

**STATE OF GEORGIA  
2000  
QUALIFIED ALLOCATION PLAN  
for  
LOW INCOME HOUSING TAX CREDITS  
and  
AFFORDABLE HOUSING RESOURCES**

**January 2000**



**THE GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS  
THE GEORGIA HOUSING & FINANCE AUTHORITY**

# 2000 Qualified Allocation Plan

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**State of Georgia**  
**2000 Qualified Allocation Plan**  
**for**  
**Low Income Housing Tax Credit and Affordable Housing Resources**

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Georgia's 2000 Qualified Allocation Plan (Plan) sets forth: a) a description of federal and State resources available from the Georgia Department of Community Affairs (DCA) for financing rental housing affordable by low and very low income households; b) the legislative requirements for distributing these financing resources; c) the State's requirements for the location of such housing; d) the State's preferences for the type of rental housing to be developed; e) the process of evaluating funding requests and awarding of these resources; and f) program compliance requirements and procedures. The Plan is administered by DCA through the Office of Affordable Housing (OAH).

DCA is committed to making quality affordable housing available for low-income Georgians. Accordingly, the OAH will direct Low Income Housing Tax Credit (Credit), HOME, and other State resources to those projects that best address Georgia's affordable housing needs. DCA has identified areas in Georgia for targeting affordable housing resources toward both elderly and family populations based on in-depth demographic analysis. The results of this study are discussed under Project Locational Characteristics within the Project Scoring Criteria portion (Section 18) of this Plan.

DCA will promote the development of affordable housing that meets DCA quality levels and that can be maintained for the Period of Affordability required by all program regulations. The 2000 Threshold analysis and project scoring criteria are designed to encourage such housing development.

DCA will review each project based on economic feasibility and competitiveness. Accordingly, DCA will underwrite each project that passes Threshold and may require more documentation than the minimum established criteria. In addition, project assumptions may be adjusted to reflect characteristics more representative of the project or economic environment. In all cases, DCA will apply reasonable and customary affordable housing industry standards in the review process. DCA will determine whether an application is economically feasible in its sole and absolute discretion and DCA's determinations will be final.

## **SECTION 1        FINANCING RESOURCES**

### **Low-Income Housing Tax Credit**

The annual Credit dollar amount allocated to the State of Georgia equals \$1.25 multiplied by the federal government's estimate of Georgia's population. The amount of Credit available for the 2000 funding cycle will be comprised of the State's 2000 Credit allocation, returned Credit, and any national pool Credit available to the State less any Credit forward committed. The total estimated amount of Credit available for 2000 is approximately \$6.5 million, including a federally mandated 10% set-aside for nonprofit-sponsored applications. Owners of tax-exempt bond financed developments may also be eligible for Credit in addition to the State's annual Credit ceiling.

The Credit is available annually for a 10-year period. With certain exceptions, owners may receive an annual Credit of the approximate discounted present value of 30% of the qualified basis for developments

involving acquisition, and an annual Credit of the approximate discounted present value of 70% of the qualified basis for developments involving new construction or rehabilitation.

Any individual, corporation, partnership, trust or other legal entity which owns, or intends to construct or acquire one or more eligible residential buildings for occupancy by low and very low income households as set forth in this Plan, the OAH Application Manual, and Section 42 of the Internal Revenue Code, may apply. Eligible buildings contain one or more units designed for long-term, continuous residential rental use. Buildings used as transitional housing for the homeless also may be eligible. "Scattered site" developments or any buildings used in connection with a "limited-equity" or leasing cooperative are not eligible. Furthermore, applicants must not be out of material compliance or disqualified from any program administered by DCA or under debarment, proposed debarment, or suspension by a federal agency, and must meet all requirements outlined in this Plan, the OAH Application Manual, and Section 42 of the Internal Revenue Code.

Applications will be evaluated in accordance with minimum threshold requirements, competitive selection criteria, and policies as described in the State of Georgia's 2000 Qualified Allocation Plan, including but not limited to market and financial feasibility, income and rent restrictions, site and location characteristics, proposed development characteristics, and compliance history. A positive projected net operating income, as well as a projected overall debt service coverage ratio of no less than 1.10 (excluding any deferred developer fee), is required throughout the compliance period.

#### **HOME Investment Partnerships Program (HOME) Rental Housing Program**

HOME funds are allocated to states annually by the U.S. Department of Housing and Urban Development (HUD) using a formula that takes into consideration the existence of substandard housing conditions and poverty levels within each state. The amount of HOME funds available to the OAH for State Fiscal Year (SFY) 2001 will be comprised of a part of the State's federal allocation of HOME funds and state funds appropriated as a match. The Federal Fiscal Year (FFY) 2000 HOME allocation will be available to the State on July 1, 2000, following approval of the Annual Action Plan for FFY2000 Consolidated Funds (Annual Action Plan). Approximately \$13.4 million will be available for HOME loans.

Private or nonprofit owners of newly constructed or rehabilitated rental housing for occupancy by low and very low income households as set forth in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92), may apply. Furthermore, applicants must not be out of material compliance or disqualified from any program administered by the Department of Community Affairs or under debarment, proposed debarment, or suspension by a federal agency, and must meet all requirements outlined in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92).

Eligible activities are the construction financing and/or permanent financing for the costs of constructing or rehabilitating rental housing as defined in this Plan. Rental dwelling units financed through the program must be affordable by low-to-moderate-income households as defined this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92). "Scattered site" developments or any buildings used in connection with a "limited-equity" or leasing cooperative are not eligible.

Construction loans will be made in an amount sufficient to cover hard construction costs only, but not to exceed the lesser of 90% of unrestricted appraised market value or \$2,000,000. The minimum loan amount is \$100,000. There will be no interest charged on construction loans. Construction loan terms will be set depending upon the projected construction and lease-up schedule.

Permanent loans will be made in order to retire DCA or non-DCA originated construction loans. The maximum loan amount will be the amount of construction financing being retired, but not to exceed the lesser of 90% of unrestricted appraised market value or \$2,000,000. The minimum loan amount is \$100,000. The interest rate on the permanent loan will be no less than 1%. Loan terms and repayment schedules will vary depending upon projected economics of the development, but the following should serve as basic guidelines:

- In general, permanent loans will be fully amortizing, with a maturity and amortization period ranging from 15 to 30 years. However, DCA reserves the right, in its sole and absolute discretion, to adjust the term according to its own underwriting projections and all applicable policies and procedures.
- Non-amortizing loans may be made in certain areas of the State where local economic and market conditions may necessitate them. These areas are outlined in this Plan. In such cases, the term will be set by DCA, with monthly principal and interest payments determined by DCA's underwriting projections, and the outstanding balloon payment will be due at maturity.
- In no case will an amortizing or non-amortizing loan be structured, underwritten, or approved where the overall debt coverage ratio (not including the deferred developer fee) is below 1.10 in any given year during the loan term and/or compliance period. Also, the overall debt coverage ratio (not including the deferred developer fee) may not exceed 1.30 in the first projected year of stabilized operation.
- In the case of a non-amortizing loan, DCA will require a projection from the appraiser of the future market value of the property at the maturity of the HOME loan. This will be used by DCA to determine the likelihood of retirement of the outstanding balance by refinance or resale of the property. The future market value of the property must be greater than the projected outstanding loan balance at maturity in order for the loan to be considered financially feasible. Also, the outstanding loan balance must be less than the initial loan amount at maturity for the loan to be considered financially feasible (i.e., no "negative amortization" allowed).
- For all permanent non-amortizing loans, one-half of the after-debt-service cash flow will be deposited into an interest-bearing account approved and jointly controlled by DCA, which will be used for principal reduction or capital improvements. These funds must remain in the account until the loan is repaid.
- Other regulations will apply as outlined in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92).

Applications will be evaluated in accordance with minimum threshold requirements, competitive selection criteria, and policies as described in this Plan, including but not limited to market and financial feasibility, income and rent restrictions, site and location characteristics, proposed development characteristics, and compliance history. A projected positive net operating income, as well as a projected overall debt coverage ratio of no less than 1.10 (excluding any deferred developer fee), is required throughout the greater of the loan term or the compliance period.

Only those applications that meet threshold requirements, are economically feasible in the proposed market area, and are ranked among the highest scored applications will be considered further for financing. Notification of ranking does not guarantee approval of a loan. Loan commitments will only be made upon the endorsement of a loan application by DCA in its sole and absolute discretion.

Written agreements shall be entered into between DCA and the borrower. The Commissioner of DCA or his designee will execute these agreements on DCA's behalf. All construction loan proceeds will be disbursed on a draw basis during the construction period. The construction loan documents will describe the policies and procedures for obtaining a construction loan draw. All permanent loan proceeds will be

paid in lump sum for the purpose of retiring the construction loan, except in the case of a construction/permanent loan, in which case the construction loan will simply “convert” to a permanent loan upon the satisfaction of certain conditions.

### **HOME Community Housing Development Organization (CHDO) Loan Program**

The purpose of this program is the production of affordable multifamily rental housing through the allocation of federal HOME block grant funds in the form of loans to nonprofit organizations that have been State-certified as Community-Based Housing Development Organizations (CHDOs), as defined in the HOME Investment Partnerships Program Final Rule (24 CFR Part 92), which act as sole or joint owners of newly constructed or rehabilitated rental housing for occupancy by low and very low income households as set forth in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92). Approximately \$3,000,000 will be available for HOME CHDO loans.

Applicants must not be out of material compliance or disqualified from any program administered by the Department of Community Affairs or under debarment, proposed debarment, or suspension by a federal agency, and must meet all requirements outlined in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92).

Eligible activities are construction financing and/or permanent financing for the costs of constructing or rehabilitating rental housing as defined in this Plan. Rental dwelling units financed through the program must be affordable by low-to-moderate-income households as defined in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92). “Scattered site” developments or any buildings used in connection with a “limited-equity” or leasing cooperative are not eligible.

Developments sponsored by CHDOs with no real estate development experience must have no more than 40 units. Developments sponsored by CHDOs with experience developing fewer than four projects must be no larger than 50% greater than the largest-sized previous development. A CHDO that partners with an experienced for-profit owner/developer as defined in the Plan is not subject to these size restrictions. Other experience requirements are outlined in the Plan.

Construction loans will be made in an amount sufficient to cover hard construction costs only, but not to exceed the lesser of 90% of unrestricted appraised market value or \$2,000,000. The minimum loan amount is \$100,000. There will be no interest charged on construction loans. Construction loan terms will be set depending upon the projected construction and lease-up schedule.

Permanent loans will be made in order to retire DCA or non-DCA originated construction loans. The maximum loan amount will be the amount of construction financing being retired, but not to exceed the lesser of 90% of unrestricted appraised market value or \$2,000,000. The minimum loan amount is \$100,000. The interest rate on the permanent loan will be no less than 1%. Loan terms and repayment schedules will vary depending upon projected economics of the development. The basic guidelines as described above for the HOME Rental Housing Program pertain to the CHDO Loan Program as well.

Applications will be evaluated in accordance with minimum threshold requirements, competitive selection criteria, and policies as described this Plan, including but not limited to market and financial feasibility, income and rent restrictions, site and location characteristics, proposed development characteristics, and compliance history. A projected positive net operating income, as well as a projected

overall debt service coverage ratio of no less than 1.10 (not including any deferred developer fee), is required throughout the greater of the loan term or the compliance period.

Only those applications that meet threshold requirements, are economically feasible in the proposed market area, and are ranked among the highest scored applications will be considered further for financing. Notification of ranking does not guarantee approval of a loan. Loan commitments will only be made upon the endorsement of a loan application by DCA in its sole and absolute discretion.

Written agreements shall be entered into between DCA and the borrower. The Commissioner of DCA or his designee will execute these agreements on the DCA's behalf. All construction loan proceeds will be disbursed on a draw basis during the construction period. The construction loan documents will describe the policies and procedures for obtaining a construction loan draw. All permanent loan proceeds will be paid in lump sum for the purpose of retiring the construction loan, except in the case of a construction/permanent loan, in which case the construction loan will simply "convert" to a permanent loan upon the satisfaction of certain conditions.

### **HOME CHDO Predevelopment Loan**

The purpose of this program is to assist qualified nonprofit organizations in the preparation of complete and comprehensive development financing applications in order to maximize the use of CHDO set-aside funds under the HOME Program. Funding is available to nonprofits which have been qualified by DCA as having met the HUD requirements for designation as CHDO, and which plan to become the owners (sole owner or co-owner with another nonprofit organization) of newly constructed or rehabilitated rental housing for occupancy by low and very low income households as set forth in this Plan, the OAH Application Manual, and the HOME Investment Partnerships Program Final Rule (24 CFR Part 92). Approximately \$150,000 is available for this activity.

Applicants must not be out of material compliance or disqualified from any program administered by the OAH or under debarment, proposed debarment, or suspension by a federal agency, and must meet all requirements outlined in the Plan, the OAH Application Manual, and the HOME Investments Partnerships Program Final Rule (24 CFR Part 92).

Eligible funding activities are the financing for the predevelopment costs associated with a CHDO Loan Program-eligible project, incurred up to the closing of the CHDO Loan Program funding (construction and permanent debt financing), as listed in the Sources and Uses Form in the Application. These costs include, but are not limited to, market study, title search, environmental review and costs which are incurred before applying for CHDO Loan Program funds, and appraisal costs which are incurred after being approved for CHDO Loan Program funds.

Projects developed by CHDOs with no development experience must be 40 or fewer units in size. Projects developed by CHDOs with experience in developing fewer than four projects must be no larger than 50% over the previously largest size project developed. Other experience requirements are outlined in this Plan.

The CHDO predevelopment process typically takes six to nine months to fund and produce sufficient documentation to apply for CHDO Loan Program funding. Therefore projects funded in SFY 2001 cannot apply for CHDO Loan Program funding until the SFY 2002 round at the earliest.

Loans will be interest-free, with a maximum term of 24 months. The maximum loan amount is \$45,000. If the subsequent CHDO Loan Program development financing application is approved, the predevelopment

loan will be repaid with the proceeds from the project's construction financing. If the proposed development is determined by DCA to be infeasible or if DCA finds that there are impediments to the project development that are reasonable beyond the control of the CHDO, then the loan repayment will be forgiven. Predevelopment Loans will be unsecured.

Applications must be submitted in the form prescribed by the OAH in the CHDO Predevelopment Loan Program Application. **Complete applications for CHDO Predevelopment Loans will be accepted on a first-come, first-served basis, and must be delivered to DCA before 5:00 PM, June 30, 2000.**

Applications will be evaluated in accordance with the threshold requirements as described in the competitive selection process as described in this Plan, including but not limited to market and financial feasibility, income and rent restrictions, and site and location characteristics.

Written agreements shall be entered into between DCA and the borrower. The CHDO Predevelopment Loan program functions on a pre-approval basis. CHDOs that want to undertake a step in the predevelopment process, e.g., obtain a soils report, must first obtain the OAH's pre-approval. Funding disbursement is subject to the approval of the product by the OAH and the CHDO.

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

In 1989, the General Assembly created the State Housing Trust Fund for the Homeless (HTF) to finance homeless assistance and homeless prevention programs. The OAH administers the Affordable Supportive Housing Program (ASHP) on behalf of the HTF. The approximate amount of ASHP funding and a full program description will be set forth in a separate Notice of Funding Availability. Interested individuals should contact the Nonprofit and Special Programs Manager for further information.

## **SECTION 2        LEGISLATIVE REQUIREMENTS**

### **Low Income Housing Tax Credit Program**

The Official Code of Georgia Annotated Title 50-26-8(a)32 gives the Georgia Housing and Finance Authority (GHFA) certain powers and authority. As the agency managing the affairs of GHFA, DCA is authorized to:

“... allocate and issue low-income housing credit under Section 42 of the Internal Revenue Code of 1986, as amended, and to take all other actions and impose all other conditions which are required by federal law or which in the opinion of the agency are necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the low-income housing credit program. Such conditions may include barring applicants from participation in the tax credit program due to abuses of the tax credit program and imposing more stringent conditions for receipt of the credit than are required by Section 42 of the Internal Revenue Code...”

Section 42 of the Internal Revenue Code (IRC) mandates that each state adopt an annual plan for Credit allocation. A draft version of the plan is made available for public comment and the final version is approved by the Governor. The plan applies to (1) projects awarded Credit from the states' annual allocation, and (2) projects financed by tax-exempt bonds and awarded Credit outside of the annual Credit allocation. IRC Section 42(m)(1) requires that each state:



- A. Set forth the project selection criteria appropriate to local conditions;
- B. Give preference in allocating Credit to projects that
  - 1. serve the lowest income tenants
  - 2. obligate to serve qualified tenants for the longest time periods;
- C. Establish procedures to monitor projects receiving Credit for compliance with program provisions, and to notify the Internal Revenue Service of any noncompliance issues; and,
- D. Consider the following in allocating Credit
  - 1. project location
  - 2. housing needs characteristics
  - 3. project characteristics
  - 4. applicant characteristics
  - 5. participation of local tax-exempt organizations
  - 6. tenant populations with special housing needs; and
  - 7. public housing waiting lists.

### **HOME Investment Partnerships Program**

The HOME Investment Partnerships Program regulations (24 CFR Part 92) require that each Participating Jurisdiction (PJ) distribute its HOME resources in accordance with the priorities and objectives outlined in its most current approved Annual Action Plan prepared in accordance with established HUD regulations (24 CFR Part 91). The State's Annual Action Plan for FFY2000 Consolidated Funds identifies the proposed distribution method, geographic allocation, and guidelines for meeting other federal requirements for all HOME funded programs of the State. The Annual Action Plan incorporates the Qualified Allocation Plan as the established policy and procedures for the State's review and evaluation of applications to DCA for its HOME Rental Housing Loan, HOME CHDO Loan, and HOME CHDO Predevelopment Loan programs.

### **HTF Supportive Housing Program**

In 1989, the General Assembly created the HTF. The ASHP is administered by the OAH on behalf of HTF, and provides financial assistance to nonprofit developers of permanent housing for special needs households. The assistance is usually in the form of long term loans. These loans have requirements related to the continued affordability of the rents and the provision of adequate supportive social services for the residents.

## **SECTION 3            AFFORDABLE RENTAL HOUSING NEEDS**

The State's Annual Action Plan identifies the housing needs of low and moderate income Georgians. Issues of cost burden, overcrowding, and substandard housing affect many households with incomes less than 60% of Area Median Income (AMI). In addition to this general population of low income households, HUD and the State consider certain other subpopulations as "Special Needs" households, including: the homeless, elderly households (EH), persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, and persons living with HIV/AIDS. The State has also added migrant farm workers to this definition of Special Needs households. Applicants are referred to the State's Annual Action Plan for complete information regarding Georgia's housing need. For purposes of the competitive selection process, EH projects will be considered separately from the Special Needs projects.

## **SECTION 4        AFFORDABLE RENTAL HOUSING OBJECTIVES**

The traditional approaches communities and states have used to encourage growth and development have often led to a number of undesirable consequences, including urban sprawl, decline of older neighborhoods, and degradation of critical natural resources. The traditional approaches to community development are being rewritten with new 'smart growth' concepts that focus on maintenance of quality of life, management of the impact of growth, protection of the environment and a return to the more traditional, less automobile-dependent, development patterns. The 2000 Plan points scoring system is designed to reflect these concepts. Site Review scoring categories addressing terrain, floodplain/wetland protection, and neighborhood characteristics and services have been included to encourage resource protection, land conservation, open space planning techniques and smart growth principles. Project Characteristics scoring categories of energy efficiency project design and site design encourage sustainable building techniques and protection of existing resources.

The State's Annual Action Plan establishes priorities and objectives to improve affordable housing and community development opportunities across Georgia. A major State priority established in the Annual Action Plan is to increase the number of Georgia's low and moderate income households who have obtained affordable, rental housing that is free of overcrowded and structurally substandard conditions. The mandate of the OAH is to encourage the development of quality rental housing to fulfill this priority need. To achieve this mandate, DCA makes federal and State resources available to applicants that support either of the following purposes:

- Provide quality affordable rental housing, designed to last at least through the Period of Affordability in those areas of Georgia having the greatest need.
- Make available quality affordable rental housing that incorporates supportive programs for Special Needs households, including the homeless, elderly households, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, persons with HIV/AIDS, and migrant farm workers.

Within these broad priorities, DCA will rank all projects that meet Threshold requirements based on the following competitive scoring criteria:

- Project Locational Characteristics
- Tenancy Characteristics
- Special Needs Characteristics
- Local Government Support and Financing Assistance
- Project Characteristics
- Project Readiness to Proceed, and
- Compliance Status

## **SECTION 5        NONPROFIT PROJECT OWNERSHIP SET-ASIDE**

Ten percent of the State's Credit is set aside for financing affordable rental housing owned, in part, by qualified Nonprofit organizations that materially participate in the project (within the meaning of Section 469(h) of the Internal Revenue Code) and meet all requirements set forth in IRC Section 42(h)(5). Nonprofits submitting Applications scoring high enough to be funded in the regular competition will not be funded from the nonprofit set-aside.

## **SECTION 6 HOME SET-ASIDES**

Fifteen percent (15%) of the State's FFY2000 HOME allocation will be set aside for projects owned by Nonprofits which have been prequalified by DCA as CHDOs. CHDO's submitting Applications scoring high enough to be funded in the regular competition will not be funded from the CHDO set-aside.

## **SECTION 7 OAH PROJECT FUNDING AVAILABILITY AND RESTRICTIONS**

### **Maximum Credit Award\***

No project will be awarded more than Seven Hundred Twenty Five Thousand and No/100 Dollars (\$725,000) of Georgia's annual Credit authority.

Applicants will be limited to ownership interest in a maximum of three projects, of which the total Credit from the 2000 competitive funding round cannot exceed \$1,450,000. Note that there is an exception to this limitation discussed in the next paragraph. This limitation applies to ownership interests of all proposed project participants, except syndicators. Any Application proposing ownership interest by a participant having proposed ownership interests in three other projects that score higher will be deemed ineligible for funding. And, Applications proposing ownership interest by a participant having proposed ownership interests in other projects scoring higher will be deemed ineligible if the additional Credit, combined with the other projects scoring higher, exceeds the \$1,450,000 limitation.

The one exception to the three-project/\$1,450,000 limit is an Application in which a for-profit developer partners with an inexperienced Nonprofit developer. If the Nonprofit developer does not meet the owner/developer experience requirement (Section 17, Application Threshold Requirements), it can partner through a contractual agreement with a for-profit developer that does meet the experience requirement. For such Nonprofit/for-profit arrangements, none of the Credit associated with the project will count toward the for-profit's three-project/\$1,450,000 limit.

### **Maximum HOME Award**

The maximum DCA HOME loan will be \$2,000,000 per project. Also, applicants will be limited to ownership interest in a maximum of three projects, of which the total HOME funding cannot exceed 30% of the annual HOME loan authority stated in the NOFA. This limitation applies to ownership interests of all proposed Project Participants, except syndicators. Any Application proposing ownership interest by a Participant having proposed ownership interests in three other projects that score higher will be deemed ineligible for HOME funding. Applications proposing ownership interest by a participant having proposed ownership interests in other projects scoring higher will be deemed ineligible if the additional HOME funding, (combined with the other projects scoring higher) exceeds 30% of the annual HOME loan authority.

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

Owners of projects receiving Credit for the rehabilitation of an existing property must perform 100% of the rehabilitation work scope in accordance with the original Physical Needs Assessment submitted with the Application. Owners of properties receiving Credit for new construction must perform 100% of the work scope as set forth in the DCA approved construction drawings and specifications. DCA will inspect projects requesting IRS Form(s) 8609 to ensure that all work has been completed prior to issuing Form(s)

8609. If a lesser percentage is completed, DCA reserves the right to recapture all Credit allocated. At its sole and absolute discretion, DCA may approve requested modifications to the proposed work scope.

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\*Not applicable to Tax Exempt Bond financed projects.

#### **Credit Recapture: Failure to Commence Construction/Rehabilitation\***

Owners of projects receiving Credit for new construction or rehabilitation in the 2000 round must commence construction or rehabilitation in accordance with their respective schedule, but in any event, no later than December 31, 2001. Failure to commence construction as scheduled will cause an automatic recapture of the Credit. DCA will closely monitor construction start dates. To certify the commencement of construction and/or rehabilitation, the project owner will be required to provide DCA with copies of project building permits, construction drawings, specifications, project construction schedule, schedule of values, and a copy of the Project Owner's Notice to Proceed to the project's general contractor. In reviewing the commencement and completion schedules, DCA, in its sole and absolute discretion, reserves the right to grant waivers on written requests.

#### **Credit Recapture: Failure to Commence work on 1998 Credit Allocations**

Any property which received Credit in 1998, and is applying for additional Credit in 2000 for the same 1998 project, must have completed (as of the 2000 Application submission deadline) at least 50% of that 1998 project work scope as defined in the construction documentation submitted in the 1998 Application. The construction documentation shall include drawings, specifications, written work scope, and physical needs assessments as applicable for new construction or rehabilitation projects.

#### **Credit Recapture: Failure to Pay Compliance Monitoring Fee**

All Compliance Monitoring Fees must be paid before final Credit allocation (IRS Form 8609) will be issued.

#### **Disqualification: Continuing Non-Compliance**

Principals of projects awarded Credit in previous award cycles must remain materially in compliance with Credit and HOME Program requirements (if applicable) to remain eligible to compete for future Credit awards or HOME loans. Material noncompliance status exists when, in the judgment of DCA, an applicant exhibits a continual pattern of noncompliance or when an applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner. DCA will have sole and absolute discretion to determine those parties ineligible to participate in the 2000 OAH funding competition due to noncompliance status.

#### **Disqualification: Failure to Use Previously Awarded Credit**

An applicant, including principals or officers of the ownership entity, awarded or allocated Credit in a previous year, which went unused for reasons other than for acts of God or the exercise of the power of eminent domain by a governmental body, will be ineligible to apply for Credit for a period of one year. An owner will be permanently barred from reapplying for Credit for the specific project for which Credit went unused and Carryover Allocation was allowed to expire. In its sole and absolute discretion, DCA may allow an Applicant who returned Credit allocated in a previous year to apply for Credit on the

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\* Not applicable to Tax Exempt Bond financed projects.

condition that if the Application is approved, the owner will pay a reservation fee equal to 17% of the annual allocation amount.

## **SECTION 8        TAX-EXEMPT FINANCED PROJECTS/4% CREDIT**

To be eligible for an allocation of 4% Credit, tax-exempt bond financed projects must satisfy the Threshold requirements set forth in this Plan. In addition, tax-exempt bond financed projects must comply with the requirements contained in the Section 7 (OAH Funding Restrictions) of this Plan, except as noted.

IRC Section 42 states that the tax-exempt bond issuer is directly responsible for determining whether or not the project meets the Plan requirements. In cases where the issuer requests assistance in making this determination, DCA will issue its opinion as to the project's 4% Credit eligibility. The project must comply with the Plan in effect at the time that the tax-exempt obligations are issued. In any case, no IRS Form(s) 8609 will be issued until DCA makes its own determination of eligibility. If owners apply for DCA's opinion, they must do so before bond closing. 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 \$500 opinion letter fee. DCA will provide its opinion within 45 days of the receipt of a complete Application. After being placed in service, tax-exempt bond financed projects must apply for IRS Form(s) 8609 by completing a Final Allocation Application. The amount of Bond/4% Credit IRS Form 8609 Fee will be calculated as 2% of the annual credit amount and will be payable at the time of issuance of IRS Form 8609.

DCA's Application review will include a physical inspection of the property to ensure the quality of construction, and a compliance review to ensure adherence to state and federal requirements relating to the Credit.

DCA will make the final determination of the Credit amount. DCA will not issue a favorable opinion or 8609's when an applicant exhibits a continual pattern of noncompliance, or when the applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner.

## **SECTION 9        DCA POLICY GUIDE**

The DCA Policy Guide is attached and included by reference in this Plan. This Policy Guide contains certain basic policies that must be adhered to by all applicants. Generally, a proposed project must:

- Meet housing and community development needs set forth in Section 3 of the Plan and be supported by market demand as determined by DCA;
- Meet DCA feasibility and viability standards;
- Meet DCA site and construction quality standards;
- Demonstrate readiness to proceed to loan closing and commencement of construction (with funds available to cover project costs during construction) and lease-up;
- Evidence lack of local government opposition, consistency with local development plans, and proper zoning and infrastructure;
- Identify sources of funds to pay for any amenities or services proposed; and,
- Consist of an ownership, development, and management team without a history of significant noncompliance problems.

In awarding Credit, HOME loans, and HTF loans, DCA will, in its sole and absolute discretion, take the necessary measures to ensure that no geographic area of the State receives an undue share of the projects in any Application round.

## **SECTION 10      2000 APPLICATION SUBMISSION DEADLINE**

DCA will conduct one Application cycle for OAH funds during 2000. There will be no Pre-Application process in the 2000 funding cycle. The Application must be delivered by the deadline to:

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

The use of a third party or common carrier to deliver the Application does not relieve the applicant of its responsibility for meeting the deadline. Consequently, there will be no exceptions to this deadline. In addition, no assemblage, packaging, or other form of Application preparation will be permitted at any time on DCA premises.

The Application is due at DCA by **5:00 p.m. on April 28, 2000**. A complete Application must include one original and two copies. Additionally, applicants must pay a fee which includes the cost of a market study to be commissioned by DCA. Applicants must pay this fee at the time of Application submission (see Section 14 for additional information). The resulting market study is the sole property of DCA. However, after the competitive round is complete and reservations have been announced, each applicant will be entitled to receive one copy of their respective project's market study, upon written request to DCA. Applicants must submit complete Applications according to the directions and format prescribed in the 2000 OAH Application Manual (Manual).

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

Applicants will not be allowed to make any changes to the Application after submission to DCA without a written request and prior written approval from DCA. This provision applies to any changes proposed after Application submission, and if an award is made, throughout the project's Compliance Period. Applicants' written requests must clearly establish the importance of the change, and why it is necessary to ensure the project's long-term financial feasibility and economic viability. DCA will determine, in its sole and absolute discretion, whether or not a requested change will be authorized. The prohibition against changing any part of the Application without the prior written approval of DCA includes transfers of direct or indirect general partner's or developer's interest. Failure to abide by this provision will adversely affect the applicant's eligibility to receive future OAH funding.

## **SECTION 12      CONFORMANCE WITH APPLICATION INSTRUCTIONS**

Applications must conform with all of the instructions set forth in the Manual. **No additional documentation will be accepted after the Application deadline.**

## **SECTION 13      MAXIMUM NUMBER OF APPLICATIONS**

Applicants will be permitted to submit a maximum of five Applications for Credit and/or other OAH resources from the 2000 competitive funding round. This limitation applies to ownership interests of all proposed project participants, except syndicators. Ownership interests of all participants proposed in the applications will be reviewed, and any application proposing ownership interest by a participant having proposed ownership interests in five applications with lower project numbers, will be deemed ineligible and will not be evaluated. DCA will assign sequential Project numbers to all Applications in the order they are received, and prior to any form of Application review.

#### **SECTION 14      2000 APPLICATION PROCESSING FEES**

The Application processing fees indicated on pages 10 and 11 will be charged based on the legal status of the applicants. All fees must be paid by check or money order made payable to the Georgia Department of Community Affairs.

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**FEE SCHEDULE**  
**For-Profit and For-Profit/Nonprofit Joint Ventures**

	<b>Fees</b>	<b>Due Date</b>
2000 Tax Credit Application Fee	\$6,000	4/28/00
2000 HOME Application Fee	\$500	4/28/00
2000 ASHP Application Fee	\$500	4/28/00
Waiver Review Fee (per unit cost limitation)	\$100 – Special Needs \$500 - Others	By 3/15/00
Credit Reservation Fee	7% of annual allocation	At time reservation sent in
Credit Compliance Monitoring Fee	\$600 per low income unit	Prior to issuance of 8609
Credit Compliance Monitoring Fee for USDA projects or URFA issued bond issues	\$150 per low income unit	Prior to issuance of 8609
Bond/4% Credit Eligibility Opinion Letter	\$500	At time of submission of Application
Bond/4% Credit IRS Form 8609 Fee	2% of Annual Credit Amount	Prior to issuance of IRS Form 8609
Bond/4% Compliance Monitoring Fee	\$600 per low income unit	Prior to issuance of IRS Form 8609
Probationary Participation Application Fee	\$1,000	At time Probationary Application is submitted
Probationary Participation Compliance Fee	\$2,500	At time reservation is sent in



**FEE SCHEDULE**  
**Nonprofit Sole General Partner**

	<b>Fees</b>	<b>Due Date</b>
2000 Tax Credit Application Fee	\$5,000	4/28/00
2000 HOME Application Fee	\$250	4/28/00
2000 ASHP Application Fee	\$250	4/28/00
Waiver Review Fee (per unit cost limitation)	\$50 – Special Needs \$500 - Others	By 3/15/00
Credit Reservation Fee	7% of annual allocation	At time of reservation or when credit are syndicated
Credit Compliance Monitoring Fee	\$600 per low income unit	Prior to issuance of 8609
Credit Compliance Monitoring Fee for USDA projects or URFA issued bond issues	\$150 per low income unit	Prior to issuance of 8609
Bond/4% Credit Eligibility Opinion Letter	\$500	At time of submission of Application
Bond/4% Credit IRS Form 8609 Fee	2% of Annual Credit Amount	Prior to issuance of IRS Form 8609
Bond/4% Compliance Monitoring Fee	\$600 per low income unit	Prior to issuance of IRS Form 8609
Probationary Participation Application Fee	\$1,000	At time Probationary Application is submitted
Probationary Participation Compliance Fee	\$2,500	At time reservation is sent in

## **SECTION 15            EVALUATION OF APPLICATIONS**

### **I. Completeness Review**

The 2000 OAH funding will be made available to projects through a competitive selection process. Applications received by DCA will be reviewed for completeness, as set forth in the Manual, including:

- Organization of the Application;
- Inclusion of all required Application forms; and
- Submission of all required supporting documents.

All complete Applications will be reviewed to determine if the project meets the mandatory Threshold requirements.

Generally, modification of the content of any Threshold or Scoring Criteria documentation will not be allowed after the Application submission deadline. However, those applicants failing to meet Threshold requirements will be notified in writing of the specific requirement(s) that the Application did not meet. If an applicant believes the Threshold requirement(s) was met, the Applicant must respond in writing within 15 business days from the date of the DCA notification letter. The response must provide a clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect. DCA will review the response and if DCA decides that the initial determination was incorrect, the Application will be scored against the Project Selection Criteria.

Additionally, DCA may allow owners to correct deficiencies in the Application if DCA does not approve a sufficient number of Applications to use all the credit authority available in an application cycle and it receives Applications that are acceptable except for minor deficiencies that the applicant can address within a reasonable amount of time (generally not to exceed 10 business days).

### **II. Project Selection Process**

Only complete Applications that meet the Threshold requirements will be scored against the Project Selection Criteria set forth below. Scored Applications will be ranked in descending order by total point score. DCA will provide written notification to each applicant of the results of DCA's review.

## **SECTION 16            DETERMINATIONS FINAL**

Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the system shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

## **SECTION 17            APPLICATION THRESHOLD REQUIREMENTS**

To be considered for OAH financing, applications must meet the following Threshold requirements:

### **17.1            Project Feasibility, Viability Analysis, and Conformance with DCA Policy Guide**

In analyzing project economic forecasts, applicants must use DCA's project economic pro forma assumptions and abide by DCA Policy Guide. These economic pro forma assumptions are set forth in the Manual and the attached Policy Guide.

The proposed project must achieve a blended debt service coverage ratio of no less than 1.10 during the 15-year initial Credit Compliance Period, the full term of the HOME Loan, the HTF loan, or the Period of Affordability whichever is longer. The annual income, vacancy rate, operating cost, and replacement reserve forecasting assumptions set forth in the Manual and/or the Policy Guide must be applied in determining the debt service coverage ratio. The outstanding balance on balloon loans at loan maturity must not exceed the original loan balance, and the projected appraised value of the subject property at maturity must exceed the outstanding loan balance.

With the exception of Special Needs or 100% EH projects, balloon loans will be considered for projects located only in counties with area median incomes that are equal to or below non-metro average incomes. The map on page 18 depicts these counties. Applications proposing balloon loans will be considered for Special Needs or 100% EH projects that are eligible for points under the Special Needs or EH section of the detailed Project Scoring Criteria.

Applications will be reviewed to confirm project financial feasibility and economic viability. As part of this process, the type of construction and associated hard construction costs will be examined. For example, a rehabilitation work scope will be compared to the cost of new construction for the same project, the Compliance Period of the project, and the unrestricted appraised value of the completed project.

Applications will not be funded if the rehabilitation of a substandard property, in the opinion of DCA, will not result in improved, safe and decent long-term housing, or if new construction would be more appropriate. A similar review of project financial feasibility and economic viability will be conducted for all Applications proposing new construction to ensure that each project's construction hard costs will produce high quality housing for the targeted tenant market.

The review standards for both rehabilitation and new construction projects are as follows:

- The expected life of the completed property must exceed by five years the greater of the 15-year initial Credit Compliance Period, the full term of the HOME/HTF Loan, or the Period of Affordability, which ever is longer; and
- All construction must meet the requirements set forth in the Manual. Rehabilitation projects will be considered for funding only if the average per unit rehabilitation hard costs equal or exceed \$10,000. In addition, the total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property. The appraisal will be commissioned by DCA and will be based on market rents. Note that the cost of the appraisal will be paid by the applicant.

Map

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

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

## 17.3 Mandatory Maximum Rents for Projects Located in the Atlanta MSA \*

For low-income units included in a Credit project in the Atlanta MSA, the maximum gross rents may not exceed 30% of 54% of the effective AMI tables for the duration of the Credit Compliance Period. Applicants should assume 1.5 persons per bedroom. Applicants will be required to execute restrictive covenants to this effect.

In the event an applicant seeks both HOME funds and Credit, 40% of the units must be income and rent-restricted to 50% of AMI, and the remaining units must be income restricted to 60% of AMI, or rent-restricted to 54% of AMI, if in the Atlanta MSA. Applicants should assume 1.5 persons per bedroom.

## 17.4 Unit Cost Limitations

Per unit costs must not exceed the following:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$53,000
1 Bedroom	\$61,000
2 Bedroom	\$74,000
3 Bedroom	\$92,500
4 Bedroom +	\$98,500

Applicants may request cost limit Waivers if they believe extenuating circumstances exist that justify such a Waiver. However, the decision to grant such a waiver is solely DCA's, and DCA's decision will be final.

Waiver requests must be submitted to DCA as early as possible, but no later than March 15, 2000, and must be accompanied by the appropriate Waiver Review Fee. DCA will respond to Waiver requests within 10 business days of receipt. When requesting a Waiver, applicants must use the Per Unit Cost Waiver Form provided by DCA. An approved Waiver must be included in the Application as evidence of DCA's approval of higher cost limits.

## 17.5 Site Control

Site control must be in the form of (1) a Warranty Deed or a legally binding contract to purchase the proposed project site in the name of the ownership entity, or (2) a binding long-term ground lease or an option for a binding long-term ground lease, with a minimum term of forty-five (45) years. Contracts must be executed prior to Application deadline and provide legal control of the site to the proposed ownership entity at least through September 29, 2000. In the event the contract provides the

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\* Not applicable to Tax Exempt Bond financed projects.  
January 2000

ownership entity with the ability to renew the contract for specific periods of time, the ownership entity must include in the Application verifiable documentation which demonstrates that the ownership entity met the time period extensions through September 29, 2000. A copy of a recorded Warranty Deed or a fully executed original contract must be submitted with the Application. Contracts must meet the specifications set forth in the Manual.

## **17.6 Environmental Requirements**

### **A. Environmental Study**

A Phase 1 Environmental Study prepared in accordance with the Environmental Review Guide contained in the Manual must be included in the Application. This Environmental Study should fully address all recommendations of the Consulting Environmental Engineer, and all such recommendations, including Phase II Environmental Studies or any additional testing, must be completed at the time of the Application. The Phase 1 Environmental Study must have been conducted within six (6) months of the Application submission date. If an Environmental Study was completed prior to this six-month period, a copy of this Study must be included with the application along with an updated Study.

The updated Study must meet all requirements set forth in the Environmental Review Guide located in the Manual, in addition, to (1) details of the new reconnaissance with updated photos; (2) an update of all regulatory reviews including federal and State lists; (3) all original material and updates; and (4) a professional opinion, provided by the engineer completing the update, addressing any changed conditions to the site.

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

The owner of record of the proposed development site must complete a Site Owner's Environmental Questionnaire (Questionnaire) and the applicant must include the completed original Questionnaire in the Application. The Questionnaire must be signed and notarized in the spaces provided no earlier than 30 days prior to the Application submission deadline.

## **17.7 Site Zoning**

Zoning must be in place on or before the Application submission deadline. Zoning of the development site must conform to the site development plan and must be confirmed, in writing, by the authorized Local Government Official. An original letter from the authorized Local Government Official must be included in the Application. The letter must include the zoning and land use classification of the property along with a clear explanation of the requirements of these zoning and land use classifications. If the governmental jurisdiction does not have or enforce a zoning ordinance, the Applicant must include either a site development permit, or a site development plan accompanied by an adopted resolution of the local governing body which states that the local governing body approves the site development plan.

The Applicant must provide documentation that demonstrates that the site layout conforms to any moratoriums, density, setbacks, or other imposed requirements of the local government. It is the responsibility of the applicant to ensure that all issues and questions surrounding the zoning and land use classification of a proposed site are clearly defined prior to the time of Application. Any unclear or unresolved issues of zoning and land use could result in rejection of the Application by DCA.

## **17.8 Operating Utilities**

Required project operating utilities (gas and electric service), as applicable, must be available to the proposed development site as of the Application submission date. The appropriate utility company must confirm in writing the availability and capacity of operating utilities at the proposed development site. The original letters bearing original signatures from the appropriate utility companies must be included in the Application. Any charges for the off-site extension of utility services are not eligible for funding as project costs under OAH programs. Operating utilities cannot be contingent on annexation of the property, improvement of infrastructure or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application.

## **17.9 Public Water/ Sanitary Sewer/Storm Sewer**

Public water and sewer service must be available at the proposed development site as of the Application submission date. The availability and capacity of public water and sewer service to the site must be documented by letter(s) from the local public water and sewer authorities. The original letters from the appropriate public water and sewer authorities must be included in the Application. Any charges for the extension of off-site services are not eligible for funding as project costs under OAH programs. Public water and/or sewer systems cannot be contingent on annexation of the property, improvement of infrastructure or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application.

## **17.10 Market Feasibility\***

DCA will commission a market study for each Application, prepared in accordance with DCA policies. The resulting study must conclude that the proposed project is, in fact, feasible considering targeted tenancy and associated rent level requirements. An applicant may submit an independent market study; however, the DCA-commissioned market study will take precedence. The costs associated with both the DCA-commissioned market study and a market study commissioned by the applicant will be allowable development costs and will be includable in Credit basis.

DCA will evaluate the impact of proposed projects on existing subsidized housing located in the geographic/market area. The market study must demonstrate that sufficient demand for rental housing exists in the proposed geographic/market area to support the proposed project. DCA reserves the right, in its sole and absolute discretion, to independently evaluate the demand for additional affordable rental housing in the geographic/market area. DCA's judgement will be the final determination.

Applicants are encouraged to, submit any market information with the Application that they believe may be helpful in determining the market feasibility of their proposal. This information will be given to DCA's market analysts. By submitting this information, applicants are afforded the opportunity to provide input that may be important in the determination of market feasibility. For only those applicants who submitted market information with their Application, DCA will participate in a conference call between the Applicant and the Market Study firm, if the study concludes that the project is not feasible. DCA's determinations subsequent to such calls will be final.

## **17.11 Physical Needs Assessment (Rehabilitation Projects Only)**

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\* Not applicable to Tax Exempt Bond financed projects.  
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For rehabilitation projects only, a Physical Needs Assessment must be included in the Application, and prepared in accordance with instructions set forth in the Manual. The assessment must be completed no more than ninety (90) days prior to the Application submission deadline.

### **17.12 Conceptual Design and Schematic Documents**

Conceptual design and schematic documents prepared in accordance with the instructions set forth in the Manual must be included in each Application. In addition, location maps, photographs, a description of the surroundings, and the physical address of the site, if available, must also be included in the Application. All Applications (original and copies) must have color photographs or color copies of the photographs. Black and white photographs do not meet DCA requirements.

### **17.13 Accessibility Requirement**

It is DCA's intent that all properties funded under this Plan will meet the most stringent Federal accessibility standards. Projects funded under this Plan must meet the following DCA accessibility standards by the placed-in-service date:

- At least 5% of the total units (but no fewer than one unit) must be equipped for the mobility disabled, including wheelchair restricted residents;
- At least an additional 2% of the total units (but no fewer than one unit) must be equipped for hearing and sight impaired residents; and
- all first floor units and all community facilities including parking lots must be accessible to the disabled in accordance with federal law.

Applicants must submit in the Application a letter from the project architect or a statement must appear on the drawings indicating that the above criteria will be met. These requirements must be applied proportionally among subsidized and "market rate" units.

### **17.14 Preliminary Financing, Limited Partner Equity, and Other Financing Commitments \***

Original preliminary commitments for the types of financing listed below must be submitted with the Application:

- Construction financing;
- Non-OAH permanent financing;
- Equity bridge loans, if required;
- Any grants or other forms of assistance included in the construction period or permanent financing sources and uses statement; and
- Developer or general partner equity (financial statements to substantiate such equity must be included with application).

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

- Purpose
- Property Address
- Amount of Equity Contribution (if applicable)
- Loan Amount (if applicable)

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\* Not applicable to Tax Exempt Bond financed projects.  
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- Interest Rate
- Terms
- Fees

Formal firm commitments for equity and non-DCA debt must be submitted to DCA within 75 days of DCA's announcement of awards.

A project that requires some project-based rental assistance for feasibility must include in the Application a letter or notice of commitment from the administering agencies for the amount of rental assistance that will be provided, the number of units assisted, its duration, and any qualifying terms and/or conditions. Any financing source for which the applicable federal rate of interest applies must be clearly noted.

DCA, in its sole and absolute discretion, reserves the right to determine the adequacy of all preliminary financing commitments submitted in the Application.

#### **17.15 Owner/Developer Experience and Capacity** (Also see the Compliance Scoring Criteria)

The owner/developer (individual, corporation, or in the case of a limited partnership, the general partner(s) of a proposed development must submit documentation that demonstrates its ownership experience beginning with the development phase, through project lease-up, and extending for a period of at least three years thereafter, for at least two rental housing projects of similar size and type (in terms of the number of dwelling units and physical configuration) within the last five years. In cases where the owner is also developer of the proposed development, it must also submit documentation that demonstrates its development experience of at least two rental housing projects of similar size and type for at least three years within the last five years (in most cases, but not always, the owner/developer of the proposed project would demonstrate experience in which it was the developer of the previous projects that it also owned). The organizational entity as well as the principal staff person must meet these experience requirements.

The owner/developer must submit a detailed summary of its housing development experience, including information on the role(s) played in each development, the number of units in each development, and the length of the entity's participation in every development listed in the summary. The owner/developer may include a principal's experience gained as a principal in another firm, but not as an employee of another firm. The owner/developer may not include an employee's experience with another firm.

Community Housing Development Organizations (CHDOs) and Nonprofits applying for a CHDO Loan or Credit Nonprofit Set-Aside without the requisite experience may meet the Owner/Developer Experience requirement in one of two ways: (1) by submitting a partnership or contractual agreement with a for-profit developer who has the required experience as described-above, or (2) by providing an executed contract with a consultant (which can be a nonprofit intermediary) who has the required experience. The partnership or contractual agreement must remain in place through project lease-up and stabilization, and must provide for the training of the inexperienced nonprofit in the housing development process by the consultant/partner as described further in the Application Manual, Consultant/Partnership Agreement Guide. All communication between DCA and the ownership entity must be through the CHDO or Nonprofit. Also, the following conditions must be met:

- the CHDO/Nonprofit must be eligible and compete for funding under the CHDO Loan Program or Credit Nonprofit Set-Aside;
- the application must include an executed agreement between the CHDO/Nonprofit and a consultant/partner describing the responsibilities of each party to the agreement for the development of the project;
- the agreement must include the implementation of a housing development training plan, providing for the training of the CHDO/Nonprofit by the consultant/partner;
- the training plan must specify that the training services to the CHDO/nonprofit will be provided through construction, lease-up, and permanent loan conversion, and include timetables, milestones, and training hours per week;
- the plan must be attached to the agreement as an exhibit; and
- the plan must be approved by DCA at its sole and absolute discretion.

DCA will monitor CHDO/Nonprofit owner/developer compliance training in accordance with the Consultant/Partnership Agreement Guide.

DCA reserves the right to determine, in its sole and absolute discretion, whether a proposed owner/developer meets this criterion and whether the applicant has the capacity to successfully complete the proposed development with regard to projects in progress, prior performance in meeting construction commencement and completion deadlines as well as the number of outstanding incomplete DCA-funded developments.

#### **Grandfather Clause – Owner/Developer Experience**

An owner/developer or an affordable housing intermediary that has previous experience with DCA, but does not meet the time requirements as prescribed in this section of the Plan may, in certain circumstances, be “grandfathered” with respect to these time requirements. This provision is subject to DCA’s sole and absolute discretion. A written request must be submitted to DCA by February 29, 2000.

The owner/developer must be materially in compliance on all existing and previously owned or managed properties with the Credit and HOME program requirements. Material noncompliance exists when an owner or manager exhibits either a continual pattern of noncompliance or demonstrates an inability or unwillingness to resolve noncompliance matters in a timely manner. DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants, excluding the syndicator (developers, owners/general partners, and management companies).

#### **17.16 Nonowner/Developer’s Experience and Capacity** (Also see Compliance Scoring criteria)

The criteria in this Section apply if the developer is not also the owner or a partner in the ownership structure, or does not have an identity of interest with the owner:

The developer of a proposed development, if unrelated to the owner, must submit documentation that demonstrates its experience of development of at least two rental housing projects of similar size and type for at least three years within the last five years. The developer must submit a detailed summary of its housing development experience, including information on the role(s) played in each development, the number of units in each development, and the length of the entity’s participation in every development listed in the summary. The developer may include a principal’s experience

gained as a principal in another firm, but not as an employee of another firm. Nor may the developer include an employee's experience in another firm.

CHDOs and Nonprofits applying for a CHDO Loan or Credit Nonprofit Set-Aside without the requisite experience may meet the developer experience and capacity requirement in one of two ways: by (1) providing a partnership or contractual agreement with a for-profit developer who has the required experience as described above, or by (2) providing an executed contract with a consultant (which can be a nonprofit intermediary) who has the required experience. The partnership or contractual agreement must remain in place through project lease-up and stabilization, and must provide for the training of the inexperienced nonprofit in the housing development process by the for-profit or consultant/partner as described further in the Manual, Consultant/Partnership Agreement Guide. All communication between DCA and the ownership entity must be through the CHDO or Nonprofit. Also the following conditions must be met:

- the CHDO/Nonprofit must be eligible and competing for funding under the CHDO Loan Program or Credit Nonprofit Set-Aside;
- the application must include an executed agreement between the CHDO/Nonprofit and a consultant/partner describing the responsibilities of each party to the agreement for the development of the project;
- the agreement must include the implementation of a housing development training plan, providing for the training of the CHDO/Nonprofit by the consultant/partner;
- the training plan must specify that the training services to the CHDO/Nonprofit will be provided through construction, lease-up, and permanent loan conversion, and include timetables, milestones, and training hours per week;
- the plan must be attached to the agreement as an exhibit; and
- the plan must be approved by DCA at its sole and absolute discretion.

DCA will monitor CHDO/Nonprofit owner/developer training compliance with the Consultant/Partnership Agreement Guide (available in the Manual).

DCA reserves the right to determine, in its sole and absolute discretion, whether a proposed developer meets this criterion and whether the applicant has the capacity to successfully complete the proposed development with regard to projects in progress, prior performance in meeting construction commencement and completion deadlines, as well as the number of outstanding incomplete DCA-funded developments.

### **Grandfather Clause – Developer Experience**

A developer or affordable housing intermediary that has previous experience with DCA, but does not meet the time requirements as prescribed in this section of the 2000 Plan may, in certain circumstances, be "grandfathered" with respect to these time requirements. This provision is subject to DCA's sole and absolute discretion. A written request must be submitted to DCA by February 29, 2000.

The developer must be materially in compliance on all existing and previously owned or managed properties with the Credit and HOME program requirements. Material noncompliance exists when an owner or manager exhibits either a continual pattern of noncompliance or demonstrates an inability or unwillingness to resolve noncompliance matters in a timely manner. DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants, excluding the syndicator (developers, owners/general partners, and management companies).

#### **17.17 Management Company's Experience** (Also see Compliance Scoring Criteria)

The proposed property management company of a proposed development must submit documentation that demonstrates its management experience beginning with the development lease-up phase and extending for a period of at least three years thereafter, for at least one rental housing project of similar size and type (in terms of the number of dwelling units and physical configuration) within the last five years. The proposed management company must submit, with the application, a detailed summary of its housing management experience, including information on the role(s) played in each development, the number of units in each development, and the length of the entity's participation in every development listed in the summary. DCA will determine whether a proposed property management company meets this criterion in its sole and absolute discretion, and its determinations will be final.

##### **Grandfather Clause – Management Company Experience**

A management company that has previous experience with DCA, but does not meet the time requirements as prescribed in this section of the 2000 Plan may, in certain circumstances, be "grandfathered" with respect to these time requirements. This provision is subject to DCA's sole and absolute discretion. A written request must be submitted to DCA by February 29, 2000.

The management company must be materially in compliance on all existing and previously owned or managed properties with the Credit and HOME program requirements. Material noncompliance exists when an owner or manager exhibits either a continual pattern of noncompliance or demonstrates an inability or unwillingness to resolve noncompliance matters in a timely manner. DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants, excluding the syndicator (developer, owners/general partners, and management companies).

#### **17.18 Eligibility for Credit under the Nonprofit Set-Aside**

To be eligible for Credit under the Nonprofit Set-Aside:

- The organization must be a qualified Nonprofit, defined as a 501(c)(3) or 501(c)(4) organization, which is not affiliated with or controlled by a for-profit organization and has included the fostering of low-income housing as one of its tax-exempt purposes.
- The Nonprofit may be the sole general partner of the ownership entity or a general partner with another qualified organization meeting the experience requirements set forth above and must materially participate in the project as described in IRC Section 42(h)(5)(B). The Nonprofit must be the managing general partner of the ownership entity. If the Nonprofit is a general partner with another entity, the Nonprofit must have at least 51% of the ownership of the general partnership interest (or wholly-owned and controlled affiliate). The Nonprofit must receive a percentage of the developer's fee greater than or equal to the percentage of the ownership interest. A copy of the general partnership joint venture agreement which indicates the Nonprofit's general partnership interest and developer's fee amount must be included in the Application; and,
- Nonprofit organizations applying for Credit under the Nonprofit Set-Aside must include in the Application an opinion of an attorney who specializes in tax law on the Nonprofit's current federal tax exempt qualification status in accordance with the prescribed format contained in the Manual. If such an opinion has been previously obtained, this requirement may be satisfied by

submitting the opinion with documentation demonstrating that the Nonprofit's bylaws have not changed since the legal opinion was issued.

#### **17.19 Eligibility for HOME Loans under the CHDO Set-Aside**

Any Nonprofit applying for HOME funds under the CHDO Set-Aside must be pre-qualified by DCA as a 2000 State CHDO as of the Application submission deadline. Also, the Nonprofit must be either the sole general partner of the ownership entity or a general partner with another entity. The CHDO must be the managing general partner of an ownership entity. In the event the CHDO is a general partner with a for-profit or Nonprofit general partner, the CHDO must own at least 51% of the general partnership interest. The CHDO (or a wholly-owned or controlled affiliate) must receive a percentage of the developer's fee greater than or equal to the percentage of ownership interest. All DCA communication with the ownership entity will be with the CHDO managing general partner. A copy of the general partnership/joint venture agreement indicating the CHDO's general partnership interest and its share (or the share of the wholly-owned and controlled affiliate) of the developer's fee must be included in the Application. A copy of the State CHDO pre-qualification letter must also be included in the Application.

#### **17.20 Local Government Understanding**

Considering the impact affordable housing developments potentially have on local planning efforts, DCA recognizes the value of involving respective local governments in preparing affordable housing development proposals. DCA will encourage such involvement by requiring that, minimally, local governments not be opposed to proposed affordable housing developments, and by offering scoring points for proposals that are actively supported by the respective local government (see Section 14, part IV for discussion of this Project Scoring Criterion).

The demonstration of local government non-opposition is a Threshold requirement. Applicants must notify the respective local government of the proposed project and should obtain from the local government's controlling elected body or official (as specified in the government's respective charter) a letter in the form provided by DCA in the Application indicating that it understands the nature of the proposed project and does not oppose the project. This letter should acknowledge awareness of the project type, number of units, and specific location, and should clearly express the local government's lack of opposition to the project. This original letter and attached resolution or documentation authorizing the signer of the letter to represent the local government's views should be included in the Application.

Although DCA strongly prefers a statement of non-opposition, DCA also recognizes that some local governments may elect not to comment. In the event a local government chooses not to comment on the project proposal, the applicant must document its efforts to obtain local government comment and submit this documentation in the Application. Documentation of attempts to obtain local government non-opposition, in lieu of a non-opposition letter, must be submitted in the form of a copy of correspondence to the local government seeking non-opposition or support, along with certified mail receipt, UPS or Federal Express tracing form, or other evidence of ground carrier delivery. DCA will assume that local governments that do not express a position on a proposed project are not opposed to that project.

In addition to this requirement, DCA will notify the chief elected official of the local jurisdiction where the proposed project is to be located that the project is being considered and provide the chief elected official with project details (as required in Section 42(m)(1)(A)(ii) of the Internal Revenue

Code). DCA will allow the local jurisdiction 30 days to respond to this notification. It is important that applicants communicate with local officials about the project and recognize that a local jurisdiction may establish or change its position at any time. Written letters of opposition received in response to DCA's notice within this 30-day comment period will supercede any prior agreement, implication, or statement of non-opposition.

#### **17.21 HOME-Funded Project Location**

Applicants will be awarded HOME funds only if the proposed project is located outside of the political boundaries of any entity designated as a local Participating Jurisdiction (PJ) by HUD. These local PJs include the cities of Albany, Atlanta, Macon, and Savannah; DeKalb and Gwinnett Counties; the consolidated governmental units of Athens-Clarke County, Augusta-Richmond County, Clayton County, and Columbus-Muscogee County; and the counties and cities comprising the Georgia Urban County Consortium (Cobb, Marietta, Cherokee, Canton) and the Fulton County Consortium (Fulton, Roswell). Two exceptions to the non-PJ location requirement are those organizations applying to the CHDO Loan Program, and those applicants whose project will serve a Special Need population and received points as a Special Needs Project (does not include EH projects).

#### **17.22 Federally Debarred & Suspended Entities**

Any person (individual, corporation, partnership, association), principal (officer, director, owner, partner, key employee, or person who has critical influence), or agent for a Project Participant that is under debarment, proposed debarment, or suspension by a federal agency is ineligible to participate in the 2000 competitive round. Such Applications will be rejected. Each applicant must also include in the Application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all general partners, and provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation. DCA reserves the right to perform a full criminal, employment, and credit investigation of all parties (developer, owner, and management company) identified above.

### **SECTION 18 PROJECT SCORING CRITERIA**

The 2000 Project Scoring System is summarized on the table below, and is detailed on the following pages. The maximum total score possible for the 2000 funding round is 200 points. However, project applications must score a minimum of 100 points to be eligible for OAH funding. Projects that score less than 100 points will not be considered for funding awards, irrespective of funding availability.

The Project Scoring Criteria are intended to direct applicants toward developing housing located in the State's areas of greatest need, that are positioned on sites having the most attractive characteristics, and for which local support exists and proper planning has been performed. If two or more projects with equal scores ("tie") otherwise qualify for Credit (and/or other OAH funding) but sufficient resources are not available to fund all such projects, DCA, at its sole discretion, will determine which project(s) will be funded with available resources.

If a project which met the minimum score does not receive a reservation because the amount of Credit available has been exhausted, that project, subject to DCA approval, will be placed on the waiting list for that year's Credit ceiling. Projects for which no reservation was made may compete again in a subsequent year.

**PROJECT SCORING SUMMARY**

		<b>Total Score Value</b>
<b>18.1</b>	<b>APPLICATION COMPLETENESS/ORGANIZATION</b>	
	A. Complete Application	3
	B. Organization	2
<b>18.2</b>	<b>PROJECT LOCATIONAL CHARACTERISTICS</b>	
	A. Project Need	45
	B. Site Review	40
<b>18.3</b>	<b>TENANCY CHARACTERISTICS</b>	
	A. Development or Tenant Support Program	15
	B. Special Needs	8
	C. Very Low Income Tenancy Exceeding Requirements	8
	D. Mixed Income	8
	E. Extended Use Period	2
<b>18.4</b>	<b>GOVERNMENT SUPPORT AND FINANCING ASSISTANCE</b>	15
<b>18.5</b>	<b>PROJECT CHARACTERISTICS</b>	
	A. Neighborhood Redevelopment	12
	B. Energy Efficiency Requirements	4
	C. Project Design	9
	D. Project Amenities	15
	E. Ownership Makeup	2
<b>18.6</b>	<b>READINESS TO PROCEED</b>	2
<b>18.7</b>	<b>COMPLIANCE STATUS</b>	-20 to +10
<b>TOTAL POSSIBLE SCORE</b>		<b>200</b>

## PROJECT SCORING CRITERIA

### 18.1 APPLICATION COMPLETENESS/ORGANIZATION

#### A. Completeness

**Scoring Value: 3 points**

All required Application forms and supporting documentation are included and complete at the time of original submission. For each missing or incomplete document, one point will be deducted up to a total of three points;

#### B. Organization

**Scoring Value: 2 points**

The Application is organized in the format prescribed by DCA in the Manual.

### 18.2 PROJECT LOCATIONAL CHARACTERISTICS

#### A. Project Need

**Scoring Value: 45 points**

DCA has completed two multifamily locational scoring models designed to identify those areas in Georgia having the greatest need for affordable multifamily housing. The first model is based on both total and relative unmet need by households with incomes between 30% and 60% of area median income (AMI). The second model addresses total unmet need for affordable housing for elderly (age 62+) citizens with incomes between 30% and 60% of AMI. Both models have total possible scores of 45 points, but only one model will apply to each application. As defined by this Plan, EH projects must be 100% EH. Such proposals should refer to the General Multifamily Locational Map on Page 31 of this Plan to determine the scoring values for projects proposed for families including less than 100% EH units. Those projects proposed for 100% EH units should use the Elderly Households Multifamily Locational Map on Page 32 of this Plan.

The data used to develop this Plan's locational scoring maps are based upon an in-depth study that balanced Georgia's demand for affordable housing with the existing supply. The first model includes all residents of each county with incomes between 30% and 60% of AMI, and assumes that elderly individuals may wish to live in a housing complex where younger families may also reside.

Total unmet need is the difference between the estimated number of households with incomes between 30% and 60% of AMI and the supply of rental units affordable to those households (e.g., units that would require an expenditure of 30% of monthly household income or less for rent). Counties with total unmet need of less than 30 units were excluded from the ranking, in recognition of the difficulty of supporting an affordable housing site in such counties.

Relative unmet need is a ratio calculation that allows DCA to take into account the needs of smaller counties. In these counties, the actual number of units needed may be much lower than in larger counties, but may represent a relatively high level of affordable housing need for these smaller counties. The ratio is calculated by dividing the number of households with incomes between 30% and 60% of AMI by the number of affordable rental units available in that county.



**Map**

**Map**

Total and relative unmet need calculations for each county were then weighted to create an overall ranking for each county. Total unmet need was given a weight of .75, and relative unmet need was given a weight of .25. Once the overall rankings were created, locational scoring points were assigned. Counties with the greatest need as demonstrated by their overall ranking were assigned 45 points. Counties with the least need as demonstrated by their overall ranking received no points. The General Multifamily Locational Map illustrates the points assigned to Georgia's 159 counties, for family developments.

The need for EH rental housing was addressed through a model that used total unmet need for households headed by persons 62 years of age or older. The demand for affordable multifamily housing for EH was determined through an estimate of the number of those households in each county with incomes falling between 30% and 60% of AMI. The supply data were obtained from DCA, the Department of Housing and Urban Development, and the U. S. Department of Agriculture. Since some properties may not have been identified as elderly in existing sources of information, the actual supply of affordable housing may be somewhat greater than shown by these calculations.

Both the General Multifamily Locational Map and the EH Multifamily Locational Maps are intended as general guidance only, and should not be considered a guarantee that there is necessarily an adequate market demand for projects proposed in high-scoring counties. Although a county may have an overall need for affordable housing, a specific market for rental units at or approaching program maximums may not exist. Therefore, DCA will rely on the project specific market study in assessing the market demand for each project proposal.

The total unmet need for EH housing was then scored for each county. Counties with a total unmet need of less than 30 units were excluded from the ranking, in recognition of the difficulty of supporting an EH affordable housing site in those counties. A maximum of 45 points will be awarded for the location of proposed EH affordable housing. The EH Multifamily Locational Map illustrates the results of the points assigned to Georgia's 159 counties for EH projects.

## **B. Site Review**

**Scoring Value: 40 points**

DCA will inspect all proposed development sites during the Application review process. DCA will consider some activities and/or land uses (commercial, residential or industrial) that occur within proximity of the development to be undesirable. All sites presented for development must have all access roads in place at the time of application. Any property that is located in an undeveloped area where access roads do not exist is not eligible for consideration. This restriction does not include private driveways to the site from an adjacent access road. (See categories below for more information).

No funding will be available for off-site development including, but not limited to, road development and access to utilities. DCA will determine, at its sole and absolute discretion, sites that are not suitable for the proposed development.

Points under this category will be awarded based on the following characteristics:

**1. Terrain Characteristics:**

A desirable site is one that is relatively flat or has existing slopes less than 15% for at least 80% of the property. The site shall not have bodies of water within the boundaries unless the cost of the project includes a plan for managing that body of water and the plan must be included in the Application. Little or no grading or fill would be required to obtain optimum drainage patterns.

- If the site has an existing slope of 10% or less for at least 80% of the area, 10 points will be awarded.
- If the site has an existing slope between 10% and 15%, for at least 80% of the area, five points will be awarded.

**2. Undesirable Site Characteristics**

DCA considers the following site characteristics undesirable. Ten points will be deducted for each of the following characteristics. DCA reserves the right to determine whether or not a site characteristic or feature is undesirable. The characteristics that will result in a points deduction in this category are:

- A site where the combined area of any easements and/or other building limitations on the property exceed 20% of the area of the site. (Note this deduction does not apply to excess areas of steep configuration, wetlands and 100 year floodplains. Refer to parts 1 and 5 of this Section).
- A site that has a steep access slope (either up or down) in excess of 15%, even if this sloped area does not exceed 20% of the site area. This steep slope area will result in a points deduction only if it is an area that must be developed for the proposal to be viable, i.e. access to property or to meet the density requirement below. (DCA does not allow development of 100-year floodplain areas or wetlands in excess of minimum Army Corps of Engineers national limit.)
- A site where the density is less than 5 units per acre.
- A site surrounded by, adjacent to (on two or more sides) unpaved roads, or if the property is not accessible by paved roads.

**3. Neighborhood Characteristic**

- A. Residential development is adjacent to site. This residential use is adjacent to one side of the site as a minimum, or directly opposite the site and across the main access road, and the housing is part of a stable, occupied neighborhood. The proposed site is not adjacent to or surrounded by uses that are “undesirable” (as addressed under Neighborhood Services) for residential development. Six points will be awarded if these criteria are met.
- B. The site is a cleared piece of 'infill' property, or an 'infill' property containing existing buildings proposed for rehabilitation. The site is within a stable, established neighborhood or community and will maximize the use of existing transportation, utilities, and infrastructure. Applications that would require the demolition of entire improvements existing on the site will be eligible for these points if the project's cost

remains within cost limitations set forth in this Plan. Five points will be awarded if these criteria are met.

#### **4. Neighborhood Services**

Points will be awarded for each desirable activity and points will be deducted for each undesirable activity.

A desirable site is one located within a one-mile (1/4 mile for infill sites) walking distance along all-weather or paved sidewalks, to activities suitable for the proposed tenant base. Desirable activities are defined as but not limited to retail, recreation, libraries, schools, day care, hospital, employment centers, and civic centers.

Undesirable activities are located within 1/4 mile of the proposed site and are defined as, but not limited to: junk yards; liquor store; hazardous or chemical activities; sources of noise, odor, or other nuisance pollution; and locations identified by local law enforcement officials as gathering places for criminal activity. It should be noted that for projects located in urban areas, certain activities ordinarily considered undesirable will be evaluated relative to overall project type and value to the community

Documentation must be provided in the form of a map indicating location of all desirable and undesirable activities along with a key for the map indicating the type of activity. This map may be combined with the location map provided all information is clearly represented. The map should be presented with both photographs of the site and the surrounding neighborhood. All photographs are to be either color originals or color copies. Black and white photographs are not acceptable. The map shall include as a minimum:

- Location of site including an indication of major access roads;
- Indication of distances in 1/2 mile and one mile increments;
- Areas of residential development adjacent to or near the site;
- Indication of any major industrial or commercial development that would impact the site in a positive or negative manner; and,
- Services such as retail, schools, day care, parks, employment areas, hospitals, etc.

A maximum of five points will be awarded. A negative total will be awarded zero points.

#### **5. Wetlands and Flood Plains**

The allowable areas of wetland and/or flood plain on the property must not exceed 20% of the total site area. If this criterion is met, nine points will be awarded. Note, however, that under no circumstances can wetlands be disturbed in excess of the limits set by Army Corps of Engineers during the construction phase or during the Period of Affordability. (NOTE: Applications that propose construction of buildings in flood plain areas will fail to pass this Plan's Threshold Criteria.)

Maps are required to document the existence or absence of these areas, and to illustrate the delineation of both the wetlands and floodplain areas on the site. Maps can be obtained from the Local Authorities, US Geological Survey, Army Corps of Engineers, or the Federal Emergency Management Agency.

## **6. Visibility/Accessibility**

If a site is visible from the primary road with a frontage of at least 100-ft. from the road to the nearest building location, three points will be awarded. If a site has easy vehicular and pedestrian access to adjacent streets and is within 1/2 mile of public transportation or a primary road, two additional points will be awarded.

## **18.3 TENANCY CHARACTERISTICS**

### **A. Development or Tenant Support Program**

**Scoring Value: 15 points**

The proposed project is a component of the Local Public Housing Agency's (PHA) tenant initiative program (including the PHA's development program or project), as evidenced by: (1) the PHA's investment in the project's physical plant and/or contribution to the long-term economic feasibility of the project via operating cost contributions or tenant rent subsidies for a minimum period of five years; and (2) an executed agreement between the PHA and the project ownership entity setting forth the project ownership entity's responsibility to rent dwelling units to public housing tenants. The PHA's investment must come from a source independent of the project. Developer fees earned or deferred by the PHA on the subject project, a loan (or any other form of debt) from a PHA, funds from any non-PHA general partner, limited partner, or other development team member will not be considered a PHA investment in the project.

To be eligible for scoring points under this criterion, the applicant must include in the Application a copy of the executed agreement between the ownership entity and the PHA. The executed agreement must set forth the type, term and amount of the PHA's equity investment to the proposed project and/or the PHA's long-term equity contribution to the long-term (at least five years) economic feasibility of the project via operating cost contributions and/or tenant rent subsidies as well as the number and type of rental units the proposed owner will hold and rent to public housing tenants. "Hold and rent" means that the applicant agrees to rent the designated units exclusively to public housing tenants or households currently on a PHA waiting list.

Scoring points under this criterion will be awarded as follows:

Rental Assistance and/or Equity Investment	
10% of units reserved and rented to public housing tenants	(5 points)
20% of units reserved and rented to public housing tenants	(10 points)
30% of units reserved and rented to public housing tenants	(15 points)

These points will not be available to units that are also eligible for points under Section 18.3 (C), "Very Low Income Tenancy Exceeding Mandatory Requirements."

### **B. Special Needs**

**Scoring Value: 8 points**

**Special Needs (excluding elderly households)**

The applicant agrees to hold and rent at least 50% of the total project dwelling units to Special Needs households as defined in Section 3 (excluding EH), Affordable Rental Housing Needs. The applicant must provide the supportive services applicable to the designated Special Needs tenants, and must demonstrate that the project can be self-supporting with available resources, including rent subsidies as necessary.

Applicants must satisfy the following requirements to qualify for the scoring points:

1. Submit a detailed letter of intent to provide rental assistance from the Georgia Department of Human Resources, U.S. Department of Housing and Urban Development, or another federal or State rental assistance provider. A final binding contract for the rental subsidy must be submitted before HOME construction loan closing or Credit carryover, whichever is earlier. If the market study substantiates sufficient demand among Special Needs households who can pay HOME and/or Credit rents without the use of subsidies, the project will qualify for points under this criterion; and
2. Submit a detailed letter of intent from an experienced, licensed provider for the appropriate services. A final, binding contract for the proposed services must be submitted before HOME construction loan closing or Credit Carryover, whichever is earlier. Any proposed changes of supportive services providers from those proposed in the initial Application must be approved by DCA prior to contracting with that service provider. Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the Supportive Services.

### **Elderly Households**

Affordable housing for EHs (head of household or spouse aged 62 years or older) is identified as a housing need in the State of Georgia. Applicants proposing to develop housing exclusively for EHs will be awarded 8 points if all of the following conditions are met:

1. Amenities
  - 100% of the units will be accessible and adaptable (as defined by the HUD Fair Housing, the Americans with Disabilities Act, and Section 504).
  - All units will have an installed monitoring call system, including a buzzer and light to the exterior.
  - For one-story projects, all units will have sheltered exterior areas such as porches or patios.
  - In buildings that are not garden style, lobbies and corridors must have small gathering areas in several locations.
  - All properties must include community spaces or a community building.
  - The site will have sheltered exterior gathering areas such as a gazebo located in a central area or large covered porch at the community building.
  - Amenities must be appropriate to the resident age group, and include physical improvements on the site such as attractively fenced community gardens, equipped walking path with exercise stations or sitting areas, and equipped picnic areas.
  - Elevators must be provided for access to units above the ground floor.

Applicants must submit, in the Application, a letter and drawings from the project architect, and the drawings must indicate that the above criteria are met.

2. Supportive Services

Supportive services including transportation services, recreational activities, and wellness/healthcare activities (exercise, seminars, and screenings) must be provided. These services may be provided at a charge sufficient to cover the cost of the supportive services only, but the services must be clearly optional to the tenants. An activities manager will be allowed in the operating budget only for those properties that are 150 units or more in size; temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.

Submit a detailed letter of intent from an experienced, licensed provider for the appropriate services. A final, binding contract for the proposed supportive services must be submitted before the HOME loan closing or Credit Carryover, whichever is earlier. Any proposed changes in the supportive services providers from the initial application submission must be approved by DCA prior to entering into a contract with that service provider. Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the supportive services.

**C. Very Low Income Tenancy Exceeding Requirements** **Scoring Value: 8 points**

Applicants reserving and renting dwelling units with rents affordable by very low income households, those earning annual gross incomes of 50% or less of the area median income, serve a very pressing housing need in Georgia. Projects that reserve and rent more than the minimum number of dwelling units to lower-income households than is required by the appropriate program will be awarded additional scoring points. Owners will be required to execute restrictive covenants stipulating the number of dwelling units to be reserved and rented to very-low income households for the term of the Credit Compliance Period or the term of the HOME loan, whichever has the longest duration. Points will be awarded as follows:

Percentage of units beyond program minimum	
5-20	(6 points)
21-40	(7 points)
41+	(8 points)

These points will not be available for developments that are also eligible for points under Section 18.3 (A), "Development or Tenant Support Program" unless the applicable units are in addition to the public housing units.

In scoring points for these criteria, DCA will round down to the nearest percentage point.

**D. Mixed Income Projects** **Scoring Value: 8 points**

Projects designed for both low-income and market-rate tenants are eligible to receive points if 40% to 80% of project units are designated for low-income and/or very low income tenants.

**E. Extended Use Period** **Scoring Value: 2 points**



These points are not available to projects requesting HOME funds. Section 42 of the Internal Revenue Code requires that all low-income units in a project receiving Credit remain rent-restricted and income-restricted for the 15-year Compliance Period and for 15 years after the close of the Compliance Period. However, owners have an option to request DCA's assistance in procuring a qualified contract for acquisition of the building(s) after the 14th year of the Compliance Period. If DCA is unable to present such a contract within a one-year period, the owner may terminate the extended use agreement.

Owners willing to forgo this "cancellation option" for at least five years after the close of the Compliance Period will be eligible for two points. Agreement to forgo this option will be included in the Land Use Restrictive Covenants as part of the Terms of Agreements.

#### **18.4 GOVERNMENT SUPPORT AND FINANCIAL ASSISTANCE**

**Scoring Value: 15 points**

DCA encourages all low-income housing development teams to coordinate project developments with respective local governments. Applicants who obtain Local Governments support for their proposed project will be awarded three points. And, if financial assistance is obtained in accordance with the criteria outlined below, additional points (maximum of 12) will be awarded.

##### **A. Local Government Support**

Three points will be awarded if the controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located at the time of Application (e.g., city council if within the city limits, or county commission if in an unincorporated area), adopts a resolution of support for the proposed project. The resolution must clearly indicate that the local government understands the nature of the proposed project by identifying at a minimum, the type of project, the number of anticipated units, and the specific project location. Additionally, the resolution must clearly express the local government's support of the proposed project, as opposed to merely expressing indifference. If the local jurisdiction is governed by only one elected official (as specified in its Charter), a letter from the elected official outlining all the information required in the governing body resolution will be accepted in lieu of a resolution. An original letter in the form provided by DCA, with an attached certified copy of the resolution (or letter if the jurisdiction is governed by only one elected official in accordance with its Charter) must be included in the application.

## B. Government Financial Assistance

Up to 12 points will be awarded if the respective local government reduces project development costs, if the jurisdiction in which the project is located funds the project with HOME or CDBG funds, or if USDA funding is obtained. Local governments must reduce total project development costs through:

- waiver of water and sewer tap fees;
- waiver of building permit fees;
- foregoing real property taxes during construction;
- contribution of land for project development;
- providing below market rate construction and/or permanent financing;
- providing an abatement of Real Estate taxes;
- providing other project operational cost subsidies, and/or;
- other contributions.

USDA, CDBG, and HOME funding must be obtained in the form of loans, rental assistance, or both. Points under this scoring category will be calculated based on the percentage reduction in total project cost and/or project operating cost subsidies, as follows:

3% total project cost and/or annual operating cost reduction	-	(6 points)
7% total project cost and/or annual operation cost reduction	-	(12 points)
USDA Financing	-	(12 points)

Documentation from the Local Government clearly showing the types, amounts, and terms and conditions, along with a letter from the chief executive officer of the local government certifying the local government's contribution to the proposed project's development and/or operation must be included in the Application. **PHA assistance does not qualify for points in this section.**

In the case of USDA funding, documentation in the form of a USDA "notification of award" letter must be included in the Application. In the case of CDBG and HOME funds contributed by a participating jurisdiction, a firm financing commitment must be included in the Application.

## 18.5 PROJECT CHARACTERISTICS

### A. Neighborhood Redevelopment

**Scoring Value: 12 points**

Twelve points will be awarded to project proposals that specifically address neighborhood revitalization as part of an organized community commitment. This commitment must be reflected in the following ways:

- Project ownership must include a community-based non-profit organization, in existence for a minimum of 12 months prior to the Application deadline for Credit and Home Loan funding, that can demonstrate ongoing revitalization efforts in the community in which the project is proposed. The Non-profit must materially participate within the meaning of IRC 469(h) in the development and ongoing management of the project.

- The non-profit organization must have a Board of Directors which includes community leaders, and must have bylaws that indicate that the non-profit has as a primary objective the revitalization of a defined community area that includes the location of the proposed project.
- The Application for funding must include documentation that provides evidence of revitalization activities that have occurred in the targeted area or that are included in a formal plan adopted by the non-profit organization's Board or by the respective local government.

DCA will determine in its sole and absolute discretion those Applications that qualify for Neighborhood Redevelopment points. Applications that DCA determines qualify as Neighborhood Redevelopment projects may receive special consideration with regard to undesirable characteristics. If the Applicant includes in its Application a plan, acceptable to DCA, for mitigating existing undesirable characteristics associated with the project proposal, then points will not be deducted for these undesirable characteristics under the Neighborhood Services sections of the scoring criteria.

It should be noted that although a community-based non-profit entity (as defined above) is required for qualification under this section of the Plan, for-profit organizations will be permitted to partner with such nonprofit entities on Neighborhood Redevelopment projects as long as they meet the partnership requirements as set forth under Section 7, Maximum Credit Award. In such instances, funding for these projects will not be counted toward the for-profit's funding cap. However, the nonprofit must have at least 51% ownership of the general partnership interest (or wholly-owned and controlled affiliate), and must receive a percentage of the developer's fee greater than or equal to the percentage of ownership interest.

#### **B. Energy Efficiency Requirements**

**Scoring Value: 4 points**

To receive these points, projects must exceed the Georgia Energy Code, and the applicant must provide an original letter from the registered architect or engineer of record for the project. The letter must clearly state that the entire construction exceeds (not "meet or exceeds") the Georgia Energy Code. This letter must also include the following:

- Statement of insulation envelope elements, including the R-value for all components and the type of insulation proposed;
- Statement of the type and R-value for all windows/glazing and doors proposed;
- Statement of capacity of heating and cooling systems including the type of system and fuel source. This statement is to include HVAC and water heating; and a
- Statement of the type and R-value for all pipe and duct insulation.

#### **C. Project Design**

**Scoring Value: 9 points**

DCA encourages the construction of multifamily projects that reflect the character of the community in which they are located. The marketability of the property and appearance of the site are important components in the final product. Longevity and low maintenance are to be considered in the design of the property. The allocation of these points will be at the discretion of DCA and the interpretation of the appropriateness of the proposed features and materials by DCA will be final. These points are intended to encourage the integration of new construction/rehabilitation into the existing community, and to promote sustainable design and the protection of resources.

Points will be awarded in the following categories:

**1. Exterior Material and Trim**

Low maintenance and durability of exterior materials will extend the life of the property.

Buildings shall have exterior material finishes such as brick or stone, in excess of 40% of the total wall surface of each exterior face of the building. The exterior wall finish shall include breezeways, exterior stairwells and rear elevations. Three points will be awarded if this criterion is met.

Attractive exterior features will assist marketability of the complex. If the decorative items such as shutters, decorative exterior patio/porch railings and other additional trim on all exterior elevations including the sides and rear of the buildings are proposed, one additional point will be awarded.

**2. Landscaping/Site Design**

A site design that shall include features from at least two of the following categories will be awarded two points.

- The preservation of existing trees and the integration of existing vegetation with new plantings clearly delineated on the site plan. These areas shall be designed to create spaces such as seating areas or shading for playground and/or other recreation areas.
- Freestanding shelters in appropriate locations such as the mail center, recreation areas or transportation stops.
- Upgraded streetscape at front entry with trees and other plantings; features such as berms, fencing, additional lighting and signage.

**3. Historic/Community Features**

The property shall exhibit design features of prominent, neighborhood or community structures. To obtain these points the applicant must document with a location map, photographs, and written descriptions of the structures that serve as the influence on the property design.

These design features may include: covered porches or patios, roof profiles such as gables, hips or other decorative features such as cupolas, featured window profiles and building entry delineation. The use of appropriate exterior finish materials, existing site features, and configurations are also part of this point consideration. DCA shall, in its sole and absolute discretion, assess the appropriateness and desirability of the features selected for point consideration. Three points will be awarded if this criterion is met.

**D. Project Amenities**

**Scoring Value: 15 points**

All properties must include as basic: HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 25 units) and one equipped recreation area suitable for the proposed tenant base. If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All properties in urban locations must be fenced on the sides and rear of the property or secured in an alternative manner

acceptable to DCA. All amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. Applicants that do not include these items will not be considered for funding.

Architectural documents included in the Application will be reviewed to verify all proposed amenities, and if they are not indicated either graphically or noted on the documents, the points will be disallowed. All the amenities will be verified by DCA at the time of the final construction inspection. The appropriateness and adequacy of the proposed amenities for the purposes of point scoring will be determined at the sole discretion of DCA. No reduction or adjustment in amenities will be allowed after submission of the Application.

Points will be allocated as follows:

- Washer/dryer hookups in all units in addition to required central laundry or washers and dryers are installed and maintained in every unit at no additional cost to tenants. (5 points)
- Additional equipped recreational area (1 point per area to a maximum of 3 points) (i.e. picnic area, pool, weight room, basketball, etc.)
- Community facility, to include leasing office and community spaces (3 points)
- Complete, monitored built-in fire sprinkler system (2 points)
- Dishwasher and disposal (both must be supplied) (1 Point)
- Complete site landscaping sprinkler system (1 Point)

#### **E. Ownership Makeup**

**Scoring Value: 2 points**

Ownership entities comprised of 100% nonprofit organizations will receive two points. These points will also be awarded if a for profit entity partners with a nonprofit that materially participates within the meaning of IRC 469(h) in the development and ongoing management of the project.

#### **18.6 READINESS TO PROCEED**

**Scoring Value: 2 points**

To obtain these points the applicant must apply for all land disturbance and building permits as required by the local governing jurisdiction. To qualify for the points the applicant must supply:

- A copy of the building permit obtained, dated appropriately to allow construction to commence within a time frame that allows for completion in accordance with DCA requirements; and,
- An original letter from the local governing jurisdiction indicating that all documentation has been received and all fees have been paid to allow construction to commence as indicated on the permits. The letter must also reference the project name, address and number of units.

#### **18.7 COMPLIANCE STATUS**

**Scoring Value: –20 to + 10 points**

##### **General**

This section is designed to consider prior compliance experience and administrative performance with HOME, HTF, FDIC, and Credit properties as part of the overall scoring process. Project Participants (developers, owners/general partners, management companies and syndicators) with no prior experience in Georgia or a contiguous state will have no positive or negative impact on the final compliance score. Project Participants with experience will be scored in accordance with the compliance evaluation process

discussed below. The scores for the Project Participants with experience will be weighted along with the neutral scores of those Project Participants with no experience to arrive at an overall development team compliance score. The final compliance score may result in an addition of up to 10 points or a reduction of as many as 20 points to/from the overall Application score. Project proposals with compliance scores falling below negative twenty (-20) points, or with one or more Project Participants' (excluding syndicators) compliance score(s) falling below -20 points, will not be eligible for funding in the 2000 competitive round.

**Although syndicators will be scored applying the same criteria used for scoring other Project Participants, their specific scores will not be used in the calculation of the overall development team score. They will be scored on a pass/fail basis, and those syndicators scoring a -20 points or less will not be eligible to participate in projects funded from Credit awarded from the 2000 competitive round. If a proposed syndicator is deemed ineligible to participate, the applicant may select another syndicator. The required Experience Summary documentation for the new syndicator must be submitted within 30 days of the date the 2000 reservations are announced.**

Project Participants that have been ineligible to participate for the last two competitive rounds, and remain ineligible in the 2000 competitive round, may apply for probationary participation. DCA, at its sole discretion, may approve participation based upon further review of the circumstances that resulted in the determination of ineligibility and of corrective actions taken. However, negative twenty points will apply to the project participant for compliance scoring purposes (or a Compliance Factor of 42). Procedures for applying for probationary participation, and the requirements for such participation, will be outlined in the 2000 Application Manual.

### **Required Documentation**

The following information must be attached to each Project Participant's Experience Summary:

- A completed Project Participant Self-Scoring Worksheet (with supporting documentation attached). The applicant must include all projects applicable to the compliance scoring requirements specified in this section of the 2000 Plan. If a proposed Project Participant was a participant in a project at the time of any DCA HOME, HTF, FDIC, or Credit audit within three (3) years of the Application deadline, the project must be included.
- Copies of all DCA HOME, FDIC, and Credit notices of noncompliance (i.e. 8823's, letters, reports, findings, etc.) issued by DCA within three (3) years of the Application deadline (attached to the self-scoring sheet). This documentation should include all noncompliance notices for all projects in which the Project Participant was a participant at the time of the audit. Also, the number of units included in each audit must be stated.
- Any Project Participant having had no DCA/GHFA audits of HOME, HTF, FDIC or Credit properties within the past three (3) year period, but having been audited by similar agencies in Florida, Alabama, Tennessee, North Carolina, or South Carolina, must submit copies of all HOME, HTF, FDIC, and Credit notices of noncompliance (i.e. 8823's, letters, reports, etc.) issued by these agencies within the three-year period. This submission must include all noncompliance notices for all projects for which the Project Participant was a participant at the time of the audit. Also, the number of units included in each audit must be stated.
- Internal Revenue Service Form 8821, *Tax Information Authorization*, must be completed and submitted for all projects listed on each Project Participant's Experience Summary.
- Five fully executed copies of the Compliance Information Release Form (included in the Application) must be submitted.

Project syndicators might not be known at the time of application. Applicants must submit to DCA the required compliance documentation regarding the syndicator at the time applicants notify DCA of the proposed equity providers selected (which must occur within 30 days of the date 2000 reservations are announced). Note that syndicators will not be required to submit Self-Scoring Worksheets.

## **Compliance Evaluation Process**

### **Overview of Preliminary Compliance Scoring**

A numerical value will be applied for each instance of noncompliance (see table VIII.a). The total number of units audited for each Project Participant designated in the Application will be divided by the total of the numerical values to determine a Participant Compliance Factor (see table VIII. b). Project Participants with no experience/audits in Georgia, or one of the five contiguous states, within the three-year period will receive a neutral Participant Compliance Factor. The Overall Compliance Factor will be the combined Compliance Factors of the basic categories of Participants (excluding the syndicator). An Application's preliminary compliance score can then be determined from the Compliance Scoring Table included in this Section (see table VIII.c). *To score individual participants, multiply the individual Participant Compliance Factor by three (3) and refer to the Compliance Scoring Table. Note that a syndicator's compliance score will not affect the proposed project compliance score, but to be eligible to participate, the syndicator must score -20 or higher.*

### **Examples of Major and Minor Instances of Noncompliance**

The following examples are intended to provide general guidance to determine whether a particular instance of noncompliance will be treated by DCA as major or minor for scoring purposes. This list of examples does not include every possible category of noncompliance and is not intended to be all-inclusive. DCA will make the final determination on a case by case basis. Based on this general guidance, applicants must use their own judgement for self-scoring purposes.

#### **Major Noncompliance**

- Rent charged to tenants that exceeds the applicable property rent limits
- Failure to follow the Available Unit Rule
- Numerous or repetitive instances of administrative noncompliance (failing to execute the policies and procedures stated in DCA Program Manuals, Land Use Restrictive Covenants, Land Use Restrictive Agreements, Loan Documents and Federal Rules and Regulations)
- Significant Health and Safety Violations generally affecting more than one unit (structural problems, severe water damage, fire hazards, infestations)
- Down units (not suitable for occupancy for extended periods of time, generally more than 90 days)
- Failure to maintain or provide tenant income certification and documentation
- Failure to provide items listed on the Application (amenities, support services, architectural elements)

### Minor Noncompliance

- Isolated instances of administrative noncompliance (failing to execute the policies and procedures stated in DCA Program Manuals, Land Use Restrictive Covenants, Land Use Restrictive Agreements, Loan Documents, and Federal Rules and Regulations)
- Less critical or isolated instances of Health and Safety Violations (loose handrails, inoperable stove burner, minor leaks)

### Overview of Secondary Compliance Scoring

The secondary scoring criteria will address compliance and administrative deficiencies not related to audits of specific properties. No points can be earned for secondary scoring issues, but points can be lost. Points in this area will be assessed in absolute terms with no compliance factors or other formula considerations. The points will be deducted directly from the preliminary compliance score to determine the final compliance score. Minor compliance and administrative deficiencies corrected prior to February 1, 2000 will not be considered for secondary compliance scoring purposes. Major issues occurring anytime within the three-year Compliance Period will be considered for the determination of the final compliance score. Generally, a notice of noncompliance or failure to meet certain administrative requirements will be sent to the property owner of record. However, lack of such notice from DCA will not necessarily exclude known compliance or administrative deficiencies from scoring consideration.

Compliance or administrative deficiencies that will be considered for secondary compliance scoring purposes may result from failure to comply with State or federal rules and regulations, or with requirements specified in binding loan or Tax Credit documents, including, but not limited to, project applications, Land Use Restriction Agreements/Covenants, and loan agreements. Examples of secondary compliance scoring issues include, but are not limited to the following:

- Any compliance issue that would normally be addressed in a scheduled compliance audit that comes to DCA's attention and is addressed outside the scope of a regularly scheduled audit
- Unused Credit resulting from failure to meet the 10% carryover requirement or not placing a project in service within 24 months of the carryover
- Failure to notify DCA of disposition/sale of property
- Failure to meet Project reporting requirements (e.g., Annual owners' certification and report, project completion reports submitted within 120 days of the final draw, etc.)
- Failure to meet Carryover deadlines
- Failure to maintain required reserve levels, or failure to provide, on a timely basis, required proof of insurance on HOME loan properties
- Failure to provide necessary underwriting documentation in a timely manner

When self-scoring, Applicants must consider the relative importance of the secondary compliance and/or administrative issues. The noncompliance examples from Table VII.a (Table) on the following page provide the general guidelines for this consideration. The Table illustrates Numerical Values instead of absolute point reductions. However, it will aid in estimating the relative importance of the issues. For example, minor isolated instances of noncompliance will result in no point loss, while issues such as failing to meet the 10% carryover requirement, or major project-wide instances of noncompliance, could result in the loss of three or more points (taken directly from the preliminary compliance score). The maximum loss of points will be dependent upon the applicant's responsiveness in curing the issues (when curable), and actions taken to prevent future occurrences of noncompliance or administrative deficiencies.



**Table 18.7 a****NONCOMPLIANCE CATEGORIES NUMERICAL VALUES**

	<b>Minor Noncompliance</b>		<b>Major Noncompliance</b>	
	<b>Per Unit</b>	<b>Project-Wide</b>	<b>Per Unit</b>	<b>Project-Wide</b>
Isolated instances of noncompliance resolved during the DCA assigned cure period	0	0	2	3
Isolated instances of noncompliance resolved after the DCA assigned cure period	1	2	3	4
Other instances of noncompliance resolved during the DCA assigned cure period	2	3	4	5
Other instances of noncompliance resolved after the DCA assigned cure period	3	4	5	6
Incurable instances of noncompliance – measures taken to prevent further instances of noncompliance	1	2	5	6
Curable instances of noncompliance left uncured	6	10	Applicable participant Ineligible to participate	
Incurable instances of noncompliance – no measures taken to prevent further instances of noncompliance	6	10	Applicable participant Ineligible to participate	
Default of DCA HOME Loan			Applicable participant Ineligible to participate	
Submission of fraudulent information or equivalent acts			Applicable participant Ineligible to participate	
Debarred from participation in similar programs in any of the contiguous States at the Application deadline date			Applicable participant Ineligible to participate	
Debarred from participation in similar programs by any Federal agency at the Application deadline date			Applicable participant Ineligible to participate	

Table 18.7 b

## EXAMPLES OF COMPLIANCE SCORING PROCESS

<i>Example 1 assumes all three participants have been audited within the three-year period</i>				
Project Participants	Number of Units Audited Within Three-Year Period	÷	Participant Compliance Numerical Value	= Participant Compliance Factor
Developer	330		5	66.0
Owner/ General Partner (see note 1)	45		0	100.0
Management Company (see note 1)	120		1	100.0
Overall Compliance Factor				266
<i>Preliminary Compliance Score From Compliance Scoring Table</i>				7

<i>Example 2 assumes two of the three Participants have been audited within the three-year period, and that Co-Developers are participating.</i>				
Participants	Number of Units Audited Within Three-Year Period	÷	Participant Compliance Numerical Value	= Participant Compliance Factor
Co-Developer # 1	330		5	66.0
Co-Developer # 2	45		0	100.0
Co-Developers' Average Compliance Factor (see note 3)				83
Owner/General Partner (see note 2)	0		0	65
Management Company	120		1	100.0
Overall Compliance Factor				248
<i>Preliminary Compliance Score From Compliance Scoring Table</i>				5

*Note 1 – The maximum participant compliance factor is 100.*

*Note 2 – An unaudited participant will receive a participant compliance factor of 65, which will have no Positive or negative impact on the final compliance score.*

*Note 3 – Co Participants – To arrive at the Co-Developer Average Compliance Factor, first determine the Factor for each Co-Developer, and average the Compliance Factors.*

**Table 18.7 c** COMPLIANCE SCORING TABLE

Overall Compliance Factor	Preliminary Compliance Score
290 – 300	10
280 – 289	9
270 – 279	8
260 – 269 Example 1	7
250 – 259	6
240 – 249 Example 2	5
230 – 239	4
220 – 229	3
210 – 219	2
200 – 209	1
190 – 199	0
185 – 189	-1
180 – 184	-2
175 – 179	-3
170 – 174	-4
165 – 169	-5
160 – 164	-6
155 – 159	-7
150 – 154	-8
145 – 149	-9
140 – 144	-10
135 – 139	-11
130 – 134	-12
125 – 129	-20
124 OR LESS	Ineligible Project

## **SECTION 19      MONITORING AND COMPLIANCE**

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

Applicants are advised that DCA is required to monitor projects for compliance with the requirements of IRC Section 42, the HOME regulations at 24 CFR Part 92, the representations set forth in the Application, the requirements stated in this Plan, and the requirements set forth in the respective 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.

**Required Training for Owners** (Tax-exempt Bond Properties must also meet this requirement).

The owner/general partner is required to successfully complete a compliance-training seminar provided by or sponsored by DCA. The owner of a HOME-funded 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, Credit, and HOME/Credit 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 Credit property will be required to submit to DCA the Certificate of Successful Completion for the Credit training prior to placing the first building in service. Georgia HOME and Tax Credit 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 and Tax Credit Manuals, the HOME Final Rule (as amended), and in Section 42 of the IRS Code. Although DCA is responsible for monitoring the owners' compliance with these rules, regulations, and restrictions, this responsibility does not make DCA liable for an owners' noncompliance.

### **Property and Record Compliance**

- A. For purposes of determining initial or ongoing eligibility and compliance with property maintenance requirements, DCA asserts the right to conduct on-site inspections of any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer. DCA will provide prompt written notice to the owner of noncompliance findings and will assign an appropriate cure period.
- B. DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer. DCA will provide prompt written notice to the owner of any noncompliance finding and will assign an appropriate cure period.
- C. In the Credit Program, DCA is required to report all items of possible noncompliance to the IRS on IRS Form 8823. This form(s) will be issued to the owner/general partner of the project. If 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.

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

- A. Project owners receiving HOME loans are required to submit Quarterly Occupancy Reports in a format prescribed in the DCA HOME Manual, together with copies of 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 term of the loan. Project Owners are also required to submit an Annual Owners Certification and Annual Owner's Report in a format prescribed by DCA.
- B. 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 Credit 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 Owner's Report in a format prescribed by DCA.
- C. Project owners receiving HOME loans and Credit 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 Section 42 of the IRC, and with all DCA requirements, the property will then report on an annual basis in a format prescribed by DCA through the term of the loan or the compliance period, whichever is longer. Project owners are also required to submit an Annual Owners Certification and Annual Owner's Report in a format prescribed by DCA.
- D. Project owners who received Credit 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.
- E. Owners of projects that received Credit 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 Credit 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.

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

- A. Project owners awarded HOME loans must keep records for each assisted building as stipulated in the final HOME regulations (as amended) and as stated in the Georgia HOME Compliance Manual.
- B. Project owners allocated Credit must keep records for each building as stipulated in Section 42 of the IRS Code Section 1.42-5(b) and in the Georgia Low Income Housing Tax Credit Manual.
- C. Project owners receiving HOME loans and Credit must follow the most stringent requirements of the two programs.

### **Properties with Multiple Sources of DCA Funding**

Projects receiving more than one source of DCA funding (e.g., HOME and Credit) 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.

### **Compliance Standards**

#### **A. Assessment of Noncompliance**

Principals of projects awarded Credit in previous award cycles must remain materially in compliance with Credit and HOME Program requirements (if applicable) to remain eligible to compete for future Credit awards or HOME loans. Material noncompliance status exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner. DCA will have sole and absolute discretion in determining those parties ineligible to participate in the OAH financing competition due to noncompliance status.

#### **B. Cure Period Standards**

DCA will notify the owner in writing of any possible findings of noncompliance. Each item of noncompliance will have an assigned cure period. The cure periods will typically range from thirty (30) to a maximum of ninety (90) days. Examples of noncompliance matters and typical cure periods are as follows:

<b>Noncompliance Items</b>	<b>Typical Cure Periods</b>
<b>Health and Safety</b>	
Any issue	48 hours
<b>Administrative Noncompliance</b>	
Incomplete or incorrect tenant income certifications	30 days
Tenant income certifications not notarized	30 days
Failure to report on a quarterly or annual basis	30 days
<b>Project-wide Noncompliance</b>	
Incorrect utility allowances	60 days
Violations of 40/50 rule	60 days
Rent overages	60 days
<b>Incurable Instances of Noncompliance</b>	
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.

### **Monitoring Fees**

- A. DCA charges a monitoring fee for all Credit developments containing five or more low-income units. Credit recipients will be required to pay the entire fee covering the 15-year Compliance Period prior to the issuance of the project's IRS Forms 8609. See Section 14 of this Plan for fee schedules.
- B. Developments financed by the U.S. Department of Agriculture under the Section 515 program are charged a reduced compliance fee. Recipients will be required to pay the entire fee covering the 15 year Credit Compliance Period prior to the issuance of the project's IRS Forms 8609. See Section 14 of this Plan for fee schedules.

### **Compliance Monitoring Responsibilities**

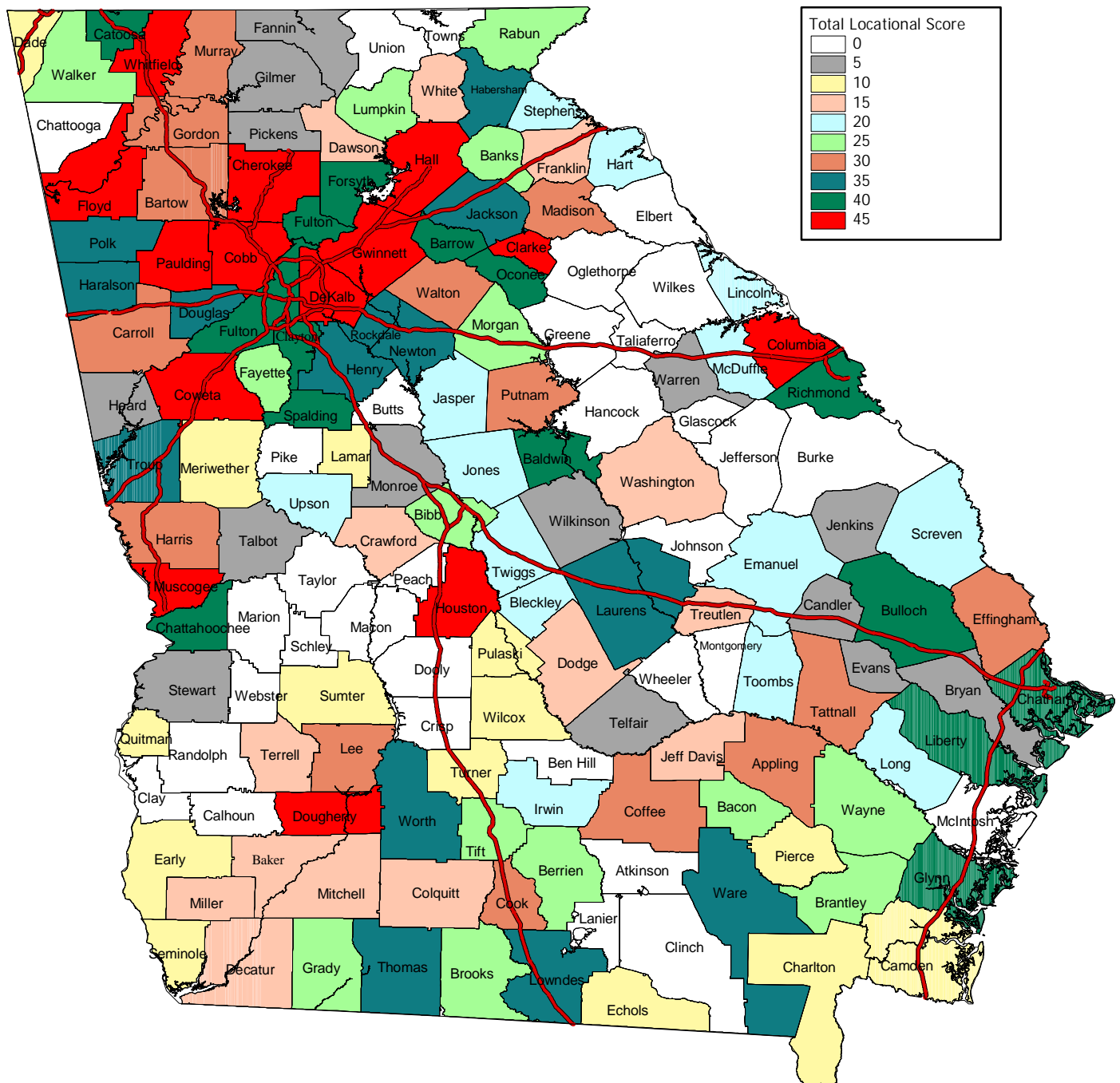
- A. DCA may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor. This option, if chosen, does not relieve DCA of its obligation to notify HUD or the IRS of noncompliance instances. DCA may also delegate some or all of its compliance monitoring responsibilities to another State agency. This delegation may include the responsibility of notifying the IRS of noncompliance.
- B. Applicants must inform DCA of all conditions or extenuating circumstances at each project that may impact compliance monitoring duties. Any questions regarding compliance with the Credit or HOME programs should be addressed in writing and faxed to DCA's Compliance Monitoring Section at (404) 327-6849.

## **SECTION 20      MODIFICATION OF PLAN**

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

The Governor recognizes and acknowledges that DCA will encounter situations which have not been foreseen or provided for in this Plan and expressly delegates to DCA the power to amend this Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of Credit in all situations and circumstances, both foreseen and unforeseen, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the Credit allocation system and the power and authority to resolve conflicts, inconsistencies, or ambiguities, if any, in this Plan or which may arise in administering, operating, or managing Credit allocations pursuant to this Plan. The Governor further expressly delegates to DCA the authority to amend this Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credit.

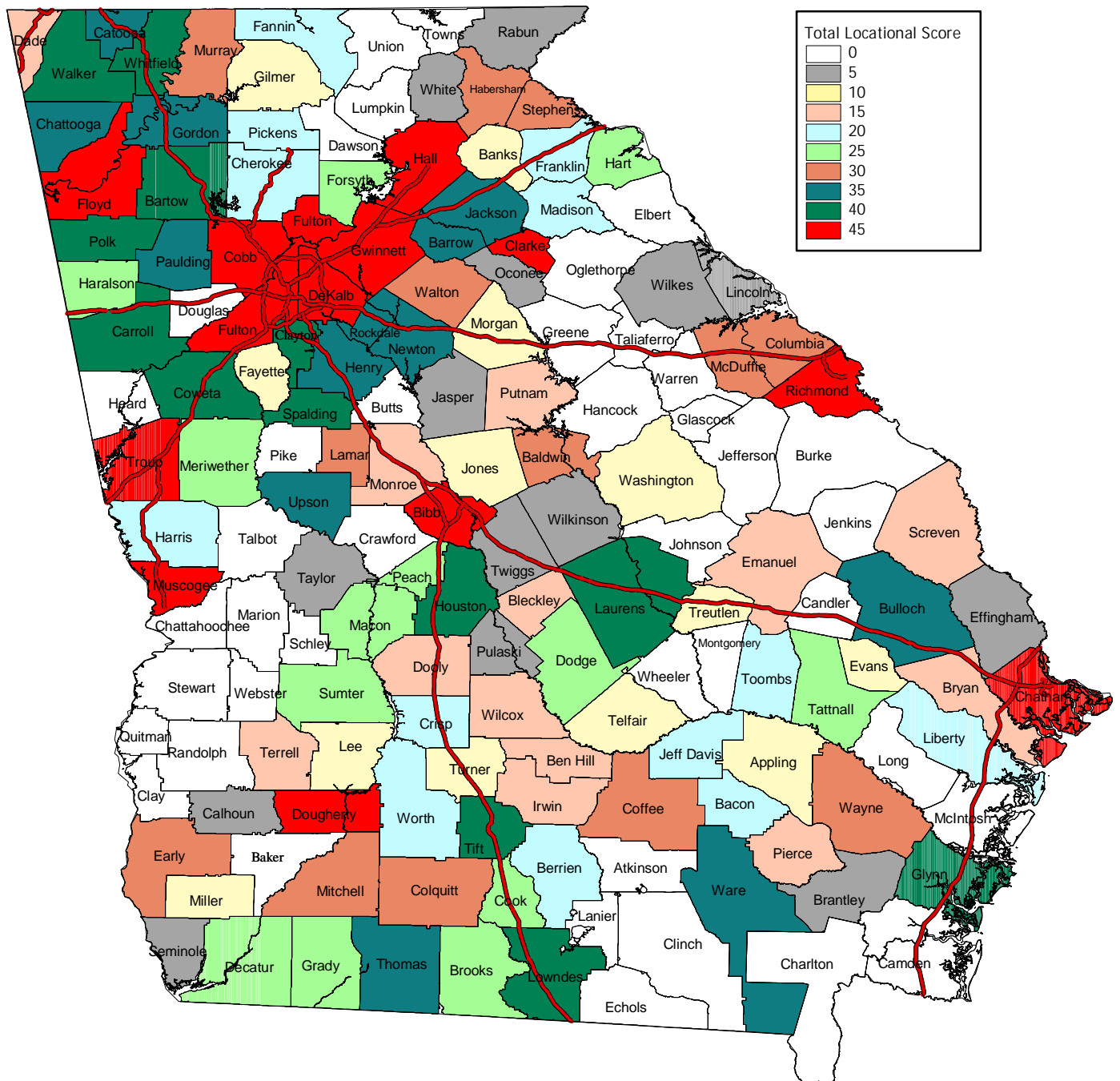
# 2000 General Multifamily Locational Map



Source: Georgia Department of Community Affairs



# 2000 Elderly Households Multifamily Locational Map

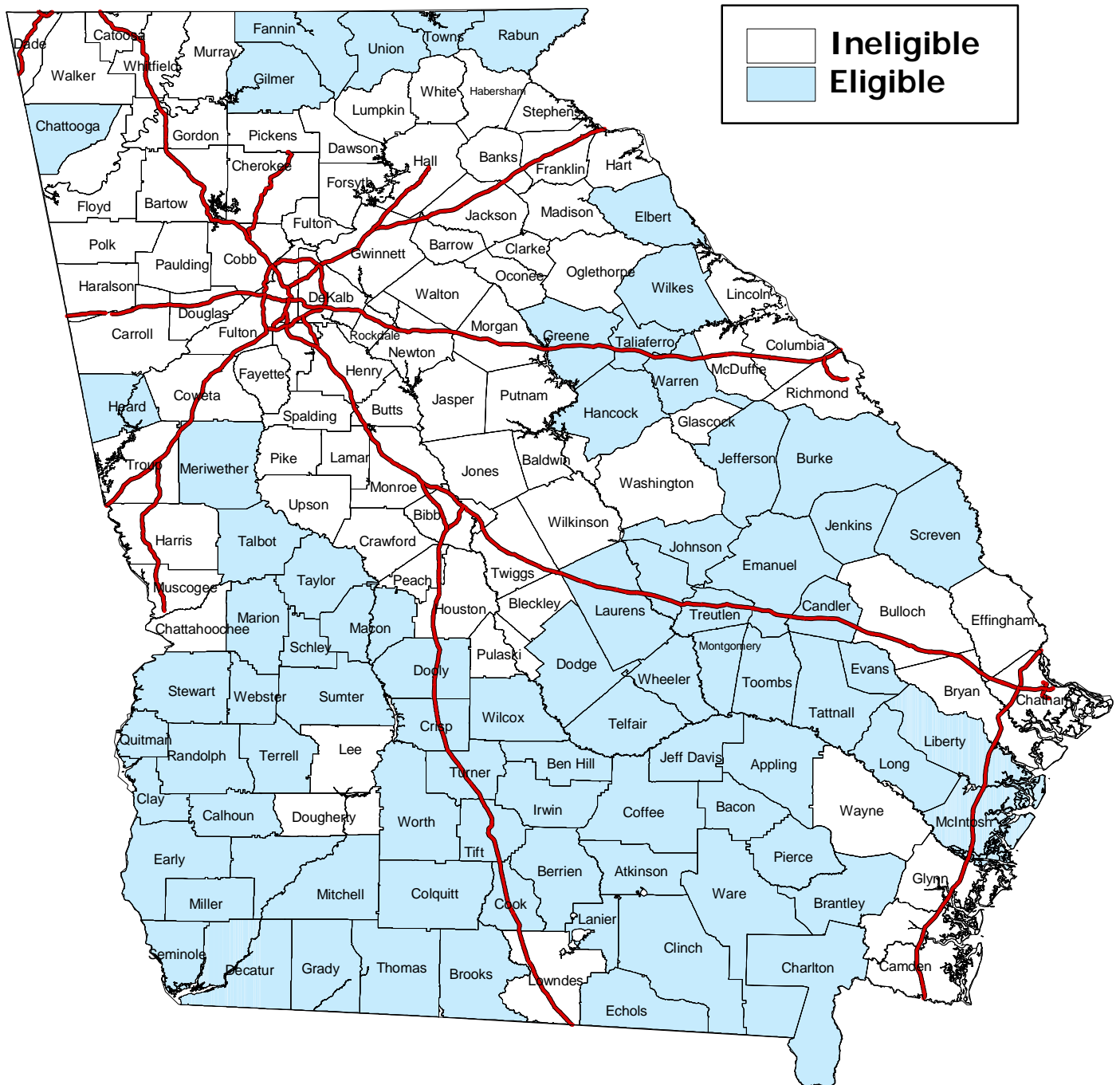


Source: Georgia Department of Community Affairs



Revised 11/01/99

# 2000 Counties Eligible for HOME Balloon Loans



Source: Georgia Department of Community Affairs

