

**STATE OF GEORGIA  
2001  
QUALIFIED ALLOCATION PLAN  
for  
LOW INCOME HOUSING TAX CREDITS  
and  
AFFORDABLE HOUSING RESOURCES**

January 29, 2001



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

## MEMORANDUM

TO: All Interested Parties

FROM: Office of Affordable Housing

DATE: January 29, 2001

SUBJECT: Notice of Funding Availability

The Georgia Department of Community Affairs (DCA) is releasing the 2001 Qualified Allocation Plan (Plan) that is intended to encourage the development of affordable rental housing in both rural areas and urban neighborhood redevelopment areas. The Plan sets forth the conditions and policies to which applications in Georgia for the State and Federal Low Income Housing Tax Credit and HOME loan program resources will be subject in 2001. The 2001 Plan differs considerably from the 2000 Plan. The major changes are identified below, but all potential applicants are advised to study the Plan carefully due to the many minor changes that cannot be addressed in this brief summary.

- 1) Thirty percent of the available tax credits will be set aside for affordable housing developments in rural counties, defined as those counties not included in a Metropolitan Statistical Area (MSA). These projects will also receive preference for HOME loans to serve as gap financing.
- 2) The locational maps were revised to increase the areas favorable for affordable housing development, and different point systems were used for MSA and non-MSA counties to help balance the incentive to develop either urban or rural projects.
- 3) Unit cost limitations were increased and the possibility of a cost limit waiver was made available for special needs projects, mixed income projects, and projects receiving historic tax credits.
- 4) The limitation on numbers of Applications that can be submitted by one applicant was increased from five to six.
- 5) Site characteristic requirements were adjusted to avoid handicapping rural projects where sites available for development may be more difficult from a topographic perspective, and may be further from services than may be reasonably expected for urban sites.
- 6) Local government opposition has been removed as a threshold item. Proposals that meet all other threshold requirements, that are located in areas appropriately zoned, and that are supported by appropriate infrastructure and utility services, will be scored. It should be noted, however, that points will continue to be awarded to those Applications that receive local government support.

All public comments received were carefully considered in arriving at the final Plan, which attempts to provide a fair balance among the issues and concerns of the many interested parties. We are appreciative of the many good suggestions made to improve this Plan.

Please take special note of the following critical dates for the 2001 funding round:

**February 23**      **General Questions Deadline-** Applicants must have general questions concerning Application submissions to DCA by this date. Answers will be published and sent to all applicants.

**March 1**            **Maximum Per-Unit Cost Waivers Deadline-** Applicants must have requests to DCA offices by 5:00 p.m. on this date. No late submissions will be accepted for any reason.

**March 12-16**      **Project-specific Questions Deadline-** Written project-specific questions will be entertained. Answers will be considered the following week and responses sent by March 30.

**April 19**            **Application Submission Deadline-** Complete Applications **must be received by DCA no later than 5:00 p.m.** No late submissions will be accepted for any reason.

**June 29**            **CHDO Predevelopment Loan Application Deadline**

**August 31**        (Tentative) Announcement of 2001 HOME and Tax Credit reservations.

Written general questions concerning Application submissions, as well as project specific questions, may be submitted to the DCA Office of Affordable Housing via mail, e-mail, or facsimile (404-679-0667). However, DCA will respond to only those questions received within the deadlines outlined above.

Please feel free to contact us throughout the year as other questions and issues arise. Attached for your convenience is a listing of key staff-members in the Office of Affordable Housing. We appreciate your interest in affordable rental housing and look forward to working with you during the coming year.

**Georgia Department of Community Affairs**  
**Office of Affordable Housing**  
**Key Staff-Members**  
**January 2001**

<u>Joy Fitzgerald</u> Office Director	(404) 679-3132	<a href="mailto:jfitzger@dca.state.ga.us">jfitzger@dca.state.ga.us</a>
<u>Nathan Mize</u> Tax Credit Manager	(404) 679-0616	<a href="mailto:nmize@dca.stae.ga.us">nmize@dca.stae.ga.us</a>
<u>Teresa Hill</u> HOME Program Manager	(404) 679-0648	<a href="mailto:thill@dca.state.ga.us">thill@dca.state.ga.us</a>
<u>Donnell Drummond</u> Senior Loan Underwriter	(404 ) 679-6882	<a href="mailto:ddrummon@dca.state.ga.us">ddrummon@dca.state.ga.us</a>
<u>Doug Scott</u> Nonprofit/Special Program Coordinator	(404) 327-6881	<a href="mailto:douscott@dca.state.ga.us">douscott@dca.state.ga.us</a>
<u>Bonny Wright</u> Legal Affairs Manager	(404) 679-0580	<a href="mailto:bwright@dca.state.ga.us">bwright@dca.state.ga.us</a>
<u>Rosemary Kernahan</u> Architect	(404) 679-0596	<a href="mailto:rkernaha@dca.state.ga.us">rkernaha@dca.state.ga.us</a>
<u>Larry Warner</u> Multifamily Asset Manager	(404) 679-1590	<a href="mailto:lwerner@dca.state.ga.us">lwerner@dca.state.ga.us</a>
<u>Nan Maddux</u> Compliance Manager	(404) 679-0611	<a href="mailto:nmaddux@dca.state.ga.us">nmaddux@dca.state.ga.us</a>

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**STATE OF GEORGIA  
2001 QUALIFIED ALLOCATION PLAN  
FOR  
FEDERAL LOW INCOME HOUSING TAX CREDITS  
STATE HOUSING TAX CREDITS  
HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS**

**Section 1. Purpose**

The purpose of the Plan is to set forth:

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

**Section 2. Definitions**

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

“4% Credits” means Federal Credit available to Bond Financed Projects which meet the requirements of this Plan.

“9% Credits” means Federal Credit allocated on a competitive basis under the provisions of this Plan.

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

“Application” means the set of documents, in paper and electronic form, submitted by an applicant to DCA under this Plan.

"Application Submission" means the date and time, as stipulated in Section 13 of the Plan, by which the Application must submitted to DCA in order to be eligible for scoring.

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

“Capital Improvements” mean improvements to the real estate, the cost of which exceeds \$10,000 per unit, such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs.

“CHDO” means a Community Housing Development Organization, as defined in the HOME regulations at 24 CFR Part 92.2.

“CHDO Loan Program” means that program designed to make rental housing loans to CHDOs.

“CHDO Predevelopment Loan Program” means that program designed to make loans exclusively to CHDOs for predevelopment activities involving the preparation of Applications for Credits and loans through the CHDO Loan Program.

“Code” means IRS Code, primarily Section 42.

“Competitive Scoring” means the process described in this Plan by which DCA ranks the Applications received. Only those Applications meeting Threshold requirements will be advanced to the Competitive Scoring process. The ranked outcome of the Competitive Scoring process will provide the basis upon which DCA offers funding to Applications.

“Compliance Period” means the 15-year over which a property must operate in accordance with the Low Income Housing Tax Credit Program requirements to avoid Credit recapture. The Compliance Period commences with the first taxable year of the Credit period.

“Credits” mean the State Credit and the Federal Credit together.

“DCA” means the Georgia Department of Community Affairs, an executive agency in Georgia state government. By state law, DCA administers the programs of GHFA.

“Developer’s Fee” means the sum of the developer’s overhead, developer’s profit, consultant’s fee, and reserves funded from the development budget held for less than the Period of Affordability. If a consultant is acting in the capacity of developer or construction manager, or providing technical assistance to the developer or construction manager, the consultant’s fee is considered part of the Developer’s Fee.

“Elderly Households” or “EH” means one or two person households in which the head of household is at least 62 years of age.

“General Multifamily” means projects designed to be marketed to the general tenant population, and not specifically designed for or marketed to a Special Needs tenant population.

“Federal Credit” means the Low Income Housing Tax Credit established by the federal government for the purpose of encouraging the affordable housing and governed by the Code.

“FMR” means the Fair Market Rents issued by HUD.

“GHFA” means the Georgia Housing and Finance Authority, a public corporation created by the Georgia General Assembly and designated by the Governor as the State Allocating Agency for Federal Credit.

“HOME” means the HOME Investment Partnership Program administered by HUD under the provisions of 24 CFR Part 92.

“HOME Loans” means the HOME Rental Housing Loan Program loans, the CHDO Loan Program, and the CHDO Predevelopment Loan Program loans taken together.

“HOME Rental Housing Loan Program” means the loan program described in Section 9 that provides construction and permanent loans to affordable housing developments.

“HUD” means the U.S. Department of Housing and Urban Development.



“Identity of Interest” means a situation exists in which a person, principal, or entity with an interest in the ownership of the property contracts with the owner to provide services.

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

“Local Government” means the controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located at the time of Application (e.g., city council if within the city limits, or county commission if in an unincorporated area).

“Manual” means the Application Manual published by DCA for Applications submitted in 2001.

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

“Period of Affordability” means the time during which HOME Loan financed units must remain affordable to eligible households, as defined by program regulations and this Plan. This period will be 20 years from the time the project is entered into HUD's reporting system as having been completed, or the term of the loan, whichever is greater.

“PJ” means a Participating Jurisdiction, which is an agency of state or local government that administers the HOME Program in its jurisdiction. DCA is the PJ for the non-entitlement areas of the State of Georgia.

“Plan” means this 2001 Qualified Allocation Plan.

“Project Participants” means the owner/general partner, developer, management company, or syndicator proposed to be involved with a project for which an Application is submitted.

“PHA” means local public housing authority.

“Rent Standards” means the most recent AMI, FMR and UA issued by HUD.

“Reservation of Funds” means the securing of funding for a particular project proposal based on the understanding that the project will fully satisfy program and Plan requirements.

“Rural Counties” means those counties that are outside of the Metropolitan Statistical Areas (MSAs) as defined by the Census Bureau and shown in Exhibit I of Appendix II of the Plan.

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

“Special Needs” means the homeless, Elderly Households, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, persons living with HIV/AIDS, and migrant farm workers.

“State Credit” means the Housing Tax Credit established by the Georgia General Assembly, as set forth in O.C.G.A. 48-7-29.6.

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

“UA” means the utility allowances as described in the Plan.

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

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

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

Section 42 of the Code mandates that each state adopt an annual plan for Federal Credit allocation. Draft versions of the Plan were made available for public comment. Upon consideration of those comments, amendments were made and the final Plan was approved by the GHFA Board and transmitted to the Governor for final review and approval. The Plan applies to (1) projects awarded Federal Credit from the states' annual allocation, and (2) projects financed by tax-exempt bonds and eligible for Federal Credit outside of the annual Federal Credit allocation. Code Section 42(m)(1) requires that each state:

- A. Set forth the project selection criteria appropriate to local conditions;
- B. Give preference in allocating Federal Credit to projects that:
  - 1. serve the lowest income tenants,
  - 2. obligate to serve qualified tenants for the longest time periods, and
  - 3. projects located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan;
- C. Establish procedures to monitor projects receiving Federal Credit for compliance with program provisions, and to notify the IRS of any noncompliance issues; and,
- D. Consider the following in allocating Federal Credit:
  - 1. project location,
  - 2. housing needs characteristics,
  - 3. project characteristics,
  - 4. applicant characteristics
  - 5. tenant populations with special housing needs,
  - 6. public housing waiting lists,
  - 7. projects serving families with children, and
  - 8. projects intended for eventual tenant ownership.

**State Credit.** In addition to the Federal Credit, DCA administers Georgia's Housing Tax Credit. The State Credit is applied in conjunction with the Federal Credit on a dollar-for-dollar matching basis. That is, for each dollar of Federal Credit allocated, an equal amount of State Credit will be automatically allocated by DCA. This State Credit will be administered under the same rules and regulations prescribed for the Federal Credit

supplemented by any rules, policies, or regulations established by the Georgia Department of Revenue. DCA will underwrite the combined Credit allocations to ensure that no development proposal is over-subsidized.

**HOME Program.** The HOME Program regulations require that each PJ distribute its HOME resources in accordance with the priorities and objectives outlined in its most current approved Annual Action Plan for Consolidated Funds prepared in accordance with established HUD regulations (24 CFR Part 91). The State's Annual Action Plan for FFY2001 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 Plan as the established policy and procedures for the State's review and evaluation of Applications to DCA for the HOME Rental Housing Loan Program, CHDO Loan Program, and CHDO Predevelopment Loan Program.

#### **Section 4. 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 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 Consolidated Plan for complete information regarding Georgia's housing need. For purposes of the Competitive Scoring process, EH projects will be considered separately from the Special Needs projects.

#### **Section 5. Affordable Rental Housing Objectives**

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 that have obtained affordable, rental housing that is free of overcrowded and structurally substandard conditions. 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.

#### **Section 6. Affordable Rental Housing Priorities**

The Plan is designed to direct financing resources to affordable housing developments that: (1) promote the revitalization of urban and downtown areas through renovation, re-building and/or new construction in infill areas, and (2) provide affordable housing in Rural Counties, especially those areas in which DCA financing resources have not been recently utilized. Within these broad priorities, DCA will rank all projects that meet Threshold requirements based on the Competitive Scoring criteria.

The traditional approaches used by communities and states 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 Plan is designed to reflect these concepts. Site Review threshold and 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 efficient project design and site design encourage sustainable building techniques and protection of existing resources.

DCA recognizes that affordable housing needs exist throughout the state, and that if resources are allocated only on the basis of relative need, lower populated Rural areas of the state may be under-served. The Plan addresses this issue in several ways. Relative need differences among counties have been reduced from 10 classifications to three classifications to reduce the emphasis on relative need, and Rural Counties that have received few or no affordable housing resources in recent years will receive a Competitive Scoring advantage over those counties that have received such resources in the past three years. Additionally, maximum HOME Loan amounts for Rural Counties have been increased from \$2 million to \$2.8 million to eliminate the need for commercial debt. This will help lower project costs so the very low rent levels required in many Rural areas can be achieved while keeping the project financially feasible.

DCA is committed to making quality affordable housing available for low-income Georgians in all parts of the State. Accordingly, DCA will direct its financing resources as described under the Plan to those Applications that best address Georgia's affordable housing needs. DCA has identified areas in Georgia for targeting affordable housing resources toward both Elderly and General Multifamily populations based on in-depth demographic analysis. The results of this study have been used to develop locational maps that reflect relative affordable housing needs statewide (see Exhibit I, Appendix II of the Plan).

## **Section 7. Financing Resources – Credits**

**Resources Available.** The total estimated amount of Federal Credit available for 2001 is approximately \$12.2 million, 10% of which is a federally mandated set-aside for nonprofit-sponsored Applications. Qualified nonprofit organizations must materially participate in the project (within the meaning of Section 469(h) of the Code) and meet all requirements set forth in Code Section 42(h)(5).

In addition to (but not exclusive of) the nonprofit set-aside, 30% of the available Credits will be set-aside for Applications proposing affordable housing developments in Rural Counties. A nonprofit development in a Rural County, if selected for funding, will apply to both the nonprofit set-aside and the Rural County set-aside. Applications funded under the Rural County set-aside will receive preference in the allocation of HOME Loans.

The annual Federal Credit dollar amount allocated to the State of Georgia equals \$1.50 multiplied by the federal government's estimate of Georgia's population. The amount of Federal Credit available for the 2001 funding cycle will be comprised of the State's 2001 Federal Credit allocation, returned Federal Credit, and any national pool Federal Credit available to the State less any Federal Credit forward committed. Bond Financed Projects may also be eligible for Federal Credit in addition to the State's annual Federal Credit ceiling.

The annual State Credit dollar amount will equal that of the Federal Credit. The State Credit will be automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both 9% and 4% Federal Credit) and will be available for the same time period discussed below. It should be noted that the Federal/State Credit combination may be bifurcated so that each can be sold to separate investment groups.

The Credits are available annually for a 10-year period. With certain exceptions, owners may receive annual Credits of the approximate discounted present value of 30% of the qualified basis for developments involving acquisition, and an annual Credits of the approximate discounted present value of 70% of the qualified basis for developments involving new construction or rehabilitation.

**Maximum Credits Award.\*** No project will be awarded more than Seven Hundred Twenty Five Thousand and No/100 Dollars (\$725,000) of Georgia's annual Federal Credit authority and an equal amount of State Credit authority.

Applicants will be limited to ownership interest in a maximum of three projects, of which the total Federal Credit from the 2001 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 Project Participant having proposed ownership interests in three other projects that score higher will be deemed ineligible for funding. Also, Applications proposing ownership interest by a Project 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 an experienced for-profit or nonprofit developer partners with an inexperienced nonprofit developer that is applying under the Plan's Credits nonprofit set-aside or the HOME CHDO Loan Program set-aside. If the nonprofit developer does not meet the owner/developer experience requirement (Appendix I, Section 17 - Owner/Developer Experience and Capacity), it can partner through a contractual agreement with a for-profit or nonprofit developer that does meet the experience requirement.

**Eligibility.** 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 the Plan, the Manual, and 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.

**Carryover Allocations.** No project can receive more than one Carryover Allocation of Credits. If the owner determines that more Credits are necessary to make the project financially feasible, the owner may apply to DCA for additional Credits only during the Competitive Scoring process in the year the project is placed in service and the owner applies for the IRS Form(s) 8609.

To qualify for Credits a building generally must be placed into service during the year in which it receives an allocation. An exception is provided in the case where the owner has expended an amount equal to at least 10 percent of the reasonably expected basis in the building by the later of (1) the end of the calendar year in which the allocation is made, or (2) six months after receipt of the allocation.

**Final Allocation Deadline.** Unless otherwise specifically noted in a particular project's carryover allocation document, the work scope proposed in the initial Application of a project must be no less than 95% complete by December 31 of the year in which it is placed in service (two years after the carryover allocation is made). If this requirement is not met, DCA reserves the right to recapture any and all Credits allocated to that project. If the owner of a Credits project wishes to have a land use restrictive covenant recorded on the property by the close of the calendar year in which it has been placed in service, and thus be eligible to claim

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\* Not Applicable to tax exempt Bond Financed Projects

the Credits for that tax year, the owner must either apply for final allocation or issue a written request for the land use restrictive covenant no later than November 15 of the year the property is placed in service.

**Final Allocation Placement-In-Service Requirement.** All buildings in a project must be placed in service before the owner may apply for a final allocation of Credits. Therefore, IRS Form(s) 8609 for a project will be issued only once for the entire project as proposed in the Application. Form(s) 8609 will not be issued as buildings are placed in service.

**Failure to Complete Work Scope.** Owners of projects receiving Credits 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 no later than December 31, 2003. Owners of properties receiving Credits for new construction must perform 100% of the work scope as set forth in the DCA approved construction drawings and specifications no later than December 31, 2003. DCA will inspect projects requesting IRS Form(s) 8609 to ensure that all work has been completed prior to issuing Form(s) 8609. If a lesser percentage is completed, DCA reserves the right to recapture all Credits allocated. At its sole and absolute discretion, DCA may approve requested modifications to the proposed work scope.

**Failure to Commence Construction/Rehabilitation.\*** Owners of projects receiving Credits for new construction or rehabilitation in the 2001 round must commence construction or rehabilitation in accordance with their respective schedule, but in any event, no later than December 31, 2002. Failure to commence construction as scheduled will cause an automatic recapture of the Credits. 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 construction drawings, specifications, project construction schedule, and schedule of values no later than October 31, 2002, and copies of project building permits and the Project Owner's Notice to Proceed to the project's general contractor no later than January 15, 2003. In reviewing the commencement and completion schedules, DCA, in its sole and absolute discretion, reserves the right to grant waivers on written requests.

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

**Disqualification: Continuing Non-Compliance.** Principals of projects awarded Credits in previous award cycles must remain materially in compliance with Credits and HOME Rental Housing Loan Program requirements (if applicable) to remain eligible to compete for future Credits 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 receive funding under the Plan due to noncompliance status.

**Disqualification: Failure to Use Previously Awarded Credits.** An applicant, including principals or officers of the ownership entity, awarded or allocated Credits 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 Credits for a period of one year. An owner will be permanently barred from reapplying for Credits for the specific project for which Credits went unused and Carryover Allocation was

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\* Not applicable to tax exempt Bond Financed Projects.

allowed to expire. In its sole and absolute discretion, DCA may allow an applicant who returned Credits allocated in a previous year to apply for Credits on the condition that if the Application is approved, the owner will pay a reservation fee equal to 17% of the annual allocation amount.

## **Section 8. Financing Resources – Bond Financed Projects**

To be eligible for an allocation of 4% Credit, tax-exempt Bond Financed Projects must satisfy the Threshold requirements set forth in the Plan. In addition, tax-exempt Bond Financed Projects must comply with the requirements contained in the Section 7 (Financing Resources - Credits) of the Core Plan, except as noted.

In accordance with the Plan, the tax-exempt bond issuer is responsible for determining whether the project meets the Plan requirements. In cases where the owner requests such a 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 local issuer passes its bond inducement resolution. Regardless of who makes the determination, no Form(s) IRS-8609 will be issued until DCA is satisfied that the project is eligible for the 4% Credit. 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 Form(s) IRS-8609 by completing a Final Allocation Application. The amount of Bond/4% Credit Form IRS-8609 Fee will be calculated as 2% of the annual credit amount and will be payable at the time of issuance of Form IRS-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 Form(s) IRS-8609 when an applicant exhibits a continual pattern of noncompliance, or when the applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner.

## **Section 9. Financing Resources – HOME Loans**

**Resources Available.** HUD allocates HOME funds to states annually, using a formula that takes into consideration the existence of substandard housing conditions and poverty levels within each state. The Federal Fiscal Year (FFY) 2001 HOME allocation will be available to the State on July 1, 2001, following approval of the Annual Action Plan for FFY2001 Consolidated Funds (Annual Action Plan). In the event HOME funding is not available to DCA on or after July 1, 2001, as expected at the time of publication of the Plan, DCA will not be obligated to provide any HOME Loans to applicants.

As of the date of publication of the Plan approximately \$23 million is expected to be available for HOME Rental Housing Loan and CHDO Loan Programs under the Plan. In the event HOME Rental Housing Loan Program funds remain unallocated after the Competitive Scoring process described in the Plan is complete, DCA reserves the right to apply the remaining HOME Loan funds to other DCA programs at its sole and absolute discretion. Further, DCA reserves the right to adjust the amount of HOME funds allocated to the HOME Rental Housing Loan and CHDO Loan Programs in its sole and absolute discretion.

**HOME-Funded Project Location.** Applicants will be awarded HOME funds only if the proposed project is located outside of the political boundaries of any local PJ. The 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 Needs population and received points as a Special Needs Project (does not include EH projects).

**Maximum HOME Loan.** The maximum HOME Loan will be \$2 million per project for non-Rural Counties. Projects located in Rural Counties will be eligible for loans up to \$2.8 million if no other lender is involved or a second lender agrees to a second-lien position. Also, applicants will be limited to ownership interest in a maximum of three projects, of which the total funding cannot exceed 30% of the HOME Rental Housing Loan Program resources available stated above in this Section. This limitation applies to ownership interests of all proposed Project Participants, except syndicators. Note that there is another exception in the next paragraph. Any Application proposing ownership interest by a Project Participant having proposed ownership interests in three other projects that score higher will be deemed ineligible for HOME Rental Housing Loan Program funding. Applications proposing ownership interest by a Project Participant having proposed ownership interests in other projects scoring higher will be deemed ineligible if the additional HOME Loan funding, (combined with the other projects scoring higher) exceeds 30% of the annual HOME Loan authority.

The one exception to the three-project/30% limit is an Application in which a for-profit or nonprofit developer partners with an inexperienced nonprofit developer that is applying under the Plan's Credit nonprofit set-aside or the HOME CHDO Loan Program set-aside. If the nonprofit developer does not meet the owner/developer experience requirement (Appendix I, Section 18 - Owner/Developer Experience and Capacity), it can partner through a contractual agreement with a for-profit or nonprofit developer that does meet the experience requirement. For such arrangements, none of the HOME Loan funding associated with the project will count toward the for-profit's three-project/30% limit.

**HOME Rental Housing Loan Program.** This program is designed to provide below market, favorable term financing for affordable rental housing. In Georgia, this program is intended to serve those individuals who have incomes ranging from 30% to 60% AMI.

**CHDO Loan Program.** Fifteen percent of the State's FFY2001 HOME Rental Housing Loan Program allocation will be set aside for projects owned by nonprofits that have been prequalified by DCA as CHDOs, 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 the Plan, the Manual, and the HOME regulations. HOME Loans made to CHDOs (irrespective of whether the HOME Loan is from this set-aside) are collectively considered the CHDO Loan Program.

**Eligibility.** Private or nonprofit owners of newly constructed or rehabilitated rental housing for occupancy by low and very low income households as set forth in the Plan, the Manual, and the HOME regulations may apply. Eligible activities are the construction financing and permanent financing for the costs of constructing or rehabilitating rental housing as defined in the Plan. Rental dwelling units financed through the program must be affordable by low-to-moderate-income households as defined in the Plan, the Manual, and the HOME regulations.

**HOME Loan Terms.** Applicants requesting permanent HOME Loan financing must also use HOME Loans for construction financing. 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 million in non-Rural Counties or \$2.8 million in Rural Counties. The minimum loan amount is \$100,000. No interest will be charged during construction loans period. Construction loan terms will be set depending upon the projected construction and lease-up schedule.

Construction loans will convert to permanent loans in the amount of construction financing being retired. The interest rate on the permanent loan will typically be 1%, but DCA reserves the right to adjust this rate at its sole and absolute discretion. 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, at 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 for Special Needs projects located in any county of the State that qualify for points under the Special Needs or the Elderly Housing criteria discussed in Appendix II of the Plan. Additionally, non-amortizing loans may be made in Rural Counties if warranted by local economic and market conditions, and if no private financing is used. 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. (See the *2001 Rural Counties Eligible for HOME Balloon Loans* map indicating eligible counties on the following page.)

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. Construction loans will "convert" to a permanent loan upon the satisfaction of certain conditions outlined in the loan documents.

**Disqualification: Continuing Non-Compliance.** Principals of projects awarded Credits in previous award cycles must remain materially in compliance with Credits and HOME Rental Housing Loan Program requirements (if applicable) to remain eligible to compete for future Credits 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 receive funding under the Plan due to noncompliance status.

**Legend:**

- Ineligible
- Eligible

The map displays the following counties as **Ineligible** (white):

- Spalding
- DeKalb
- Rockdale
- Newton
- Walton
- Barrow
- Clarke
- Oconee
- Wilkes
- Lincoln
- Columbia
- McDuffie
- Richmond
- Effingham
- Bryan
- Liberty
- Long
- Wayne
- Camden
- Charlton
- Cochran
- Appling
- Jeff Davis
- Telfair
- Dodge
- Wilcox
- Cris
- Lee
- Dougherty
- Calhoun
- Early
- Miller
- Seminole
- Decatur
- Grady
- Thomas
- Brooks
- Lowndes
- Clinch
- Echols
- Ware
- Brantley
- Glynn
- McIntosh
- Chatham

All other counties are **Eligible** (blue).

## **Section 10. Financing Resources – CHDO Predevelopment Loan Program**

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 Rental Housing Loan Program. Funding is available to nonprofits are 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 the Plan, the Manual, and the HOME regulations. 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, and the HOME regulations.

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.

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 2001 cannot apply for CHDO Loan Program funding until the 2002 round at the earliest.

Loans will be interest-free with, typically, a maximum term of 24 months. However, DCA reserves the right to extend the loan term at its sole and absolute discretion. 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 must be received by DCA no later than 5:00 PM, June 29, 2001.** To be considered, an Application must meet the applicable Threshold requirements of the 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 wish to incur predevelopment costs that are to be funded by the loan, e.g., obtain a soils report, must obtain prior approval from DCA. The release of funds will be subject to the approval of the product by DCA.

## **Section 11. Policies**

Policies governing the administration of the Credits and HOME Rental Housing Loan Programs are found throughout the Plan, the Manual, the Compliance Manual, and other documents published by IRS, HUD, and DCA. Included in this section of the Plan are policies to which DCA wishes to draw specific attention. In no

way, however, should exclusion of a policy from this section be construed to limit its applicability to funding resources allocated under the Plan.

**General Requirements.** Generally, a project must:

- 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 of 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.

**Underwriting Policies (Program Applicability is Indicated as "Credits" "HOME" or "Both")**

- Annual Operating Expenses. Annual budgeted operating expenses, excluding reserve contributions, must be no less than \$3,000 per unit for urban projects, \$2,600 for Rural County projects, and \$2,000 for Rural County projects that include USDA loans as a funding source. (The lower amount for USDA projects is allowable due to USDA's other more restrictive underwriting policies. However, DCA reserves the right to determine the reasonableness of budgeted operating expenses. DCA will consider waivers for Rural County projects that can clearly demonstrate that annual operating costs can be reasonably maintained at a lesser amount. Approval of such waivers shall be at DCA's sole and absolute discretion.
- Builder Cost Limitations. Builder's overhead, general requirements, and builder's profit are limited to percentages of the total construction contract (net of builder's overhead, general requirements, and builder's profit) as follows: Builder's overhead – two percent (2%); General Requirements – Six Percent (6%); and Builder's profit – six percent (6%). **(Both)**
- Construction Contingency. The construction contingency amount must be at least 2% but no greater than 5% of the total construction cost for new construction projects. For rehabilitation projects, the construction contingency amount must be at least 5%, but no greater than 7% of the total construction cost. DCA reserves the right to adjust development budgets in this regard, for underwriting purposes, in its sole and absolute discretion. To the extent feasible, DCA funds should be allocated to cover disbursements from the construction contingency. Regardless of how the contingency is funded, DCA must approve all change orders. If applicable, an Intercreditor Agreement will be required. Any unused balance in the construction contingency at the time of loan conversion from construction to permanent must be used to reduce the principal amount of the HOME Loan or the senior lender loan as appropriate, with the monthly principal and interest payments adjusted accordingly. **(Both)**
- Construction Hard Cost Financing. HOME Rental Housing Loan Program funds can be used only to finance construction hard costs. Soft costs, acquisition costs and other project costs must be financed by other financing sources. (Not applicable to CHDO Predevelopment Loans). **(HOME)**
- Construction Loan Recourse. All construction loans will be full recourse against the borrower and/or the principals of the ownership entity until full and final completion of the project as determined by DCA. **(HOME)**
- Debt Coverage Ratio. The debt coverage ratio for all tangible debt after funding expenses and other required reserve funding, must be between 1.10 and 1.30 for the first full year of operation. The debt coverage ratio cannot drop below 1.10 during the 15-year compliance period, HOME Loan term, or the Period of Affordability, whichever is longer. The Credits and/or HOME Loan amount may be reduced if

DCA's underwriting indicates a debt coverage ratio greater than 1.30 in the first full year of operation. **(Both)**

- *Developer's Fee Limitations.* DCA restricts the maximum Developer's Fee to 15% of the total development cost less the budgeted Developer's Fee and the cost of land. When an Identity of Interest exists between the owner and the general contractor, the maximum Developer's Fee is restricted to 15% of the total development cost less the cost of the land, the budgeted Developer's Fee, and the builder's profit. If an Application budgets a Developer's Fee of less than 15% the percentage proposed will be substituted for 15% in determining the maximum Developer's Fee. **(Both)**
- *Developer Overhead and Consultant Fees.* The amount of the developer's overhead and consultant's fee (if applicable) that can be drawn during construction must not exceed the lesser of (1) 20% of the maximum allowable developer fees, or (2) 50% of the total developer fees requested. None of the developer's profit will be disbursed until all DCA conversion conditions have been met and the HOME Loan for construction has been converted to a permanent loan. These disbursement conditions will be reflected in the HOME Loan documents and in an agreement with any other funding source(s) that will be funding these line items. **(HOME)**
- *Management Unit Designation.* For applicants electing to house management personnel in a project unit, the management unit can be either designated as part of the unit count or part of common space. If the management unit is designated as part of the unit count, it must be occupied by an income eligible household that may be the on-site manager, and rent can be charged or collected by the owner for this unit. If the management unit is designated as part of common space, it need not be occupied by an income-eligible household, but must be occupied by the on-site manager, and no rent can be charged or collected by the owner for this unit. **(Both)**
- *Non-Amortizing Loans--Excess Cash Flow.* For all permanent non-amortizing HOME Loans, one-half of the after-debt-service cash flow (minus audit fees and Syndicator asset management fees) 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 (with the exception of those approved by DCA for capital improvements) must remain in the account until the HOME Loan is repaid. **(HOME)**
- *Non-Amortizing Loans—Future Market Value.* 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 DCA 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). **(HOME)**
- *Operating Deficit Reserve.* All developments financed in whole or in part with HOME Loans must budget for and fund an Operating deficit reserve in an amount of no less than six times the secured monthly debt service to lenders plus no less than six months projected operating expenses. The funding of the Operating deficit reserve must be completed prior to the permanent loan conversion. If drawn upon, no further distribution to owners will be authorized until such time as the Operating deficit reserve is restored to full funding. The Operating deficit reserve must be held by DCA or the senior lender and must remain in place for the term of the HOME Loan, or Period of Affordability, whichever is longer. With the exception of instances in which Fannie Mae is the sole senior lender, if DCA is a subordinate lender, but makes a HOME Loan in an amount greater than the senior lender, DCA must hold the reserves. All withdrawals from the Operating deficit reserve must be requested in writing and approved in advance by DCA. Interest earned on the Operating deficit reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions. **(HOME)**
- *Replacement Plan.* A replacement plan and schedule must be included in the Application. The calculations and assumptions used in the replacement plan should take into account the fact that over the

life of the project, capital items such as building roofs, parking lots, HVAC systems, major appliances, etc., will need to be replaced. At a minimum, the replacement plan must reflect reserve contributions and, depending on the projects characteristics, may require contribution amounts greater than the minimum replacement reserves requirements. **(HOME)**

- Replacement Reserve. A replacement reserve, based on a replacement plan, is required for all projects awarded funding under the Plan and must be included in the operating budget. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan. The following minimum contributions must be used:

1. Rehabilitation - \$25.00 per unit per month (\$300 per unit per year)
2. New Construction - \$16.70 per unit per month (\$200 per unit per year)

Replacement reserve funds may be used only for capital improvements and system replacements, and must not be used for general maintenance expenses. All withdrawals from the replacement reserve account must be approved by DCA in advance. The replacement reserve account must be maintained in a FDIC-insured financial institution or by DCA. Interest earned on the replacement reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions. Replacement reserves must escalate at a rate of 3% per year. If the replacement plan indicates that an amount greater than the minimum reserve outlined above is necessary, then this greater amount will be required and must be escalated at a rate of 3% per year. DCA will, at its discretion, adjust the replacement reserve to reflect reasonable and customary capital and replacement expenditures.

**(Both)**

- Revenue, Vacancy, and Expense Trends. Revenue should be trended at 2% per year, operating expenses at 3%, and vacancy and collection loss at no less than 10%, with the exception of those proposals that include rental assistance. Proposals that include rental assistance should apply a 7% vacancy factor for the rental assistance units for the period in which the rental assistance will be committed to the project. **(Both)**
- Rural County Projects. DCA recognizes that Rural County projects will involve greater financial risk than non-Rural projects. While a sufficient economic base to support a proposed Rural County project may exist at the time of Application, the loss of a predominate industry or employer, or other extenuating circumstance could result in a major economic impact on the project. To mitigate this increased financial risk, special provisions will be included in the HOME Loan documents for Rural County projects. These provisions will allow the project owners to maintain ownership and control of the property and to continue providing affordable housing to the extent it is needed in the community so that when the economic conditions improve the project's viability will be reestablished. **(HOME)**
- Soft Cost Contingency. "Soft cost" or "total project" contingency, over and above the allowed construction contingency, will not be permitted as a budgeted line item. **(Both)**
- Stabilization. Projects will be considered stabilized when occupancy reaches 90% for three consecutive months, or actual revenue reaches 90% of budgeted revenues for three consecutive months. **(Both)**
- Underwriting Assumptions for Land Purchase. For purposes of underwriting for HOME Loans, the cost assumed for acquisition of land and existing buildings will be limited to the lesser of the sales price or the appraised "as-is" value. **(HOME)**
- Utility Allowance. Applicants should use the utility allowances provided by the agency administering the Section 8 Rental Assistance Program in the jurisdiction in which the project is located. For example, if a local housing authority administers Section 8 in the area, they would provide those utility allowances, but if DCA administers Section 8 in another area, the DCA utility allowance would be used. If a building receives USDA-Rural Development (USDA-RD) assistance, or any tenant in the building receives

USDA-RD assistance, the low income units must use the applicable USDA-RD utility allowance. If HUD reviews rents and utility allowances on a building, the low income units must use the applicable HUD utility allowance. In all other cases, the owner is required to follow the applicable PHA utility allowance or DCA utility allowance. **(Both)**

- *Working Capital and Rent-Up Reserves.* A working capital/rent-up reserve is required for projects receiving a DCA Loan only if a lease-up cash flow analysis results in a cash flow deficit. For those developments, the required rent-up reserve would equal the amount of the projected lease-up deficit. A required rent-up reserve will only be used to cover operating cash flow deficits during the period prior to converting a construction loan to a permanent loan. Allocations to the working capital/rent-up reserve above the amount required by DCA may be used as a general “soft cost” contingency in order to supplement insufficient allocations to other line items. Documentation of the budget insufficiency must be submitted with any disbursement request. DCA approval is required for all disbursements from the working capital/rent-up reserve. Loan documents and Intercreditor Agreements must reflect this requirement and DCA’s approval authority. Any unused balance in the working capital/rent-up reserve at the time of loan conversion to permanent must be used to reduce the principal amount of the senior lender’s loan, with the monthly principal and interest payment amounts adjusted accordingly, unless the project owner has been required to leave all or part of the Developer’s Fee (owner’s profit and risk) in the transaction as equity or as an unsecured loan. If the project owner has been required to leave all or part of the Developer’s Fee in the transaction, then at project completion the unused balance in the working capital/rent-up reserve may be allocated to the Developer’s Fee line item, and paid out to the project owner, up to the amount of the reinvested fee. At no time can the Developer’s Fee exceed the maximum Developer’s Fee described above. **(HOME)**

#### **Other Policies.**

- *Construction Start Date.* Projects receiving HOME Loans must not begin construction prior to the HOME Loan closing. Exceptions may be granted by DCA at its sole and absolute discretion, but must be requested prior to construction commencement. Failure to comply with this policy may result in the withdrawal of the HOME Loan Reservation of Funds or other penalties. **(HOME)**
- *Contract Bidding and Bid Bonds.* Project owners are not required to solicit bids for construction contracts to be financed with DCA construction loans, and bid bonds are not required when bids are solicited, unless otherwise required by law. However, prior to making a loan commitment DCA must approve both the general contractor and the contract documents; DCA will not close a construction loan unless the approved contract with the general contractor has been fully executed. **(HOME)**
- *Identity of Interest.*
  1. Owner-Contractor—If there is an identity of interest between project owner and contractor, a third party front-end analysis of the construction costs must be submitted to DCA at the time the DCA reservation is formally accepted. Additionally, industry standards for such owner-provided construction services shall be used to determine reasonableness for the services. **(HOME)**
  2. Other—If there is an identity of interest between the project owner and any other provider of service, material, or supplies, three (3) bids must be submitted to DCA. Such owner-supplied services, materials, or supplies must not exceed the amount ordinarily paid for the service, material, or supply. **(HOME)**
- *Intercreditor Agreements.* When DCA is not the only construction lender on a project, an Intercreditor Agreement shall be executed with the other lenders to ensure DCA’s required involvement in all significant aspects of the administration of the construction loans. At a minimum, the Intercreditor Agreement should contain the following essential elements:
  1. An approved development cost budget indicating the source(s) of funding for each line item;
  2. A process and timetable for reviewing and approving change orders to the construction contract;

3. A process and timetable for reviewing and approving draw requests, including site inspection and documentation standards; and
4. A process and timetable for amending the approved development cost budget.
5. Limitations on disbursements for Developer's Fee (owner's profit and risk) and consultant fees.

The Intercreditor Agreement shall also address other matters, such as subordination of one lender's interest to another lender's interest. **(HOME)**

- Land Use Restrictions. When there is more than one document imposing land use restrictions on a project, e.g., a HOME Loan and Credits, there may be restrictions in one document that are more restrictive than similar restrictions in the other document(s). In such instances, the most restrictive requirements will apply to the project. **(Both)**
- Legal Costs Breakdown. The Application must include an itemized estimate of legal fees and related expenses in the development budget. This itemization must be prepared by the project's attorney and should be on the attorney's letterhead. A complete breakout is required and should include categories, title insurance fees, recording fees, partnership organization fees, Credits opinion fees for Borrower's counsel, and any construction and/or permanent lenders' attorney fees. DCA will not take a subordinate lender position when development budgets appear to have excessive fees relative to similar projects, relative to the overall complexity of the deal, or relative to the overall development budget. **(HOME)**
- Over-Income Tenant Restriction. The Code provides that a tenant's income may increase during tenancy to exceed 140% of the allowable household income. DCA requires that the lease for tenants who exceed this limit for two (2) successive years may not be renewed for the third year. The penalty for failure to adhere to this DCA policy may be forfeiture of the right to participate in all DCA programs in one or more future years depending upon the severity and nature of the particular circumstances. When DCA HOME Loans are used, additional over-income restrictions shall apply. Upon re-certification of a previously eligible tenant, if it is determined that the tenant's income exceeds 60% of AMI, the tenant's rent must be increased to the lesser of: 30% of the tenant's adjusted annual income, HUD's fair market rent limitations, or the maximum amount allowable by the Land Use Restriction Agreement governing Credits, not to exceed limitations set by state or local laws (if any). Any exceptions to this requirement must be approved in writing by DCA.
- Owner-Contractor Agreements. If the owner is not also the general contractor, all developments financed in whole or in part with a HOME Loan for construction must use an AIA Standard Form Agreement Between Owner and Contractor, with Standard Form Terms and Conditions. The contract can be either stipulated sum or cost plus a fee with a maximum. **(HOME)**
- Partnership Agreements. The partnership agreement and any amendments must be fully executed before or simultaneously with the HOME Loan closing. The Partnership Agreement and any amendments must reflect the terms of the HOME Loan transaction on all material points. **(HOME)**
- Payment and Performance Bonds. A 100% Payment and Performance Bond will be required for all developments funded with DCA HOME Loans. A waiver may be granted only when there is an identity of interest between the owner/developer and the contractor, regardless of the contract amount, since such a relationship is usually not bondable. A waiver will not be considered unless:
  1. The owner agrees to provide a Construction Completion Guaranty, secured by a letter of credit with a value of at least 50% of the total construction cost, including profit and overhead; or
  2. The owner agrees to secure a construction loan with private financing. DCA will disburse funds during the construction period, in an amount not to exceed \$2,500 per construction draw.

The final payment of funds shall be made at the time of substantial completion of construction, to be evidenced by submission of all items on the DCA Requirements for Final Draw, including but not limited to: Final Payment Request in AIA form, copies of all Certificates of Occupancy for all buildings, Final Lien Waivers, Construction Consultants' final inspection, approval for release of funds, et cetera. **(HOME)**



- Retainage. The construction contract must state that at least 10% of the cost of the completed work will be withheld as retainage until DCA has determined that the work is substantially complete. **(HOME)**
- Stored Materials. DCA will not pay draw requests that include the cost of stored materials. **(HOME)**
- Subordination. The decision whether to subordinate DCA's regulatory agreement and/or lien position to a private lender's security deed will be made only after DCA considers the individual circumstances of each loan. Factors that will be considered include, but are not limited to, the senior loan amount, DCA's HOME Loan amount, debt coverage ratio, private lender's interest rates, loan maturity, type of loan, etc. In no instance will DCA subordinate to a public entity's loan. **(HOME)**
- Relocation and Displacement of Tenants. For all HOME Loan and Credits projects, tenant household data forms must be submitted with the Application for every occupied unit in each building to be rehabilitated. The applicant is responsible for the accuracy of the information on the data forms. Applications for HOME Loans that require relocation of existing tenants due to rehabilitation work will be accepted only with a relocation plan (including a sufficient budget) that in the opinion of DCA, meets the requirements of the Uniform Relocation Act and any other applicable laws. Funding sources other than the HOME Loan must be used to finance the relocation costs. For Credits projects, DCA will not allow permanent displacement of tenants, if avoidable. If the applicant anticipates displacing tenants, the applicant must include in the Application a detailed displacement plan, which sets forth the specifics of the displacement, including a projected budget, and an explanation of efforts planned by the applicant to mitigate the impact of the displacement. Any displacement of tenants will be subject to DCA's prior written approval. **(Both)**
- Rent Distribution Across Unit Sizes. Projects with a multi-tiered rent structure, (e.g., HOME Loan projects with high HOME rents and low HOME rents), must distribute the rents equally across unit sizes. These units need not be fixed (e.g., specific 2-bedroom units always renting at low HOME rents), but may float in the same way high HOME rent and low HOME rent units may float within a project. (For example, a HOME Loan project with ten 1-bedroom units and ten 2-bedroom units must have at least two 1-bedroom units and two 2-bedroom units at low HOME rents. These units need not be fixed, e.g., unit numbers 2, 6, 10 and 18, but may float as long the minimum requirement of two 1-bedroom units at low HOME rents is met. The project could not have four 1-bedroom units at low HOME rents, as it would be a violation of this policy.) **(HOME)**
- Section 8 Rental Assistance. No owner may deny a unit to applicants possessing a Section 8 Rental Assistance Certificate or Voucher unless that applicant fails to meet the minimum requirements for all lease holders. Federal statutes prohibit discrimination against Section 8 Certificate and Voucher holders. DCA will closely monitor whether the tenant Application process is structured to avoid such discrimination or whether any actions are taken to discourage Section 8 Rental Assistance Certificate or Voucher holders from applying. Likewise, all lease provisions must be compatible and not in conflict with Section 8 leases.
- Tri-Party Agreements. A Tri-Party Agreement will be required for all DCA HOME Loan transactions involving another permanent lender that is not financing construction costs. The Tri-Party Agreement must clearly state, at a minimum, that the permanent lender has reviewed and approved the DCA HOME Loan documents, plans and specifications, development budget, tenant lease, environmental assessment, construction contract, title exceptions legal description, management agreement, partnership agreement, borrower's Certificate of Limited Partnership, survey, appraisal, form of Subordination Agreement, and items necessary to satisfy the Permanent Commitment regarding completion of construction of the improvements of the collateral property. **(HOME)**
- Unit Distribution with Multiple DCA Funding Resources. Applications for both HOME Loans and Credits must set aside the same units to be funded by HOME Loan and Credits resources. Credits funding cannot be used for one set of units, and HOME Loan funds for a different set of units, or a lesser number of units, in the same project. **(Both)**

## **Section 12. Eligibility**

**Applicants.** DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants, excluding the syndicator.

- **Denial of Participation.** Proposed Project Participants will be ineligible to receive funding under the Plan if the proposed Project Participant:
  1. is in material noncompliance with respect to all existing and previously owned or managed properties with Credits, HOME Loans, or other DCA funding. Material noncompliance exists when a Project Participant exhibits either a continual pattern of noncompliance or demonstrates an inability or unwillingness to resolve noncompliance matters in a timely manner as further described in the Plan and in other DCA policies and documents;
  2. is in default on an obligation under, out of material compliance with, or disqualified from any DCA-administered program;
  3. is listed on any federal, state or local government's Debarred List or HUD's Limited Denial of Participation List, or
  4. exhibits an inability to start and complete outstanding DCA Loan or Credits projects in a timely manner.
- **Out-of-State Nonprofits.** A nonprofit incorporated in a state other than Georgia wishing to become a CHDO in Georgia must meet the following requirements in addition to the Georgia CHDO Qualification requirements. The organization must have:
  1. An office in Georgia.
  2. Paid staff in Georgia.
  3. A board comprised of no less than 50% Georgia residents.

## **Projects.**

- **Scattered Sites.** DCA will not accept Applications for scattered-site projects for single family buildings, multifamily buildings, or combinations thereof.
- **Detached Single-Family Rental Housing.** Detached single family housing proposals will be eligible for funding if they satisfy the following requirements:
  1. Per unit costs must comply with the cost limitations set forth in the Plan.
  2. The Application must include in its development budget the costs associated with the continuous upkeep of each rental house, including grounds maintenance, at the project owners' expense. These costs must be supported by a detailed maintenance plan.
  3. The Application must have a detailed replacement reserve analysis and plan.
  4. The proposed project must be located on a single piece of property (scattered sites are not eligible).
  5. The house designs must reflect architectural diversity through the use of different elevations and styles.
  6. Landscaping must be appropriate for detached, single family housing.
  7. The proposed project must meet the minimum DCA accessibility standards as presented in Appendix I, Threshold Criteria.

**Section 13. Application Submission Deadline.** DCA will conduct one Application cycle for funding resources during 2001. There will be no Pre-Application process in the 2001 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 19, 2001. After this precise time, irrespective of any extenuating circumstances, no Applications will be accepted.**

**A complete Application must include one original and two copies, and a floppy disk.**

Applicants must submit complete Applications according to the directions and format prescribed in the 2001 Manual. No additional documentation will be accepted after the Application Submission Deadline described in this Section.

**Maximum Number of Applications.** DCA will assign sequential project numbers to all Applications in the order they are received, and prior to any form of Application review. This limitation applies to ownership interests of all proposed Project Participants except for syndicators. Applicants will be permitted to submit a maximum of six Applications for funding resources under the Plan. Ownership interests of all Project Participants proposed in the Applications will be reviewed, and any Application proposing ownership interest by a Project Participant (excluding syndicators) having proposed ownership interests in six Applications with lower project numbers, will be deemed ineligible and will not be evaluated.

**Market Studies.** Applicants seeking 9% Credits must pay a fee that includes the cost of a market study to be commissioned by DCA. Applicants must pay this fee at the time of Application submission. The resulting market study is the sole property of DCA. However, after the Competitive Scoring process 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. (See Section 11 of Appendix I for additional information.)

In accordance with federal law enacted during December 2000, applicants applying for 4% Credits involving Bond Financed Projects must submit a market study prepared by a disinterested third-party analyst approved by DCA. (See Section 11 of Appendix 1 for additional information.)

#### **Section 14. Project Reconfiguration/Application Modification**

Generally, applicants will not be allowed to make any changes to the Application after Application Submission to DCA. If applicants believe extenuating circumstances warrant a change, and the change would not significantly alter the project's original concept, a written request for such a change will be considered by DCA. However, changes cannot be made without DCA's written approval, and such approval will be at DCA's sole and absolute discretion. This provision applies to any changes proposed after Application Submission, and if an award is made, throughout the project's Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. Applicants' written requests must clearly establish the importance of the change, and why it is necessary to ensure the project's long-term financial feasibility and economic viability. 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 the general partner's or developer's interest. Failure to abide by this provision will adversely affect the applicant's eligibility to receive future DCA funding.

Generally, modification of the content of any Threshold or Scoring Criteria documentation will not be allowed after the Application submission deadline, except as specifically described in this Section. DCA may allow applicants to correct deficiencies in the Application if DCA does not approve a sufficient number of Applications to use all the Credits authority available in an Application cycle *and* it receives Applications that are acceptable except for minor deficiencies that the applicant can address within a reasonable period of time (generally not to exceed 10 business days).

### **Section 15. Fees**

The fees indicated in this Section 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.

- **Compliance Monitoring Fees for Multiple Programs.** When DCA is required to monitor projects for compliance with tenant income and/or rent limitations of more than one program e.g., Federal Credit and FDIC, the applicable monitoring fees for each program will be charged. Credits Compliance fees must be paid no later than one year after the first building is placed in service. Failure to do so may adversely affect the applicant's ability to compete in future funding rounds.
- **Late Fees.** Any late fees imposed by DCA will not be considered as a project cost for underwriting purposes.

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

	<b>Fees</b>	<b>Due Date</b>
2001 Credit Application Fee (includes market study fee)	\$6,000	Application Submission
2001 HOME Loan Application Fee	\$500	Application Submission
Credit Reservation Fee	7% of annual allocation	At time reservation sent in
Credit Compliance Monitoring Fee (Fees apply on a per-unit basis)	\$150 – USDA projects \$150 – URFA bond projects \$600 – Bond/4% Credit projects \$600 - Others	Within 18 months of issuance of carryover allocation, but no later than the placed in service date
Bond/4% Credit Eligibility Opinion Letter	\$500	Application submission
Bond/4% Credit IRS Form 8609 Fee	2% of annual Federal Credit amount	Prior to issuance of IRS Form 8609
Appraisal Fee (HOME Loans only)	Based on bids	Denoted in Reservation Letter
Probationary Participation Application Fee	\$1,000	Probationary Application submission
Probationary Participation Compliance Fee	\$2,500	At time reservation is sent in
Unit Cost Limitation or Per Unit Annual Operating Expense Waiver Request Fee	\$1,000	At time of Waiver Application but no later than 3/1/01

**Nonprofit Sole General Partner**

	<b>Fees</b>	<b>Due Date</b>
2001 Credit Application Fee (includes market study fee)	\$5,000	Application Submission
2001 HOME Loan Application Fee	\$250	Application Submission
Credit Reservation Fee	7% of annual allocation	At time of reservation or when credit are syndicated
Credit Compliance Monitoring Fee (Fees apply on a per-unit basis)	\$150 – USDA projects \$150 – URFA Bond projects \$600 – Bond/4% Credit projects \$600 - Others	Within 18 months of issuance of carryover allocation, but no later than the placed in service date
Bond/4% Credit Eligibility Opinion Letter	\$500	Application Submission
Bond/4% Credit IRS Form 8609 Fee	2% of Annual Federal Credit Amount	Prior to issuance of IRS Form 8609
Appraisal Fee (HOME Loans only)	Based on bids	Denoted in Reservation Letter
Probationary Participation Application Fee	\$1,000	Probationary Application Submission
Probationary Participation Compliance Fee	\$2,500	At time reservation is sent in
Unit Cost Limitation or Per Unit Annual	\$1,000	At time of Waiver Application

Operating Expense Waiver Request Fee		but no later than 3/1/01
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## **Section 16. Evaluation of Applications**

**Completeness Review.** The 2001 DCA funding resources will be made available to projects through a Competitive Scoring process. Applications received by DCA will be reviewed for completeness, as set forth in the Manual, including:

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

**Threshold Review.** Complete Applications with competitive self-scores will be reviewed to determine if the project meets the Threshold requirements set forth in Appendix I. Those applicants whose Applications fail to meet Threshold requirements will be notified in writing (by facsimile) of the specific requirement(s) that the Application did not meet. If an applicant believes the Threshold requirement(s) was met, the Applicant must respond in writing within 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 considered to have met Threshold requirement.

**Application Selection.** Complete Applications with competitive self-scores that meet the Threshold requirements described in Appendix I will be allowed into the Competitive Scoring process as set forth in Appendix II. Scored Applications will be ranked in descending order by total point score. Generally, the highest scoring Applications will be allocated resources without regard to resource types requested, geographical location, or other factors deemed relevant to the State's affordable housing mission, except as otherwise provided in the Plan.

**DCA's Administrative Discretion.** As administrator of Federal and State resources for the development of affordable housing, DCA is obligated to ensure that these resources are used in the most effective and efficient manner possible. Accordingly, DCA desires to equitably address affordable housing needs statewide, and encourages the use of housing Credits in combination with favorable term HOME Loans to help achieve the lowest affordable rents possible and to support the most proposals possible with these limited resources. Therefore, the DCA Commissioner reserves the right to allocate resources to lower ranked proposals to achieve a better mix of resource usage or a better geographical distribution of resources, or for any other reason judged by the Commissioner to be meritorious. For example, if available housing Credits will be exhausted prior to the funding allocated to DCA's HOME Rental Housing Loan Program by funding Credits-only Applications, the Commissioner may elect to fund lower scoring Applications that are requesting a combination of Credits and a HOME Loan. Similarly, if a geographic area of the state will receive an inequitable share of the available resources as determined by the Competitive Scoring process, the Commissioner may choose to fund other proposals even though they have a lower relative ranking. Such actions will be made at the Commissioner's sole and absolute discretion. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the system, shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

Applications meeting the Plan's minimum scoring requirements, that do not score high enough to receive and award, will be placed on a waiting list. If additional funding becomes available the next highest-scoring Application on the list will be eligible, subject to DCA's discretion as described above.

**Special Allocation Considerations.** In its sole and absolute discretion, and where warranted by extenuating circumstances, DCA reserves the right to allocate Credits, up to the first day of the allocation round, based on the prior year's allocation plan with all applicable terms and conditions to projects that received an allocation in the prior year

**Notification.** DCA will provide the results of the Competitive Scoring process to all applicants as soon as possible after the process has been completed. If the Applications selected differ from the apparent rankings based on the Commissioner's discretionary authority or for any other reasons provided in the Plan, explanations will be given with the results. A separate letter will notify those Applicants whose projects are selected for awards. Also, if a DCA HOME Loan is proposed, DCA will issue to the Applicant/borrower a preliminary loan commitment letter. This commitment letter, while not fully guarantying that the HOME Loan will be forthcoming, will set forth all conditions that, if met, will result in a DCA Loan.

### **Section 17. Georgia Open Records Act**

All Applications are subject to disclosure under the rules governing the Georgia Open Records Act (GORA). Applicants must agree in the Application to hold harmless the agency for any and all losses associated with disclosures in accordance with GORA.

Requests for copies of DCA documentation should be made in writing to ensure accuracy and proper processing. DCA will provide a timely acknowledgement of the request, and will estimate the costs, if any, based on the services requested. A party may also elect to review the documents at the DCA offices. Under these circumstances, the party should forward to DCA a request to review specific documents and coordinate with DCA a time that is mutually agreeable. GORA allows the agency to charge a fee to cover the cost of a document custodian to access and review the requested records, to monitor the review process, and for the cost of copying requested documents.

### **Section 18. Monitoring and Compliance**

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

DCA is required to monitor projects for compliance with the requirements of the Code, the HOME regulations, the representations set forth in the Application, the requirements stated in the Plan, and the requirements set forth in the DCA's various program manuals. DCA's plan for compliance monitoring described below outlines the overall requirements, offers explanations for individual program regulations, and sets forth the requirements for properties participating in multiple programs.

**Required Training for Owners** (*Bond Financed Projects 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 Rental Housing Loan Program property will be required to submit the Certificate of Successful Completion prior to leasing the first unit. Limited partners are strongly encouraged to attend these training seminars, but may elect to have property managers serve as the limited partner's representative. Seminars for HOME Loans, Credits, and HOME Loan/Credits properties will be available on an individual property basis. Certification testing is required and certificates are awarded upon successful completion of the training. The owner of a Credits property will be required to submit to DCA the

Certificate of Successful Completion for the Credits training prior to placing the first building in service. Georgia HOME Rental Housing Loan Program and Credits Compliance Manuals will be distributed at the training sessions.

DCA will hold the applicant/owner responsible for all representations made in the approved Application. The applicant/owner also is responsible for ensuring that the property abides by the rules, regulations, and restrictions specified in the Plan, the Land Use Restriction Agreement or Covenant, the Georgia HOME Rental Housing Loan Program and Credits Compliance Manuals, the HOME regulations, and the Code. Although DCA is responsible for monitoring the owners' compliance with these rules, regulations, and restrictions, this responsibility does not make DCA liable for owners' noncompliance.

### **Property and Record Compliance**

1. For purposes of determining initial or ongoing eligibility and compliance with property maintenance requirements, DCA asserts the right to conduct on-site inspections of any project receiving Credits and/or HOME Loans at any time during the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. DCA will provide prompt written notice to the owner of noncompliance findings and will assign an appropriate cure period.
2. DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credits and/or HOME Rental Housing Loan Program funding at any time through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. DCA will provide prompt written notice to the owner of any noncompliance finding and will assign an appropriate cure period.
3. In the Federal Credits program, DCA is required to report all items of possible noncompliance to the IRS on IRS Form 8823. This form(s) will be issued to the owner/general partner of the project. If the noncompliance can be and has been corrected by the end of the cure period, the correction will be noted on Form 8823. DCA and the IRS consider Form 8823 to be a confidential tax document and, as such, Form 8823 will not be provided to parties not having an ownership interest in the project.

### **Reports to be Provided to DCA**

1. Project owners receiving HOME Loans are required to submit Quarterly Occupancy Reports in a format prescribed in the DCA HOME Rental Housing Program Manual, together with copies of Tenant Income Certifications for rental units leased during the quarter (beginning with initial lease-up date), until the property has reached one hundred percent (100%) initial occupancy. After one hundred percent (100%) occupancy is achieved and the property is determined by DCA to be in compliance with the HOME regulations and with all DCA requirements, the property will then be required to report on an annual basis throughout the Period of Affordability or the term of the HOME Loan. Project Owners are also required to submit an Annual Owners Certification and Annual Owners Report in a format prescribed by DCA.
2. Project owners receiving Credit are required to submit Quarterly Occupancy Reports with tenant income certifications for rental units leased that quarter, beginning with the first building placed in service forward, until the project reaches one hundred percent (100%) initial occupancy. After one hundred percent (100%) occupancy has been achieved and the property is found to be in compliance with Credits regulations and all DCA requirements, the property will then report on an annual basis through the end of the project's Compliance Period. Project owners are also required to submit an Annual Owners Certification and Annual Owners Report in a format prescribed by DCA.
3. Project owners receiving HOME Loans and Credits are required to submit Quarterly Occupancy Reports from the initial lease-up date forward until the project has reached one hundred percent (100%) occupancy. If the property is determined to be in compliance with the HOME regulations, with the Code, and with all DCA requirements, the property will then report on an annual basis in a format prescribed by DCA throughout the Period of Affordability, the Compliance Period, or



4. whichever is longer. Project owners are also required to submit an Annual Owners Certification and Annual Owners Report in a format prescribed by DCA.
5. Project owners who received Credits and are financed under the Section 515 program of the U.S. Department of Agriculture will not be required to submit monthly or quarterly reports. These properties are required to submit the Annual Owner's Certification and Annual Owner's Report prescribed by DCA in the Tax Credit Manual, on an annual basis through the end of the project Compliance Period.
6. Owners of projects that received Credits and are also financed with proceeds from tax-exempt bonds will be required to submit Quarterly Occupancy Reports beginning with the first building placed in service until the property has reached one hundred percent (100%) occupancy. If the property is determined to be in compliance with Credits regulations and all DCA requirements, the property will then report on an annual basis throughout the Compliance Period. Failure to report as required will be considered noncompliance

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

1. Project owners awarded HOME Loans must keep records for each assisted building as stipulated in the final HOME regulations and as stated in the DCA HOME Rental Housing Program Compliance Manual.
2. Project owners allocated State Credit must keep records for each building as stipulated in Code Section 1.42-5(b) and in the Georgia Tax Credit Manual.
3. Project owners receiving HOME Loans and Credits 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 Loans and Credits) are required to comply with the monitoring provisions of each of the individual funding sources and with the Land Use Restriction Agreements/Covenants. In the event of inconsistencies between the funding program requirements, agreements, or covenants, the most restrictive requirements will always govern.

#### **Compliance Standards**

1. Assessment of Noncompliance. Principals of projects awarded Credits in previous award cycles must remain materially in compliance with Credits and the HOME Rental Housing Loan Program requirements (if applicable) to remain eligible to compete for future Credits or HOME Loans. Material noncompliance status exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner. DCA will have sole and absolute discretion in determining those parties ineligible to participate in the DCA financing resources due to noncompliance status.
2. Cure Period Standards. DCA will notify the owner in writing of any possible findings of noncompliance. Each item of noncompliance will have an assigned cure period. The cure periods will typically range from thirty to of ninety days. Examples of noncompliance matters and typical cure periods are presented on the following page.

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<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
Failure to submit quarterly reports	30 days
Failure to submit an annual report	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.** DCA charges a monitoring fee for all Credits developments containing five or more low income units. Credits recipients will be required to pay the entire fee covering the 15-year Compliance Period no later than 1 year after the first building is placed in service. Failure to do so may adversely affect the applicant's ability to compete in future funding rounds. In no case will the final Credits allocation (IRS Form 8609) be issued before these fees are paid. See Section 15 for fee schedules.

**Compliance Monitoring Responsibilities.** DCA may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor. This option, if chosen, does not relieve DCA of its obligation to notify HUD or the IRS of noncompliance instances. DCA may also delegate some or all of its compliance monitoring responsibilities to another State agency. This delegation may include the responsibility of notifying the IRS of noncompliance.

Applicants must inform DCA of all conditions or extenuating circumstances at each project that may impact compliance monitoring duties. Any questions regarding compliance with the Credits or the HOME Rental Housing Loan Program requirements should be addressed in writing and faxed to DCA's Compliance Monitoring Section at (404) 327-6849.

## **Section 19. Modification of Plan**

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

The Governor recognizes and acknowledges that DCA will encounter situations which have not been foreseen or provided for in the Plan and expressly delegates to DCA the power to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of Credits and HOME Loans in all situations and circumstances, both foreseen and

unforeseen, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the Credits or HOME Loan allocation system and the power and authority to resolve conflicts, inconsistencies, or ambiguities, if any, in the Plan or which may arise in administering, operating, or managing Credits or HOME Loan allocations pursuant to the Plan. The Governor further expressly delegates to DCA the authority to amend the Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credits and the HOME Rental Housing Loan Program funding.

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**STATE OF GEORGIA**  
**2001 DRAFT QUALIFIED ALLOCATION PLAN**

**APPENDIX I**  
**THRESHOLD CRITERIA**

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

**1. Project Feasibility, Viability Analysis, and Conformance with Plan\***

In analyzing project economic forecasts, applicants must use DCA's project economic pro forma assumptions and abide by the Plan and the Manual. Rent Standards derived from the most recent AMI, FMR, and UA will be used to determine project rent and rent restrictions.

DCA will underwrite each project that meets all other Threshold criteria, and may require documentation not specifically included in the minimum documentation requirements established in the Plan. Additionally, project assumptions may be adjusted to reflect characteristics more representative of the project or its 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.

**Balloon Loans.** Balloon loans will be considered only for projects located in Rural Counties (See the *2001 Rural Counties Eligible for HOME Balloon Loans* map indicating eligible counties in the Core Plan), and Special Needs projects located in any county of the State that qualify for points under the Special Needs or Elderly Housing criteria discussed in Appendix II of the Plan.

**HOME Loans.** When DCA underwrites a HOME Loan it will consider the policies set forth in and the provision of the Plan to determine the debt capacity, the loan amount, and the terms to satisfy the debt. Project cash flow must be sufficient to ensure financial viability over the term of the HOME Loan and provide for adequate reserves that will be maintained for the life of the HOME Loan. The use of other public financing sources and shorter HOME Loan terms will be favorably considered. For Applications proposing HOME Loans, the proposed return on investment for the owner/developer must be fair and reasonable with no windfall profits anticipated.

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

The minimum review standards for 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 Period of Affordability, or the term of the HOME Loan, whichever is longer; and

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\* Not applicable to tax exempt Bond Financed Projects.

- 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 applicant will pay the cost of the appraisal.

**Rents.** For HOME Loans, rents must be affordable at initial lease-up and must remain affordable over the term of the HOME Loan. DCA will not underwrite rents below 30% of 50% of AMI unless a DCA-commissioned market study indicates that there is a substantial need and/or that the market will require rents to be lower for the property to achieve initial and long-term lease-up. Applications proposing rents (for General Multifamily projects) below 30% of 50% of AMI must set tenant income restrictions at no more than 5 AMI percentage points above the AMI percentage used to set rents (i.e., rents underwritten at 30% of 40% of AMI must be income restricted at no greater than 30% of 45% of AMI). Applicants proposing rents for EH or Special Needs projects below 30% of 50% of AMI must set tenant income restrictions at no more than 10 AMI percentage points above the AMI percentage used to set rents (i.e., rents underwritten at 30% of 40% of AMI must be income restricted at no greater than 30% of 50% of AMI).

## **2. Credit and HOME Gross Rent Restrictions**

Dwelling unit rents must conform to the Code's and/or the HOME regulation's gross rent (contract rent and tenant utility allowances) restrictions. Tenant utility allowances must conform to the requirements set forth in the Plan and the Manual. In the event Credit, HOME, or other funds are requested, the most restrictive gross rents will govern.

## **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.

In the event an applicant seeks both HOME Loan 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 will be required to execute restrictive covenants to this effect.

## **4. Unit Cost Limitations**

Per unit costs must for not exceed the following limits:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$64,000
1 Bedroom	\$75,000
2 Bedroom	\$88,500
3 Bedroom	\$93,500
4 Bedroom +	\$98,500

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\* Not applicable to tax exempt Bond Financed Projects.

Only Special Needs projects, mixed-income projects, and projects receiving historic tax credits will be considered for waivers to the limitations stated above. All Applications that propose costs in excess of these unit cost limitations will be scored, assuming all other Threshold criteria are met. However, if the project is not eligible for a cost waiver, or if a cost waiver for an eligible project was not requested and approved prior to submitting the Application, all costs in excess of these unit cost limitations must be paid from the Developer's Fee.

## **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 28, 2001. In the event the contract provides the ownership entity with the option to renew the contract for specific periods of time, with the initial period ending prior to September 28, 2001, the renewal option in such contract must be enforceable by the ownership entity until September 28 2001. 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.

## **6. Environmental Requirements**

On-site and off-site specific environmental concerns identified in an environmental study are to be considered in the context of the criticality of the housing to be provided. The public benefits of the housing are to be weighed against the costs to mitigate the hazard, the potential health risks, and other financial and public policy implications. The project will not be funded until all environmental matters are resolved in a manner satisfactory to DCA, in its sole and absolute discretion.

**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 Phase 1 Environmental Study should fully address all recommendations of the Consulting Environmental Engineer, and all such recommendations, including Phase II Environmental Studies (if required) or any additional testing, must be completed at the time of Application Submission. The Phase 1 Environmental Study must have been conducted within six (6) months of the Application Submission.

If an Environmental Study was completed prior to this six-month period, a copy of this earlier Environmental Study (and any others that are available) must be included in the Application along with an updated Environmental Study. If an updated Environmental Study is necessary, it must meet all requirements set forth in the Environmental Review Guide located in the Manual. In addition to these requirements, the updated Environmental Study must include: details of the new reconnaissance with updated photos; an update of all regulatory reviews including federal and state lists; all original material and updates; and, a professional opinion, provided by the engineer completing the update, addressing any changed conditions to the site.

**Site Owner's Environmental Questionnaire.** The owner of record of the proposed development site must complete a Site Owner's Environmental Questionnaire and include it in the Application. The Site Owner's Environmental Questionnaire must be signed and notarized in the spaces provided no earlier than 90 days prior to Application Submission.

**Flood Plains/Wetlands.** Applications that propose disturbing more than one tenth of one acre of wetlands as a result of project construction, or that propose the placement of buildings in the 100-year flood plain, will not

meet this Threshold criteria. Other flood plain development will be permitted only if sufficient documentation is included in the Application to clearly establish that there will be no buildings in the flood plain, and that any other site development has been approved by all applicable regulatory authorities (e.g. National Flood Insurance Agency).

A letter from the environmental engineer indicating the acreage of wetlands that will be disturbed by the proposed project (along with supporting documentation) must be included in the Application. Wetlands Delineation and USGS Maps are required to document the existence (or absence) and the delineation of the wetland 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 that will document the existence (or absence) and delineation of flood plain areas on the site. Also, an architectural site plan must be included in the Application that clearly defines the areas to be developed and the impact on the existing wetland and flood plain areas.

## **7. Terrain Characteristics**

A desirable site is one that is relatively flat or has existing slope less than 20% on at least 75% of the buildable portion of the property. For the purposes of this Section of the Plan, the buildable portion shall mean the entire property excluding wetlands, flood plains, and bodies of water (and a distance of ten feet around such bodies of water). Applications not meeting this criterion at Application Submission must include preliminary site plans that clearly demonstrate that the finished site will be graded and/or filled as necessary to ensure that this criterion is met, or that the project design will mitigate the otherwise negative impact on the viability of the project. Also, Applications with proposed sites containing bodies of water must include a plan for managing such body of water.

The terrain characteristics criteria must be documented by a letter from the environmental engineer that specifically addresses the requirements discussed above and certifies that the Accessibility Standards discussed in Section 16 of this Appendix are met.

## **8. 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 and be accompanied by a clear explanation of the requirements of these zoning and land use classifications. If the Local Government does not have or enforce a zoning ordinance, the Applicant must include to that effect.

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

## **9. Operating Utilities**

Required project operating utilities (gas and electric service), as applicable, must be available to the proposed development site as of the Application Submission. To be considered "available" for the purposes of this section, at a minimum, all necessary easements, and commitments from the utility providers to extend utilities to the property must be secured at the time of Application. 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 the funding resources in the Plan. 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.

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

Public water and sewer service must be available at the proposed development site as of the Application Submission. To be considered "available" for the purposes of this section, at a minimum, all necessary easements, and commitments from the water and sewer authorities to extend water and sewer services to the property must be secured at the time of Application. 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 the funding resources in the Plan. Public water and/or sewer systems cannot be contingent on annexation of the property or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application.

## **11. Market Feasibility (Market Study and Appraisal)**

**DCA-Commissioned Studies.** DCA will commission a market study (and an appraisal for HOME Loan Applications) for each Application for 9% Credits, prepared in accordance with DCA policies. The resulting market study (and appraisal, if applicable) must conclude that the proposed project is, in fact, feasible considering targeted tenancy and associated rent level requirements in order for the Application to meet this Threshold criteria. DCA will charge the applicant a fee, due at Application Submission, to offset associated costs of the market study and appraisal, if applicable. Qualified firms selected through a competitive process will conduct the market studies and appraisals. DCA 's determination is final with respect to the market study and appraisal information.

When preparing project development budgets, applicants should use \$4,000 for the market study and a reasonable estimate for the appraisal cost based on the applicant's experience with projects of a similar size and scope. The DCA market studies and appraisals will be assignable to other lenders. Copies of the market studies will not be accessible by the applicant or others until the close of the Competitive Scoring process, in accordance with Title 50-26-8(a)32 of the Official Code of Georgia Annotated. Applicants may submit a written request, after the close of the Competitive Scoring process, requesting a copy of their market study and appraisal. All market studies and appraisals will remain the property of DCA.

DCA will use a bid process to select property appraisers and will charge the applicant a fee to cover the cost of the appraisal report, due on the date specified in the HOME Reservation Letter. The commissioned appraisal reports shall include the tax credit value, "as is" value, "as built" (encumbered), and "as built"



(unencumbered) values of the proposed subject property. In cases of HOME Loans, the appraiser will be asked to provide an estimate of the market value (unencumbered) of the property at maturity. The total hard cost of any rehabilitation project may not exceed 90% of the as completed unrestricted appraised value of the property. Any rehabilitation project found not to meet this requirement, once the commissioned appraisal is done, will have their funding award revoked.

**Applicant Market Studies.** DCA recommends that, prior to submitting an Application, applicants independently obtain a market analysis sufficient to satisfy their own concerns about market viability. An applicant may submit an independent market study in the Application; however, the DCA-commissioned market study will take priority. 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.

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 DCA-commissioned market study concludes that the project is not feasible. DCA's determinations subsequent to such conference calls will be final.

**Bond Financed Projects Market Studies.** In accordance with federal law enacted during December 2000, applicants applying for 4% Credits involving Bond Financed Projects must submit a market study with the initial Application. A disinterested third-party analyst approved by DCA must perform the market study. Generally, DCA will require that the analyst be selected from a list comprised of the analysts selected to perform the DCA-commissioned market studies. However, if a market study was started prior to February 15, 2001, and completed within six months of the date of Application, the applicant may request that DCA approve the analyst that was used. DCA will consider such requests, but approval or denial will be at DCA's sole and absolute discretion.

**Impact on Existing Assisted Housing.** 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 judgment will be the final determination.

No awards will be made to a proposed project that is judged by DCA, in its sole and absolute discretion, to have a potentially adverse impact on existing assisted rental housing property. "Assisted rental housing properties" include Low Income Housing Tax Credit properties, USDA (FmHA)/Rural Development financed properties, HUD 202 or 811 financed properties as appropriate, DCA or locally financed HOME properties, Georgia Housing Trust Fund for the Homeless financed properties, and HUD 221(d)(3) and 221(d)(4) properties and other market rate FHA insured programs. DCA does not regard public housing as competitive with programs administered through the Plan; therefore, this policy does not apply to public housing properties. The DCA-commissioned market study will assess the possibility of adverse impact as one criterion used in judging the market viability of the proposed project.

## **12. Project Amenities**

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. Applications that do not include these items will not be considered for funding.

### **13. Site Accessibility**

All sites proposed for development must be legally accessible by paved roads, completed and in place at the time of Application Submission. Applications proposing the use of property that is not legally accessible by paved roads at the time of Application Submission will not meet this Threshold criteria. This restriction does not apply to private driveways, accessing only the proposed project, through property that is not part of a proposed site. However, if the use of such a private drive is proposed, site control of the private drive must be documented by a properly executed easement on the private drive, and the plans for paving the private drive, including associated development costs, must be adequately addressed in the Application.

### **14. Physical Needs Assessment (Rehabilitation Projects Only)**

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. This assessment must be completed no more than ninety (90) days prior to the Application Submission.

### **15. 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.

### **16. Accessibility Standards**

All projects funded under the Plan will meet the most stringent Federal accessibility standards and the requirements of State law. Projects funded under the 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. (See Architectural Standards in the Manual for guidance.)

## **17. Preliminary Financing, Limited Partner Equity, Deferred Developer's Fees and Other Financing Commitments**<sup>\*</sup>

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

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

- Construction financing;
- Non-DCA 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).

The preliminary commitments must disclose, at minimum, the purpose, property address, amount of equity contribution (if applicable), loan amount (if applicable), interest rate, terms and fees. DCA, in its sole and absolute discretion, reserves the right to determine the adequacy of all preliminary financing commitments submitted in the Application. Any financing source for which the applicable federal rate of interest applies must be clearly noted.

**Rental Assistance.** 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.

**Deferred Developer's Fee.** When determining the amount of Credit necessary to make a project financially feasible, DCA will include the deferred Developer's Fee as a source of funding. Also, when calculating the project's debt coverage ratios, the applicant must include the deferred Developer's Fee in the calculation. Any owner's equity shown in the Application, excluding the general partner's contribution required by the Limited Partnership Agreement will be included as a source of funding in the calculation of Credit. This policy will apply at reservation, carryover, and final allocation. A developer should either take the deferred Developer's Fee in the form of a note, or incorporate the deferred Developer's Fee into the limited partnership agreement along with a detailed repayment schedule and specific terms. DCA will accept either method as long as the terms of the deferred Developer's Fee meet the requirements as set forth in the Plan. (Note that the deferred Developer's Fee should be shown in last position in the debt service section of the project cash flow proformas).

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<sup>\*</sup> Not applicable to tax exempt Bond Financed Projects.

## **18. Owner/Developer Experience and Capacity** (Also see Compliance Scoring Criteria in Appendix II)

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. (**NOTE:** Owners/developers who applied in accordance with the 2000 Plan may elect to submit an update to the information included in the 2000 Application. The update must identify experience gained since the 2000 Application or certify that no work experience occurred, if that is the case.)

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.

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 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 16, 2001.

**19. Non-owner/Developer’s Experience and Capacity** (Also see Appendix II, 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. Also, the developer may not include an employee’s experience in another firm. **(NOTE:** Developers who applied in accordance with the 2000 Plan may elect to submit an update to the information included in the 2000 Application. The update must identify experience gained since the 2000 Application or certify that no work experience occurred, if that is the case.)

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 2001 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 16, 2001.

## **20. Management Company’s Experience** (Also see Compliance Scoring Criteria in Appendix II)

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. **(NOTE:** Management companies that applied in accordance with the 2000 Plan may elect to submit an update to the information included in the 2000 Application. The update must identify experience gained since the 2000 Application or certify that no work experience occurred, if that is the case.)

**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 2001 Plan may, in certain circumstances, be “grand-fathered” 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 16, 2001.

## **21. 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.

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

Any nonprofit applying for HOME funds under the CHDO set-aside that has not been pre-qualified by DCA as a 2001 State CHDO by the Application Submission deadline must complete the CHDO application included in the project Application package. Applicants that do not qualify will not be eligible for funding in the 2001 Competitive Scoring Process. 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.

## **23. 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 2001 Competitive Scoring process. 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.

## **24. Poor Compliance History**

Applications 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 to participate in the 2001 Competitive Scoring process.

**STATE OF GEORGIA  
2001 QUALIFIED ALLOCATION PLAN  
APPENDIX II  
SCORING CRITERIA**

The Scoring Criteria are summarized in the table below and detailed on the following pages. The maximum total score possible is 200 points. Applications must score a minimum of 100 points to be eligible for DCA funding. Projects that score less than 100 points will not be considered for funding awards, irrespective of funding availability.

**PROJECT SCORING SUMMARY**

		<b>Total Score Value</b>
<b>1</b>	<b><i>APPLICATION COMPLETENESS/ORGANIZATION</i></b>	
	A. Complete Application	3
	B. Organization	2
<b>2</b>	<b><i>PROJECT LOCATIONAL CHARACTERISTICS</i></b>	
	A. Project Need	50
	B. Site Review	22
<b>3</b>	<b><i>TENANCY CHARACTERISTICS</i></b>	
	A. Development or Tenant Support Program	15
	B. Special Needs	9
	C. Very Low Income Tenancy Exceeding Requirements	8
	D. Project-Based Rental Assistance	4
	E. Mixed Income	6
	F. Extended Use Period	1
<b>4</b>	<b><i>GOVERNMENT SUPPORT AND FINANCING ASSISTANCE</i></b>	
	A. Local Government Support	4
	B. Government Financial Assistance	10
	C. CHDO Predevelopment Loans	4
<b>5</b>	<b><i>PROJECT CHARACTERISTICS</i></b>	
	A. Neighborhood Redevelopment	10
	B. Energy Efficiency Requirements	8
	C. Project Design	14
	D. Project Amenities	16
	E. Ownership Makeup	2
<b>6</b>	<b><i>READINESS TO PROCEED</i></b>	2
<b>7</b>	<b><i>COMPLIANCE STATUS</i></b>	10
<b>TOTAL POSSIBLE SCORE</b>		<b>200</b>



## **SELF SCORING REQUIREMENTS**

As part of the Application Scoring process, applicants will be required to self-score their Applications and fully explain their rationale in support of the scoring decision for each criterion. DCA will rely heavily on the Applicants' self-scores, but will verify the accuracy of those scores that are high enough in the overall ranking to be funded with available resources. Applicants' self-scores must be done in strict accordance with the provisions of the Plan and the Application Manual. If DCA determines that an Application is scored incorrectly, resulting in a higher score, in any of the seven scoring categories in this section, one point will be deducted from the Applicant's score for each category containing such scoring error, not to exceed three points in total. **Any Application that does not include a completed self-scoring section, prepared in accordance with the provisions of the Plan and the Application Manual will be deemed incomplete and will not be considered to have met Threshold requirements. The Applications will not be scored and will not be eligible for further participation in the Competitive Scoring process.**

If two or more projects with equal scores (“tie”) otherwise qualify for Credits (and/or other funding resources under the Plan) but sufficient funding 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.

### **1. Application Completeness/Organization**

#### **A. Completeness**

**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 of these possible points will be deducted up to the maximum of 3 points.

#### **B. Organization**

**2 points**

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

### **2. Project Locational Characteristics**

#### **A. Project Need**

**50 points**

DCA has expanded its locational methodology in an effort to foster geographic equity in allocating affordable housing resources. The primary aim in using the models is to identify those areas in Georgia that have the greatest unmet need for affordable rental housing. DCA's two scoring models—one for General Multifamily development, the other for Elderly Housing (or EH) projects—are described in Exhibit I, Appendix II of the Plan.

The General Multifamily Locational Map is based on both total and relative unmet need of households with incomes between 30% and 60% of AMI. The Elderly Housing Multifamily Locational Map 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 50 points, but only one model will apply to each Application.

As defined by the Plan, EH projects must serve 100% EH. Those projects proposed for 100% EH units should use the Elderly Households Multifamily Locational Map found in Exhibit I, Appendix II to of the Plan. Proposals for projects that will be less than 100% EH should rely on the General Multifamily Locational Map, also found in Exhibit I, Appendix II of the Plan.

#### **B. Site Review**

**22 points**

### 1. 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 a site characteristic or feature is undesirable. The characteristics that will result in a points deduction in this category are:

- A. Applications proposing buildings for residential use within 100 yards of large power lines (transporting electrical current through and beyond immediate areas) the nearest proposed apartment building. This does not include smaller power lines specifically for the proposed site or of a localized nature.
- B. Sites where the density is less than 5 units per acre of buildable land (General Multifamily developments only). For the purposes of this section, the buildable portion shall mean the entire property excluding wetlands, floodplains, and bodies of water (and a distance of ten feet around such bodies of water).

### 2. Neighborhood Characteristics

- A. **Six points** will be awarded if the site is adjacent to (or directly across a street from) a stable, occupied residential development. The proposed site is not adjacent to or surrounded by uses that are “undesirable” (as addressed under Neighborhood Services) for residential development.
- B. **Five points** will be awarded if the site qualifies as infill development as described herein. Infill development uses sites that will complete previous residential development or replace substandard and/or demolished buildings. The site must be within a stable, established neighborhood or community and maximize the use of existing transportation, utilities, and infrastructure. Desirable activities such as retail stores, recreational facilities, libraries, schools, day care services, medical facilities, employment centers, civic centers, and transportation must be located within .75 miles of the proposed site for the proposal to be categorized as infill development. Qualified infill developments must have at least three of these desirable activities within the required proximity. For non-Rural projects, access to these activities must be via all-weather or paved sidewalks. Although typical infill developments will be on vacant lots surrounded by existing facilities, proposals that require the demolition or rehabilitation of existing structures on the site will be eligible for these points if the project’s cost remains within cost limitations set forth in the Plan.

### 3. Neighborhood Services

One point will be awarded for each desirable activity and one point will be deducted for each undesirable activity. A maximum of **eight points** will be awarded. A negative total will be awarded zero points.

A desirable non-Rural County site is one located within a one-mile (.75 miles for infill sites) walking distance to activities suitable for the proposed tenant base. A desirable Rural County site is one located within a 1.5-mile (.75 miles for infill sites) walking distance to activities suitable for the proposed tenant base. For non-Rural sites this walking distance must be along all-weather or paved sidewalks. Desirable activities are defined as but not limited to retail, recreation, libraries, schools, day care services, medical facilities, employment centers, and civic centers.

Undesirable activities are those located within 1/2 mile of the proposed site. They include, but are not limited to junk yards; hazardous or chemical activities; and sources of noise, odor, or other nuisance pollution.

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 if 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 1/4 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.

### **5. Visibility**

Sites that are visible from major thoroughfares, with at least of 100 feet frontage on the thoroughfare will be awarded **three points**.

## **3. Tenancy Characteristics**

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

**15 points**

The proposed project is a component of a 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's 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 Application must include 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

Points under Section 3C of this Appendix, "Very Low Income Tenancy Exceeding Mandatory Requirements." will not be available to projects that are eligible for 10 or 15 points under this Section. However, Applications that qualify for only 5 points under this section, and otherwise qualify for points under Section 3C will be awarded points under Section 3C, but will not be eligible for points under this

section. Also, points under Section 3D of this Appendix, "Project-Based Rental Assistance" will not be available to projects that are eligible for points under this section.

## **B. Special Needs**

**9 points**

Scoring in this category will be awarded for either Special Needs projects (excluding Elderly Households) or for Elderly Household projects. Qualifying for either will result in all **9 points** being awarded.

**Special Needs (excluding EH).** The applicant agrees to hold and rent at least 50% of the total project dwelling units to Special Needs households (excluding EH). 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.

1. Submit a detailed letter of intent to provide rental assistance from the Georgia Department of Human Resources, HUD, or another federal or State rental assistance provider. A final binding contract for the rental subsidy must be submitted before HOME Loan closing or Credits carryover, whichever is earlier. If the market study substantiates sufficient demand among Special Needs households who can pay HOME and/or Credits 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 Loan closing or Credits carryover, whichever is earlier. Any proposed changes of supportive services providers from those proposed in the 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.** To qualify a proposed project as an Elderly Household project 100% of the HOME and/or Credits units must be reserved for Elderly Households, and the following requirements must be met.

### 1. Amenities

- 100% of the units must be accessible and adaptable (as defined by the HUD Fair Housing, the Americans with Disabilities Act, and Section 504).
- All units must have an installed monitoring call system, including a buzzer and light to the exterior.
- For one-story projects, all units must 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 must 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 both 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 full-time activities manager will be allowed in the operating budgets 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. Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.

Applications must include a detailed letter of intent from an experienced, licensed (or otherwise qualified and acceptable to DCA) provider for the appropriate services. A final, binding contract for the proposed supportive services must be submitted before the HOME Loan closing or Credits carryover, whichever is earlier. Any proposed changes in the supportive services providers from the Application 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** **points**

**8**

Applications that reserve and rent more dwelling units with rents affordable by very low income households (those earning annual gross incomes of 50% or less of the AMI) than is required by the appropriate program(s) will be awarded additional 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 Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. Points will be awarded as follows:

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

Points under this section will not be awarded to projects that are eligible for 10 or 15 points under Section3A, "Development or Tenant Support Program." However, an Application that qualifies for only 5 points under Section3A, but otherwise qualifies for 6 points under this section will be awarded 6 points under this section, but will not be eligible for 5 points under Section3A.

### **D. Project-Based Rental Assistance** **points**

**4**

Applications proposing project-based tenant rental assistance for a minimum of five years for at least 10% of the rental units will receive 3 points. To be eligible for points under this criterion the Application must include a copy of an executed agreement between the ownership entity and the funding entity. The funding entity must not be affiliated with or controlled by the ownership entity. Points under this section will not be awarded to projects that are eligible for points under Section 3A, "Development or Tenant Support Program."

### **E. Mixed Income Projects**

**6 points**

Projects designed for both low income and market-rate tenants are eligible to receive 6 points if 40% to 80% of project units are designated for low income and/or very low income tenants. Market rate units cannot be rented for less than the subsidized units.

## **F. Extended Use Period**

**1 point**

The Code requires that all low income units in a project receiving Credits remain rent-restricted and income-restricted for the 15-year Compliance Period and for 15 years after the close of the Compliance Period. However, owners have an option to request DCA's assistance in procuring a qualified contract for acquisition of the building(s) after the 14th year of the Compliance Period. If DCA is unable to present such a contract within a one-year period, the owner may terminate the extended use agreement. Owners willing to forgo this "cancellation option" for at least five years after the close of the Compliance Period, or submit a plan for tenant ownership at the end of the 15-year Compliance Period, will be eligible for one point. Agreement to forgo the cancellation option or a plan for tenant ownership will be included in the Land Use Restrictive Covenants as part of the Terms of Agreements. This point is not available to projects requesting HOME funds.

## **4. Government Support and Financial Assistance**

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

**4 points**

Four points will be awarded if the Local Government adopts a resolution of support for the proposed project. The resolution must clearly indicate that the Local Government understands the nature of the proposed project by identifying at a minimum, the type of project, the number of anticipated units, and the specific project location. Additionally, the resolution must clearly express the Local Government's support of the proposed project, as opposed to merely expressing indifference. If the Local Government is governed by only one elected official (as specified in its Charter), a letter from the elected official outlining all the information required in the governing body resolution will be accepted in lieu of a resolution. 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**

**10 points**

Up to 10 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, or Federal Home Loan Bank AHP funding is obtained. Local governments must reduce total project development costs by:

- waiving water and sewer tap fees;
- waiving building permit fees;
- foregoing real property taxes during construction;
- contributing 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;
- making other financial 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 development costs and/or project operating cost subsidies, as follows:

3% total project development cost and/or annual operating cost reduction - 6 points

7% total project development cost and/or annual operation cost reduction	-	10 points
USDA Financing	-	10 points

Reductions in annual operating costs must occur in each of the first 10 years of the Period of Affordability. Operating cost reductions for less than this 10-years beginning with the first year of the Compliance Period, the Period of Affordability, or the term of the HOME Loan will not be eligible for points under this section. 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.

Applications indicating that CDBG and/or HOME funds are to be provided by a participating jurisdiction, must include firm financing commitments from the participating jurisdiction.

In the case of USDA funding, a USDA "notification of award" letter must be included in the Application if the funding has been awarded at the time of Application Submission. If the funding has not been awarded at the time of Application Submission, a USDA letter of recommendation, indicating that the project is under final consideration for USDA funding, must be submitted with the Application. The applicant must receive the award within a time-frame that will be conducive to the timely completion of the Application Scoring process, as determined by DCA. Points will not be awarded unless the USDA funding is actually awarded. If the USDA funding is not awarded, the applicant may secure alternate financing and revise and resubmit all applicable Application documents. The revised Application will be evaluated based on the revised documents, but the Application will not be eligible for points under this criterion and will not be eligible for additional points under any other criteria based on revisions to the original Application.

### **C. CHDO Predevelopment Loans**

**4 Points**

Applications presented by qualified CHDOs that have used DCA CHDO predevelopment loans to develop their project Applications will be awarded 4 points.

## **5. Project Characteristics**

### **A. Neighborhood Redevelopment**

**10 points**

1. **Nine points** will be awarded to Applications 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 Submission that can demonstrate its ongoing revitalization efforts in the community in which the project is proposed. A community-based nonprofit is an organization that is based in the immediate area in which the proposed development will be located. The nonprofit must materially participate in the development and the day-to-day operations of the project as well as maintain a minimum of 51% ownership of the general partner interest (with full voting rights) in the partnership. The Application must include documentation of the nonprofit's ownership interest and a contract or memorandum of understanding between/among the limited partners that specifies the role of the nonprofit in the development and day-to-day operations of the project.
  - The nonprofit organization must have a Board of Directors that includes community leaders (such as local elected officials or civic group representatives), and must have bylaws, in effect for a minimum of 12 months prior to the Application Submission, that indicate that the nonprofit

has as a primary objective the revitalization of a defined community area that includes the location of the proposed project.

- The Application 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.
- The Application must identify serious neighborhood challenges such as drug/gang related activities and include a plan to address how such activities will be mitigated.

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 Application includes 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 this Appendix.

It should be noted that although a community-based non-profit entity (as defined in this section 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 if they meet the partnership requirements as set forth in the Core Plan (Section 7, Financing Resources - Credits and Section 9, Financing Resources - HOME Loans). In such instances, funding for these projects will not be counted toward the for-profit's funding cap.

2. **One additional point** will be awarded if the proposed project is within a Qualified Census Tract.

## **B. Energy Efficiency Requirements**

**8 points**

To receive these points, projects must exceed the Georgia State Energy Code for Buildings in the following areas:

1. Envelope Insulation Levels (Minimum)
  - Ceilings = R-30 1 point
  - Walls = R-13 cavity 1 point
  - Floors over unconditioned space = R-19 1 point
2. Window Performance
  - U = 0.56 maximum (R-1.79 minimum) 2 points
3. Heating and Cooling Equipment Efficiencies
  - SEER 12 2 points
  - HSPF 7.8 or AFUE 90% 1 point

The applicant must provide an original stamped letter from the registered architect or engineer of record for the project. The letter must clearly state that the entire construction exceeds (not "meets or exceeds") the Georgia State Energy Code for Buildings. This letter must also include the following:

- Statement of envelope insulation 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 the efficiency of heating and cooling systems including the type of system and fuel source; and a
- Statement of the type, R-value, and sealing method for all pipe and duct insulation.



NOTE: Documentation detailing energy performance will be required with Step II Plans & Specifications. This documentation must be in the form of a report generated with “MecCheck” software or equivalent. MecCheck software is available at no cost, and can be downloaded from the Internet at [www.energycodes.org](http://www.energycodes.org).

### C. Project Design

**14 points**

DCA encourages the construction of 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 Architectural Features

Low maintenance and durability of exterior materials will extend the life of the property. Applications proposing buildings having exterior material finishes such as brick or stone, in excess of 40% of the total wall surface of each exterior face of the building, including breezeways, exterior stairwells and rear elevations will be awarded **four points**.

If points are awarded for the use of brick/stone finishes as described in the scoring criterion above, additional points are available in this category by adding attractive exterior features that will assist marketability of the complex. **Two points** will be awarded if attractive features such as shutters, decorative exterior patio/porch railings and other additional trim features on exterior elevations including the sides and rear of the buildings are proposed.

If points are awarded based on the criteria outlined in paragraphs one and two above, **one additional point** will be awarded if the proposed project design includes historically significant features modeled after prominent, neighborhood or community structures within the immediate area of the proposed project. These historically significant 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.

To obtain Credits for historically significant architectural features the applicant must document with a location map delineating the proximity of these features to the proposed project, photographs, and written descriptions of the structures that serve as the historic influence on the property design.

#### 2. Landscaping/Site Design

The preservation of existing trees and the integration of existing vegetation, drainage patterns, and grades into new developments are important elements in the preservation of existing resources. **Two points** will be awarded if the proposed site has mature trees that will be protected during construction and remain part of the finished landscaping. **One additional point** will be awarded if existing vegetation, drainage patterns, and grades can be used effectively to enhance the finished landscape design. To qualify for these points the site plans must clearly delineate the existence/preservation of mature trees, and/or existing vegetation, drainage patterns, and grades that currently exist and must demonstrate how they will be incorporated into the finished landscape design.

**Two points** will be awarded for freestanding shelters for purposes as mail pickup, recreation facilities, or transportation stops that are included in the site design. These shelters must be coordinated with the appropriate site design/amenity features and where practical, integrated into areas of mature trees/vegetation to provide additional shade.

**Two points** will be awarded for substantial landscape upgrade features such as entry streetscapes with larger trees, berms, seasonal plantings, decorative fencing, special lighting and signage.

#### **D. Project Amenities**

**16 points**

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 not be awarded. 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 the Competitive Scoring will be determined at the sole discretion of DCA. No reduction or adjustment in amenities will be allowed after Application Submission. Points will be available as follows:

<ul style="list-style-type: none"> <li>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</li> </ul>	5 points
<ul style="list-style-type: none"> <li>Additional equipped recreational area (i.e. picnic area, pool, weight room, basketball, etc.)</li> </ul>	1 point per area (max of 3 points)
<ul style="list-style-type: none"> <li>Community facility, to include leasing office and community spaces</li> </ul>	3 points
<ul style="list-style-type: none"> <li>Complete, monitored built-in fire sprinkler system</li> </ul>	2 points
<ul style="list-style-type: none"> <li>Dishwasher and disposal (both must be supplied)</li> </ul>	1 point
<ul style="list-style-type: none"> <li>Complete site landscaping sprinkler system, coordinated with the points awarded in the landscaping category for preservation of trees and existing vegetation. A sketch is to be developed to indicate the general layout of the sprinkler system in the areas where watering will be required. Without this coordination, no points will be awarded for this category.</li> </ul>	2 points

**E. Ownership Makeup****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 is applying (and eligible) under the Plan's Credits nonprofit set-aside or the CHDO Loan Program set-aside.

**6. Readiness to Proceed****2 points**

To obtain these points the applicant must apply for all land disturbance and building permits as required by the Local Government. 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 Government 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.

**7. Compliance Status****-20 to + 10 points**

**General.** This section is designed to consider prior compliance experience and administrative performance with HOME, HTF, FDIC, and Credits properties as part of the overall scoring process. Project Participants 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 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. This 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. Applications 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 2001 competitive round.

Although syndicators will be scored using the same criteria used for 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 -20 points or less will not be eligible to participate in projects funded from Credits awarded under the Plan. If a proposed syndicator is deemed ineligible to participate, the applicant may select another syndicator.

If the syndicator for a proposed project is not known at the time of Application Submission, DCA will accept the Application with this information excluded. In such cases Applicants should notify DCA of the proposed syndicator and submit required compliance documentation regarding the syndicator experience at the earliest possible time, but no later than 75 days after the awards are announced. DCA strongly recommends submitting the syndicator information as early as possible to avoid potential problems that may arise if the syndicator is deemed ineligible. DCA will score the syndicators and will notify both the syndicators and the applicants of the results. (Note that syndicators will not be required to submit Self-Scoring Worksheets.)

Project Participants that have been ineligible to participate for the last two competitive rounds, and remain ineligible in the 2001 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, an individual Compliance Factor of 42 will apply to that participant for computing the Preliminary Compliance Score. Procedures for applying for probationary participation, and the requirements for such participation, are outlined in the 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 Plan. If a proposed Project Participant was a participant in a project at the time of any DCA HOME, HTF, FDIC, or Credits audit within three (3) years of the Application Submission, the project must be included.
- Copies of all DCA HOME, FDIC, and Credits 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 Worksheet). 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 Credits 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 Credits 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.

(**NOTE:** Project Participants who applied in accordance with the 2000 Plan may elect to submit an update to the information included in the 2000 Application. The update must identify experience gained since the 2000 Application or certify that no further compliance experience occurred, if that is the case.)

**Compliance Evaluation Process Overview.** 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 28, 2001 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. A notice of noncompliance or failure to meet certain administrative requirements will be sent to the property owner of record. Notices will explain the nature of the deficiency and will specify the number of points that will be deducted from the preliminary compliance score.

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 DCA loan or Credits 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 Credits 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
- Failure to close HOME Loans within 60 days of DCA underwriting approval
- Failure to convert HOME Loan from construction to permanent status on or before conversion date

DCA recognizes that extenuating circumstances may occur that could result in unavoidable timing difficulties. We will carefully consider the circumstances on a case by case basis when determining whether point deductions are appropriate. However, the final determination will be at DCA's sole and absolute discretion.

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**Table 7 a****NONCOMPLIANCE CATEGORIES****NUMERICAL VALUES**

	Minor Noncompliance		Major Noncompliance	
	Per Unit	Project-Wide	Per Unit	Project-Wide
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 a HOME Loan	Dependent upon circumstances. Will be determined at determined at DCA's sole and absolute discretion			
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 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>				<i>7</i>

<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>				<i>5</i>

*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 20.7 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

**STATE OF GEORGIA  
2001 DRAFT QUALIFIED ALLOCATION PLAN**

**EXHIBIT 1  
LOCATIONAL SCORING MAP CRITERIA**

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 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. Counties were classified as Rural Counties if they are located outside a Metropolitan Statistical Area (MSA) as defined by the U. S. Census Bureau. Non-Rural Counties are those located within an MSA as defined by the U. S. Census Bureau.

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).

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. 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.

Total and relative unmet need calculations for each county were then weighted to create a ranked distribution of county-level unmet need. Total unmet need was given a weight of .75, and relative unmet need was given a weight of .25. Once the overall distributions were created, three location categories were used to assign points. Rural and non-Rural Counties were modeled and scored differently, as described below.

Rural Counties were placed into one of three location categories, depending upon where they placed in the ranked distribution of affordable housing need. Those Rural Counties with the greatest need received a base score of 30. Rural Counties with a mid-level of need received a base score of 20, while those Rural Counties with the lowest level of need received a base score of 10. Rural Counties were then assessed for eligibility for additional points, based upon whether there had been Credits and/or HOME Loans allocated to them between 1998 and 2000.

Rural Counties that did not receive an allocation for 1998, 1999, or 2000 were assigned 20 points in addition to their ranked distribution score, making a total of 50 points possible. Rural Counties that received an allocation in 1998 but did not receive one in 1999 or 2000 received an additional 15 points. Rural Counties that received an allocation in 1999 but not in 2000 received 10 additional points. Finally, Rural Counties that received a 2000-round allocation received 5 additional points.

Non-Rural Counties fell into three need classifications as determined by the ranked distribution of need results as described above. Non-Rural Counties with the highest level of need were assigned 40 points. Non-Rural Counties with a mid-level of need were

assigned 30 points, while non-Rural Counties with the lowest level of need were assigned 15 points.

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 rental 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, HUD, 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.

The ranked distribution of EH rental housing needs was scaled as described in the material above related to General Multifamily development. Non-Rural Counties were assigned 40 points if they were at the highest level of EH need. Non-Rural Counties were assigned 20 points if they were at the mid-level of EH need. Finally, 15 points were assigned for non-Rural Counties with the lowest level of EH need.

Rural Counties' need for EH was assigned points using the same categories as the General Multifamily Rural County model. This model assigned 30 points to the counties with the highest need for EH, 20 points to counties at the mid-level of need for EH, and 10 points to counties with the lowest level of EH need. The Rural EH model also assigns additional points based on whether 9% tax credit and/or HOME funds were allocated to the area during 1998, 1999, or 2000. A more complete description of how the additional Rural points were assigned is shown above in the section related to General Multifamily locational scoring.. As with the General Multifamily development locational scores, a total of 50 points were possible for rural developments.

Both the General Multifamily Locational Map and the EH Locational Map (shown after the Locational Score Summary below) 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.

## 2001 Locational Score Summary

County	1999 Population <sup>1</sup>	Elderly Need Score	General Need Score	Rural County <sup>2</sup>	Rural Points	Elderly Total Score <sup>3</sup>	General Total Score <sup>4</sup>
Appling	16,675	10	20	Yes	20	30	40
Atkinson	7,295	10	10	Yes	20	30	30
Bacon	10,365	20	20	Yes	20	40	40
Baker	3,617	10	10	Yes	20	30	30
Baldwin	42,181	20	30	Yes	20	40	50
Banks	13,166	10	20	Yes	20	30	40
Barrow	41,891	40	40	No	0	40	40
Bartow	74,607	40	40	No	0	40	40
Ben Hill	17,474	10	10	Yes	20	30	30
Berrien	16,529	20	20	Yes	20	40	40
Bibb	155,441	40	30	No	0	40	30
Bleckley	11,314	10	20	Yes	20	30	40
Brantley	13,895	10	20	Yes	20	30	40
Brooks	16,122	20	20	Yes	20	40	40
Bryan	24,394	15	15	No	0	15	15
Bulloch	50,777	30	30	Yes	20	50	50
Burke	23,217	10	10	Yes	20	30	30
Butts	18,380	10	10	Yes	20	30	30
Calhoun	4,936	10	10	Yes	20	30	30
Camden	47,032	10	10	Yes	15	25	25
Candler	8,953	10	10	Yes	20	30	30
Carroll	84,765	40	30	No	0	40	30
Catoosa	52,100	40	40	No	0	40	40
Charlton	9,462	10	10	Yes	20	30	30
Chatham	225,662	40	40	No	0	40	40
Chattahoochee	16,654	15	40	No	0	15	40
Chattooga	22,858	30	10	Yes	20	50	30
Cherokee	141,686	15	40	No	0	15	40
Clarke	90,638	40	40	No	0	40	40
Clay	3,524	10	10	Yes	20	30	30
Clayton	213,727	40	40	No	0	40	40
Clinch	6,677	10	10	Yes	20	30	30
Cobb	583,541	40	40	No	0	40	40
Coffee	34,958	20	20	Yes	20	40	40
Colquitt	40,724	20	10	Yes	20	40	30
Columbia	93,312	30	40	No	0	30	40
Cook	15,197	20	20	Yes	20	40	40
Coweta	89,401	40	40	No	20	40	40

<sup>1</sup> U. S. Census Bureau estimates for 1999 population, the most recent year available.

<sup>2</sup> Counties are defined as rural if they are not part of a Metropolitan Statistical Area (MSA) as defined by the U. S. Census Bureau.

<sup>3</sup> Elderly Total Score = Elderly Need Score + Rural Points

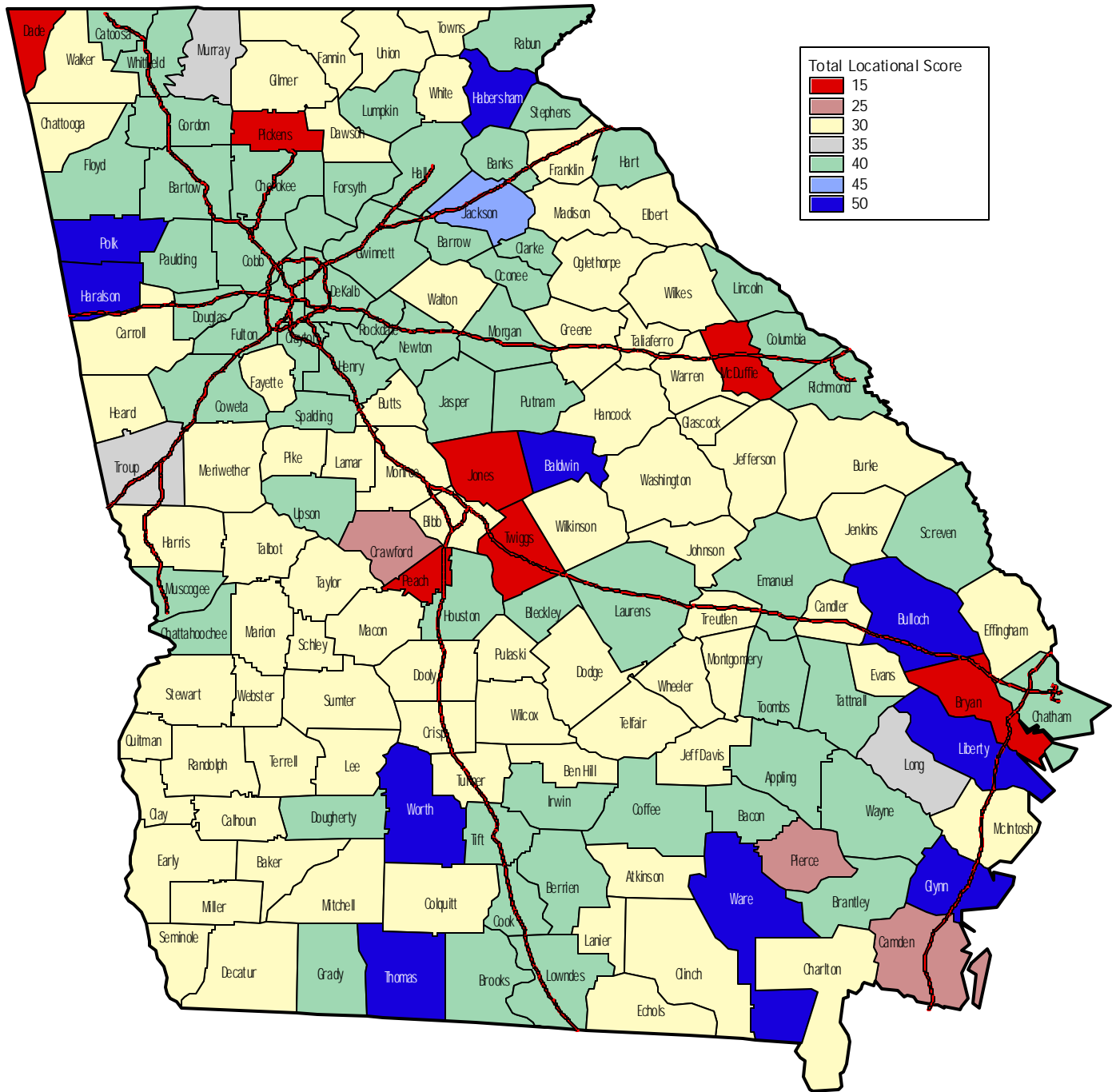
<sup>4</sup> General Total Score = Family Need Score + Rural Points

County	1999 Population <sup>1</sup>	Elderly Need Score	General Need Score	Rural County <sup>2</sup>	Rural Points	Elderly Total Score <sup>3</sup>	General Total Score <sup>4</sup>
Crawford	10,414	10	10	Yes	15	25	25
Crisp	20,637	20	10	Yes	20	40	30
Dade	15,344	15	15	No	0	15	15
Dawson	15,945	10	10	Yes	20	30	30
Decatur	27,128	20	10	Yes	20	40	30
DeKalb	596,853	40	40	No	0	40	40
Dodge	18,146	20	10	Yes	20	40	30
Dooly	10,433	10	10	Yes	20	30	30
Dougherty	94,080	40	40	No	0	40	40
Douglas	91,175	15	40	No	0	15	40
Early	12,127	20	10	Yes	20	40	30
Echols	2,534	10	10	Yes	20	30	30
Effingham	38,370	15	30	No	0	15	30
Elbert	19,363	10	10	Yes	20	30	30
Emanuel	21,042	10	20	Yes	20	30	40
Evans	10,089	10	10	Yes	20	30	30
Fannin	18,945	20	10	Yes	20	40	30
Fayette	92,378	15	30	No	0	15	30
Floyd	85,512	30	30	Yes	10	40	40
Forsyth	96,686	30	40	No	0	30	40
Franklin	19,311	20	10	Yes	20	40	30
Fulton	744,827	40	40	No	0	40	40
Gilmer	19,766	10	10	Yes	20	30	30
Glascock	2,544	10	10	Yes	20	30	30
Glynn	67,945	30	30	Yes	20	50	50
Gordon	41,966	30	20	Yes	20	50	40
Grady	21,600	20	20	Yes	20	40	40
Greene	14,094	10	10	Yes	20	30	30
Gwinnett	545,632	40	40	No	0	40	40
Habersham	32,530	20	30	Yes	20	40	50
Hall	123,290	30	30	Yes	10	40	40
Hancock	9,046	10	10	Yes	20	30	30
Haralson	25,070	20	30	Yes	20	40	50
Harris	22,634	15	30	No	0	15	30
Hart	22,124	20	20	Yes	20	40	40
Heard	10,490	10	10	Yes	20	30	30
Henry	113,443	40	40	No	0	40	40
Houston	107,644	40	40	No	0	40	40
Irwin	9,181	10	20	Yes	20	30	40
Jackson	39,057	30	30	Yes	15	45	45
Jasper	10,589	10	20	Yes	20	30	40
Jeff Davis	12,714	20	10	Yes	20	40	30
Jefferson	17,858	10	10	Yes	20	30	30
Jenkins	8,401	10	10	Yes	20	30	30
Johnson	8,293	10	10	Yes	20	30	30
Jones	23,307	15	15	No	0	15	15

County	1999 Population <sup>1</sup>	Elderly Need Score	General Need Score	Rural County <sup>2</sup>	Rural Points	Elderly Total Score <sup>3</sup>	General Total Score <sup>4</sup>
Lamar	15,010	20	10	Yes	20	40	30
Lanier	6,959	10	10	Yes	20	30	30
Laurens	43,927	30	30	Yes	10	40	40
Lee	23,341	15	30	No	0	15	30
Liberty	59,694	20	30	Yes	20	40	50
Lincoln	8,339	10	20	Yes	20	30	40
Long	8,709	10	20	Yes	15	25	35
Lowndes	85,413	30	30	Yes	10	40	40
Lumpkin	19,772	10	20	Yes	20	30	40
McDuffie	21,814	30	15	No	0	30	15
McIntosh	10,114	10	10	Yes	20	30	30
Macon	13,126	20	10	Yes	20	40	30
Madison	25,208	15	30	No	0	15	30
Marion	6,779	10	10	Yes	20	30	30
Meriwether	23,043	20	10	Yes	20	40	30
Miller	6,318	10	10	Yes	20	30	30
Mitchell	21,219	20	10	Yes	20	40	30
Monroe	20,032	10	10	Yes	20	30	30
Montgomery	7,854	10	10	Yes	20	30	30
Morgan	15,437	10	20	Yes	20	30	40
Murray	33,922	20	20	Yes	15	35	35
Muscogee	182,058	40	40	No	0	40	40
Newton	60,583	40	40	No	0	40	40
Oconee	24,526	15	40	No	0	15	40
Oglethorpe	11,564	10	10	Yes	20	30	30
Paulding	79,587	40	40	No	0	40	40
Peach	24,996	30	15	No	0	30	15
Pickens	21,024	15	15	No	0	15	15
Pierce	15,804	10	10	Yes	15	25	25
Pike	13,104	10	10	Yes	20	30	30
Polk	36,627	30	30	Yes	20	50	50
Pulaski	8,359	10	10	Yes	20	30	30
Putnam	18,199	10	20	Yes	20	30	40
Quitman	2,449	10	10	Yes	20	30	30
Rabun	13,687	10	20	Yes	20	30	40
Randolph	8,012	10	10	Yes	20	30	30
Richmond	190,310	40	40	No	0	40	40
Rockdale	68,968	40	40	No	0	40	40
Schley	3,949	10	10	Yes	20	30	30
Screven	14,463	10	20	Yes	20	30	40
Seminole	9,803	10	10	Yes	20	30	30
Spalding	57,825	40	40	No	0	40	40
Stephens	25,332	20	20	Yes	20	40	40
Stewart	5,374	10	10	Yes	20	30	30
Sumter	31,362	20	10	Yes	20	40	30
Talbot	6,969	10	10	Yes	20	30	30

<b>County</b>	<b>1999 Population<sup>1</sup></b>	<b>Elderly Need Score</b>	<b>General Need Score</b>	<b>Rural County<sup>2</sup></b>	<b>Rural Points</b>	<b>Elderly Total Score<sup>3</sup></b>	<b>General Total Score<sup>4</sup></b>
Taliaferro	1,924	10	10	Yes	20	30	30
Tattnall	19,171	20	20	Yes	20	40	40
Taylor	8,287	10	10	Yes	20	30	30
Telfair	11,406	10	10	Yes	20	30	30
Terrell	11,205	10	10	Yes	20	30	30
Thomas	42,896	30	30	Yes	20	50	50
Tift	36,975	30	20	Yes	20	50	40
Toombs	25,990	20	20	Yes	20	40	40
Towns	8,800	10	10	Yes	20	30	30
Treutlen	5,933	10	10	Yes	20	30	30
Troup	58,801	30	30	Yes	5	35	35
Turner	9,249	10	10	Yes	20	30	30
Twiggs	10,198	15	15	No	0	15	15
Union	17,234	10	10	Yes	20	30	30
Upton	27,079	30	20	Yes	20	50	40
Walker	62,963	40	30	No	0	40	30
Walton	58,498	30	30	No	0	30	30
Ware	35,232	30	30	Yes	20	50	50
Warren	6,075	10	10	Yes	20	30	30
Washington	20,198	10	10	Yes	20	30	30
Wayne	25,610	20	20	Yes	20	40	40
Webster	2,203	10	10	Yes	20	30	30
Wheeler	4,864	10	10	Yes	20	30	30
White	18,195	10	10	Yes	20	30	30
Whitfield	83,220	30	30	Yes	10	40	40
Wilcox	7,419	10	10	Yes	20	30	30
Wilkes	10,556	10	10	Yes	20	30	30
Wilkinson	10,908	10	10	Yes	20	30	30
Worth	22,483	20	30	Yes	20	40	50

# General Multifamily Locational Map

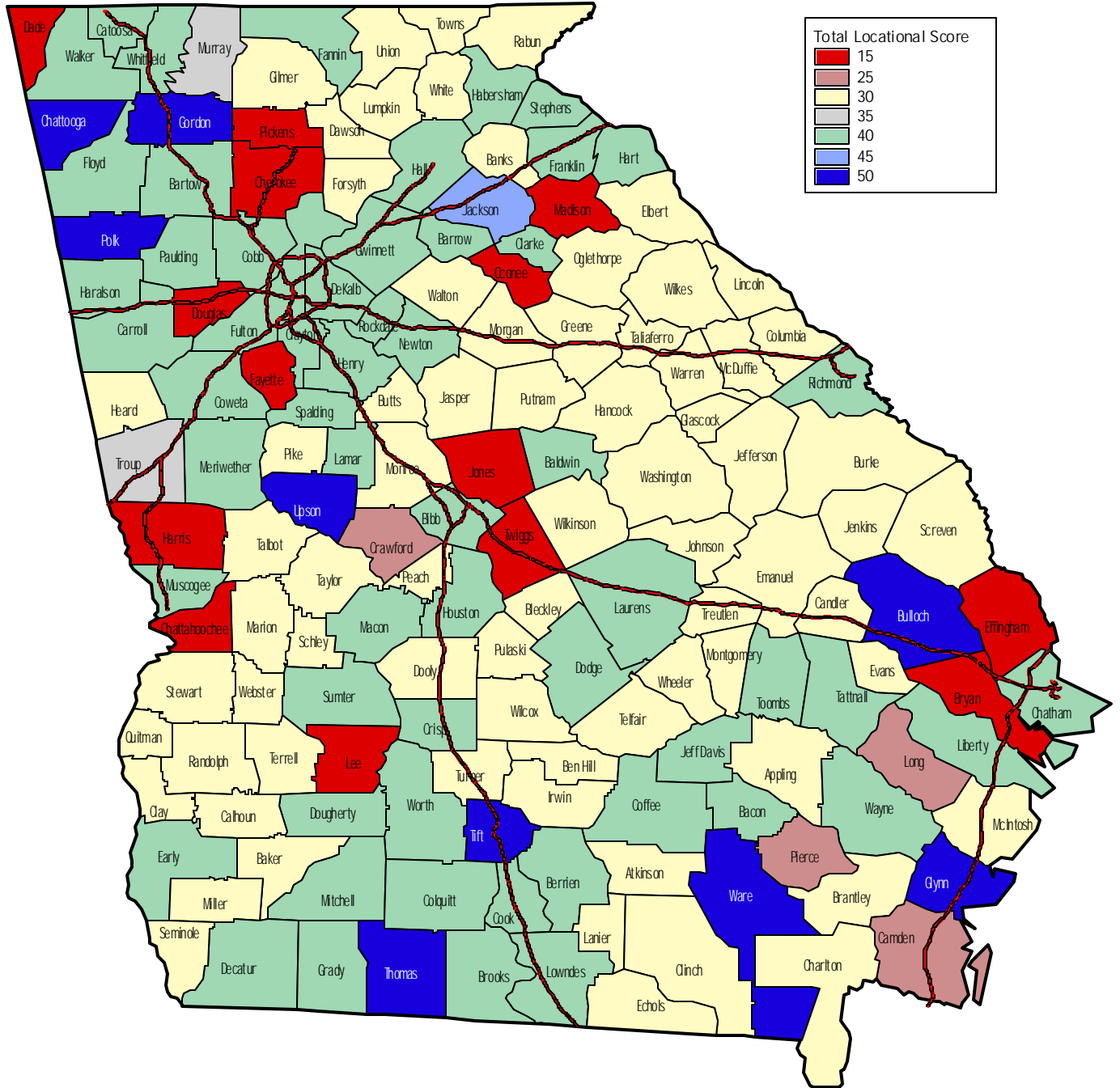


Source: Georgia Department of Community Affairs





# 2001 Elderly Households Multifamily Locational Map



Source: Georgia Department of Community Affairs

