in the credit allocated for the first taxable year of the credit period may be taken in the first taxable year following the credit period which would generally be the eleventh year after the building has been placed in service. [Section 42 (f)]

5. Meeting Minimum Set-aside Requirements

The owner has until the end of the first year of the tax credit period for the building to lease the specified number of units to eligible low-income tenants necessary to meet the minimum low-income occupancy requirements (20 percent or 40 percent based on the minimum percentage elected). **For projects consisting of more than one building, low-income occupancy compliance for the entire project must be met within this same time period.** [Section 42 (g)(3)]

In instances where the low-income set-aside is less than 100 percent, the low-income set-aside requirements may be met on a project basis. If the first building placed in service

does not meet the set-aside requirement by the close of the first year of the credit period, a second or subsequent building may satisfy the requirement for all buildings in the project if the required number of low-income units is leased not later than this same time period.

6. Increase in Qualified Basis After First Year

NOTE: The following procedure is permissible only if the original credit allocation from DCA provided for such additional low-income units.

If the qualified basis of any building at the close of any taxable year in the Compliance Period is greater than the qualified basis as of the end of the first year of the Credit Period, the credit amount may be increased. (An increase in the qualified basis is allowable only by virtue of an increase in either the number of low-income units or the floor space allocated to low-income units.) The additional credit allowable is determined by multiplying the excess amount of the qualified basis by the percentage equal to two-thirds of the applicable percentage for the building. The additional credit amount may be taken annually for the remainder of the 15-year Compliance Period. The credit on the additional qualified basis is adjusted in the first year that the units or floor space are added using an averaging convention to reflect the number of months the additional units were occupied by low-income tenants during the year. Any prorated reduction of the full additional credit amount in the first year may **not** be claimed in a later year. [Section 42 (f)]

OWNER REQUIREMENTS

1. Compliance with Low-Income Housing Tax Credit Requirements

Owners are responsible for operating projects in compliance with the Code. To assure compliance with the Code, the IRS has established minimum procedures, record keeping and reporting requirements for allocating agencies and owners to follow. DCA has prepared a compliance monitoring plan that complies with the regulations. The compliance monitoring plan is part of the State's Qualified Allocation Plan. DCA has also developed a separate compliance manual for project owners and managers in which it sets forth in more detail how projects will be monitored.

Within 45 days of receipt of the credit allocation or the date the project is placed in service, whichever is earlier, representatives of both the owner/developer and the management entity must attend a compliance training conference sponsored by DCA or meet with DCA's Tax Credit Compliance Monitoring Staff. The representatives at the conference should be prepared to provide the following project information: the unit mix, the corresponding rent schedule, the name(s) of personnel authorized to sign credit program reports and related documents, and a mailing list that includes the addresses and telephone numbers of all persons to be contacted regarding project compliance. DCA will distribute copies of the compliance manual at this meeting.

2. Owner Certification to IRS

Following the close of the first taxable year in the Credit Period for any qualified low-income building, the credit user must file with his/her Federal income tax return IRS Form 8586, "Low-Income Housing Credit", Schedule A, "Annual Statement", and attach a copy of IRS Form 8609 "Low-Income Housing Tax Credit Allocation Certification." If the credit user received a carryover allocation, a copy of that document must also be filed for

the first tax year in which the credit is claimed. Form 8609 is the official allocation form from DCA to the owner and contains the following information:

- A. **Allocation of Credit** (to be completed by DCA). Identifies the owner, the building, the building identification number (BIN), and lists (a) the housing credit dollar amount allocated; (b) the maximum applicable credit percentage allocated; and (c) the maximum qualified basis allocated.
- B. **First-Year Certification** (this may be the taxable year in which the building was placed in service or the subsequent taxable year, at the taxpayer's election; to be completed by the owner only in the first credit year). Contains basis and placed-in-service information for the building and various elections by the owner as to the set-aside requirement, start of credit period, and others.
- C. **Statement of Qualification** (to be completed by the owner each year for 15 years). Certification to the IRS declaring, among other things, that the building continues to be in compliance with the "qualified low-income housing project" requirements.

The credit user must file Form 8609 for each year of the Compliance Period, whether or not a credit is claimed for the tax year.

Failure to submit the required IRS forms by the date specified will result in the credit being disallowed. [Section 42 (l)]

3. Owner Certification to the Georgia Department of Revenue

Following the close of the first taxable year in the Credit Period, and for each year of the Credit Period, for any qualified low-income building, the State Credit user must file with his/her Georgia income tax return the allocating documents as prescribed by DCA. This format will identify the owner, the building, and the amount of State Credit assigned, as well as providing a mechanism to allow the user to document its connection to the ownership entity.

RECAPTURE PROVISIONS

1. Noncompliance

A building subject to the 15-year compliance period fails to maintain its status as a qualified low-income housing project if the number of occupied low-income units falls below the required level or the low-income unit rents exceed the allowable ceiling, and if such noncompliance is not corrected within a reasonable period, defined as 90 days from the date the owner is notified of noncompliance by DCA.

- A. Failure to maintain the minimum set-aside of low-income units. In the event that a project fails to meet the occupancy and rent requirements for the minimum set-aside of units elected (20 percent or 40 percent), the penalty for such noncompliance is recapture of the accelerated portion of the credit for all units, for all prior years, plus interest. No credit at all may be taken the year the building is found to be noncomplying. The accelerated portion of the credit is equal to the full year's credit amount minus the credit amount which would have been available if the credits were taken over the 15-year compliance period (versus the 10-year credit period). During the first 11 years, the accelerated portion is equal to one-third of the total credit amount. [Section 42 (j)]
- B. Failure to maintain low-income unit set-aside above the required minimum. Where a project owner meets the minimum set-aside requirements but fails to rent any additional units to qualified low-income persons for which a tax credit was claimed in previous years, the penalty is recapture of the accelerated portion of credits for all previous years based on the amount of the reduction in the qualified basis, i.e., credit recapture on the non-complying units only. [Section 42 (j)]
- C. Failure to maintain additional set-aside subject to a 15-year credit period. Where a project owner fails to rent units to qualified low-income tenants under an additional allocation of credits which are taken at the two-thirds level over 15 years, the credit is disallowed for the non-complying units for the whole year; however, there is no recapture of credits previously taken for those units since there was no credit acceleration.

To increase the number of low-income units to the amount required to be in compliance, vacant units, as they become available, must be rented to low-income tenants before new nonqualifying tenants lease a comparable or smaller size unit. Larger units do not need to be held available in this manner. For example, if a building is not in compliance because too many one-bedroom units are rented to over-income tenants, only vacated one-bedroom and efficiency units would have to be held available for low-income tenants. Any two-bedroom units that become vacant could be rented as usual.

Under the law as initially enacted, in the case of a project owner's decision to set aside 100 percent of the units for low-income persons, the problem of over-income tenants was difficult to resolve. Although Congress did not intend that over-income tenants be evicted

to bring a project back into compliance, with 100 percent projects there was little else that could be done. The owner/taxpayer was subject to recapture due to a continued reduction in the qualified basis of the project. To resolve this dilemma, the 1989 Act provides that, if the income of the occupants of a low-income unit increases above 140 percent of the applicable income limit, as long as the next available unit of a similar or smaller size is rented to a low-income tenant, the building is considered to be in compliance and the over-income tenant need not be evicted. The statute further provides that the maximum permissible rent for any unit may not fall below that which applied upon such unit's initial occupancy. Thus, even if the median income in the area decreases, it is not necessary to reduce rents below original levels. [Section 42(g)(2)]

Georgia law currently provides for the recapture of an equal amount of State Credits for each low-income building for which there is a recapture of Federal Credits.

2. Transfer of Ownership

Transfer of ownership of a building during the 15-year compliance period is also considered grounds for recapture. [Section 42 (i)(6)] However, if the seller posts a surety bond to the Secretary in an amount to be prescribed by the Treasury (or as an alternative, Treasury notes) and if it can be reasonably expected that the building will continue to meet the low-income requirements for the rest of the compliance period, no recapture penalty will be assessed. For a partnership with 35 or more partners, if the partnership so elects, the original ownership will be considered unchanged if, within a 12-month period, at least 50 percent of the original ownership remains the same. (IRS Advance Revenue Ruling 90-60; IRS Revenue Procedure 99-11.)

Any transfer of ownership during the 15-year compliance period must be reported to DCA. The owner of record with DCA is responsible for notifying DCA of the name and address of the new owner.

3. Casualty Loss

No penalties will be applied to projects that experience a temporary reduction in the qualified basis as a result of casualty losses as long as the loss is restored by reconstruction or replacement within a reasonable period (to be established by the Secretary of the Treasury). [Section 42 (j)(4)(E)]

AT-RISK RULES APPLICABLE TO LOW-INCOME HOUSING TAX CREDIT

1. General At-Risk Rules for Losses with Respect to Nonrecourse Financing

Basic at-risk rules in the Internal Revenue Code provide that no losses incurred in an activity may be claimed in any tax year to the extent that they exceed the amount for which the taxpayer was at-risk. A taxpayer is considered to be at-risk for any cash amounts or any other property contributed to the activity by the taxpayer and for any borrowed amounts for which the taxpayer has personal liability. Generally, a taxpayer is not considered to be at-risk in any activity to the extent that it is financed:

- through a nonrecourse loan for which the taxpayer has no personal repayment liability or did not pledge other property of the taxpayer as security;

- through a loan guaranteed or insured by a third party which protects the taxpayer against loss;
- by a lender who has an ownership interest in either the assets or the net profits from the activity, even if the borrower has personal liability; or
- by a lender who has no personal ownership interest in the activity, but is related to a person (other than the taxpayer) who does.

(NOTE: For "related party" definitions, see Part II, Eligibility Requirements.)

2. Exceptions for Real Estate - Qualified Nonrecourse Financing

The Tax Reform Act of 1986, for the first time, extends the at-risk rules for claiming losses in connection with the operation of a business to the holding of real estate. However, the law does provide for certain "qualified nonrecourse financing" to be included in the amount for which the taxpayer is deemed at-risk. The requirements for qualified nonrecourse financing relate primarily to the identity of the lender and the relationship between lender and taxpayer-borrower.

The Internal Revenue Code distinguishes among three types of lenders that render a nonrecourse loan qualified for the exemption from the at-risk restriction:

- Clearly qualified lender: Federal, State or local government or an instrumentality thereof, through a direct loan or loan guarantee;
- Unrelated lender:
 - 1) a lender not related to the borrower, and
 - 2) not a clearly disqualified lender (see below);
- Related lender: A lender not clearly disqualified under the provisions below but related to the taxpayer-borrower, if the loan is "commercially reasonable and on substantially the same terms as loans involving unrelated persons."

The following types of lenders are considered "clearly disqualified":

- any lender which is not actively and regularly engaged in the business of lending money;
- any person from whom the taxpayer acquired the property (i.e., seller, donor, etc.), or any person related to the property's transferor; and
- Any person who receives a fee (e.g., real estate broker) with respect to the taxpayer's investment in the property, or any person related to such person.

3. Low-Income Housing Tax Credit At-Risk Rules

The at-risk rules for low-income housing tax credit property combine certain provisions of the real estate loss rules with the at-risk rules governing investment tax credits in general. As a general principle, the IRS is of the opinion that a taxpayer should not be entitled to take an income tax credit for an investment, or a portion thereof, for which the taxpayer was not at-risk, and that such non-qualifying amounts must be deducted from the basis for the purpose of computing the tax credit. For the tax treatment of low-income housing

credits, it is important to know which types of transactions either render the entire property ineligible for the credit or certain portions thereof because they do not meet the requirements for qualified commercial financing. "Qualified commercial financing" is identical with "qualified nonrecourse financing" described above. The following rules apply to the low-income housing tax credit:

- A. Lender related to taxpayer is permissible.
In contrast to the general rules for investment tax credits which disqualify related party financing, the at-risk rules for the low-income housing tax credit adopt the real estate loss provisions and permit financing, subject to the commercial reasonableness test, by a lender who is related to the taxpayer.
- B. Seller related to taxpayer is not permissible.
In contrast to the real estate loss rules, which do not prohibit a seller-taxpayer relationship, the low-income housing tax credit cannot be claimed on a property that was acquired from a person who is related to the taxpayer.
- C. Seller related to lender is not permissible.
The low-income housing credit at-risk rules retain the general disqualification of property financed by a lender who is also, or is related to, the seller of the property.
- D. Seller financing, etc. is permissible if seller is qualified nonprofit corporation.
Not more than 60 percent of the project's eligible basis can be attributable to such financing. The loan must be repaid the close of the compliance period or the date the loan is refinanced or the project sold, whichever is sooner.

The original provision in the 1986 Tax Act limiting qualified nonrecourse financing to 80 percent of value was removed shortly after passage of the Act.

(NOTE: These rules are extremely complex and cannot be presented here except in broad terms. If there are any questions with respect to the qualification of a particular real estate transaction for tax credit eligibility, the applicant is cautioned to consult his/her accountant or tax counsel.)

OWNER BENEFITS AND SYNDICATION POTENTIAL

Under prior law, persons with incomes below \$200,000 could use low-income housing tax credits without regard to the passive loss rule in an amount equivalent to \$25,000 in losses, e.g., \$7,000 at a 28 percent tax rate. This exception to the passive loss rule was phased out for those persons with incomes between \$200,000 and \$250,000. This meant that those taxpayers with income above \$250,000 (or who anticipated that their incomes might go above \$250,000 within the ten-year credit period) could not use the tax credits to offset ordinary income.

The 1989 Act eliminated the \$200,000 to \$250,000 phaseout, thereby enabling all taxpayers to claim annual low-income housing tax credits without regard to the passive

loss restrictions. The elimination of the cap applies only to properties placed in service after 1989. For such properties owned by a pass-through entity (e.g., a partnership), the cap elimination only applies to partners who acquire their partnership interests after 1989.

Corporations are not subject to the income and passive loss limitations of individual taxpayers and can therefore utilize virtually unlimited tax credits to the extent that they have income to be offset. Corporations are increasingly targeted as desirable investors in this program, particularly in partnership with nonprofit corporations, which cannot make use of the income tax benefits by themselves, except to offset unrelated business taxable income, if any.

PART II. ELIGIBILITY REQUIREMENTS

The requirements described below are for the most part quotations or interpretations of the Internal Revenue Code provisions, the Conference Report of the Tax Reform Act of 1986, the General Explanation of the Tax Reform Act of 1986, by the Joint Committee on Taxation (the "Blue Book"), the Conference Report of the Omnibus Budget Reconciliation Act of 1989, and other supplemental references.

The representations made herein should not be relied upon as being valid interpretations of present law or as being consistent with future Treasury regulations pertaining to the Low-Income Housing Credit. Investors, developers, and project sponsors are urged to seek the advice of an accountant and/or tax attorney when considering the use of tax credits. (maybe place the bold part in a box the match the advice in a box on page 2) Owners should also be familiar with the applicable QAP & DCA program requirements contained both in this manual and the Affordable Housing Application Manual.

The eligibility criteria apply to all projects, even those financed by tax-exempt bonds which don't receive a credit allocation from the State volume cap through DCA. With very few exceptions, **the income and occupancy requirements for the tax credit program mirror those for the tax-exempt bond financing program;** therefore, developers considering tax-exempt financing may find these guidelines useful as well.

ELIGIBLE ACTIVITIES

There are three types of activities that are eligible for Federal and State Credits:

	<u>Maximum Present Value Credit</u> [*]
A. New construction;	70%
B. Rehabilitation of an existing structure at a cost of at least 10% of the adjusted basis of the building or \$10,000 per low-income unit, whichever is more; and	70%
C. Acquisition of an existing structure	
1) with rehabilitation costs which meet the requirements above	30% (acquisition cost) 70% (rehab. cost)
2) from a governmental unit with minimum rehabilitation of \$10,000 per low-income unit	30% (acquisition, rehab. cost)
3) granted a waiver under section 42(d)(6)(C) for certain Federally-assisted buildings with rehabilitation costs of at least \$2,000 per low-income unit	30% (acquisition cost) 70% (rehab. cost)

^{*} Assumes conventional financing. All Federally assisted projects, including new construction or substantial rehabilitation, would be limited to a credit amount not to exceed the 30 percent credit.

The conversion by the existing owner of an existing building from a higher income to a low-income project without the minimum required rehabilitation DOES NOT qualify for tax credits.

1. Special Rules for Acquisition of Existing Buildings For the acquisition of an existing building to qualify for tax credits, the following requirements must be met:

A. There must be a period of at least 10 years between the date the building is purchased and the later of (a) the date the building was last placed in service or (b) the date of the most recent nonqualified substantial improvements ("10-year rule"). A nonqualified substantial improvement is a capital expenditure of 25 percent or more of the adjusted basis of the building for which 5-year rapid amortization under Section 167(k) was elected or to which ACRS applied.

There are certain exceptions to this 10-year requirement:

(1) Waiver by the Secretary

Section 42(d)(6) allows a taxpayer to request a waiver of the 10-year requirement from the Department of Treasury for:

- (a) Federally-assisted projects which are in danger of default or in other circumstances of financial distress and which are about to be assigned to either the Secretary of Housing and Urban Development (HUD) or of Agriculture. Projects substantially assisted, financed, or operated under the HUD Section 8, 221(d)(3), or 236 programs or under the USDA/RD Section 515 program are considered Federally-assisted;
- (b) Federally-assisted projects where the mortgage may be prepaid under subtitle B of the Emergency Low-Income Housing Preservation Act of 1987 or under section 502(c) of the Housing Act of 1949 and it is reasonable to expect that, if the waiver is not granted, the project will convert to market-rate use;
- (c) Projects acquired from a financial institution whose deposits are Federally insured and which is in default, or from a receiver or conservator of such an institution.

(2) Certain property transfers

Under section 42(d)(2)(D), the following do not constitute a new placement in service for purposes of the 10-year rule:

- (a) Nontaxable exchanges (e.g., by gift of property) where, after acquisition by the new owner, the basis of the property is determined in whole or in part by the adjusted basis of the previous owner;
- (b) Property acquired by the previous owner through inheritance;

- (c) A building acquired by a governmental unit or qualified 501(c)(3) or (4) organization, if the acquisition occurred more than 10 years from the date the building was last placed in service and all the income from the property is tax exempt;
- (d) A building acquired by foreclosure, if the foreclosure occurred more than 10 years from the date the building or a substantial improvement to the building was last placed in service and the property is resold within 12 months after the foreclosure;
- (e) A single-family residence converted to low-income rental use by the individual who owned and used the residence for no other purpose than his/her principal residence.

B. Rehabilitation costs for the building to be acquired must amount to not less than 10 percent of the adjusted basis of the building or \$12,000 per low-income unit, whichever is greater.

There are two exceptions to this requirement:

- (1) If the property is acquired from a governmental unit, the owner may elect not to meet the 10 percent of adjusted basis requirement and qualify for the 30 percent credit only. However, the owner must still meet rehabilitation costs requirement of at least \$12,000 per low-income unit.
- (2) If the project is Federally-assisted and receives a waiver of the 10-year rule by the appropriate Federal official, the 10 percent rehabilitation requirement need not be met. Additionally, the requirement that at least \$12,000 in rehabilitation costs be expended per low-income unit is reduced to \$2,000.

For projects involving acquisition and rehabilitation, the credit period cannot begin before the rehabilitation portion of the project is placed-in-service. Whenever possible, the acquisition and rehabilitation should be completed in the same year. In the case of acquisition and rehabilitation spanning more than one year, the project sponsor should apply for tax credits during the calendar year in which the acquisition occurs.

NOTE: Rehabilitation averaging at least \$12,000 per unit or 10 percent of adjusted basis, whichever is more, is considered for tax credit purposes to be a new building. The 10-year rule that applies to claiming a credit for the acquisition of a building, therefore, would not prohibit taking a rehabilitation credit for that same structure.

2. Combining the Historic Rehabilitation Tax Credit and the Housing Credits

Certified historic structures generally qualify for a 20 percent tax credit in the year the rehabilitated property is placed into service. A project may qualify as a certified historic structure in one of two ways:

- A. It is listed in the National Register of Historic Places; or
- B. It is located in a registered historic district and the Secretary of the Interior has certified the project as being of historic significance to the district.

Unlike the Housing Credit, the Historic Rehabilitation Tax Credit must be subtracted from the owner's adjusted basis for purposes of depreciation. This means that if the owner plans to claim both tax credits, the eligible basis for the Housing Credit is figured after the adjusted basis has been reduced by the historic rehabilitation tax credit.

Additionally, for investors to take full advantage of the historic rehabilitation tax credit, their taxable income should not exceed \$200,000. Housing credit investors are no longer subject to this income limitation.

ELIGIBLE FINANCING

Almost all qualified rental projects are eligible for tax credits regardless of the type of financing or Federal subsidy. (One major exception is a non-single room occupancy project receiving Section 8 Moderate Rehabilitation Assistance. Such projects are not eligible for the Low-Income Housing Credit.) However, the allowable eligible basis or the credit percentage may vary depending on the financing type.

Tax credits can be used in conjunction with:

	Maximum Present Value Credit
A. <u>Conventional financing</u>	<div style="text-align: center;"> <hr/> 70% New Construction 70% Rehabilitation 30% Acquisition </div>

Conventional financing includes loans or grants from local or State entities that are not directly funded through Federal grant programs. The treatment of such local/State contributions must be determined on a case-by-case basis. Additionally, under the tax credit program, AHP loans provided through the Federal Home Loan Bank's Affordable Housing Program is considered as conventional and not Federally-subsidized financing.

A below-market interest rate Federal loan available under Sections 106, 107, or 108 of the Housing and Community Development Act of 1974, Community Development Block Grants, Federal guarantees, mortgage insurance, or direct rental subsidies such as Section 8 Existing Housing Certificates are treated as conventional financing for purposes of determining the maximum present value credit (70% new construction and 30% acquisition).

The 1993 Act provides that a below-market interest rate loan made available through HOME funds may be considered as conventional financing if at least 40 percent of the residential units in the project are rent and income restricted to households whose income is at or below 50 percent of area median gross income. However, the Act precludes

owners taking advantage of this provision from also qualifying for the 30 percent increase in basis for projects located in high cost areas.

B. Federally-subsidized financing

30% New Construction

30% Rehabilitation

30% Acquisition

Federally-subsidized housing involves a direct or indirect Federal loan, but not at an interest rate less than the prevailing Treasury interest rates (the "Applicable Federal Rate"); for example, Section 236, Section 221(d)(3) BMIR, and USDA/RD Section 515. Projects that received Federal subsidies in any prior taxable year are also considered Federally-subsidized.

In general, projects receiving Section 8 Moderate Rehabilitation Assistance are not eligible for the Low-Income Housing Tax Credit. However, projects participating in the Moderate Rehabilitation program for single room occupancy buildings under the Stewart B. McKinney Homeless Act may use tax credits.

C. Tax-exempt financing

30% New Construction

30% Rehabilitation

30% Acquisition

Tax-exempt financing through the issuance of tax-exempt local or State bonds is a subcategory of Federally-subsidized financing and the lower credit percentage applies. If 50 percent or more of the aggregate basis is financed with bonds for which an allocation of the State private activity bond volume cap was awarded, a separate tax credit allocation from the housing credit agency is NOT required. However, the project is subject to the State Qualified Allocation Plan. If less than 50 percent of the cost of the aggregate basis is financed through the issuance of tax-exempt bonds, a credit allocation must be obtained for the non-bond portion through the State allocating agency from the State's authority.

D. Federal grants

Federal grants can be treated in one of two ways according to their financial structuring:

- (1) A grant, which is structured as a grant to the project owner, must be excluded in its entirety from the eligible basis. The remainder of the eligible basis qualifies for up to a 70 percent or 30 percent discounted present value tax credit, as applicable.
- (2) A grant (excluding a Community Development Block Grant), for instance, to a local government, which is structured as a below-market rate loan to the developer can be treated as:
 - (a) a Federally-subsidized loan and receive up to 30 percent discounted present value tax credit, or
 - (b) a Federal grant which is deducted from the eligible basis.

NOTE: It is more advantageous to treat a Federally subsidized loan as a grant, deduct it from the eligible basis, and use up to 70 percent discounted present value credit based on the balance of the eligible basis if the grant portion does not substantially exceed 50 percent of the total project cost, provided the non-grant portion of the cost is financed without Federal assistance and is a 70 percent credit activity (new construction or substantial rehabilitation).

E. Exception to Federal assistance provisions

Federal subsidies such as HUD Section 8 Existing or USDA/RD Rental Assistance Payments which are tenant-based rent subsidies are **not** considered subsidies for tax credit purposes and do not trigger an eligible basis adjustment or the 30 percent present value credit application. If tax-exempt bonds or a below-market interest rate Federal loan are used to provide construction financing for an identified property and the bonds or loan are repaid before the building is placed in service, the building is not considered Federally subsidized.

PROJECT ELIGIBILITY

1. Project Characteristics

Size

No statutory minimum size. However, a building consisting of 4 units or less does not qualify if the owner, or a related person, occupies one of the units in the building. This rule does not apply to the acquisition or rehabilitation of a building that is part of a development plan of action sponsored by the State, a local government, or a qualified nonprofit organization. Should one of the units in the building remain vacant for 90 days or more, the unit is treated as occupied by the owner from the first day it is not rented.

Assisted Living Facilities

Under Revenue Ruling 98-47, tax-exempt bond financing generally may be available for senior living facilities, as long as they meet the income restrictions **and do not provide continual or frequent nursing, medical, or psychological services**. This is an important distinction for owners of tax credit properties in determining whether a senior complex is elderly *housing* as opposed to a health care facility, since previous letter rulings applied the tax-exempt bond standards related to this topic to tax credit properties. Applicants should seek expert legal advice in this matter if contemplating this type of housing.

Shared Housing

Residential rental units that may qualify for tax credits include congregate housing and certain single room occupancy housing used on a non-transient basis. (A single room occupancy unit is not considered as transient housing even if it is rented on a month-to-month basis.) In such housing, eating, cooking, and sanitation facilities may be provided on a shared basis.

Transitional Housing for the Homeless

To be considered as transitional housing for the homeless the project must be sponsored by a governmental entity or qualified nonprofit and used exclusively to facilitate the transition of the homeless to independent living within 24 months. Units qualifying for the tax credit must contain sleeping accommodations and kitchen and bathroom facilities. Homeless shelters are therefore not eligible.

Suitability for Occupancy

The Secretary of the Treasury is responsible for issuing regulations defining suitability for occupancy, taking into account local health, safety, and building codes. In the absence of such regulations, DCA requires that projects initially meet the standards of either the local building code or the Georgia Standard Building Code (formerly, the Southern Building Code). Manufactured housing must be in compliance with the Industrialized Building Code and carry the label issued by DCA. After initial occupancy, projects must comply with any local health, safety, and housing codes.

Disproportionate Standards

The low-income units must be comparable to the other units in the project or the eligible basis will be reduced. If the construction quality and amenities provided are not comparable and the units are not provided in similar proportion for both low-income and other tenants, the market rate units are considered to be of disproportionate standards. However, market rate units will not be excluded from basis provided that (a) the cost of the market rate unit does not exceed the amount equal to the square footage of the market rate unit times the average square foot cost of the low-income units in the building by more than 15 percent, and (b) the excess cost is excluded from eligible basis. Unless the Secretary of the Treasury determines otherwise, average cost is computed on a cost-per-square-foot basis.

2. Use Requirements

Continuous Rental Use

The project must remain available for continuous residential rental use in accordance with the low-income occupancy and rent restrictions during the 15-year compliance period. This does not preclude, however, the right of first refusal held by tenants, tenant cooperatives, resident management corporations, qualified non-profit organizations and governmental agencies to purchase the property after the close of the compliance period for a price not less than the principal amount of the outstanding mortgage (other than indebtedness incurred within the 5-year period ending on the date of sale to the tenants) plus all Federal, State and local taxes attributable to the sale.

Extended Use

The owner must commit to maintain the project as low-income for an additional 15 years after the close of the compliance period except in the event of foreclosure or if no buyer is willing to maintain the low-income status (see below for more detail). In the latter case, the owner is prohibited from evicting any existing low-income tenants (other than for good cause) or raising their rent above the rent-restricted level for three years after the end of the compliance period.

Non-Transient Use

Eligible projects must be rented or be available for rent on a non-transient basis. Generally, a unit is considered to be used on a non-transient basis if the initial lease term is 6 months or longer. (The only exception to this rule is for single room occupancy housing which may be rented on a month-to-month basis.) Hotels, motels, dormitories, fraternity and sorority houses, hospitals, nursing homes, sanitariums, rest homes, and trailer parks and courts are ineligible.

Use by General Public

Eligible projects must be rented or be available for rent to the general public. This requirement precludes preferential treatment of any special population group such as employees of a nearby factory, military personnel, students, etc. However, units that are specially designed for elderly or handicapped occupancy may be restricted to such tenants.

Student Eligibility

A unit is not considered to be occupied by low-income tenants if all of the occupants are full-time students, none of whom file a joint Federal income tax return. Students in government-supported job training programs are an exception to this rule, as are students receiving Aid to Families with Dependent Children. The 1993 Act provides that units with full-time students who are single parents and their children are eligible as long as such parents and children are not dependents of another individual. This provision is effective for buildings allocated credit after June 30, 1992.

Mixed-Use Projects

Mixed-use structures are eligible for tax credits; however, the eligible basis is limited to the costs associated with the residential rental portion of the project. Costs associated with the non-residential rental use of the project cannot be included in the eligible basis.

LOW-INCOME TENANT ELIGIBILITY

1. Occupancy Set-Aside Election: 20-50 or 40-60 Test

To be qualified as a low-income housing project, the rental development must meet one of the following occupancy set-aside requirements:

- A. **20-50 Test:** 20 percent or more of the units in the building are rent restricted and occupied by persons whose income is 50 percent or less of the area median gross income adjusted for family size; or
- B. **40-60 Test:** 40 percent or more of the units in the building are rent restricted and occupied by individuals whose income is less than 60 percent of the area median gross income adjusted for family size.

The owner must elect the percentage of units to be reserved and the income level to be served at the time the project is placed in service. Once made, the decision is irrevocable.

2. Tenant Income Eligibility (Initial Admission)

The applicable income limits (based on either the 50 percent or 60 percent of area median income election) to be used in determining low-income eligibility are those published from time to time by the U.S. Department of Housing and Urban Development (see latest schedule in Appendix A). This schedule provides incomes classified by family size for families at 80 percent ("lower income") and 50 percent ("very low income") of area median gross income (AMI). To determine the applicable family income limit for the 50 percent election use the "very low-income" line for the appropriate family size. To determine the applicable income limit for the 60 percent election, again use the "very low income" line for the appropriate family size and multiply it by a factor of 1.2 (IRS Notice 88-80).

Tenant income is determined in a manner consistent with the regulations governing annual income determination under the HUD Section 8 program. Generally, tenant income includes the combined income of related and unrelated members of a household anticipated to be received during each 12-month period, such as wages, interest and dividends, welfare assistance, or unemployment compensation (IRS Notice 88-80, "Income Determination"). Income information provided by the applicant should be verified by the owner through third party confirmation (e.g., employer) or by requesting supporting documentation (e.g., a paycheck stub or prior tax return).

3. Continued Income Eligibility

HUD updates the tenant income limits from time to time (usually annually). Upon receipt, DCA will distribute them to project owners. All low-income tenants must be recertified annually as to their continued income eligibility. Tenants whose household income does not exceed 140 percent of the current applicable income limit will still be deemed eligible low-income tenants. In those cases where the tenant's income exceeds 140 percent, the project will generally continue to be in compliance as long as the unit continues to be rent restricted and if the next available unit of comparable or smaller size in the project is rented to a qualified low-income individual. However, under DCA policy, the lease for any tenant whose income exceeds 140 percent for two consecutive years may not be renewed for the third year. Vacant units, previously occupied by low-income tenants, may continue to be counted as occupied by qualified low-income tenants as long as reasonable attempts are made to rent the units and no other units of comparable or smaller size are rented to nonqualifying tenants.

Where Federal statutes require, the owner of a qualified low-income project may collect from a tenant more than 30 percent of the maximum qualifying income limit for the unit. The total rent received for the unit (tenant payment plus subsidy) must not increase. [Section 42(g)(2)(E)]

RENT RESTRICTIONS

In projects which are not 100 percent low-income, there are no rental restrictions on the "market-rate" units unless they are assisted by a Federal or State subsidy program which may impose its own rental restrictions.

The monthly rent that can be charged for a low-income unit is computed according to the following formula:

$$\text{Imputed Income Limit} \times 30\% \div 12 = \text{Gross Rent}$$
$$\text{Gross Rent} - \text{Utility Allowance} = \text{Maximum Monthly Rent}$$

The Imputed Income Limit for purposes of calculating the rent is the income limit based on an average number of persons assumed to occupy the unit determined by the number of bedrooms in the unit. (The Imputed Income Limit is NOT the applicable income limit for the occupant's family size nor is it the occupant's actual income.) A unit that does not have a separate bedroom, such as an efficiency or studio apartment, is deemed to be occupied by one person. A unit with one or more separate bedrooms is deemed to be occupied by 1.5 persons per bedroom. [Section 42(g)(2)(C)]

The use of an imputed income limit based on the number of bedrooms in a unit allows the developer/owner to estimate the potential gross income the project can be expected to produce on a more reliable basis. It also removes the incentive to overcrowd a low-income unit to increase the rent that can be charged. Now, regardless of family size, the developer/owner can establish a fixed rent for all low-income units in the project.

The Utility Allowance is the estimated monthly expenses for all utilities which are not included in the rent, except for telephone, and are payable by the tenant. The gross rent formula (30 percent of the income limit) includes the cost of these utilities. The cost of utilities paid directly by the tenant is to be subtracted from the gross allowable rent. Buildings where HUD reviews rents and utility allowances annually must use the HUD-approved utility allowances. USDA/RD-approved utility allowances must be used in a project that is USDA/RD assisted. If the circumstances are other than those described, the owner must use the appropriate utility allowance provided by the agency administering Federal Section 8 rental assistance (DCA or the local public housing authority).

Gross rent includes any amount paid by the tenant toward the purchase of the unit. Such "de minimis equity contributions" are permissible under the Code provided: (a) all amounts earmarked as such are refunded to the tenant when his occupancy ceases, and (b) the purchase of the unit is not permitted until the end of the building's compliance period. [Section 42(g)(6)]

For USDA/RD Section 515 projects, gross rent does not include that portion of rent that the project owner remits to USDA/RD in the form of "overage" ([Section 42(g)(2)(B)])

Gross rent also does not include any fees for supportive services paid to the owner of a unit by a governmental assistance program or by a 501(c)(3) nonprofit organization, that

also provides rental assistance, if the amount of assistance provided for rent cannot be separated from the amount provided for supportive services. A supportive service includes any service provided under a planned program of services designated to enable residents of a residential rental property to remain independent and avoid placement in a hospital, nursing home, or intermediate care facility for the mentally or physically handicapped. In the case of a single-room occupancy unit or transitional housing for the homeless, supportive services include any service provided to assist tenants in locating and retaining permanent housing. [Section 42(g)(2)(B)(iii)]

NOTE: The gross rent limitation (determined by the rent formula above) applies only to payments made directly by the tenant. **It does not include any payments made under the Section 8 program or any other comparable rental assistance program.**

1. Rent Computation Examples:

For the following examples, the income limits used were:

Very low-income (50% of area median income) for family of 2 = \$11,100; family of 3 = \$12,500; family of 4 = \$13,900; family of 5 = \$15,000.

- A. Project sponsor elected the 40-60 occupancy set-aside, so family income cannot exceed 60% of area median income. A four-person family earning \$11,500 rents a 2-bedroom apartment with a utility allowance of \$54.

Maximum family income = \$13,900 x 1.2 = \$16,680; family is eligible to occupy rent-restricted unit.

Monthly rent = imputed income limit x 30% ÷ 12 - utility allowance.

Imputed family size = number of bedrooms x 1.5 = 3

Imputed income limit = \$12,500 x 1.2 = \$15,000

Monthly rent = \$15,000 x 30% ÷ 12 - utility allowance = \$375 - 54 = \$321

- B. Same circumstances, except family size is two: Maximum family income = \$11,100 x 1.2 = \$13,320; family is eligible to occupy rent-restricted units, rent is same.

- C. Same circumstances except family size is four, apartment size is 3 bedroom. Family is still eligible to occupy rent-restricted unit, but rent will change. Utility allowance is \$65.

Imputed family size = 3 x 1.5 = 4.5

Imputed income limit = ((\$13,900 + \$15,000) ÷ 2) x 1.2 = \$17,340

Monthly rent = \$17,340 x 30% ÷ 12 - utility allowance = \$434 - \$65 = \$369

NOTE: The rent is based on the imputed income limit, which is based on the number of bedrooms and not the income limit for the actual family size, nor the actual income of the family. A very low-income family would still have to pay the rent based on the maximum eligible income for the imputed family size and, therefore, would spend a much higher percentage of income for rent.

2. Rent Decreases

The 1989 Act established a "rent floor" by providing that the maximum permissible rent for any unit may not fall below the initial rent when the unit was first occupied. Thus, if median income in the area falls, rents need not be reduced below original levels. Revenue Ruling 94-57 clarifies when the gross rent floor for a given project takes effect. In general, the gross rent floor takes effect on the date DCA initially allocates credit. Therefore, the area median incomes in effect at the time of carryover allocation would be used to establish the gross rent floor for most projects. However, if the owner chooses, he or she may elect to have the gross rent floor take effect on the placed-in-service date. This designation must be made to DCA no later than the placed-in-service date.

3. Rent Increases

Rent increases for the low-income units are computed in the same manner as the initial rent:

$$\text{Rent} = \text{Updated Adjusted Income Limit} \times 30\% \div 12 - \text{Updated Utility Allowance}$$

The following rules apply to rent increases:

- A. A change in the tenant's family size will not affect the amount of rent that can be charged.
- B. Any rent increases or decreases due to changes in income limits or adjustments in the utility allowance are to be implemented at the time of lease renewal or when the tenant is recertified. Tenant income is to be recertified by the owner at the time of the tenant's anniversary date.
- C. The rent for a unit occupied by an over-income tenant is still subject to the rent restrictions of the credit program if the unit is to remain in compliance.

4. Changes in Applicable Utility Allowance

If at any time during the project's compliance period or extended use period, the applicable utility allowance changes, the new utility allowance must be used to compute the gross rents of the rent-restricted units. The owner has 90 days from the date the new utility allowance is established to implement the new rents for such units.

Any interested party, including a low-income tenant, the project owner, or the credit allocating agency, may request an estimate of utility consumption from the local utility company. Whichever party obtains the estimate is responsible for furnishing a copy to the owner (where the owner did not request the estimate) and the credit allocating agency. If rent must be lowered because the utility company estimates a higher utility cost, the lower rent must be effective for rent due 90 days from the date of the local utility company estimate. The owner of the building must make available copies of the estimate to tenants in the project.

EXTENDED USE REQUIREMENT

An "extended low-income housing commitment" is required to be in effect for all tax credit projects receiving an allocation after December 31, 1989. The commitment is an agreement between the owner and DCA that requires that the low-income portion of the project remain low-income for an additional 15 years after the end of the Compliance Period. The commitment must be (a) enforceable in State Court by individuals who meet the income restrictions (whether prospective, present, or former occupants of the project); (b) binding on all successors in interest; and (c) recorded as a restrictive covenant to the property. [Section 42(h)(6)]

There is no recapture of the tax credits if the extended low-income housing commitment is not met. Instead, the Code provides for enforcement through a suit for specific performance.

DCA requires that the low-income housing commitment be recorded as a restrictive covenant after it makes an allocation of the credit. The Code stipulates that no credit will be allowed for any year unless the required extended low-income housing commitment is in effect as of the end of the taxable year. However, if during a taxable year, it is determined that the commitment is not in place, the credit is disallowed for that year if the failure is not corrected within one year from the date the determination was made.

The requirement for extended use may terminate if the building is acquired by foreclosure, or if there is no purchaser willing to acquire the property and maintain the low-income status of the project at the end of the compliance period, plus any additional period to which the owner commits to keep and maintain the property in accordance with all applicable restrictions and regulations. Tenants of a tax credit project, tenant cooperatives, resident management corporations, qualified nonprofit organizations, and governmental agencies have the right of first refusal to purchase the property at that time for no less than the "minimum purchase price". The minimum purchase price is defined as the sum of the principal amount of the project's outstanding indebtedness and all Federal, State and local taxes attributable to such sale, excluding any indebtedness incurred within the five years prior to the sale. [Section 42(i)(7)]

If the extended use requirement terminates because no purchaser is found, the owner is prohibited from evicting any existing low-income tenants (other than for good cause) and from increasing the allowable rent for a period of three years after the compliance period.

Should the owner be unable to find a buyer willing to maintain the low-income units, the owner must submit by certified mail a request to the housing credit agency (in Georgia, DCA) that the agency find a person to acquire the owner's interest in the low-income portion of the building. The owner may make this written request after the 14th year of the compliance period (but not before any additional period to which the owner has committed to keep and maintain the property in accordance with all applicable restrictions and regulations). The credit agency then has one year from the date the letter is submitted to find a buyer who is willing to maintain the low-income units.

An owner shall not be required to accept an offer unless such offer constitutes a "qualified contract". A qualified contract is a bona fide contract to acquire the low-income portion of the project within a reasonable period after the contract is executed. A qualified contract is one that offers an amount at least equal to the low-income portion of: the outstanding mortgage on the property, plus the adjusted investor equity, plus other cash contributions minus any cash distributions from the project. [Section 42(h)(6)(F)] (This provision is subject to future regulations to be prescribed by the Secretary.)

Adjusted investor equity is defined as the aggregate amount of cash invested in the project during any calendar year multiplied by the cost-of-living adjustment for such calendar year, generally not to exceed 5 percent. To be counted as investor equity, the investment in the project must have been required as of the beginning of the credit period and must be reflected in the adjusted basis of the project.

ELIGIBLE OWNERS/SPONSORS

As currently interpreted by tax counsel, a taxpayer can claim tax credits only if s/he has an ownership interest in the project. However, there is no proportionality requirement and the distribution of tax credits can be allocated to the individual partners in a project in accordance with the provisions of the partnership agreement and the partnership rules of the Internal Revenue Code.

1. Ownership Structures

A. For-Profit Owners

Private profit-motivated corporations, general or limited partnerships, trusts, or individuals are all potential tax credit users. Corporations, in particular, may be better able to take full advantage of the tax credits (see Part I, Owner Benefits and Syndication Potential).

B. Limited Dividend Entities

Limited dividend sponsors may also utilize the tax credits. In accordance with DCA regulations, such sponsors of projects using Appalachian Regional Commission funds or other Federal programs that require limited dividend ownership but do not define the term are subject to the following:

- (1) an annual cash return on investment limited to the yield on 30-year Treasury bonds in effect on the date of the mortgage closing, but in no event less than 8 percent, based on
- (2) an actual investment made by the sponsor that shall be exclusive of grants received for the benefit of the project.

2. Qualified Nonprofit Organizations

By Federal statute, 10 percent of Georgia's tax credit authority is reserved for use by qualified nonprofit organizations, which collaborate in some manner with for-profit entities. Qualified nonprofit projects also benefit from a number of other privileges granted by the tax code under its at-risk rules and the 10-year rule (see Parts I and III, respectively). Qualified nonprofit organizations are those that:

- A. have been granted tax-exempt status under paragraph (3) or (4) of Section 501(c) of the Internal Revenue Code; and
- B. have as one of their exempt purposes the fostering of low-income housing (DCA requires that this purpose be clearly stated and not subject to interpretation or implication);
- C. are not affiliated with or controlled by a for-profit organization; and
- D. own an interest in the low-income project (directly or through a partnership).

In Federal regulations, Congress clarifies that the set-aside can be used by for-profit corporate subsidiaries of qualified nonprofit organizations, so long as 100 percent of the stock of such subsidiaries is owned at all times during the period such subsidiary is in existence by one or more qualified nonprofit organizations.

The qualified nonprofit is required to "materially participate in the development and operation of the project throughout the compliance period". As such, it must have a role in the development as well as in the ownership and continued management of the project. At present, there is no consensus on the amount of ownership interest that must be retained by the nonprofit partner in a syndication to maintain the qualified nonprofit project status for tax credit purposes. State and local laws may affect the minimum degree of ownership required to maintain the project's eligibility for the nonprofit set-aside.

The requirements imposed by the Code for qualified nonprofits are ambiguous and subject to interpretation. In the absence of more definitive language or written guidance from the Internal Revenue Service, DCA is left to develop its own guidelines. Although such guidelines are highly desirable to provide uniformity in decision making and giving applicants some measure of predictability, it is difficult to establish such guidelines due to the number of factors that might affect a nonprofit's status. The determination of whether a nonprofit meets the requirements contained in the Code will be dependent on the facts relating to the individual nonprofit and DCA believes that it is more appropriate at this time to make such a determination on a case-by-case basis. In making a determination, DCA will be guided by answers to such questions as the following:

- If a neighborhood-based nonprofit organization, is the association or corporation duly organized to promote and undertake housing activities on a not-for-profit basis within a specified neighborhood? Is the majority of either its membership, clientele, or governing body residents of the neighborhood where activities are to be carried out?
- If the housing development organization is operating within a city or county, are its members and/or board representative of its area of operation? That is, are a majority of either its membership, clientele, or governing body residents of the city or county where the activities are to be carried out?
- If the housing development organization is operating within a defined region of the State, are its members and/or board representative of its area of operation?

That is, are a majority of either its membership, clientele, or governing body residents of region where the activities are to be carried out?

- Is each member limited to one vote in the affairs of the organization?
- Does the membership reflect a variety of interests in the community or region with at least five of the members recognized as leaders in civic, governmental, fraternal, religious, and other community organizations of the community or region where the housing will be located?
- How many persons are on the Board of Directors and are they selected by a procedure that insures that the interests of minorities and women are adequately represented?
- Is a majority of the board of directors composed of people independent from, and unrelated to, entities transacting business with the nonprofit organization, such as developers, contractors, and management agents?
- Do the directors have experience and expertise in the area relative to the organization's exempt purpose and do they have sufficient general business experience such that they can exercise sound judgment on business matters?
- Are all contracts or agreements entered into by the nonprofit at arm's length and for fair value?
- Is there any obligation to give income or property to a private person or entity other than by way of a fair market value sale?
- Does the Board of Directors have sole discretion regarding all income and property of the nonprofit?

In considering the answers to these questions, DCA will be guided by such guidelines as those from the North American Securities Administrators Association, Inc. for independent trustees in real estate investment trust transactions. These guidelines define an independent board member as a member who is not affiliated, directly or indirectly, with the entity from which the exempt organization acquired the facilities or with any entity with which such organization has a management contract or lease, whether by ownership of, ownership interest in, employment by, the existence of any material business or professional relationship with, or status as an officer or director of any affiliate thereof. In addition, an independent board member also means a member that performs no services for the acquired facility or for the company that manages the facility. For purposes of the foregoing definition, an indirect relationship includes members of the board member's immediate family (e. g., spouse, parents, children, siblings and in-laws) having one of the relationships with the entities set forth above. It is intended that the indirect relationship will include the relationships outlined in section 267 of the Internal Revenue Code of 1986, as amended, in addition to those mentioned herein.

3. Formation of Ownership Entity

Questions of legal ownership structure (such as adding partners or co-owners before or after a project has been placed in service or transferring a newly constructed or rehabilitated project to a new owner without changing the project's tax treatment to that of an acquisition) should be directed to an applicant's tax counsel or accountant. However, there are a few generally applicable recommendations from DCA's tax advisors that may assist in structuring "clean", unchallengeable transactions.

- A. It is advisable to have the final ownership entity legally established prior to placing the project in service. The tax credit allocation will be made to the taxpayer or taxpayers who may be one or more sole proprietors, corporations, or partnerships with their own partnership tax identification number. While shares in a limited partnership, for example, can be sold at a later time, the partnership entity should be in place when DCA allocates the credit.
- B. If subsequent transfers of ownership interests are contemplated, it is preferable to effect the transfer on the basis of a partner's contributions to a partnership rather than through the purchase and sale of ownership interests. A contributory transfer will avoid potential interpretation by the IRS that ownership was acquired in an existing building or that a sale occurred which might trigger recapture or require the posting of a bond with Treasury.

4. Related Party Rules

Certain provisions of the law refer to "related persons with respect to the taxpayer" in determining whether a building qualifies for tax credits. Most importantly, the building must not have been acquired from a person who is related to the taxpayer. "Taxpayer" in this instance refers to the individual taxpayer to whom the tax benefits are passed through, e.g., the individual partners in a partnership. In addition, there exists a prohibition, for purposes of low-income housing credit eligibility, against the owner, or a related person, occupying one or more of the units in a building of four units or less unless the project is part of a development plan of action sponsored by the State, a local government, or a qualified nonprofit organization.

Two persons are related if any one of a number of possible relationships exists between such persons, including:

- members of a family (defined as brothers, sisters, spouses, ancestors and lineal descendants);
- an individual and a corporation in which the individual owns more than 10 percent (in value) of the corporation's outstanding stock (applying appropriate attribution rules);
- two corporations which are members of the same "controlled group" (essentially parent-subsidaries and brother-sister controlled corporate groups in which

five or fewer persons own more than 50 percent of the stock of each corporation in the group);

- a corporation and a partnership if the same persons own more than 10 percent of the outstanding stock of the corporation and a greater than 10 percent capital or profit interest in the partnership;
- two S corporations or a S corporation and a C corporation if the same persons own more than 10 percent (in value) of the stock of each corporation;
- various fiduciaries, grantors and beneficiaries of trusts if certain relationships exist;
- a partnership and a partner if the partner owns more than a 10 percent capital or profits interest in the partnership;
- two partnerships if the same persons own more than 10 percent of the capital or profits interest in the two partnerships. [IRC 465(b)(3)(C) and 168(e)(4)(D)]

PART III. CREDIT ALLOCATION PROCEDURES

These procedures, instructions, and guidelines are subject to change at any time by DCA and may be supplemented by policies and procedures revised by DCA from time to time.

GENERAL APPLICATION PROCESS

Generally, applications for tax credits must be submitted during one of DCA's announced application cycles. In determining when during the project's development process an application should be submitted, developers should do so no earlier than when all threshold requirements can be met. The latest a project can qualify for tax credits is the year in which the project is placed-in-service. **Applicants are strongly advised to consult an accountant or tax attorney with tax credit expertise regarding issues related to the use of and requirements for tax credits (box this advice as above?).**

Applications that are complete and pass the threshold criteria are evaluated using the scoring and selection described in the State's Qualified Allocation Plan. Projects thus selected will be underwritten in a manner similar to loan underwriting. This is done in order to determine: (a) the credit amount necessary to support the low-income portion of the project; (b) the financial feasibility of the project; and (c) comparability and reasonableness of project cost. The amount of credit necessary to support the low-income portion of the project is calculated and credit notices are issued.

1. Rejection of Application Packages

The application package provided by DCA must be completed in its entirety. Required supporting documentation must accompany the application. DCA may reject any application that is incomplete or that is not accompanied by the application fee specified below. Any application lacking the documentation needed to determine that the threshold criteria are met will not be evaluated. Applications will only be accepted during established cycles, except for tax-exempt bond financed projects that receive an allocation of tax credits independent of Georgia's Federal credit cap.

2. Project Changes

Since credits are awarded competitively based on the project characteristics described in the initial application, any material changes that occur after initial application may trigger recapture of tax credits. Certain project changes are clearly disallowed, e.g., site and sponsorship changes. Other project changes may also be disallowed as determined by DCA. Sponsors must consult with the tax credit program staff to obtain prior written approval before pursuing substantive project changes to avoid affecting the credits. Material changes, if approved, may require submittal of a revised application.

3. Disqualification of Applicants

Misrepresentation in any application or supporting documentation may result in recapture of tax credits by DCA, the barring of the project sponsor(s) or certifying independent certified public accountant from future program involvement, and notification of the Internal Revenue Service.

DETERMINATION OF CREDIT AMOUNT

As required by law, the allocated tax credit amount cannot exceed the amount necessary to support the low-income portion of the project. [Section 42(m)(2)]

The credit amount will be calculated at each of the applicable application stages: reservation, binding commitment, carryover allocation and final allocation. The amount of credit awarded to a project may change from stage to stage if any of the factors used in calculating the credit change. The following guidelines will apply in determining the amount of credit to be allocated to individual projects:

1. Project cost review. Each project will be evaluated for comparability and reasonableness of project cost. Costs will be reviewed against those from projects of past years, regional data, third party documentation, and other factors and data as determined at the sole and absolute discretion of DCA to bear upon the issues of comparability and reasonableness of project costs. Intermediary costs, defined as the project costs related to consultants and syndication, will be reviewed in accordance with the provisions of Section 42(m)(2)(ii) of the Code. Additional documentation from the project sponsors may be requested to assist in the review. Sponsors will be notified if any adjustments seem necessary.

2. Debt review. Projects will be evaluated for debt capacity. At the early stages of the development process, DCA recognizes that firm financing commitments usually are not in place. Applicants should provide preliminary conditional financing commitments and term sheets, which will be reviewed for feasibility. Rents, utility allowances, vacancy rates, and operating expenses will be reviewed for comparability and reasonableness in accordance with established policies (see above). Additional documentation from the project sponsors may be requested to assist in the review. Sponsors will be notified if any adjustments seem necessary

The net operating income (NOI) will be used in the following way to calculate debt capacity:

$\text{NOI} \div \text{Debt Coverage Ratio} = \text{Annual Debt Service}$

$\text{Annual Debt Service} \div \text{Loan Constant} = \text{Maximum Loan Amount}$

The debt coverage ratio, loan constant and comparable financing terms used by DCA will be determined through consultation with banking and syndication experts, will reflect typical market terms, and will be updated as appropriate to reflect market changes. The maximum loan amount, including any subordinated debt the project is expected to receive, will constitute the debt figure used in the tax credit calculation.

3. Equity gap. The equity gap is defined as the total project cost minus all sources of funds, that is, the project cost not covered by debt financing and grants. The tax credit award is calculated such that, over ten years, the award amount equals the excess project

cost, thereby “closing” the equity gap. This amount may be less than the 4 percent or 9 percent maximum allowable credit. If credits are syndicated, not all of the 10-year tax credit award is returned to the project as equity; a portion is consumed by syndication expenses, project reserves and return requirements of investors.

The credit calculation takes the amount of credit returning to the project into account through the **equity factor** (also referred to as “pricing”). The equity factor is the proportion of the 10-year credit returned to the project sponsor in the form of equity. For Federal credits it currently ranges from 70 percent to 80 percent in public placement syndications, with higher returns often experienced in private placements. For State credits, the pricing is currently between 25 percent and 35 percent. A syndicator’s offer letter or limited partnership agreement detailing the distribution of the gross syndication proceeds should be included in the application.

4. Credit Calculation. The credit calculation yields the amount of credit needed to fill the equity gap, thereby financing the project cost not covered by debt and other sources, making the project financially feasible.

To calculate the "equity gap amount", the following method is used:

$$\text{Project Cost} - \text{Sources} = \text{Equity Gap}$$

The owner provides information on the project cost and sources of funding in the application. The difference between the two is the equity gap, which needs to be "filled" to pay all project cost, thus enabling the project to be built. For example, Project A will cost \$5,000,000 to build and the owner has obtained financing in the amount of \$2,000,000. The equity gap to be filled equals \$3,000,000. Since the credit amount can be taken each year for ten years, and the credit allocation to be calculated is the first year credit amount only, the equity gap is divided by 10 (the number of years in the credit period) to obtain the annual credit amount.

$$\text{Equity Gap} \div 10 = \text{Annual Credit Amount}$$

Dividing Project A's equity gap of \$3,000,000 by 10 yields an annual credit amount of \$300,000. That is, the owner needs to receive \$300,000 cash from the tax credit each year to cover the cost of the project not financed by the mortgage.

The annual credit amount is then divided by the equity factor, to factor out that portion of the credit not going to the project. For example, 75 cents of every Federal tax credit dollar and 30 cents of every State tax credit dollar will go to the project (again, the balance is eaten up by syndication expenses and the time value of money), for a total of \$1.05. The resulting credit figure is the amount needed to cover project cost for which no funds are available, taking into account the pay-in to the project of the credits.

Annual Credit Amount ÷ Equity Factor = Credit Amount Required

Continuing with the example of Project A, to determine the credit amount required by this project to fill the equity gap, the owner must divide \$300,000 by the expected equity factor of \$1.05 for every tax credit dollar (State and Federal combined). Based on this calculation, the owner needs \$285,714 in Federal tax credits (plus \$315,789 in State tax credits) allocated annually to raise sufficient funds to complete the project (at 75 cents on the dollar, if the project had to use Federal credits alone, it would require \$400,000 in credits to fill the gap).

5. Maximum Credit Amount

The actual credit amount assigned to a project equals the lesser of the equity gap credit amount or the maximum credit amount. To calculate the maximum credit amount, the following method is used:

Qualified Basis x Applicable Credit Percentage = Maximum Credit Amount

The qualified basis and the applicable credit percentage are explained in Part I. Although no project can receive more credit than the maximum credit amount, the credit amount allocated is frequently less than this amount. Again, using the example of Project A, the owner plans to reserve all of the units for low-income use. Although the total project cost equals \$5,000,000, the cost of the land and certain fees are not included in eligible basis. After subtracting such costs, the qualified basis equals \$4,000,000. Assuming the owner obtained conventional financing, the applicable credit percentage equals 9 percent, for a maximum credit amount \$360,000. This compares to the \$285,714 in tax credits the project requires to be financially feasible. In this example, DCA would assign \$285,714 in tax credits to Project A. Again, this is \$285,714 in Federal credits plus a matching amount in State credits.

6. Credit Reduction

The assigned credit amount may be less than the requested amount if DCA determines that the proposed eligible basis is either financially infeasible or ineligible or for such other reasons as DCA may deem necessary or appropriate for the administration of the program. The assigned credit amount may also change from stage to stage in the allocation process as initially proposed project costs, financing or syndication terms are finalized.

Maximum effort will be made not to jeopardize a project's viability by making minor adjustments in the tax credit amount for the project. Should the sources or uses of funds change after the original application, such that the equity gap is reduced, project improvements may be allowed, if possible, so that the tax credit amount can remain the same. Project improvements may include increasing project amenities, serving additional low-income tenants, or reducing rents on a portion of the project.

7. Increase in Credit Amount

Changes in project cost, financing, or syndication terms may warrant an increase in the credit amount. A sponsor experiencing cost increases may apply for additional credit during the application cycle held in the year in which the project is placed-in-service. Applicants must justify any request for additional credit. DCA will again evaluate project costs for reasonableness.

8. Credit Allocation Disclaimer

DCA makes no representations or warranties regarding the amount of credit or the appropriateness of credit allocation to any project. Project applicants are expected to provide DCA with sufficient information to document the eligible and qualified basis and the amount and terms of financing and equity contributions in any project.

ALLOCATION STEPS

The allocation of State and Federal credits will proceed in four general steps:

- A. **Reservation** of credits based on initial application if applicable.
- B. **Carryover Allocation** of credits upon payment of reservation or credit allocation fees, receipt of evidence of firm financing and syndication commitments, and election of credit percentage if applicable.
- C. **Carryover Test** the later of December 31 of the year of allocation or six months after the allocation is made.
- D. **Final assignment** upon each building being placed in service following completion of the construction or the rehabilitation of the project, or the acquisition of the project together with the completion of the required amount of rehabilitation.

1. Reservation

Reservations will generally be in effect for a specified period. To retain the credits after that date, the project must qualify for a carryover allocation or final allocation.

2. Carryover Allocation

Projects that are not completed in the credit allocation year must receive a carryover allocation to retain the credits previously assigned. To receive a carryover allocation, the project owner must:

- A. be current on all application and reservation or credit allocation fees due to DCA;
- B. provide evidence satisfactory to DCA that firm debt and equity financing commitments have been secured;
- C. credit percentage elections (see below); and
- D. provide evidence of property ownership.

The credit percentages of approximately 4 percent and 9 percent represent the maximum amount of tax credit available for any project. At the time a binding agreement for allocation is entered into between DCA and the sponsor, the sponsor may elect to fix the maximum credit percentage at the applicable credit percentage in effect that month.

Otherwise, the credit percentage is established **for each building** as the one in effect during the month in which that building is placed in service. **This election is irrevocable.**

In requesting a carryover allocation, applicants should consider in whose name DCA should issue the carryover. Problems can arise about the validity of a carryover if the entity receiving the carryover is not the same as the one that expended funds to meet the 10 percent requirement. For example, the owner of record for a project may be the developer who purchases the land in his or her name and incurs expenses in his or her name, but applies for the carryover in the name of the intended ownership entity, a limited partnership. Since the partnership did not incur the costs, any carryover issued in the partnership's name may later be deemed invalid. Developers should obtain competent legal advice to determine in whose name the carryover allocation should be issued.

The carryover allocation, just as the final allocation of credit authority, is binding. Therefore, project characteristics will be allowed without DCA's prior written approval after the carryover allocation is issued. Additionally, the carryover allocation credit amount cannot be increased. (It can be decreased, however, if the actual basis is less than the basis reasonably expected at the time the carryover was issued.)

The Internal Revenue Service considers the carryover allocation of tax credits to be an allocation of credits in all respects, except that an IRS Form 8609 is not yet issued. Therefore, project sponsors desiring credit increases at the time of final allocation must apply for a credit allocation for the additional amount in a scheduled application cycle during the year the project will be placed in service. Any requests for an increase in credits must be justified.

3. Carryover Test

The Code permits tax credit recipients to carry over an allocation for a particular year and place their buildings in service up to two years after the allocation year provided more than 10 percent of the project's reasonably expected total basis has been expended by the later of the end of the allocation year or six months after the allocation date. For instance, a project receiving a carryover allocation in 2001 must have all buildings placed in service by December 31, 2003.

Rules pertaining to a carryover allocation vary in some respects from that of the final allocation. Building eligibility may be determined on a project basis. For example, in a five-building project, each of the buildings can benefit from the carryover if the owner has expended more than 10 percent of the project's reasonably expected basis in the allocation year, regardless of whether any funds have been expended on a particular building. However, the reverse may not be true; that is, if 25 percent of a particular building's cost has been incurred, but less than 10 percent of the entire project's cost has been expended within the allocation year (or six months after the allocation), that individual building would qualify for carryover, but not the project. In such a situation, more than one "project" would have to be created for tax credit purposes.

While nominally only for new construction or rehabilitation projects, the carryover applies to existing buildings for which a credit is allowable under section 42(e), which

pertains to rehabilitation as a separate new building. It appears that if a taxpayer acquires a building with the expectation of rehabilitating it, the acquisition cost may be counted toward satisfying the 10 percent requirement for carrying over the rehabilitation credit. (This is regardless of whether the project is eligible for a tax credit on the acquisition cost of the building.)

Again, the amount required to be expended is more than 10 percent of the "taxpayer's reasonably expected basis" in the project. The Statement of Managers (which accompanied the Technical Corrections Bill) made clear that **the use of the word "basis" is in the broadest sense, and encompasses all capitalized expenditures, as well as land. Non-capital costs, such as certain financing fees that have to be amortized, would be excluded.**

The Internal Revenue Service has issued rules concerning amounts to be included in the taxpayer's reasonably expected basis. To be included in such basis, amounts must be treated as paid or incurred under the method of accounting used by the owner. "For example, a cash method taxpayer cannot include construction costs in carryover-allocation basis unless the costs have been paid, and an accrual method taxpayer cannot include construction costs in carryover-allocation basis unless they have been properly accrued." (*Federal Register*, Thursday, March 3, 1994, p. 10069)

To determine if the 10 percent requirement has been met, the following fraction is to be used: the numerator of the fraction is the taxpayer's basis (land and depreciable basis) in the property as of the later of the close of the calendar year in which the credit allocation is made or six months after the allocation date; the denominator of the fraction is the taxpayer's reasonably expected basis (land and depreciable basis) in the property at the time the property is placed into service. An accountant or tax attorney should be consulted to be certain the project qualifies under this provision of the Code. For example:

Total Reasonably Expected Basis =	\$1,000,000
Basis Expenditures =	\$ 110,000
$\$110,000 \div 1,000,000 =$	11%

The basis in the property equals 11 percent. ,Therefore, the owner has expended more than 10 percent of the taxpayer's reasonably expected basis in the project.

4. Final Assignment (Allocation)

Final assignment of the credit amount to a project is made when the project is placed in service and corresponding evidence has been furnished to DCA with the owner's final allocation application. It is at this stage that IRS Form 8609 is issued. Although tax credit reservation (if applicable), commitments and carryover allocations are issued on a project-wide basis, the final allocation must be made on a building-by-building basis.

The "maximum applicable percentage allowable" appearing on the IRS Form 8609 may not equal the applicable credit percentage elected or the one for the month the building is placed in service. DCA has the responsibility of determining how much credit a project

needs for financial feasibility and viability as a low-income project. DCA may, therefore, reduce the applicable credit percentage in determining the credit amount.

The credit allocation is made to the ownership entity by the issuance of IRS Form 8609. DCA issues only one copy of Form 8609 and it is the owner's responsibility to furnish the requisite copies to its partners and annually to the IRS.

5. Credit Recapture

Owners of projects not meeting program deadlines will lose their tax credits. DCA will not refund any allocation fees to owners of projects whose credits are recaptured.

TAB L

HOME SECTION

1. HOME RENTAL HOUSING PROGRAM REQUIREMENTS

This section will outline the HOME requirements related to DCA's rental housing programs. The topics outlined in this section include:

- Eligible and Prohibited Activities/Cost
- Per unit cost limits
- Rent and occupancy requirements
- Periods of Affordability
- Loan Terms
- Underwriting Guidelines
- Property Requirements
- Owner/Developer Requirements
- Tenant and Participant Protections

I. ELIGIBLE AND PROHIBITED ACTIVITIES/COSTS

HOME funds can be used only for eligible activities and costs for the purpose of providing affordable rental housing to low and very low-income persons.

A. Eligible Activities

The following activities are eligible under the HOME Rental Housing and CHDO Loan Programs:

- **Reconstruction** - Reconstruction means the rebuilding, on the same lot, of housing standing on a site at the time of project commitment. (Note: Construction of housing on a vacant lot where a house was demolished or removed prior to project commitment is considered new construction.) Rooms may be added outside the foundation or footprint of the housing being reconstructed, but the reconstructed housing must be substantially similar to the original housing. In addition, the number of housing units may not be decreased or increased as part of a reconstruction project.

If an existing structure is converted to affordable housing, or if a structure is moved to a new foundation which is constructed with HOME funds, these projects are considered reconstruction. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing

- **New Construction** - If construction entails adding one or more units beyond the existing walls, this is also considered to be new construction. The addition of room(s) beyond the existing walls (but not unit(s)), is not considered new construction (for example, an additional bedroom to relieve overcrowded conditions is not new construction).

- **Moderate and Substantial Rehabilitation** - Conversion of an existing structure from an alternative use to affordable, residential housing is considered rehabilitation. Moderate rehabilitation includes those projects which have a total rehabilitation cost of less than or equal to \$25,000 per unit. Substantial rehabilitation includes those properties with a total rehabilitation cost of greater than \$25,000 per unit.
- **Site Improvements** - HOME funds may be used to provide a level of amenities equal to that of surrounding standard projects. Examples of acceptable site improvements include: utility hook-ups; off-street parking, if generally provided in surrounding buildings; appropriate landscaping; fencing; and ground cover for play grounds.

HOME funds may only be used to provide on-site improvements. The project site is the property owned by the property owner and proposed for the project. For instance, streets and sidewalks related to a HOME assisted project will be considered on-site only if they are privately owned by owners. HOME funds may be used to make off-site utility connections from the property line to the adjacent street

- **Transitional Housing** - Section 205 of the Housing and Development Act of 1992 added transitional housing as an eligible HOME activity. Transitional housing includes housing which is provided for a limited amount of time, often 12-18 months, for persons in need of appropriate supportive services. The intent is to treat the housing as transitional until a more independent living housing arrangement can be identified.

MIXED-USE PROJECTS

For purposes of the HOME programs, a mixed-use project contains, in addition to at least one residential unit: a laundry, community or any commercial type facilities (e.g. stores, delicatessens, restaurants), and/or any other non-residential space (e.g. office space) which is available to the public. If laundry and/or community facilities are for use exclusively by the project tenants and their guests, then the project is not considered mixed-use. Neither a leasing office nor a maintenance area will trigger the mixed-use requirements.

No HOME funds can be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a HOME-assisted project contains such commercial or non-residential space, other sources of funding must be used to finance that space.

In order to be eligible for HOME funding, a mixed-use project must meet the following conditions: residential living space in the project must constitute at least 51 percent of the total project space; and each building in the project must contain residential living space (including the building which holds any such laundry and/or community facility). HOME funds can only be used to fund the residential portion of the mixed-use project which meets the HOME rent/purchase price limits and income requirements. If the rental project will contain a model apartment that will be shown to potential renters, the model apartment will be considered a non-residential area subject to the mixed-use requirements, unless the model apartment will be rented in the event of high occupancy.

B. Eligible Costs

DCA HOME funds are used to fund development hard costs. Exceptions are considered on a case-by-case basis when requested in writing.

C. Eligible Development Hard Costs

Eligible development hard costs are those costs required to construct or rehabilitate properties to meet the applicable area building codes, DCA rehabilitation standards, and HQS, and to make other essential improvements, including, but not limited to:

- Model Energy Code improvements (new construction)
- Energy-related repairs and improvements
- Accessibility improvements for disabled persons
- Abatement of lead based paint hazards
- Repairs and/or replacement of major housing systems in danger of failure
- General property improvements which are non-luxury in nature

D. Other costs

There are several other miscellaneous costs which are also allowable. These costs include:

- HOME funds can be used for projects previously assisted with HUD funds. If other HUD requirements still apply to the property, then both the existing requirements and HOME requirements must be met. Projects receiving Section 8 Moderate Rehabilitation Program Assistance may not be good candidates for HOME funds, because HOME maximum rent levels may not be consistent with Moderate Rehabilitation rents.
- Interim construction financing is an eligible HOME cost.

Repayment of HOME funds

If a project that is funded with HOME funds is terminated before completion, the funds must be repaid to DCA's HOME Investment Trust Fund (except for project-specific pre-development assistance to a CHDO that was terminated for reasons outside the control of the CHDO).

E. Prohibited Costs

DCA HOME funds cannot be used to fund the following activities:

- Demolition of existing buildings;
- Soft costs related to the project's development, such as architectural, financing, reserves, and insurance;
- Providing a project reserve account for replacements, unanticipated increases in operating costs or operating subsidies;

- Providing tenant-based rental assistance for the special purposes of the Section 8 Existing Housing program or for preventing displacement from projects assisted with rental rehabilitation grants under 24 CFR §511;
- Providing nonfederal matching contributions required under any other federal program;
- Carrying out activities authorized under 24 CFR §968 (Public Housing Modernization);
- Providing assistance to eligible low-income housing under 24 CFR §248 (Prepayment of Low Income Housing Mortgages);
- Providing assistance to project(s) previously assisted with HOME funds during the period of affordability established by DCA (exception: tenant-based rental assistance or assistance to a first-time homebuyer to acquire housing previously assisted with HOME funds). However, additional HOME funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount;
- Costs of legally required relocation payments and relocation assistance for temporarily relocated persons are eligible HOME costs.
- Using HOME funds to carry out housing remedies or to pay fines, penalties, or costs associated with an action in which DCA has been found by a federal, state or local court, to be in violation of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, or any other federal, state or local law promoting fair housing or prohibiting discrimination. However, HOME funds may be used in connection with a settlement that has been entered into in any case where claims of the above violations have been asserted against DCA only to carry out housing remedies with eligible activities; and
- Using HOME funds in projects assisted under the pre-1992 Rental Rehabilitation Program governed by 24 CFR §511;
- Emergency shelters; and
- Pay for the acquisition of property from any participating jurisdiction unless it was acquired with HOME funds or bought in anticipation of carrying out a HOME project.

F. Religious Organizations

- DCA is prohibited from providing HOME funds to any entity which is a “primarily religious organization”. DCA may provide HOME funds to a wholly secular entity if the following 4 conditions are met:
 - ⇒ The wholly secular entity must own in fee simple the project to be assisted with HOME funds;

- ⇒ The HOME project must be used exclusively for secular activities;
- ⇒ The wholly secular entity must not seek to further the ideas or purposes of a primarily religious organizations; and
- ⇒ There must not be any religious or membership criteria for the tenants of the HOME-assisted project.

II. PER UNIT COST LIMITS

All projects built or rehabilitated using HOME dollars must adhere to the Minimum/Maximum Per Unit Cost requirements. At minimum, DCA must invest an amount equal to \$1,000 times the number of HOME assisted units in each project. At a maximum, DCA will not fund projects with per-unit costs higher than those limits given in the State's Qualified Allocation Plan., which are determined using the limits set by HUD under Section 221(d)(3) of the National Housing Act. Developers may apply for a waiver of the per-unit cost limits, as described in the Qualified Allocation Plan.

III. RENT AND OCCUPANCY REQUIREMENTS

The HOME Program establishes rents and occupancy requirements for all units assisted with HOME funds. The HOME Program requires that each building in a HOME-assisted project contain housing that meets the applicable HOME rent and occupancy requirements. HOME-assisted housing must be in compliance with rent and occupancy requirements throughout the affordability period.

A. Rent Requirements:

There are two types of rents associated with the HOME Program.

- Low HOME Rents - If the project consists of three or more rental units, at least 20 percent of the HOME assisted units must have rents equal to or less than the rent affordable to a household at 50 percent of area median income (AMI) **or** the area Fair Market Rent (FMR), which ever is less. Additionally, the Low HOME units must be distributed comparably across unit sizes, e.g. 20% of the one bedrooms, two bedrooms and three bedrooms must be Low HOME units in each project.
- High HOME Rents - DCA requires that the remaining HOME-assisted units have rents equal to or less than the rent affordable to a household at 60 percent of AMI **or** the area FMR. If a project is located in the Atlanta MSA, the rent limit is reduced to the lesser of 54 percent of AMI or the area FMR.

The rents described above can be found in the DCA Application Manual. In determining the maximum rent that can be charged to a tenant for a HOME-assisted unit remember that tenant-paid utility allowances must be subtracted from both low and high HOME rents. The applicable utility allowances are also in the DCA Application Manual.

While the actual project rents must meet these requirements, they may be less than the maximum allowable rents under the HOME program requirements. A number of reasons for this include developers choosing to lower the rents in order to receive consideration in the competitive selection process, and a market study indicating that lower rents are necessary for the project to be competitive in that apartment market area. The actual project rent limits will be written into the Land Use Restriction Agreement (LURA) which will be recorded at the closing of the HOME loan.

B. Occupancy Requirements:

The units renting for the low HOME rent (minimum of 20% of the HOME assisted units) must be rented to households earning no more than 50 percent AMI, adjusted for family size. The remaining HOME assisted units must be rented to households earning no more than 60 percent AMI, adjusted for family size. AMI charts for the State of Georgia are located in the DCA Application Manual. Income is calculated using the Section 8 definition of income. A complete discussion of calculating income will be provided at the preconstruction conference.

Defining HOME-assisted units

In projects that are not 100% affordable and are mixed-income, it will be necessary to designate the number of HOME-assisted units in the project. The minimum number of HOME-assisted units is equal to the following:

$$\text{Total HOME investment/Total Development Cost} \times \text{Total \# of units} = \text{Min. \# HOME assisted units}$$

HOME-assisted units:

- are subject to all of the HOME requirements;
- must be comparable to the other units in the project (units are considered comparable if HOME-assisted units have similar amenities and a comparable number of bedrooms to those units that are not assisted.);
- cannot have a cost differential greater than 15% of comparable unassisted units;
- must be identified as “fixed” units within the development or be designated as “floating” units. However, at a minimum at each building must contain one HOME-assisted unit at all times.

Using the Low Income Housing Tax Credit with the HOME Program

Many DCA projects will combine the Tax Credit program and the HOME Program. As a result, if the 9% tax credit is proposed, the income targeting requirements are more stringent. Specifically, at least 40% of the assisted units in each building of the project must be targeted to families at 50% of AMI, adjusted for family size. All remaining assisted units must be targeted to families at 60% or less of AMI, adjusted for family size.

Accordingly, the maximum rents charged for the units occupied by tenants at 50% or less of AMI must be equal to or less than the lesser of the applicable tax credit rent based on the 50% rents

Using the Low Income Housing Tax Credit with the HOME Program (continued)

from the rent chart or the area FMR. The remaining rents for the assisted units must have rents no greater than the lesser of the tax credit rents based on the 60% rents from the rent chart or the area FMR. The Tax Credit Section of the Application Manual provides more details on the Low Income Housing Tax Credit Program.

A project combining HOME and tax credits must meet the HOME rent requirements on **all** its units occupied by low-income households. The HOME funding cannot be designated for only some of the units so as to avoid the high HOME rent requirements.

IV. AFFORDABILITY PERIOD

All HOME-assisted rental housing must remain affordable pursuant to certain rent and occupancy restrictions for a requisite period of time. The affordability period will begin on the date that the project is marked as "completed" in the HUD reporting system for the HOME Program. This beginning date will occur after all federal HOME funds for the activity have been expended. The affordability period will be specified in the recorded LURA. The LURA must be recorded in the county courthouse with copies forwarded to DCA at the time of loan closing.

The affordability period may be terminated under certain circumstances related to foreclosure or a transfer in lieu of foreclosure. However, in certain circumstances this affordability period may be revived. For example, in a foreclosure situation, where the owner of record prior to the foreclosure obtains an ownership interest in the project or property after the foreclosure is complete, the LURA may be revived.

V. LOAN TERMS

The specific financing terms available under DCA's HOME-funded programs can be found in the State's Qualified Allocation Plan.

VI. UNDERWRITING REQUIREMENTS

Prior to making any loan commitments, DCA will carefully underwrite all loans to assess project feasibility and long term viability. The underwriting criteria are described in the State's Qualified Allocation Plan.

VII. PROPERTY REQUIREMENTS

A. Site and Neighborhood Standards

If HOME funds are used for new construction purposes, the housing project must meet HOME site and neighborhood standards. New Construction is defined as housing which has received an initial certificate of occupancy (CO) or equivalent document within the one-year period preceding the date DCA commits HOME funds to a project.

If the proposed project is located in an area of minority concentration, there must be documentation in the project file which evidences that either "sufficient" and

“comparable” housing opportunities exist for minority families (in the income range to be served by the proposed project) in the area outside the area of minority concentration where the proposed project is to be located and that proposed project is necessary to meet those housing needs.

If the proposed project is located in a racially mixed area there must be documentation which evidences that the proposed project will not significantly increase the proportion of minority to non-minority residents.

In this section, “sufficient” means a reasonable distribution of assisted housing units each year which over a period of years will approach a balance of housing choices within and outside the areas on minority concentration. “Comparable” means:

- A. same household type (elderly, family, disabled, etc.);
- B. same tenure type (owner/renter);
- C. same tenant contribution in rent; or
- D. same income group and same standard housing conditions exist in the same housing market area.

“Overriding housing needs” means the proposed housing project is intended to preserve or restore housing located in the area of minority concentration, provided that discrimination is not the reason that the housing located outside the area of minority concentration is not available or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

Applicants for HOME funding of new construction projects will be required to meet DCA’s site selection and approval process requirements before being approved for HOME funding. Applicants must first determine if the project is located in an area of minority concentration, a racially mixed area, or a nonminority area. An area of minority concentration is an area that has 50% or more minorities. A racially mixed area is an area that has 25% or more minorities. A nonminority area is an area that has less than 25% minorities.

If a project is located in an area of minority concentration, the applicant must submit the following information to DCA:

- 1. Map of proposed project site
- 2. Site map of proposed neighborhood
- 3. Census tract or enumeration district data of proposed neighborhood population by:
 - a. household type
 - b. tenure type
 - c. income group and housing conditions
 - d. race of residents
- 4. Narrative on how the percentage of minority residents is determined
- 5. List of sufficient, comparable sites outside area of minority concentration or market study evidencing that there is an overriding housing need in the area of minority concentration.

6. Expected rents for units on site and comparable rates to other low income housing near comparable sites outside area of minority concentration.
7. Number of HUD assisted units located outside of the area of minority concentration.

If the project is located in a racially mixed area, the following must be submitted to DCA by the applicant for review:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census tract or enumeration district data of proposed neighborhood population by:
 - a. household type
 - b. tenure type
 - c. income group and housing conditions
 - d. race of residents
4. Based upon the proposed number of units, show what increase of minority residents to nonminority residents will occur.

For projects located in nonminority areas and areas that are not racially mixed, the following must be submitted to DCA by the applicant:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census tract or enumeration district data of proposed neighborhood population by:
 - a. household type
 - b. tenure type
 - c. income group and housing conditions
 - d. race of residents

The Federal Regulations Compliance Officer is responsible for reviewing the information submitted by the applicant. The Federal Regulations Compliance Officer will certify to one of the three statements identified in the Certification of Compliance, HOME Site and Neighborhood Standards (Attachment 1-A).

B. Property standards

Housing assisted with HOME funds must meet or exceed the Housing Quality Standards (HQS) set forth in the Section 8 Program, applicable state and local code requirements, and DCA Rehabilitation Standards (see Design Specification Guide for new construction or the Rehabilitation Guide in the Rental Housing Application Manual for rehabilitation). Local rehabilitation standards may be adopted but they must meet or exceed DCA Rehabilitation Standards. Throughout the affordability period, the HOME-assisted property must continue to meet HQS, applicable state and local codes, DCA Rehabilitation Standards, and local rehabilitation standards (if any).

DCA is required to inspect the rental project and determine that the property standards are being met (annually for projects with more than 25 units, every two years for projects with 25 units or less.)

Applicants are required to submit plans and specifications that conform to the Design Specifications, located in the Rental housing Application Manual, for new construction and the Rehabilitation Guide for rehabilitation. These guides reflect Georgia and DCA construction standards. DCA will review the plans and specifications for conformance with the appropriate guide. Ongoing construction inspections will also be made to ensure that the project is constructed in accordance with approved plans and specifications. Upon project completion, DCA requires a signed certification from the local code enforcement agency documenting conformance with local codes.

VIII. OWNER/DEVELOPER ELIGIBILITY REQUIREMENTS

All owners/developers' financial capacity and experience will be evaluated during the underwriting process to determine if the owner/developer is able to carry forward the proposed project. However, there are additional requirements related to owner/developer, and in some cases contractors and subcontractors, participation in the program. These requirements are outlined below.

A. Debarment and Suspension Requirements

HOME funds may not be provided to any individual or entity that is presently debarred, suspended, proposed for debarment, declared ineligible, subject to limited denial of participation (LDP) or voluntarily excluded from participation in the HOME program.

DCA will review all pertinent HUD and DCA debarment/suspension lists for the presence of any developer, owner, contractor, subcontractor, or other entity participating in the construction/rehabilitation of the HOME-assisted project.

B. Lobbying Prohibitions

The Byrd Amendment prohibits a recipient of federal funds from using said federal funds to lobby members of Congress; and in the event that a recipient of federal funds uses other non-federal monies to lobby Congress, requires disclosure of lobbying activities. The Byrd Amendment requirements apply to Federal contracts, grants and cooperative agreements exceeding \$100,000 and Federal loans exceeding \$150,000.

Execution of the forms described below by the appropriate individual or entity, evidencing compliance with the Byrd Amendment must occur prior to loan closing, or for contractor or subcontractors selected after loan closing, before they are allowed to start work.

- **Owner** - An owner who expects to receive a HOME loan in excess of \$150,000 must certify that the funds will not be used to lobby Congress. If the owner uses non-federal money to lobby Congress, then the owner must also submit to DCA a Standard Form Disclosure of Lobbying Activities (SF-LLL) (Attachment 1-D). The borrower is responsible for ensuring compliance with the Byrd Amendment by all contractors and subcontractors.
- **Contractor** - Any developers, contractors, (including architects, engineers and other consultants which are contractors) (Contractor) who receive federal funds

in excess of \$100,000 for any one HOME activity must complete and submit SF-LLL (Attachment 1-D) to the owner. The owner will forward the signed SF-LLL to DCA.

- **Subcontractor** - If the Contractor pays anyone (Subcontractor) in connection with the HOME project in excess of \$100,000, the Contractor must submit SF-LLL (Attachment 1-D). The Contractor will forward the submitted SF-LLL to DCA.

C. Conflict of Interest

No person who is currently an employee, agent, consultant, officer, elected or appointed official of DCA (hereinafter collectively referred to as Person) may obtain a financial benefit or interest from any HOME-assisted activity; have an interest in any contract, subcontract or agreement relating to any HOME-assisted activity; or obtain any proceeds from a contract, subcontract or agreement relating to any HOME-assisted activity. The prohibition only applies to a Person who has HOME-related responsibilities, or is in a position to participate in the decision making process or has access to inside information. This prohibition remains in effect for one year after the tenure of said Person has expired. This prohibition also applies to the Person's immediate family members and business associates.

If a potential conflict of interest exists involving any of the above-mentioned parties as described above, the potential conflict of interest must be disclosed to DCA, which must obtain a waiver from HUD prior to awarding funds to the project.

DCA's request to HUD for a waiver includes a description of the nature of the conflict; an assurance that all the interested parties have publicly disclosed the conflict; and an opinion from the Georgia Attorney General's office stating that any waiver of the conflict would not violate state or local law. DCA may request a waiver of a conflict of interest from the HUD Regional Office. If a potential conflict of interest exists between the above-mentioned parties, DCA may require the applicant to provide information and assist in the preparation of the waiver.

A certification is included in all applications stating that no conflict of interest exists, and a section of the application allows for the identification of any potential conflicts of interest.

D. Compliance of existing projects

Any owner, developer, syndicator or management company who has been in default or has been out of compliance with any DCA-administered program within the past three calendar years may be ineligible to participate in future funding rounds. Refer to the Qualified Allocation Plan for details.

IX. TENANT AND PARTICIPANT PROTECTIONS

There must be a written lease between a tenant and the owner of a HOME-assisted rental project for the unit occupied by the tenant. This lease must be for a term of at least one year, unless a shorter lease is mutually agreed to by the tenant and the owner/developer. The owner and tenant must also execute DCA's lease addendum (Attachment 1-E). If any language in the owner's

lease conflicts with the DCA lease addendum, the DCA lease addendum will take precedence. The lease must also provide that the owner will give at least 30 days notice to the tenant before implementing a rent increase.

The owner/developer may terminate a tenant's lease or refuse to renew a lease only for serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state or local law; or other good cause. The owner/developer must give the tenant at least 30 days advance written notice of the owner/developer intent to terminate or refusal to renew the lease and the grounds upon which this action is based.

The owner/developer must adopt written tenant selection policies and criteria that are consistent with the purpose of providing housing for very low-income and low-income families; are reasonably related to program eligibility and the tenant's ability to perform the obligations of the lease; give reasonable consideration to the housing needs of tenants that would have a preference under 24 CFR §960.211 (relating to federal selection preferences for public housing admission), which are families and tenants that are involuntary displaced, occupying substandard housing, homeless, or paying more than 50 percent of their annual income for rent; and provide for either the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, or the prompt written notice to any rejected applicant of the grounds for any rejection (see Attachment 1-F for a sample tenant selection policy).

The owner/developer cannot refuse to lease to a holder of a Section 8 rental assistance certificate or voucher, or a recipient of HOME tenant-based rental assistance, if the prospective tenant is otherwise eligible under the HOME program.

If the owner/developer is a CHDO, it must develop and follow a fair lease and grievance procedure, and a tenant participation plan for management decisions in keeping with the HOME requirements found at 24 CFR Part 92-303.

2. COMPLIANCE

MONITORING

DCA will monitor the property for compliance with all applicable HOME regulations prior to loan closing, during construction/rehabilitation, and throughout the period of affordability. At the pre-construction conference, the owner will receive a complete package of HOME compliance materials and information on training opportunities. Prior to lease up, the owners will be required to attend a DCA Compliance workshop that will cover lease-up regulations and compliance requirements throughout the period of affordability.

I. INCOME DETERMINATION

To determine tenant eligibility, rental housing owners/developers will be required to verify the annual income of families living or applying to live in any HOME-assisted housing, using the income determination procedures described in this section. Specifically, the families living in any HOME-assisted housing must be income-eligible at the time of project completion. Families applying to live in any HOME-assisted housing must be income-eligible at the time that they sign the lease. The incomes of families living in HOME-assisted housing must be recertified on an annual basis to determine continued eligibility

II. DEFINITIONS

Please refer to the 2001 Qualified Allocation Plan and materials received at DCA's HOME Compliance Training for additional definitions.

- A. **Annual income:** The anticipated gross income of an eligible family from all sources for the twelve month period following certification.
- B. **Annual adjusted income:** Annual income less allowable HUD deductions for dependents, elderly households, child care, handicapped assistance, and medical expenses. Annual adjusted income should be used at recertification.
- C. **Disabled person:** A person who is under a disability as defined in Section 223 of the Social Security Act or who has a developmental disability as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act.
- D. **Elderly household:** A household in which the head of household is at least 62 years of age.
- E. **Elderly person:** A person who is at least 62 years of age.
- F. **Family:** A family includes, but is not limited to:
 - 1. Two or more persons sharing residency whose income and resources are available to meet the family's needs and who are either related by blood, marriage, or operation of law, or who have had a stable family relationship;
 - 2. A person who lives alone or intends to live alone;

3. An elderly family or single person; or
 4. The remaining member of a tenant family.
- G. **Full-time student:** A person who is carrying a subject load that is considered full time for day students under the standards and practices of the educational institution attended. An educational institution includes a vocational school with a diploma or certificate program, as well as institutions offering high school diplomas or college degrees.
- H. **Handicapped person:** A person having a physical or mental impairment that is expected to be of a long, continued and indefinite duration; substantially impedes the person's ability to live independently; and is of such a nature that this ability could be improved by more suitable housing conditions.
- I. **Live-in aide:** A person who lives with an elderly disabled or handicapped individual(s) and is essential to that individual's care and well-being, not obligated for the individuals support and would not be living in the unit except to provide the support services. While a relative may be considered to be a live-in aide/attendant, they must meet the above requirement, especially the last.
- J. **Monthly adjusted income:** 1/12 of annual adjusted income.
- K. **Monthly income:** 1/12 of annual income.

III. INCOME

HUD defines income as anticipated gross annual income from all sources (except those specifically excluded by HUD) received by all family members, including those who are temporarily absent from the unit. A listing of income inclusions and exclusions will be distributed in DCA's HOME Compliance Training. All income must be verified by a "third party".

IV. VALUING ASSETS

Income from assets is generally considered part of a family's annual income. A listing of assets inclusions and exclusions will be distributed in DCA's HOME Compliance Training. All assets must be verified by a "third party".

V. RELEASE OF INFORMATION

At the application and annual recertification stages, families will be asked to sign the Authorization for the Release of Information. All family members age 18 or older will be provided with a copy of the form for their review and signature. Each form will contain the appropriate family member's signature as proof of consent to the "third-party" for release of specified information and as evidence of understanding the type and nature of information being sought.

Family refusal to cooperate with the HUD prescribed verification system will result in the termination of the household's application or the family's continued assistance and will result in ineligibility status.

VI. METHODS OF VERIFICATION

All forms of income and assets must be verified and documented in one of the following ways:

A. Third-party Verification: (No faxed income verifications accepted)

Third-party verification is considered to be the most effective means of verifying information provided by the family. Verification request letters will include a signed copy of an Authorization for the Release of Information permitting the source to release the requested information. The request for third-party verifications will be mailed or faxed by the owner/developer directly to the third-party source, and will ask that the verification be returned by mail. The owner/developer will not allow applicants to "hand carry" or bring back verifications from the source providing third-party verifications. No faxed verifications will be accepted.

Inasmuch as many agencies have gone to the use of computer-generated forms in responding to requests for "third-party written verification," the owner/developer may accept all such computer forms as documentation of third-party written verification. Entities known to use such forms include, but are not limited to:

- Social Security Administration
- Veterans Administration
- Department of Family and Children Services
- Department of Labor
- Child Support Recovery Unit

In the event that third-party written verification is not possible due to an unwillingness by the source to respond or in the event that the information is not returned within a four-week period, the owner/developer will note the file accordingly and proceed with third-party oral verification as the primary source.

B. Review of Documents:

In the event neither third-party written nor oral verification is possible, the owner/developer will request that the applicant/participant provide actual documents. All such documents, excluding government checks, will be photocopied and retained in the applicant file. Documents that cannot be photocopied will be noted in the family file by the appropriate staff member. Information must include the type and date of document, identification numbers, and amount (if applicable). The staff member representing the owner/developer will initial the entry.

C. Applicant Certification/Self-Declaration(s):

When verification cannot be obtained by third-party verification or review of documents, applicants will be required to submit a self-declaration statement. Self-declaration statements are only to be used as a last resort, when the other forms of verification are impossible to obtain and all efforts to obtain have been documented.

When reasonable effort is being made by the family to obtain documents needed for verification (i.e., the family demonstrates that it has attempted to obtain the documents but has received no response in more than four weeks), a self-declaration statement may be used for allowances and deductions.

VII. ANNUAL RENT ANALYSIS

Periodic updates of the FMR and AMI are issued by HUD. DCA will update the Section 8 Utility Allowances as soon as possible after the publication of the FMR and AMI. DCA will distribute the updated AMI, FMR and Utility Allowances data to owner, who will be responsible for computing the updated low and high HOME rents applicable to the property.

DCA must review and approve the maximum monthly rents annually. The owner must obtain DCA's written approval prior to instituting any rent increases. Any increase in rent for HOME-assisted units is subject to the provisions of current leases. In any event, the owners must provide tenants of those units at least 30 days written notice before implementing any rent increase.

VIII. TENANT INCOME CERTIFICATIONS

Before approving a tenant for occupancy in a HOME-assisted unit, the owner must certify that the tenant's household income meets the occupancy requirements specified above, and the rent being charged for their unit is consistent with the rent requirements specified. Additionally, on the anniversary of each tenant's initial occupancy of the unit, or, if the tenant occupied the unit prior to the expenditure of HOME funds, on the anniversary of the initial certification of the development as meeting HOME rent and occupancy limits, the owners must re-certify the income of each tenant family. In general, the same procedures used to complete initial income certification must be used for the re-certification. The income re-certification forms must be signed by the owner or the owner's agent and the person(s) whose signature appears on the lease.

At recertification, tenants who occupy HOME-assisted units who no longer qualify as low-income families because of increases in their income shall pay as rent the lesser of :

- 1) 30% of the family's annual adjusted income,
- 2) the maximum amount specified in the Land Use Restriction Covenants,
- 3) fair market rents, or
- 4) the amount allowable under state or local law.

A note on combining HOME and Tax Credits

Please remember that if HOME funds are combined with the Low Income Housing Tax Credit, the occupancy and rent requirements can be more restrictive and the rents may be calculated differently. This must be considered throughout the property's compliance. A more detailed discussion of these requirements will take place in DCA HOME training and can be found in the HOME training materials.

IX. PROPERTY STANDARDS

Throughout the affordability period, owner must ensure that all units in a HOME-assisted project meet or exceed the Section 8 Housing Quality Standards and other applicable state and local codes. DCA may perform property inspections every year for projects with more than 25 units and every two years for smaller projects.

X. RECORDKEEPING

Owner must establish and maintain sufficient records to enable DCA to determine whether the HOME requirements have been met. Records must be maintained for various periods depending on the nature of the documents. In compliance with state and local laws regarding privacy and confidentiality, records must also be available for review by HUD, the Comptroller General, DCA and other interested parties.

When applicable, the owner must keep records including but not limited to the following:

- Records of compliance with environmental reviews;
- Records showing compliance with relocation requirements;
- Records of compliance with labor requirements;
- Records showing compliance with the lead-based paint requirements including O&M plan on property containing lead-based paint;
- Records showing compliance with asbestos requirements including O&M plan on property containing asbestos;
- Records supporting requests for waivers of conflict of interest, where applicable;
- Records of certifications concerning debarment and suspension;
- Records documenting compliance with flood insurance; and
- Records concerning intergovernmental review.
- Information about the census tracts where investments are made;
- Records for the targeting of income of HOME beneficiaries;

- Records of matching contributions (a running log kept on a project by project basis). Type of activity and amount of contribution by project must be recorded. (this does not apply to 1992 HOME funds);
- Written record including site & building plans indicating any noncompliance with ADA, section 504 & FHA. These plans should outline correction procedures with timetable for completion;
- Records documenting that the project meets DCA's applicable property standards;
- Records documenting compliance with outreach to minority/women owned business (MBE/WBE).
- Records documenting any changes made at the property since time of formal application.

The above records must be retained in accordance with the following requirements:

- Records must generally be retained for a period of three (3) years after the closeout of the HOME funds.
- Records must be retained for three (3) years after the affordability period ends as specified in Section 1 of this Manual.
- Records covering displacement and acquisition must be retained for three (3) years after the date persons were displaced or three (3) years from when final acquisition payment is received, whichever is later.
- If any litigation, claim, negotiation, audit or other action has been started, the records must be retained in compliance with normal procedure and maintained until final resolution.

XI. ONGOING COMPLIANCE REQUIREMENTS

1. Documentation of Ownership and Management's participation in the required training;
2. Annual HOME Owner's Certification and Annual Reports;
3. Updated Affirmative Fair Housing Marketing Plan;
4. Records documenting tenant's eligibility;
5. Records of rental charges, documentation of method of rental calculation and documentation of DCA approved increases;
6. Documentation regarding compliance with DCA physical requirements; and
7. Documentation of the approval of any changes made at the project since formal application.
8. Ongoing documentation of Over-Income HOME tenants and documentation of any rental increases.
9. Ongoing documentation of the "Next Available Unit Rule".
10. Ongoing documentation of the "40/50 Rule".

3. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

Community Housing Development Organization (“CHDO”) is the designation DCA confers on a nonprofit which meets the CHDO definition explained in this section and which applies to DCA for pre-qualification. There are a number of benefits to becoming a CHDO:

- eligibility for “hard-to-find” predevelopment financing;
- qualification to compete for the CHDO set-aside which may be less competitive and more favorably structured financing source; and
- access to HUD-funded technical assistance and capacity building opportunities.

This Section will describe the requirements for becoming a CHDO.

I. CHDO DEFINITION

The CHDO is a specific type of local nonprofit entity. **All CHDOs are nonprofits but only some nonprofits are CHDOs.**

- Nonprofit Corporation -- A CHDO must be a nonprofit corporation with a 501(c)(3) or 501(c)(4) IRS tax-exempt ruling.
- Experience -- The CHDO, or the CHDO's sponsoring entity, must have been in service to the community where it will undertake its housing development activity for at least one year. Service to the community can be "non-housing" in nature.
- Affordable Housing Commitment -- The CHDO must have a stated commitment to the development of affordable housing in the community it serves. This commitment should be reflected in at least one of the following:
 - ⇒ Articles of Incorporation
 - ⇒ By-laws of the organization
 - ⇒ Board Resolution
 - ⇒ Charter
- Not Controlled by Public or For-Profit -- The CHDO must be free of external controls, either from public or for-profit interests.
- Capacity -- The CHDO must have **its own, full-time, paid staff, or have an alternative staffing plan approved by DCA**, and must be capable of engaging in the housing development activity it intends to pursue with the use of HOME dollars.
- Board Composition -- The CHDO's board structure must reflect the community that it intends to serve and otherwise meet the regulatory requirements of the HOME program.

II. RESERVATION OF SET-ASIDE OF FUNDS FOR CHDOs

DCA must set aside a minimum of 15% of the HOME allocation for housing development activities in which qualified CHDOs are the owners, developers and/or sponsors of the housing. Specifically, subject to HUD regulatory restrictions, loan proceeds may be used for acquisition, rehabilitation, and new construction activities related to permanent rental housing developments. Project predevelopment assistance is also available to CHDOs under the set-aside. Refinancing of existing debt and acquisition of raw land without construction are not eligible activities.

III. CHDO QUALIFICATION

Nonprofits interested in becoming CHDOs must be qualified by DCA. DCA will only consider an application for CHDO qualification from a nonprofit which will apply for CHDO funding during the current year. Nonprofits interested in competing in the current year's CHDO Programs funding cycles must submit an application based on deadlines established for each CHDO set-aside program (see CHDO application for details on specific CHDO application deadlines). The Qualification Application and associated attachments constitute an application for initial CHDO designation, and can be obtained from the Housing Finance Division, Nonprofit and Special Programs Section.

Any CHDO receiving CHDO funds to perform feasibility studies, build or rehabilitate housing must renew their CHDO status annually during the established deadlines until project rent-up and stabilization has been achieved. The Renewal Application and associated attachments can be obtained from the Housing Finance Division, Nonprofit and Special Programs Section.

IV. LOAN TERMS

The specific financing terms available under DCA's HOME-funded CHDO programs can be found in the Qualified Allocation Plan and specific CHDO Notice of Funds Available program descriptions, and in the Affordable Housing Application Manual.

V. CHDO QUALIFYING CRITERIA

The following pages describe the primary criteria that must be met in order to qualify as a CHDO. CHDOs must be:

- Not-for-profit corporations
- In service to specific communities (or neighborhoods)
- Capable of engaging in the development of affordable housing

A. CHDOs ARE NOT-FOR-PROFIT ORGANIZATIONS

- **No Individual Benefit:** No part of its earnings (profits) may benefit any members, founders, contributors, or individuals. A strong separation must exist between the Board of Directors (policy function) and staff (day to day operations and implementation function). The staff, e.g., the executive director, is responsible for carrying out the resolutions of the board, and therefore should not have seats on the board.

- **Purpose of Organization:** Provision of decent housing that is affordable to low and moderate income persons must be among the purposes of the organization. This commitment must be evidenced in the CHDO's:
 - ⇒ Charter,
 - ⇒ Articles of Incorporation,
 - ⇒ By-laws, or
 - ⇒ Resolutions of the CHDO's Board of Directors

- **Clearly Defined Service Area:** A CHDO should have a clearly defined **geographic** service area.
 - ⇒ CHDOs do not need to represent a single neighborhood.
 - ⇒ CHDOs may include in their service area an entire community (i.e., a city, town, village, county or multi-county area, but not the whole state) as long as they meet other CHDO requirements.
 - ⇒ Nonprofits serving special populations **must also** define the geographic boundaries of their service area in order to qualify as CHDOs.

- **501(c) Status:** CHDOs must have received a tax-exempt ruling from the IRS under Section 501(c) of the Internal Revenue Code of 1986 in order to be designated by the DCA as a CHDO.
 - ⇒ There are many incorporation options under Section 501(c), depending on the type and purpose of the organizations seeking the designation for tax-exemption.
 - ⇒ The two 501(c) designations permissible under HOME are:
 1. 501(c)(3) Status -- a charitable, not-for-profit corporation
 2. 501(c)(4) Status -- a community or civic organization
 - ⇒ **501(c)(3) Status:**
 - ◇ This is the nonprofit status most sought by nonprofit housing development organizations because contributions to an organization with 501(c)(3) status are an eligible tax deduction for the donor.
 - ◇ 501(c)(3) organizations operate under the following restrictions:
 - Must be organized for religious, charitable, scientific, literary, educational, testing for public safety, or prevention of cruelty to animals purposes
 - None of the net earnings may benefit private individuals
 - No substantial part of the activities may be devoted to lobbying (influencing legislation) and the organization may not participate in or intervene in political campaigns on behalf of candidates

- Group must be organized in its article of incorporation for charitable and/or educational purposes
- ◇ The nonprofit must operate as a charitable or educational organization, which includes such purposes as:
 - relief of the poor
 - lessening burdens of government
 - lessening community tensions
 - eliminating prejudice
 - defending human and civil rights
 - promotion of social welfare

⇒ **Section 501(c)(4) Status:**

- ◇ This tax exemption is for organization operated exclusively for the promotion of social welfare.
- ◇ Like (c)(3) organizations, these organizations pay no tax on income, except for certain unrelated business activities.
- ◇ Unlike 501(c)(3) organizations, (c)(4) organizations
 - can engage in substantial lobbying activities
 - have greater latitude to serve individuals who are not low-income or minority as long as the activity serves the common good and general welfare
 - **cannot** offer donors tax deductions for their contributions

⇒ **Section 905** -- Subordinate Organization of a 501(c):

- ◇ Refers to the local member organizations (that **are not** separately incorporated) of an existing national organizations with a 501(c) designation.
- ◇ If the local organization is a **subordinate** organization (e.g., a chapter, local, post, or unit of a central organization), the central organization would need to receive a group 501(c) tax exemption designation.
- ◇ The local subordinate organization could be included under the central organization's 501(c) designation **if** it is defined by the IRS as a **public charity**.
- ◇ The local subordinate **would not** be included under the central organization's 501(c) designation if it is defined by the IRS as a **private foundation**.
- ◇ The IRS would determine if the local subordinate is a public charity on the basis of the sources and uses of its funds and of other factors defined in Section 905 of the Code.
- ◇ In terms of the HOME program, a subordinate organization that is determined by the IRS to be a public charity is considered to have the required 501(c) status.

- ◇ The subordinate organization would still need to meet all of the other requirements for CHDOs, but qualifying as a subordinate organization may be a way to shorten the time necessary to receive a CHDO designation by receiving the required tax exempt status based upon the credentials of an existing group.
- ⇒ IRS standards for granting a **501(c)(3)** designation for housing development organizations are narrowly applied, lengthening the time it can take to receive a 501(c)(3) designation.
 - ◇ Designation can take 9-24 months
 - ◇ Time frame varies by IRS region
- ⇒ While receiving a **501(c)(4)** designation is easier and less time-consuming, applicants should be aware that most corporate and philanthropic giving is **limited** to 501(c)(3) organizations. Therefore, seeking a 501(c)(4) designation may ultimately limit the CHDO's capacity to raise non-governmental funds.
- ⇒ **Conditional Designation:** The IRS will usually grant new applicants a **conditional** designation of 501(c)(3) status, valid for a specified period of time (usually 3 years).
 - ◇ During that period of time, the organizations may operate legally as 501(c)(3) organizations, with **all** benefits pursuant to that designation, while the IRS monitors its operations.
 - ◇ Assuming they operate in compliance with applicable regulations during this period, the IRS will grant them **final** 501(c) designation.
 - ◇ The HOME requirement for a 501(c) designation can be fulfilled by having either a **conditional** or a **final** designation from the IRS.
 - ◇ Submission of documentation that an application for 501(c) status is **pending** at the IRS will **not** suffice to fulfill this requirement.

B. CHDOs ARE IN SERVICE TO LOW-INCOME COMMUNITIES

- The CHDO is intended to respond to a particular community's needs. This is measured by:
 - ⇒ Community representation on the Board of Directors
 - ⇒ Avoidance of external control of the Board by the public sector or a for-profit firm
 - ⇒ Experience in the community (or neighborhood) to be served
- **BOARD OF DIRECTORS:** The structure of the Board of Directors of a CHDO is viewed as the main indicator of community control over the CHDO.
 - ⇒ A CHDO board must balance strict requirements for:

- minimum community representation on the board with,
- maximum limits on representation from the public and private sectors.

- **BOARD COMPOSITION:** A **minimum** of 1/3 of the board must consist of representatives of the community being served by the CHDO.

⇒ There are 3 ways to meet this requirement:

1. Residents of low-income neighborhoods in the community;

- ◇ low-income neighborhoods are defined as neighborhoods where 51% or more of the residents are low-income
- ◇ residents of low-income neighborhoods on CHDO boards do not have to be low-income themselves

AND/OR

2. Low-income residents of the community;

- ◇ in **urban areas**, "community" is not necessarily limited to a single neighborhood, but may include several neighborhoods, the city, county or metropolitan area
- ◇ in **rural areas**, "community" may also cover a multi-county area (but not the whole state). The board need not contain low-income residents from each county in the multi-county area
- ◇ **low-income residents of low-income neighborhoods** in the community **do not** need to submit proof of their income
- ◇ if low-income residents of the community who do not live in low-income neighborhoods are necessary to meet this threshold, the DCA must obtain certification from the resident (or the CHDO) that the resident does qualify as low-income
- ◇ the **Section 8 definition** of "low-income" applies: an annual gross income less than 80% of the area median income
- ◇ no DCA verification of the CHDO certification is required, but the nonprofit must maintain documentation verifying the Board member's status as a low-income resident of the community

AND/OR

3. Elected representatives of low-income neighborhood organizations.

- ◇ a "low-income neighborhood organization" is an organization composed primarily of residents of a low-income neighborhood

- ◇ the primary purpose of the organization must be to serve the interests of the neighborhood residents
 - ◇ block groups, town watch organizations, civic associations, neighborhood church groups and NeighborWorks organizations can be examples of low-income neighborhood organizations
 - ◇ the governing body of the low-income neighborhood organization may elect the representative(s) to serve on the CHDO board
- **GEOGRAPHIC REPRESENTATIONS:** The board should reflect and be a part of the local community.
 - ⇒ A **minimum** of 1/3 of the counties in the service area must be represented by board members with their primary residences in a service area county.
 - **LOW-INCOME INPUT:** Input from the low-income community **is not** met only by having low-income representation on the board.

The CHDO **must also** provide a formal process for low-income, program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described **in writing** and it must be included in the organization's **by-laws** or a **board resolution**.

 - ⇒ This requirement is especially important for CHDOs serving a large geographic area where it may not be possible for a CHDO to have low-income representatives on its board from every neighborhood in which it will develop, own or sponsor housing.
 - ⇒ Such CHDOs should establish systems for community involvement in the parts of their service areas where housing will be developed but which are not represented on their boards. Examples of these systems may be:
 - ad hoc, or special committees of neighbors of a proposed development site
 - neighborhood advisory councils
 - one or a series of open neighborhood/town meetings
 - temporary expansion of the CHDO board to include neighbors during the period of housing planning and development activity
 - **PUBLIC SECTOR LIMITS:** A **maximum** of 1/3 of the governing board may consist of representatives of the public sector.
 - ⇒ This limitation is intended to ensure that separation exists between PJs and CHDOs, and that CHDOs are indeed community-based and community-controlled organizations.

- ⇒ This limitation is broadly interpreted in order to avoid public control of community-based nonprofits.
- ⇒ A member of the governing board of a CHDO would be considered to be a representative of the public sector if s/he:
 - is a public official, including:
 - ◇ **elected officials** - council members, aldermen, commissioners, state legislators, members of a school board, etc.
 - ◇ **appointed public officials** - members of a planning or zoning commission, public housing authority, or of any other regulatory and/or advisory commissions that are appointed by federal, state or local government officials.
 - ◇ **public employees** - all employees of public agencies or departments of the government (e.g., public housing authority employees, a clerk in the water and sewer department, a public facility janitor or a secretary in the tax assessment office).
 - is appointed by a public official - any individual who is not necessarily a public official but who has been appointed by a public official (as described above) to serve on the CHDO board
- ⇒ Members of the board appointed by public officials cannot select other members of the board, such that more than 1/3 of the members of the governing board can be traced back to public officials.
- ⇒ **What if the public official is low-income?** Public officials and/or appointees who themselves are either low-income community residents or residents of a low-income neighborhood, count against the 1/3 maximum limit of public sector representatives, not towards the 1/3 minimum requirement of community representatives.

Example: Alderman Robert "Big Bob" Jones creates a nonprofit with a nine-member board to be a CHDO for his ward. The Alderman appoints himself and two good friends to the board. At that point, three members of the board are considered to be representatives of the public sector and the nonprofit has reached the 1/3 maximum limit for public officials and appointees. "Big Bob" realizes that he cannot appoint any other members to the board, but he still wants to have control over a majority of the board members. "Big Bob" designates his two good friends to select at least two other board members. A public official has directly or indirectly appointed 5 out of the nine members of the board, and Big Bob's nonprofit would not qualify to be a CHDO.

Example: Truetown Neighbors Together (TNT), Inc., wants to qualify as a CHDO. They fulfill every other requirement and are now at the point of reviewing their board composition for compliance with CHDO requirements. TNT has long been proud of its measure of neighborhood control because 6 of the 12 members of its board reside in Truetown, a low-income neighborhood. However, included in the 6 are: the neighborhood's alderwoman, a member of the school board, and a neighborhood resident appointed by the mayor to serve on the city's planning and zoning commission. The other 6 members are neither low-income nor public officials/appointees. The current TNT board does not exceed the 1/3 maximum limit on public sector representatives, since only 3 out of 12 members are public officials/appointees.

However, the 3 public officials/appointees, even though they live in the low-income neighborhood, cannot count towards the minimum 1/3 community representative requirement. TNT's board does not currently meet that threshold requirement.

- ⇒ PJs, public bodies, or instrumentalities of public bodies cannot be considered CHDOs. Examples of instrumentalities of public bodies include Public Housing Authorities, Urban Renewal Agencies, Redevelopment Authorities, and Downtown Development Authorities.
- ⇒ These limits on public sector representation on CHDO boards serve **only** to define CHDOs. There are other (not specific to HOME) restrictions on the participation of public officials on the boards of nonprofit organizations seeking public funds. PJs should observe their **conflict of interest** guidelines in that regard as well.
- **SPONSORED CHDOs:** Nonprofits that have been sponsored by other nonprofits, charities, religious organizations, local or state governments, public agencies or for-profit corporations may qualify as CHDOs, but certain additional requirements and board limitations can apply.
 - ⇒ Nonprofit and charity sponsors
 - There are no limits on the proportion of the board that may be appointed by nonprofit or charity sponsors; as long as the minimum 1/3 community representation is met.
 - A one-year minimum history of service to the community by the *sponsoring nonprofit or charity* may help a new nonprofit to qualify as a CHDO.
 - ⇒ Religious organization sponsors
 - Unlike CDBG and the McKinney Act programs, under HOME religious organizations cannot qualify as CHDOs, but they may sponsor the creation of fully secular nonprofits. (See guidelines in Section 92.257 of the HOME rule.)
 - The religious organization may not control the nonprofit. The nonprofit cannot reserve Board membership for members of the sponsoring religious organization.
 - No more than 49% of the Board or low-income representatives to the Board can be employees of the sponsoring religious organization.
 - The developed housing must be used exclusively for secular purposes and be made available to all regardless of religious affiliation or belief.
 - ⇒ Local/state government & public agency sponsors
 - A local or state government and/or a public agency cannot qualify as a CHDO but may sponsor the creation of CHDOs.

- Government officials and appointees of the government cannot exceed 1/3 of the members of the board.
- All other CHDO rules and requirements also apply.

⇒ For-Profit corporate sponsors

- A CHDO cannot be controlled by, nor be under the direction of, for-profit entities or individuals seeking profit from the organization.
- CHDOs may be sponsored or organized by a for-profit if:
 - ◇ the primary purpose of the for-profit sponsor is not the development or management of housing (i.e., a builder, developer or real estate management firm may not spin off a CHDO);
 - ◇ the for-profit appoints no more than 1/3 of the CHDOs governing board, and the board members appointed by the for-profit do not appoint the remaining members of the board; and
 - ◇ the CHDO is free to contract for goods and services from any vendors it selects.

- **BOARD MEMBERS:** HOME does not set any other limits on the composition of the governing board of a CHDO. The remaining seats on a CHDO board may consist of a wide variety of other parties within the above-listed limits on public and private sector appointees. Other potential board members may be:

- ⇒ low-income residents
- ⇒ community representatives (a CHDO board can consist entirely of community representatives)
- ⇒ civic and community leaders
- ⇒ affordable housing advocates and providers
- ⇒ individuals willing to contribute particular expertise needed by the CHDO, such as: architects, engineers, builders, attorneys, accountants, and grant writers
- ⇒ lenders and others with expertise in underwriting and financial planning
- ⇒ individuals with access to private, corporate, and/or philanthropic resources
human and social service providers.

The following exhibit provides an overview of board composition requirements.

EXHIBIT

SPONSORS	BOARD COMPOSITION REQUIREMENTS/RESTRICTIONS			
	COMMUNITY REP'S ¹	PUBLIC OFFICIALS ²	PRIVATE APPOINTEES ³	REMARKS
Grassroots Organizing	1/3 minimum	1/3 maximum	n/a	
Nonprofits &/or charities	1/3 minimum	1/3 maximum	n/a	May provide CHDO with required 1-yr history of service to community.
Religious Organizations	1/3 minimum	1/3 maximum	n/a	Secular organization; all housing is for secular purpose; no religious restrictions may be imposed on selection of tenants or homeowners.
Local/State Government & Public Agencies	1/3 minimum	1/3 maximum	n/a	The CHDO cannot be a public agency itself; those appointed by a public agency are also public officials.
For-Profit Entities	1/3 minimum	1/3 maximum	1/3 maximum	The private sponsor cannot be in the housing business; CHDO must be free to contract for vendors.

- **CHDO EXPERIENCE:** A CHDO must also demonstrate that it has at least one year of experience serving the community where it intends to develop the HOME-assisted housing.

¹ Community representatives consist of residents of low-income neighborhoods in the community and/or low-income residents of the community and/or elected representatives of low-income neighborhood organizations. A community representative who is also a public official/appointee will not count towards the minimum 1/3 requirement.

² Public officials include elected and appointed public officials, senior management officials and private citizens appointed by public officials. A public official will always count towards the maximum limit, even if s/he would otherwise count as a community representative.

³ Private appointees are only those board members appointed by the for-profit sponsor. Other private sector representatives may also be on the board, and as long as they were not selected by the sponsor or the sponsor's appointees, they will not count towards the maximum 1/3 limit.

- ⇒ Newly created organizations wishing to become CHDOs can meet this requirement if the parent (or sponsoring) organization is a nonprofit and has provided services to the community for at least one year.

Example: *The United Way of Hometown creates a new nonprofit corporation to develop single-family homes for homebuyers. Although the nonprofit is new, the United Way of Hometown was chartered 50 years ago and has considerable low-income community experience. By sponsoring the creation of the new nonprofit, the United Way has fulfilled the one year requirement.*

- ⇒ The year of service does not have to be directly related to housing.

- ⇒ Prior service to the community cannot consist of a for-profit firm's work in that community.

C. CHDOs ARE CAPABLE OF DEVELOPING AFFORDABLE HOUSING

- **OMB Circulars A-110 and A-133** -- At a minimum, CHDOs must have financial accountability standards that conform to the requirements detailed in Attachment F of OMB Circular A-110 (Revised): "Standards for Financial Management Systems" and OMB Circular A-133.

- ⇒ At a minimum, these circulars provide necessary guidance in the management and separation of funds derived from multiple sources and for multiple purposes.

- **Capacity** -- CHDOs must demonstrate the capacity of key staff to carry out the HOME-assisted activities they are planning. This means that CHDOs must have:

- ⇒ Full-time paid staff; **and**

- ⇒ Experienced key staff who have successfully completed projects **similar** to those proposed by the CHDO;

or

- ⇒ Key staff with limited or no experience who will use experienced consultants for the planning and development activities, and there is a plan in place for the consultant to train the key staff.

- ⇒ There are significant differences in the type of experience and capacity that is required to carry out the variety of housing development activities eligible under the HOME program. Therefore, "experience in having completed similar projects" draws a distinction between development/management of rental housing and development/sale of housing for homebuyers.

Example: *The Cranberry Orchard Neighborhood Development Organization (CONDO) has successfully developed over 100 units of housing for homebuyers by acquiring, rehabbing and re-selling existing single-family homes. CONDO plans to use a similar stock of single-family homes for a scattered-site, 30-unit rental housing development project which it will own and manage. This is CONDO's first experience in rental housing development. In order to demonstrate key staff capacity to carry out the HOME-assisted activity they are proposing, CONDO will retain a consultant who will develop a training plan and assist CONDO's key*

staff during the development of the project on development issues specifically related to rental housing.

- Because the purpose of this requirement is to increase the capacity of CHDO staff so that they can be capable developers of affordable housing, CHDOs must have their own professional staff. This would **preclude** that the key staff required to demonstrate CHDO capacity be:
 - ⇒ municipal, county or state employees¹
 - ⇒ consultants (paid or volunteer) without a plan to train for the CHDO's key staff
- Alternative staffing plans to demonstrate the required CHDO staff capacity and experience may be suggested. These staffing plans may rely on the use of capable volunteers or on sharing the staff of other nonprofits.
- Nonprofits and PJs should emphasize the need to build the long-term capacity of CHDOs, and evaluate alternative staffing plans in terms of how they help build CHDO capacity.

Example: The South Appleton Grey Organization (SAGE) CHDO has been acquiring and rehabbing abandoned apartment buildings to use for senior rental housing. The acquisition and rehab activity is managed by a retired general contractor and multi-family housing developer who volunteers his time to the SAGE CHDO in an effort to train unemployed neighborhood youth in the building trades. SAGE CHDO has a job description for the rehab manager position, even though it is currently filled by a volunteer. The rehab manager has had a fixed work schedule for the last two years and has been supervised by the CHDO's executive director. In this case, although the key staff person for SAGE CHDO's proposed HOME rental housing project is a volunteer, the DCA feels comfortable with the structured volunteer relationship that exists between the CHDO and the rehab manager, and with the way it has worked during the last two years. In addition to fulfilling the HOME regulatory requirements, the voluntary staffing plan addresses DCA's concern that there be adequate volunteer commitment and accountability over the long term.

¹ This restriction is also imposed by the need to ensure that a CHDO is in fact community-controlled. Just like the limits on public officials occupying more than 1/3 of the seats on the board, this restriction is designed to limit the effective control by a local government of the CHDO. Similar restrictions apply to other systems in place between nonprofits and government that can serve to control the affairs of the CHDO, such as when a public agency does all the purchasing for the nonprofit; issues all of its checks; assigns public employees to staff the nonprofit; and/or permanently houses the nonprofit in a government office.

4. TENANT RELOCATION

DCA will not consider applications for financial assistance that propose the permanent displacement of existing resident tenants. Common instances of permanent displacement include, but are not limited to, the following:

Examples of Prohibited Activities

- Permanent relocation of any existing tenants
- Temporarily relocating existing tenants under unreasonable circumstances
- Existing tenants move out without receiving required notices
- Rent increases which result in the economic displacement of tenants
- Failure to renew leases with the intent of avoiding relocation responsibilities

However, there are instances where temporary relocation may be necessary and allowed by DCA. Temporary relocation may be allowed if a relocation plan and relocation budget are submitted and approved by DCA.

I. TEMPORARY RELOCATION

If a tenant must move temporarily, while their unit is being rehabilitated, they are entitled to the following relocation assistance.

- Actual reasonable moving expense and storage costs paid to a bonded and licensed moving company for the moves to and from the temporary housing unit from the owner/developer. If requested by the tenant, the Developer/owner may assist the tenant in obtaining a qualified mover; and
- Temporary housing expenses for tenant households shall be actual reasonable documented expenses. Temporary housing expenses that are eligible for reimbursement are as follows:
 - ⇒ Any increase in monthly rent and utilities that are incurred at the temporary replacement unit offered by the Developer that are above the rent needed at the tenant's current limit.
 - ⇒ If the tenant elects to move to a unit other than the replacement unit offered by the Developer, the tenant will not be eligible for any amount that exceeds the amount that would have been needed at the replacement unit the Developer offered.
- Disconnection and connection of the tenant's utilities, telephone and cable (if the tenant has these services at their current unit) at the temporary unit and after the return move, for the tenant's current/new unit within the project.

When a tenant moves back to the apartment complex, the tenant must be offered the opportunity to lease a suitable, affordable unit in the apartment complex. The new rent

may not exceed the greater of 30% of the tenant's adjusted income or the rent for the apartment where the tenant lived to prior to the temporary relocation.

Relocation Hint: Relocating within a Project

Many projects proposed for rehabilitation are partially occupied and also have vacant units. It is suggested, where practical, to temporarily relocate tenants within the project. As the vacant units are rehabilitated, the existing tenants may be temporarily relocated to the newly rehabilitated unit while their unit is being rehabilitated. If the temporary unit is suitable and affordable the tenant may prefer to stay in the new unit. This would eliminate the cost of moving the tenant back to their former unit.

II. REQUIRED NOTICES/SUBMISSIONS

The following notices/submissions are required to be submitted or delivered at the time of application for financing.

- A. **Occupancy History for properties containing vacant units** - If the property contains vacant units, the developer/owner must submit an Occupancy History, which includes rent rolls and income statements for the project, for the 90 days preceding the date of application for financing.
- B. **Rent rolls** - A complete and accurate rent roll must be submitted that reflects the occupancy and rent status.
- C. **Tenant Household Data Form** - The owner/developer must complete and submit a form (Attachment 5-A) for all existing tenants. This will allow DCA to deliver a General Information Notice (GIN) (Attachment 5-B) to all tenants.
- D. **Tenant Relocation Plan and Cost Estimate** - The developer/owner must complete and execute the Tenant Relocation Plan (Exhibit 5-C).

There are additional notices required to be submitted subsequent to application for financing. These notices include:

- A. **Move-in Notice** - The owner/developer must provide the Move in Notice (Attachment 5-D) to all tenants who lease a unit after the application for financing. The developer/owner must maintain evidence in the project file that this notice was delivered.
- B. **Temporary Relocation Notice** - If the owner/developer must temporarily relocate tenants, the owner/developer must send a 30-day notice (Attachment 5-E) by registered/certified mail informing the tenant of their rights to relocation assistance, the location of the temporary dwelling and the tenant's right to lease and occupy an affordable, suitable, decent, safe and sanitary apartment in the complex upon completion of the project. The DCA will issue the Notice of Non-Displacement (Attachment 5-F) at the appropriate time.

- C. **Updated Rent Roll** - After the loan has closed, the owner/developer must submit a current rent roll to DCA.
- D. **Replacement Housing (Section 104 (d)) Notification** - In general, this provision requires that occupied and vacant, but ready for occupancy low/moderate income dwelling units that are demolished or converted to a use other than as low/moderate income dwelling units in connection with a HOME project must be replaced. The units may be replaced with an equal number of affordable housing units comparable in size within the community where the housing was lost. DCA must take certain measures to ensure compliance with these provisions. However, the developer/owner must provide a notice which indicates the possibility of demolition or conversion of units. The developer/owner is not responsible for the one-for-one replacement of units within the proposed project. However, a commitment of HOME funds cannot be executed until the notice is provided and the appropriate reviews completed.

If you anticipate any type of relocation activity, it is important that you contact the DCA Federal Regulations Compliance Officer as soon as possible. It should be noted that not only individuals but displaced businesses, non-profit organizations and farms are eligible for financial assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Specific relocation information and forms for businesses, non-profit organizations and farms are available through the DCA Federal Regulations Compliance Office. Failure to address all relocation issues and regulations may incur significant costs to the project.

5. LABOR STANDARDS

I. APPLICABILITY

If HOME funds are provided (whether for construction or nonconstruction expenses) to projects involving the construction of affordable housing consisting of 12 or more units, then the contract relating to the new construction or rehabilitation must comply with the following labor standards:

- Davis-Bacon Act, 40 U.S.C. 276(a)-5
- Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-332
- Copeland “Anti Kickback” Act, 40 U.S.C. 276(c) 1982.
- All applicable regulations and HUD Handbook #1344.1

Each developer/owner is required to attend a preconstruction conference. During this conference DCA’s Federal Regulations Compliance Officer will distribute applicable forms and instructions relating to labor standards and answer any questions you may have. The following summary of general requirements is intended to be a summary and should not replace direct conversations with DCA staff. Records should be maintained to evidence compliance with all requirements.

Common pitfalls to avoid.

- ◇ Starting work prior to preconstruction conference and loan closing without written authorization from DCA
- ◇ Failure to obtain a wage determination from DCA prior to soliciting construction bids.
- ◇ Failure to submit weekly contractor/subcontractor payrolls and Statements of Compliance to DCA.
- ◇ Failure to provide documentation that employees are receiving the compensation reflected on payrolls (i.e. employee interviews).
- ◇ Failure to pay workers for overtime.

Failure to comply with the items listed above may affect your compliance score and ability to compete in future funding rounds.

II. GENERAL REQUIREMENTS

Every construction and/or rehabilitation contract or subcontract must have appended to it the labor provisions contained in HUD Form 4010, obtained from DCA at preconstruction conference. The property owner is required to ensure that all contractors and subcontractors comply with this requirement.

The Labor Standards do not apply to individuals who are considered volunteers or to members of an income eligible family who provide “sweat equity.”

A. Davis-Bacon Requirements

DCA will provide the owner/developer with the local prevailing wage rate for the class of laborer/mechanic involved in the project at the preconstruction conference. Wage rate decisions are based on determinations made by the U.S. Dept. of Labor (DOL). The owner/developer is required to:

- Have a written contract with all contractors and subcontractors on the project;
- Submit to DCA a certification from the Bureau of Apprenticeship and Training for each apprentice employed on the project;
- Ensure that the applicable ratio of apprentices to journeymen is not exceeded;
- Ensure that all apprentices are paid the applicable wage rate;
- Ensure that the applicable wage rate decision, as changed or modified, is used in the contract bidding process, if any, and at the time the contract is awarded;
- Ensure that no party who is debarred/suspended or given limited denial of participation is used as a contractor or employee (see Section 1 of this Manual);
- Ensure that wage decisions and DOL posters are displayed on the project job site (poster will be distributed at the preconstruction conference);
- Attend a pre-construction conference with DCA (mandatory, before you start construction) which is held after loan underwriting and thirty days prior to closing; and
- Allow DCA to monitor the construction and/or rehabilitation and conduct on-the-job interviews with workers on the job site.

B. Copeland Act Requirements

In general under the Copeland “Anti-Kickback” Act, the owner/developer must:

- Ensure that persons working on the construction and/or rehabilitation of the project are paid weekly and that only those salary deductions which are permissible are taken;
- Submit to DCA, on a weekly basis, payrolls and Statements of Compliance from contractors and subcontractors (the forms will be distributed at the preconstruction conference and must be used to document compliance with this responsibility);
- Retain for at least three (3) years (and sometimes longer) the documents described in the immediately preceding paragraph B;

- Check the payrolls of the contractor and subcontractors for accuracy; and
- Ensure that contractors and subcontractors retain for at least three (3) years the basic records supporting the payrolls.

C. Contract Work Hours and Safety Standards Act

The property owner/developer must ensure that laborers and mechanics that work in excess of forty (40) hours in any work week receive overtime compensation at a rate at least equal to one and one-half times the basic rate of pay for overtime hours.

6. EQUAL EMPLOYMENT OPPORTUNITY/ FAIR HOUSING

I. Summary

No person in the United States may, on the grounds of age, race, color, national origin, religion, sex, familial status or handicap be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or part with HOME funds.

II. Requirements

HOME fund recipients must comply with any and all federal, state and local laws relating to fair housing and equal opportunity, including but not limited to those listed below.

- A. Minority Business Enterprise Executive Orders 11625, 12432, and 12138** relating to use of minority and women-owned business enterprises which provide that owners must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funds by prescribing procedures acceptable to establish and oversee an outreach plan.
- B. The Federal Fair Housing Act** (42 U.S.C. §3601 et seq. (1968)) and the **Georgia Fair Housing Act** (O.C.G.A. §8-3-200 et seq., (1992 Supp.)) requires each owner to affirmatively further fair housing. It is illegal to discriminate against any person because of race, color, religion, familial status, sex, handicap, or national origin: in the sale of rental or housing of residential lots; in advertising the sale or rental of housing or residential lots; in the financing of housing or residential lots; in the provision of real estate brokerage services; or in the appraisal of houses or residential lots. Blockbusting is also illegal. Blockbusting is the use of racial fears and prejudices to entice one racial group to flee a neighborhood when members of a disparate racial group move into the area. Normally, "blockbusting" refers to realtor exploitation of racial tensions. With respect to the development of rental housing, the rental housing must be accessible to persons with disabilities in compliance with the American National Standard (ANSI A117.1), a copy of which can be obtained from the EEOC at (404) 331-4276.
- C. Age Discrimination Act of 1975** (42 U.S.C. §6101 et seq.) which prohibits discrimination based on age.
- D. Section 504 of the Rehabilitation Act of 1973** (29 U.S.C. §794) which prohibits discrimination against any otherwise qualified handicapped individual from participation in any program or activity receiving federal financial assistance.
- E. Americans With Disabilities Act of 1990 (ADA)** (42 U.S.C. §12116 et seq.) which prohibits discrimination in employment on the basis of disability (Title I) and prohibits discrimination on the basis of disability in state and local

government services (Title II). Transitional housing must be in compliance with Title III of the ADA including but not limited to the Americans with Disabilities Act Accessibility Guidelines (ADAAG).

- F. Section 3 of the Housing and Urban Development Act of 1968** (12 U.S.C. §171U et seq.) which provides that, to the greatest extent feasible, opportunities for training and employment arising in connection with planning and carrying out any project assisted with HOME funds be given to low-income persons residing within the program service area. In addition, to the greatest extent feasible, contracts for work (of all types) to be performed in connection with any project must be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, maintenance or repair, which are located in or owned in substantial part by persons residing in the program service area.
- G. Executive Order 11063** which requires that all action necessary and appropriate be taken to prevent discrimination based on race, color, religion (creed), sex, national origin, familial status or disability in the sale, rental, leasing or other disposition of residential property and related facilities, or in the use or occupancy thereof, where such property or facilities are owned or operated by the Federal Government, or provided with HOME funds and in the lending practices with respect to residential property and related facilities of lending institutions insofar as such practices relate to loans insured, guaranteed or purchased by the U.S. Department of Housing and Urban Development.
- H. Title VI Civil Rights Act - 1964** (42 U.S.C. 2000d) which provides that no person in the United States may, on the basis of race, color, or national origin, be excluded from participation in, or be denied the benefit of, or be otherwise subjected to discrimination under any program or activity receiving federal financial assistance from the U.S. Department of Housing and Urban Development.
- I. Affirmative Marketing** is required when HOME-assisted housing contains five or more units. If applicable, owners of HOME-assisted housing must adopt and conduct affirmative marketing procedures and requirements which provide information and otherwise attract eligible persons as described below. DCA will monitor and annually assess the affirmative marketing efforts conducted by owners in compliance with this requirement.

Owners must be in compliance with all of the above stated federal and state regulations. In addition, owners must comply with the DCA MBE/WBE Outreach Plan (Attachment 7-A) and submit their own written MBE/WBE Outreach Plan to DCA for approval. The MBE/WBE Attachment can be used as a guide-form for the owner's submission, make appropriate adjustments as necessary. The owner is bound by all representations and certifications made in the approved plan.

The owner must also develop and submit to DCA a written affirmative marketing plan (Plan). Using the form provided as Attachment 7-B, the applicant is required to document its Plan and assemble related documentation. Once the Plan has been approved by DCA, the applicant must

keep the plan on the central office premises, along with a copy of the federal and state Fair Housing Act, both of which must be available for review by the general public.

J. Site and Neighborhood Standards

If HOME funds are used for new construction purposes, the housing project must meet HOME site and neighborhood standards. New Construction is defined as housing which has received an initial certificate of occupancy (CO) or equivalent document within the one-year period preceding the date DCA commits HOME funds to a project.

If the proposed project is located in an area of minority concentration, there must be documentation in the project file which evidences that either “sufficient” and “comparable” housing opportunities exist for minority families (in the income range to be served by the proposed project) in the area outside the area of minority concentration where the proposed project is to be located and that proposed project is necessary to meet those housing needs.

If the proposed project is located in a racially mixed area there must be documentation which evidences that the proposed project will not significantly increase the proportion of minority to non-minority residents.

In this section, “sufficient” means a reasonable distribution of assisted housing units each year which over a period of years will approach a balance of housing choices within and outside the areas on minority concentration. “Comparable” means:

- A. same household type (elderly, family, disabled, etc.);
- B. same tenure type (owner/renter);
- C. same tenant contribution in rent; or
- D. same income group and same standard housing conditions exist in the same housing market area.

“Overriding housing needs” means the proposed housing project is intended to preserve or restore housing located in the area of minority concentration, provided that discrimination is not the reason that the housing located outside the area of minority concentration is not available or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

Applicants for HOME funding of new construction projects will be required to meet DCA’s site selection and approval process requirements before being approved for HOME funding. Applicants must first determine if the project is located in an area of minority concentration, a racially mixed area, or a nonminority area. An area of minority concentration is an area that has 50% or more minorities. A racially mixed area is an area that has 25% or more minorities. A nonminority area is an area that has less than 25% minorities.

If a project is located in an area of minority concentration, the applicant must submit the following information to DCA:

- 1. Map of proposed project site
- 2. Site map of proposed neighborhood

3. Census track or enumeration district data of proposed neighborhood population by:
 - a. household type
 - b. tenure type
 - c. income group and housing conditions
 - d. race of residents
4. Narrative on how the percentage of minority residents is determined
5. List of sufficient, comparable sites outside area of minority concentration or market study evidencing that there is an overriding housing need in the area of minority concentration.
6. Expected rents for units on site and comparable rates to other low income housing near comparable sites outside area of minority concentration.
7. Number of HUD assisted units located outside of the area of minority concentration.

If the project is located in a racially mixed area, the following must be submitted to DCA by the applicant for review:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census track or enumeration district data of proposed neighborhood population by:
 - a. household type
 - b. tenure type
 - c. income group and housing conditions
 - d. race of residents
4. Based upon the proposed number of units, show what increase of minority residents to non-minority residents will occur.

For projects located in non-minority areas and areas that are not racially mixed, the following must be submitted to DCA by the applicant:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census track or enumeration district data of proposed neighborhood population by:
 - a. household type
 - b. tenure type
 - c. income group and housing conditions
 - d. race of residents

The Federal Regulations Compliance Officer is responsible for reviewing the information submitted by the applicant. The Federal Regulations Compliance Officer will certify to one of the three statements identified in the Certification of Compliance, HOME Site and Neighborhood Standards (Attachment 7-C).

7. ENVIRONMENTAL REQUIREMENTS

In accordance with the National Environmental Protection Act (NEPA), DCA has provided public notice and reviewed the environmental effects of proposed housing related activities throughout the state and concluded that a broad range of activities will not have an adverse effect on the environment. As a result, the project level advertisements of NEPA are no longer necessary. However, as each project is identified, DCA will review it for adverse environmental effects.

I. LEAD BASED PAINT

The HOME program prohibits the use of and requires the elimination of lead-based paint hazards in HOME-assisted housing. These lead-based paint requirements apply to all HOME-assisted properties built before 1978, with the exception of housing intended for elderly or handicapped persons (except for units in which children under 7 years of age or pregnant women are residing), and studio or efficiency apartments. These affected units are referred to as “targeted housing”.

- A. Disclosure requirements for “targeted housing”** - To protect families from exposure to lead in paint and the contaminated dust and the soil it generates, Congress passed the Residential Lead-Based Paint Reduction Act of 1992. This law requires the disclosure of known information on lead-based paint and lead-based paint hazards to the tenants or prospective tenants of “targeted housing” as described above. Property owners/developers must:

- Give tenants the EPA/HUD pamphlet titled “Protect Your Family From Lead in Your HOME;” and
- Incorporate the addendum entitled “Disclosure of Information on Lead Paint and Lead Paint Hazards” into all lease agreements.

- B. Lead based paint hazard control standards** - The national “Lead-Based Paint Hazard Reduction and Financing Task Force” recently provided recommendations related to the control of lead based paint and associated hazards in their report “Putting the Pieces Together: Controlling Lead Hazards in the Nation’s Housing.” The DCA requirements outlined below meet or exceed the recommendations provided by the Task Force. For further guidance on specific guidelines for controlling lead-based paint hazards refer to Title X of the Housing and Community Development Act of 1992 and the final new HUD regulation on lead-based paint hazards in federally-owned housing and housing receiving federal assistance released September 1999.

- **All targeted housing must comply with the following requirements:**
 - ⇒ Completion of Environmental Questionnaire and Phase I Environmental Assessment
 - ⇒ Consideration of reduction versus abatement - Depending on the condition of the property, the property owner/developer, in cooperation

with HUD guidelines, referenced above, and DCA may elect to reduce the lead-based paint and associated hazards. Alternatively, the property owner/developer may propose abatement. All interim controls must be included in the property's Operation and Maintenance Plan (O&M Plan) and reviewed by DCA as described in this Manual.

⇒ Engineer approval that all interim control and abatement work is effective and has been completed according to HUD guidelines, which approval must be obtained from an engineer who has a good understanding of lead paint abatement measures and work, based in training and experience, as confirmed by a Qualifications Statement or similar document describing education, training, and work experience, for the engineer(s) providing the approval.

- **For HOME-assisted housing constructed before 1978 and occupied by families with children under seven years of age with Elevated Blood Levels**, the following procedures, in addition to those listed above, must be followed:

⇒ Cooperation with local public health officials investigating the child's case by:

- ◇ Responding promptly to requests from local officials for information necessary to complete an environmental investigation;
- ◇ Providing access to the property; and
- ◇ Implementing lead hazard control methods as directed by the agency.

⇒ Obtain a risk assessment unless the local health department has already conducted an environmental investigation and the owner/developer has already responded appropriately or the property is already covered by valid documentation of compliance by an independent certified individual.

⇒ Control all LBP Hazards identified by the risk assessor within 15 days and conduct post intervention dust tests. Where there is evidence of chewing, the control action should provide permanent protection.

⇒ Notify affected tenants of risk assessment results and hazard control actions taken.

⇒ Do not retaliate against tenant in response to the identification of an EBL child.

⇒ Relocate tenants if LBP Hazards are not promptly controlled. In such cases the relocated tenants are eligible for relocation payments, and the unit may not be rerented until the LBP Hazards have been controlled.

II. FLOOD INSURANCE

DCA requires flood insurance if a HOME-funded project is located in a community for which flood insurance has been made available under the provisions of the Flood Disaster Protection Act of 1973 (42 U.S.C. Section 4001, et seq.); or in a designated special flood hazard area (SFHA). At the sole discretion of DCA, properties at elevations where flooding is potentially a risk may also be required to obtain flood insurance.

Such flood insurance must be in a form of the standard National Flood Insurance Program policy or in the form of a policy which meets the guidelines published by the Federal Insurance Administration (FIA) in the Federal Register on February 17, 1978, as amended (43 F.R. 7142). These guidelines establish the minimum amount of flood insurance required as the lower of the following:

- The full replacement cost value of the improvements secured by the mortgage; or
- The maximum amount of flood insurance available on the date the mortgage was filed.

The owner/developer is required to either provide documentation that the HOME funded project is located outside of a designated SFHA; or provide documentation before closing the HOME loan or grant that flood insurance is in place and will be maintained.

Documentation must be satisfactory to DCA and must include:

- Consultation with local planning/zoning officials to learn if flood insurance has been made available in the community through the Flood Disaster Protection Act of 1973;
- A copy of the flood insurance policy that references the property in question and meets or exceeds the minimum amount required by FIA guidelines (i) or (ii); and
- An agreement signed by the borrower that this policy will be maintained for the life of the HOME loan. This may also be expressed as a clause in or an addendum to the policy.

TAB M

TAX EXEMPT BOND GUIDELINES

SPECIAL GUIDELINES FOR PROJECTS FINANCED WITH TAX-EXEMPT PRIVATE ACTIVITY BONDS

Projects of which fifty percent (50%) or more of the aggregate basis of the land and buildings are financed with the proceeds of obligations on which the interest is exempt from tax under section 103 of the Internal Revenue Code are eligible to receive federal and State tax credits which are not subject to Georgia's annual Credit cap. Unlike projects that are part of Georgia's annual Credit cap, there is no reservation or carryover stage.

In order to receive tax credits, Section 42(m)(1)(D) of the Internal Revenue Code dictates that the tax-exempt bond-financed project must satisfy "the requirements for allocation of a housing credit dollar amount under the qualified allocation plan applicable to the area in which the project is located".

It is critical that owners of tax-exempt bond financed projects applying for tax credits read the allocation plan carefully. Owners of tax-exempt bond financed projects must meet all threshold requirements set forth in Appendix I of the Qualified Allocation Plan, with the exception of those threshold requirements which are specifically waived for tax-exempt bond financed projects and are so noted by an * (asterisk).

Eligibility Determination and Opinion Letters

Many equity investors and bond underwriters now require, at the time that the tax-exempt bonds are issued, a determination the project is eligible for tax credits under the Qualified Allocation Plan and Section 42 of the Internal Revenue Code. Under Section 42(m)(2)(D), either the State housing credit agency (in Georgia, the Department of Community Affairs [DCA]) or the governmental unit that issues the bonds, or on behalf of which the bonds are issued, is responsible for making a determination of whether the project is eligible for tax credits. Whenever requested, DCA will issue its opinion as to the project's eligibility for tax credits. In making application for the opinion letter, an owner must complete the standard Application, as well as provide all supporting documentation necessary to meet all applicable Threshold requirements and pay a \$2000 bond/4% credit eligible opinion letter fee and \$1000 for each cost waiver requested. DCA will provide its opinion within 45 days of the receipt of a complete Application. DCA's opinion notwithstanding, the issuer must still make its own eligibility determination.

Effective January 1, 2001, federal law requires that every tax credit application be accompanied by a market study performed by a disinterested third-party analyst approved by DCA. Generally, the firms selected by DCA to perform its market studies for the competitive application round will comprise its list of "approved analysts," and this list and a copy of DCA's market study guide will be issued to prospective applicants. These guidelines must be followed for any market study submitted to DCA. If a market study has already been performed in conjunction with planning for the Bond Allocation Application and is completed within six months of the date you submit your tax credit application, the applicant may request DCA's approval of the analyst that was used.

DCA will consider such requests, but approval or denial will be at DCA's sole and absolute discretion.

If the project is deemed to be eligible for State and federal tax credits, an opinion letter will be issued to the owner with a copy to the bond issuer. A land-use restrictive covenant, encompassing the federally-mandated extended use agreement as well as other representations made in the application, will also be drafted subsequent to the opinion letter.

After being placed into service, owners of tax-exempt bond financed projects must apply for IRS Form(s) 8609 by completing a Final Allocation Application. Opinion letters from the bond issuer as to the project's eligibility for tax credits must be submitted with application for IRS Form(s) 8609.

Final Allocation Applications and IRS Forms 8609

When all buildings in the project have been placed in service, owners of projects financed with tax-exempt bonds must submit a Formal Application (if not previously submitted), a copy of the original opinion letter from the bond issuer (if not performed by DCA), and a Final Allocation application in order to receive the IRS Form(s) 8609; the application should be submitted as soon as possible following placement in service of all buildings. Owners should allow at least 90 days for the processing of Final Allocation applications and the issuance of IRS Form(s) 8609. Incomplete applications will take longer to process.

Prior to issuance of any Forms(s) 8609, owners must pay a processing fee in the amount of 2% of the annual tax credit allocation.

Final Allocation applications are available on DCA's website at: www.dca.state.ga.us or upon request from DCA.

NOTE: The 2002 Qualified Allocation Plan, as well as all policies of DCA, apply to all tax-exempt bond financed projects that are also being funded with tax credits, unless otherwise specifically noted.

TAB N

MARKET STUDY GUIDELINES

(for informational purposes only)

MARKET STUDY GUIDE

The Georgia Department of Community Affairs (DCA) is responsible for allocating resources toward the development of affordable rental housing in areas where there is sufficient market support for it. DCA's goals include supporting the best developments possible given the limited resources available. One of DCA's main criteria in regard to this goal is to select proposed developments that are in appropriate locations with strong market demand. It is therefore important to obtain a complete and in-depth market study that conforms to the DCA guidelines.

The market study must contain sufficient data and analysis to provide DCA with an understanding of the market data presented, the analysis of the data, and the conclusion(s) of such data and its relationship to the subject property. The market study should lead the reader to the same or similar conclusion(s) reached by the market analyst. The market study shall include at a minimum, but may not be limited to, the following guidelines:

1. An evaluation of the existing comparable multifamily property (ies) in the primary market and secondary market area as the subject housing development.
2. An evaluation of the need for affordable housing within the subject developments primary and secondary market areas.
3. An evaluation of the subject property in terms of market demands and demand trends; absorption projections, etc.

Additionally, in compliance with the Fair Housing Act, The Equal Credit Opportunity Act and other related anti-discrimination laws and regulations, it is this Department's policy to not discriminate on any prohibited basis or to find collateral unacceptable solely on the basis of its location. The Department expects the market analysts, appraisers and appraisal review services it uses to provide non-discriminatory assessments of market conditions and non-discriminatory estimates of derived values.

DCA reserves the right to require the market analyst to address such other issues as may be relevant to DCA's evaluation of the need for the subject project and the provision of the particular program guidelines.

I. Market Study Requirements

A Market Study prepared for DCA must evaluate the need for decent, safe, and sanitary housing at rental rates that eligible tenants can afford. The study must determine the feasibility of the subject property and state a conclusion as to the impact of the property with respect to the determined housing needs. The study should be self-contained, and must describe in sufficient detail and with adequate data to support the conclusions.

Contract market analysts will be required to submit a complete and in-depth market study that conforms to the format outlined below. The study must contain a statement by the analyst that the report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market. Analysts are encouraged to provide supplemental data and analysis. All data must relate back to the proposed development. Any third party reports relied upon by the market analyst must be verified directly by the market analyst as to the validity of the data and the conclusions

Analysts are also expected to compare and contrast the relative strengths and weaknesses of the projects proposed that are competing within the same market and make a final recommendation as to which project(s) would best serve the market.

The final market study must provide the following information:

A. Executive Summary

The Executive Summary includes the summary and conclusions of the market analyst that were derived from the study. Such explanations should lead the reader to the same or similar conclusions as the feasibility of the project as well as the effect the project has on fulfilling the determined housing need. At a minimum, the executive summary requires that the market analyst provide their conclusions based on the evaluation of the proposed development in terms of:

1. Market demand and demand trends for proposed, existing or rehabilitated units given the existing and proposed economic conditions of the area,
2. Absorption projections for the subject property until a sustaining occupancy level of 93% can be achieved for the project. (if absorption projections for the subject differ significantly from historic data, an explanation of such must be given),
3. Appropriateness of unit rent, unit mix and unit sizes,
4. Appropriateness of interior and exterior physical amenities including appliance package,
5. Location and distance of subject property in relationship to local amenities,
6. Correlation of the subject property to the eligible tenant target population through an analysis of capture rates for each target tenant segment, Given the target population, existing market conditions, and market capture rates less than 30% for all units in the project,
7. A candid, detailed conclusion about the strength of the market for the project as proposed, and,
8. Summaries of the most pertinent findings and conclusions for each section listed below.

B. Project Description

1. Project description including:

- Project address, legal description and location
- Construction type: New Construction/Rehab/Adaptive Reuse, etc.
- Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, ETC.
- Special Population Target (if applicable)
- Number of units by unit type
- Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc)
- Rents and Utility Allowance
- Existing or proposed project based rental assistance
- Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)
- For rehab proposals, current occupancy levels, rents being charged, and tenant incomes, if available, as well as detailed information with regard to the scope of work planned.
- Projected placed in service date

C. Site Evaluation

1. The market analyst must physically visit the site and the market area in general.
2. Describe physical features of the site and adjacent parcels. Positive and negative attributes of the site should be described in relation to their impact on overall market demand. This discussion should reflect the curb appeal of the site, surrounding land uses the site's physical relation to surrounding roads, transportation, amenities employment, services, and the condition of the physical structures/neighborhoods surrounding the site.
3. Photographs: Good quality color photographs of the subject property (front, rear and side elevations, on-site amenities, interior of typical units, if available) Photographs should be properly labeled. Photographs must be included of the neighborhoods and street scenes with a description of each vantage point.
4. Include a map clearly identifying the location of the project. It is extremely important to identify the closest shopping areas, schools, and employment centers, medical facilities and other amenities that would be important to the target population. Indicate proximity in miles to the proposed site.
5. Indicate what type of development(s), if any, is/are located in the vicinity of the proposed site (i.e. vacant land, commercial/business, industrial, public housing). Indicate proximity in miles to the proposed site. Describe all developments on either side of the property as well as in front and in back of site. Indicate present condition of properties. Discuss neighborhood land use and housing characteristics and compatibility with the project. What is the zoning of surrounding area? It is likely to change?
6. Include a map identifying existing low-income housing (Tax Credit Properties, Rural Development Properties, Public Housing, etc.) within the market area. Indicate proximity in miles of these properties to the proposed site.

7. Indicate if there is any road or infrastructure improvements planned or under construction in the proposed market area.
8. Comment on access, ingress/egress, visibility of site
9. Note any visible environmental or other concerns.
10. Overall conclusions about site as they relate to marketability.

D. Market Area

The market areas should be clearly outlined on a map along with other details regarding the area (site location, neighborhood/surrounding amenities, and comparable rental properties). The use of a radius in establishing market areas is discouraged. The market area must be specifically justified (i.e. the analyst must describe the methodology and reasoning used to determine the market area in the form of a narrative.) Provide a reasonable rationale for the suggested market areas, taking into account such things as political and natural boundaries, socioeconomic characteristics, and the experience of the comparable multifamily development at each geographic level.

Identify both the primary and secondary market areas of the proposed development (primary market area is defined as that geographical area from which 60% -70% of potential renters are expected to be drawn, the remainder of the potential renters will come from the secondary market area). It is important to identify a secondary market area in order to avoid utilizing too large a market area leading to less precise finding.

E. Community Demographic Data

Provide the following demographic information for the market area, giving historical data as well as current data and estimates. Include data on population and households approximately five years prior to market entry, at the proposed time of market entry, and projected five years post-market entry (i.e. 1996-2001, 2004, and 2009). Projections must be prepared by a reputable source such as Claritas or the State Data Center. U.S. Census data prior to the 2000 Census is only acceptable as historical data. If the market analyst does not agree with these projections, s/he must provide the reasoning, along with substitute projections. Both numbers and percentages should be shown for the data below. Annualized growth figures should be included. Please include a narrative description of the data presented including overall conclusions.

1. Population Trends

a. Total Population

- b. Population by age group
- c. Number of elderly and non-elderly (for elderly projects)
- d. If a special needs population is proposed for the development (i.e. migrant workers, homeless), provide additional information on population growth patterns specifically related to this population.

2. Household Trends

- a. Total number of households and the average household size.
- b. Household by tenure; that is, the number of owner and renter households. (If appropriate, breakout by elderly and non-elderly).
- c. Households by income. (Elderly proposals should reflect the income distribution of elderly households only).
- d. Renter households by number of persons in the household.

3. Employment Trend

- a. Employment by industry—numbers and percentages (i.e. manufacturing: 150,000 (20%))
- b. The major current employers, product or service, total employees, anticipated expansions, contractions in their workforces, as well as newly planned employers and their impact on employment in the market area.
- c. Unemployment trends for the market area and, where possible, the county total workforce figures and number and percentage unemployed. Provide annualized figures for unemployment trends for the last two to four years (i.e. average annual increase of unemployment of 1.2%).
- d. A map of the site and location of major employment concentrations.
- e. A narrative analysis of data provided, including overall conclusions, is required. Relate data to impact on housing demand.

F. Project-specific Demand Analysis

1. **Income Restrictions:** Use the applicable incomes and rents in the development's tax credit application. Be aware of the specific income restrictions that apply to DCA's multi-family rental housing programs. For example, in the Low Income Housing Tax Credit (LIHTC) and multifamily Bond programs, developers must elect to set-aside either at least 20% of the units for households earning no more than 50% of area median income or at least 40% of the units for households earning no more than 60% of area median income. Additionally, for developments that require funds from the DCA's HOME Loan Program 20% of the units must be affordable to and occupied by households earning no more than 50% of median income in order to receive points the QAP. Analyst must take the income restrictions designated in the application into account when estimating demand.

The study should include data for each income group targeted by the project as described in the application. For example, if the project targets families between 40%

and 50% of the median income, and families between 50% and 60% of the median income, demand projections using the above methodology should be provided for each group and bedroom size

2. **Affordability:** Analysts should assume no family households are able to pay more than 35% of gross income towards total housing expenses and that no elderly households are able to pay more than 40% of gross income towards total housing expenses. The demand analysis should clearly indicate the minimum income and maximum income range for each targeted group. For projects with project-based rental assistance (i.e. Section 8, Rural Development, etc.), two separate demand analyses must be shown, one with the rental assistance rate units. The analyst must make some reasonable determination of maximum income level beyond which a household would not likely be a participant in the rental market. The analyst should clearly state the assumption used in making the aforementioned determination.

If the project is a mixed-income development comprised of both market rate units and tax credit units. The market study should establish whether or not the project is located in a market where the average rents for comparable market rate units are at least 15% higher per net rentable square foot basis than the maximum allowable rents under the QAP. The study should also determine if the proposed rents for the market rate units in the project are at least 10% higher on a per net rentable square foot basis than the maximum allowable rents under the program.

3. **Demand:** The demand should be derived from the following sources:
 - a. **Demand from New Household:** New units required in the market area due to projected household growth should be determined. This should be determined using 2000 census data and projecting forward to the anticipated placed in service date of the project (w/in two years) using a growth rate established from a reputable source such as Claritas or the State Data Center. This population projected must be limited to the age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.

In instances where a significant number (more than 20%) of proposed units are comprised of three- and four bedroom units, please refine the analysis by factoring in the number of large households (generally 4+ persons). A demand analysis, which does not take this into account, may overestimate demand.

b. **Demand from Existing Households:** The second source of demand should be projected from:

1. Demand from existing households should be determined using 2000 census data and extrapolating the population that rents from the total number of existing households. This population projected must be limited to the age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately, and;

2. Rent over-burdened households, if any, within the age group, income groups and tenure (renters) targeted for the proposed development. This calculation must exclude households that would be rent over-burdened (i.e. paying more than 35% of their income toward rent) in the proposed project. In order to achieve consistency in methodology, all analysts should assume that the rent-overburdened analysis includes households paying greater than 35% or in the case of elderly, 40% of their income toward gross rent (starting at 36% of median income, if the minimum limit for the tax credit development was 35% and 41% of median income, if 40% was used in the case of elderly households or whatever Census data is closest to these bands) rather than some greater percentage. If an analyst feels strongly that the rent-overburdened analysis should focus on a greater percentage, they must provide a detailed narrative regarding their assumption, and;

3. Households living in substandard housing (units that lack complete plumbing or that are overcrowded). Households in substandard housing should be adjusted for age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would-be a realistic source of demand and,

The analyst is encouraged to be conservative in his/her estimate of demand from both households that are rent-overburdened or living in substandard housing.

4. Elderly Homeowners likely to convert to rentership: DCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly tax credit housing. Due to the difficulty of extrapolating elderly owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band for the tax credit units in order to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. A narrative of the steps taken to arrive at this demand figure must be included and,

5. Other: Please note, DCA, in general, considers household turnover rates other than those of elderly to be an accurate determination of market demand. However, if an analyst firmly believes that demand exists which if not being captured by the above methods, he/she may use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under-built or over-built market in the base

year). Any such additional indicators should be calculated separately and be easily added or subtracted for the demand analysis described above.

4. Method

- **Demand:** The two overall demand components added together 3(a) and 3(b) above represent **demand** for the project.
- **Supply:** Comparable units constructed since the base year of projection, including all tax credit and bond financed developments (if available) funded from 1999- 2001, must be subtracted to calculate **net demand**. (DCA will provide information on all tax credit developments funded since 1999).
- **Capture Rates:** Capture rates should be calculated by dividing **the number of units in the project by the net demand**. Demand and capture rate analysis must be completed for targeted income group and each bedroom size proposed as well as for the project overall. Please include a narrative on what exactly this capture rate means for the project overall. Please include a narrative on what exactly this capture rate means for the project proposal (i.e. given the market area is this an average capture rate or is one that should cause concern?) Project feasibility will be based on market capture rates less than 30% of all the units in the project.
- **Absorption Rates:** Absorption rates should be provided in the market study, which give an estimation of the time it is expected the project will take to reach 93% occupancy. The absorption rate determination should consider such factors as the overall estimate of new household growth, the availability of subsidiaries and rent specials. (The absorption period is considered to start as soon as the first units are released for occupancy, i.e. projected placed in service date). A written statement is required if the vacancy and absorption rates for the applicable primary and secondary market areas are or are not reasonable and whether or not high vacancy rates will occur. Sufficient documentation to support this conclusion with regard to the effects on the project should be included.

Example of Method:

1) Demand and Net Demand

	HH at 30% AMI (min. income to max. income)	HH at 50% AMI (min. income to max. income)	HH at 60% AMI (min. income of max. income)	HH at > 60% AMI (min. income of max. income)
Demand from New Households (age and income appropriate)				
+				
Demand from Existing Renter Households				
+				
Demand from Existing Households Renters in Substandard Housing				
+				
Demand from Existing Households Elderly Homeowner Turnover				
=				
Total Demand				
-				
Supply of affordable housing units (directly comparable units built and/or funded in the project market over the projection period)				
=				
Net Demand				

4. Net Demand and Capture Rates

Bedroom	Total Demand	Supply	Net Demand	Units Proposed	Capture Rate
1 Bedroom					
2 Bedroom					
3 Bedroom					
4 Bedroom					

G. Supply Analysis (Comparable Rental Developments)

The supply analysis will be of significant weight in DCA's review of the market study. The analyst must visit all comparable properties. Existing multifamily units with rents similar to the proposed development should be analyzed. Subsidized low-income development must be considered, and

specifically analyzed. The analyst must supply a description and occupancy levels of all existing multifamily projects currently under development, and multifamily projects slated to begin construction within the year in the defined market study area of the proposed project. At least three (3) comparable rental properties within one mile (or, in the case of rural projects where comparables do not exist within one mile of the market area) of the subject property should be included in the market analysis. The analysis should include information on all rental developments that can be considered “true comparables” available to serve the target market. The analyst must indicate which developments in the market area s/he determines to be the most directly comparable. If there are no low-income developments, state this.

1. The following information must be included for each comparable property:

- Name, and address of the comparable property development
- Name and phone number of contact person and date contact was made
- Description of property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, structure type, etc)
- Photographs of each comparable development
- Square footage for each comparable unit type
- Monthly rents and what utilities are included in the rents for each unit type
- Project age and current physical condition based upon a cursory exterior inspection
- Concessions given, if any. Concessions should be explained and their impact given.
- Current vacancy rates, historic vacancy factors, waiting lists and turnover rates, broken down by bedroom size and structure type. In addition, indicate the lease up history of comparable developments in the proposed market area.
- Number of units receiving rental assistance, description of assistance as project or tenant based. An analysis of the voucher and certificates available in the community should be included. If voucher and certificates go unused this should be explained. If there is a waiting list, this should also be documented.
- If the proposed development represents an additional phase of an existing housing development, include a tenant profile as well as additional information related to households on a waiting list of the existing phase.
- In rural areas lacking sufficient multifamily rental comparables, provide data on three and four bedroom single-family rentals, and/or provide information on rental trailer homes and single family homes in an attempt to identify where potential tenants are currently living.

The above information should be provided in a comparative framework with the proposed project. For example, in addition to providing a page of information along with pictures of each comparable, the analyst should also provide comparative chart that show such details as the proposed project’s rents, square footage, amenities, etc as compared to the other projects.

Additionally, the analyst should provide a narrative that discusses issues such as how each complex compares with the subject property in terms of such things as total units, mix rents, occupancy, location, etc. The narrative should also state if the projected initial rents for the project are at or below the rental range for comparable projects within the primary and secondary market areas. Sufficient documentation to support this conclusion with regards to the effect of the projects rental rates should be included.

2. A map showing the comparable projects in relation to the subject must be included. The map should have an identifiable usable scale.
3. Assisted projects should be specifically identified. Assisted rental housing projects include Credit properties, USDA financed properties, Georgia Housing Trust Fund of the Homeless financed properties, and HUD 221(d)(3) and 221 (d) (4) properties and other market rate FHA insured programs.
4. If the proposed project is a family project, market area elderly projects are not competitive with family units, and therefore should not be included in the comparable analysis. Conversely, if the proposed project is elderly, market area family units should not be considered.
5. Address whether the proposed project, in light of vacancy and absorption rates of the local market area, is likely to result in a higher vacancy rate for comparable units within the market area, especially those standard well-maintained units within the market area which are reserved for occupancy by low income tenants.
6. For developments in the planning rehabilitation, or construction stages, provide the name, address/location, name of owner, number of units, unit configuration, rent structure, estimated date of market entry, and any other relevant market analysis information. If there are no developments in the planning stages or under construction, a statement to that effect must be provided.
7. The market study should include information on the availability and proximity of land in the proposed market area that is zoned or could be zoned for multifamily use.
8. Information on other LIHTC projects located in the proposed project's competitive market area must be included. The analyst should discuss the adequacy of demand for those other LIHTC projects. Also comment on any other LIHTC projects located outside of the competitive area, but located within a reasonable distance from the proposed project.
9. The analyst should note the primary housing voids in the market and comment on whether the proposed project will fill such a void or not.

H. Interviews

The results of formal and informal interviews with property managers, town planning officers or anyone with relevant information relating to the overall demand of the proposed development must be summarized in this section.

I. Conclusions and Recommendations

Market analyst must provide a conclusion that clearly states whether a proposed project should be considered to Pass or Fail. A Fail conclusion simply means that given all the factors analyzed in the market study, it is the analyst's professional opinion that there is no market for the project as proposed and the project will most likely experience chronic inability to consistently maintain at least a 93% occupancy rate. The analyst must also evaluate any market data provided by DCA, provide a detailed analysis that states whether or not the information provided is an accurate portrayal of the market, and give the reasoning for this determination. Finally, the analyst must provide a summary of all the major factors that have led to their conclusion.

J. Signed Statement Requirements

A signed statement must include the following language:

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can (cannot) support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

II. Comparison of Competing Projects

In a separate letter, the market analyst must state which of the assigned projects should be considered to be competing within the same market area. The analyst must also address whether the market area can sustain more than one tax credit proposed project or not (and if so, how many?) Additionally, the analyst should provide a brief comparison of these developments, noting whether or not one project can be said to be a more competitive proposal for the market than the other. If an assigned project is not competing with any other proposals, the analyst should make a statement to this effect.