



2012 APPLICATION WORKSHOP

GEORGIA DEPARTMENT
OF COMMUNITY AFFAIRS

Office of Affordable Housing



Welcome

Special Recognition

Legislative/ DCA Update

Legislative/DCA Update



- Federal Legislation Initiatives
- Proposed changes to HOME rule
- Justice Department Settlement/Olmstead
- New DCA Programs
- Immigration Law Changes

Federal Initiatives



- Scattered Site Initiatives
- Expanding Program to make credits available to Real Estate Investment Trusts
- 80% AMI
- Changes to the Corporate tax system
- HUD FHA Programs
- 9% floor extension

Proposed HOME Changes



- Decrease in budgeted funding for program
- New Program rules published
- Significant Program Changes
- Impact on DCA Multifamily Program

Proposed HOME Changes



- Project Completion definition is revised.
- Uniform Physical Condition Standards (UPCS) adopted
- PJs may provide preference for persons with special needs or individuals with disabilities.
- New rules for facilitating workouts of troubled HOME properties.
- Inspections changed to three years

Proposed HOME Changes



- CHDO reservations would be project specific
- Clarification of what constitutes housing “owned, “sponsored” or “ developed” by a CHDO
- New Language that prohibits identity of interest between for profit corporation and non profit CHDO’s
- Strengthening of Capacity requirements

Olmstead Initiatives



- Justice Department Update
- DCA Draft Strategic Plan
- Integrated vs Congregate Housing
- Multifamily Goals
- Additional Discussion this afternoon

DCA Small Business Credit Initiative



- Georgia Capital Access Program (GCAP)
- Georgia Small Business Credit Guarantees
- GA funding for CDFI's

OAH Application Workshop 2012

Presentation name | date 11

Immigration Law Changes

Angel Gordon
Joe Collums



GA Immigration Reform: Implications



1. Recipients of Tax Credits/HOME funding

- Owner, Developer, Contractor must enroll and participate in E-Verify
- Notarized affidavits submitted to DCA on project basis
- Contractor responsible for acquiring affidavits from subs

For further guidance, affidavits may be found here:

<http://www.dca.ga.gov/housing/housingdevelopment/programs/architecturaldesignandconstruction.asp>

GA Immigration Reform: Implications



2. Applicants for Tax Credits/HOME funding

- Person representing ownership entity must sign affidavit affirming legal residency status
- Must also submit copy of "secure and verifiable document" with affidavit
- Submit both in application (Tab I)
- Affidavit can be found at:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2012docs.asp>

GA Immigration Reform: Implications



3. Procurement/Contracting directly with DCA

- If contracting directly with DCA, must be enrolled and participating in E-Verify
- Signed affidavit must be submitted before DCA enters into any contract
- Documentation required for each contract, regardless of an entity's prior participation

Important Dates/Q&A



Sandy Wyckoff

DCA News



- Email Updates
 - DCA News
 - Events
 - Website postings at 2012 Funding Round page:
<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2012docs.asp>
- Join our email distribution list
 - OAH Multifamily Web Page:
<http://www.dca.ga.gov/housing/HousingDevelopment/programs/OAH.asp>
 - Sandy.Wyckoff@dca.ga.gov

DCA Cover Model Contest



Who is eligible?

- Project placed in service between 2008-2011
- Rehab/New Construction
- Green component
- Submitted by February 3, 2012

Runner-Ups



OAH Application Workshop 2012

Presentation name | da | 19

2012 QAP Cover Model Adamsville Green

2012
Qualified
Allocation
Plan



Adamsville Green Senior Apartments
Atlanta, Georgia



Presentation name | da | 20

Important Deadlines



- Pre-Applications and Pre-Determinations
 - March 15, 2012
- 9% Credit Applications
 - June 14, 2012
- 4% Credit Applications
 - Due no later than 75 days before bond closing
- Notification Due to DCA of Alternate Financing
 - July 13, 2012
- Alternate Financing Deadline
 - July 27, 2012

Questions and Answers



- Deadline June 1, 2012
- General Questions
 - Core
 - Threshold
 - Scoring
- Project Specific Questions
- Don't rely on verbal advice, get it in writing!



All Q&A should be sent in writing to
oahround2012@dca.ga.gov

Organization is



- Core Application & Instructions on website
 - <http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2012docs.asp>
- Not following Tabs Checklist = loss of points
- Missing documents = loss of points
- Incomplete application = loss of points

Pre-Applications/Pre-Determinations



- Pre-determination of proposed Project Team Qualifications
- DCA HOME Consent
- Waivers
 - Architectural Standards
 - Operating Expense Waiver
 - Payment & Performance Bond

Pre-Applications/Pre-Determinations (continued)



- Request for Special Needs Set Aside
- Neighborhood Stabilization Pre-Application
- Sustainable Communities Site Analysis Packet of Information

Pre- App Submission Instructions



All Pre-Applications and Pre-Determinations must be submitted by March 15, 2012 and should be addressed to:

Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, GA 30329
Attention: Andria Williams

Application Day



- June 14, 2012
 - No applications accepted after 4 PM
- Application Package
 - Directions for assembly in Core Application Instructions



OAH Application Workshop 2012

Presentation name | da | 27



We R Here 4 U



- Office Director Laurel Hart
Laurel.Hart@dca.ga.gov
- Compliance Nan Maddux
Nan.Maddux@dca.ga.gov
- LIHTC Fenice Taylor
Fenice.Taylor@dca.ga.gov
- HOME/Underwriting Marie Palena
Marie.Palena@dca.ga.gov

OAH Application Workshop 2012

Presentation name | da | 28



We R Here 4 U



- Legal/Environmental Angel Gordon
Angel.Gordon@dca.ga.gov
- Construction Jennifer Adams
Jennifer.Adams@dca.ga.gov
- Architecture Michael Collins
Michael.Collins@dca.ga.gov
- Market Study David Bartlett
David.Bartlett@dca.ga.gov



We R Here 4 U



- Asset Management Theresa Hill
Theresa.Hill@dca.ga.gov
- Technical/Core App Stephen Barrett
Stephen.Barrett@dca.ga.gov
- Relocation/
Federal Compliance Lynnette Watson
Lynnette.Watson@dca.ga.gov
- General Questions Sandy Wyckoff
Sandy.Wyckoff@dca.ga.gov

Application Day

Stephen Barrett

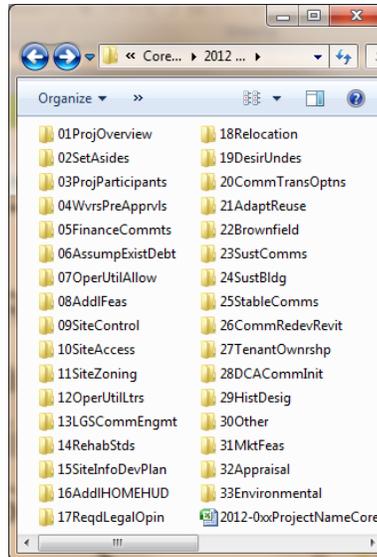
Application Day Going Green

- **REFER TO CORE APPLICATION INSTRUCTIONS!**
- One Original Paper Copy in Binder
- One Electronic Copy on USB Flash Drive
 - PDFs must be created from original electronic text docs, **not** from scan of a paper copy, so Search function works
 - Save and submit DCA Excel files in Excel, not as PDFs
 - Use CondensedTitleCaseFormat (no spaces) for electronic names on folders and files to reduce filepath length
 - Abbreviate electronic file names sensibly
 - Start file names w/nbrs (01, 02, 03...) to keep Tab order
- **Both copies must be arranged according to the Tabs Checklist**

Application Day

Required Organization and Naming of Main Folders on USB Flash Drive →

- Download from OAH 2012 Round web page
- Include “NA” at end of folder names for empty folders.



OAH Application Workshop 2012

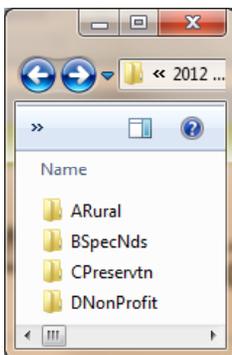
Presentation name | da | 33



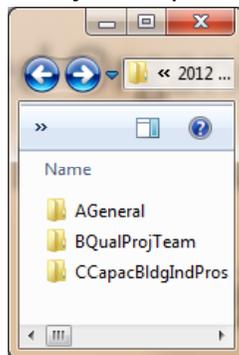
Application Day

Required Organization and Naming of Sub Folders on USB Flash Drive

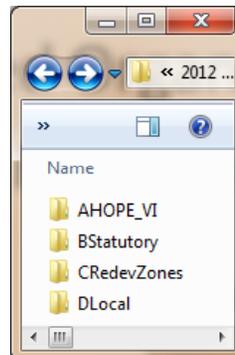
02 SetAsides



03ProjParticipants



26CommRedevRevit



OAH Application Workshop 2012

Presentation name | da | 34



Qualifying Project Teams

Laurel Hart

Nan Maddux

Qualifying Project Teams

Each Project Team (GP and Developer) must demonstrate the qualifications necessary to own, develop and operate a proposed tax credit project.

- Performance Workbook must be completed for each proposed tax credit project.
- It is also used to determine that a Project Team is qualified to assume an existing project.

Qualifying Project Teams



Submission Dates

- Preapplication (March 15) or
- Application (June 14)

(Note: DCA does not give a compliance score during Preapplication)

Qualifying Project Teams



- Project Teams are qualified on a Project Basis
- Determination could be different for same project team for different projects
- No change in project or team members after initial determination
- Sufficient documentation must be submitted with request for Determination

Qualifying Project Teams



- Qualified Without Conditions
- Qualified With Conditions
- Not Qualified
- Eligible under a Probationary Designation

Qualifying Project Teams

Points to Remember



- Pre-Application Submissions:
 - Pre-application fee: \$1,000
 - Deadline: March 15, 2012
 - Pre-application copies: **1** paper & **1** electronic
 - Incomplete workbooks: WILL NOT be reviewed
- At Application Submission:
 - Include Qualification in Tab 3
 - Experience between participants may vary

Qualifying Project Teams



Project Participant Questionnaire

- Must be completed in its ENTIRETY by each project participant
- Must disclose all adverse conditions of principal or entity that exercised control, if applicable
 - Must present supporting documentation
 - Must offer an explanation that is clear, concise, and detailed

Qualifying Project Teams



Multi-State Release Form (Major Change)

- Must be completed for each state a property was owned or developed by a project participant
- Original executed forms must be submitted in the Determination of Project Team Qualifications Package
- Form no longer required to be sent to state agencies
 - DCA will request additional information from other state agencies, as deemed necessary
 - Ensure the appropriate Multi-State Release Forms are completed for all projects listed on the Compliance History Summary

Qualifying Project Teams

Required Documents



- 2010/2011 Financial Statements for each Project Team member
 - Audited statements preferred
 - Additional information may be requested, at DCA's discretion
- Full disclosure of relationships between individuals or entities that could result in a potential conflict of interest or identity of interest
- Complete Organization Chart
- Current Resume' for each Project Team member

Qualifying Project Teams

Project Narrative



- Following must be provided in the General Information Section:
 - Thorough explanation of past experience that would lend itself to specific proposed project
 - Historic Rehab
 - Abandoned Properties
 - Brownfields
- Management Companies
 - Must also meet Threshold Criteria
 - Evaluated on a PASS/FAIL basis
 - Must have office in GA or contiguous state

Performance Scoring

Performance Scoring

- All Proposed Project teams begin with 10 points
- Proposed Project Team (Only Applicable for this Section)
 - General Partner
 - Development Entity
 - Each Principal in the aforementioned entities
- Project Team members that appear to be qualified based on past tax credit experience may be required to consider poor performance as a condition of participation

Performance Scoring



Past Performance evaluated in the following funding programs:

- Low Income Housing Tax Credit (LIHTC)
- DCA HOME programs
- FDIC/Affordable Housing Disposition Program (AHDP)
- Housing Trust Fund (HTF)
- Department of Agriculture with Tax Credits

Performance Scoring



Required Documents

- Compliance History Summary (CHS) must be submitted for all Project Team members
 - CHS should be included in the workbook
- Conflicts in Instructions Form:
 - Only provide the completed form from each project participant for each state
 - DCA will request information from other states, as deemed necessary
 - Form should be included in the workbook
- Provide all funding program reviews for 2007 through 2010 and for 2011 through May 2012

Performance Scoring



Point Deductions - Areas to Consider:

- Program Administrative Non-compliance
 - HOME Program Administrative Non-compliance
 - DCA Program Administrative Non-compliance
- Tax Credit Non-compliance reported as uncured on IRS Form 8823
- Major property condition violations
- Pattern of minor property violations
- Project Failure

***All other examples of Point deductions can be found in Appendix II of the Competitive Scoring Section of the 2012 QAP**

Performance Scoring



Point Deductions - Areas to Consider

(cont'd) :

- Point Additions

If points have been deducted and Compliance Score is less than 10, these points may be added:

 - 1 point awarded for 5 successful Georgia projects
 - 2 points awarded for 8 successful Georgia projects
 - 3 points awarded for 10 successful Georgia projects
- Points to Remember:

All Georgia Tax Credit and HOME projects funded from 1994 to 2010 must be complete in MITAS – DCA's web-based property management system – as of January 1, 2012.

 - Tenant Information
 - Contact Information

Compliance/Performance Scoring



- DCA Administrative and Program Non-compliance:
 - Failure to comply with Davis-Bacon provisions
 - Failure to comply with Section 3 provisions
 - Failure to notify DCA 30-days prior to a change in ownership or management
 - Failure to maintain support services or required amenities
- Uncured Issues of Physical Non-compliance:
 - Applies to both HOME and Tax Credit Projects
 - Outstanding accessibility issues ARE NOT considered as point deductions

Performance Scoring



- Failure of a Major Project/General Partner
 - Foreclosure of a project loan
 - Foreclosure or default on bonds
 - Project Bankruptcy
- Georgia Housing Search
 - All applicants must list all properties with available units in this database
 - Participants that have received past funding in years where this requirement is applicable will be evaluated for compliance.
 - The database can be accessed at the following web address:
<http://www.georgiahousingsearch.org>

Application Scoring Process

Marie Palena

Evaluation of Applications

Work in Progress

- Stage I: Completeness Review
- Stage II: Preliminary Scoring Review
- Stage III: Review and Clarification
- Stage IV: Selection
- Tiebreakers

Stage I. Completeness Review



- Is Application binder and flash drive organized to mirror Tabs Checklist with appropriate copies?
- Are required third party reports included? Have the recommendations therein been addressed?
- Does paper copy match electronic Core Application; does flash drive function properly; and is there supporting documentation?

© 2012 OAH

Presentation name | date

Stage II. Preliminary Scoring Review



- Applications ranked based on review of self score and how well supported.
- Possible missing document(s) or possible financial adjustment(s) deductions are not considered.
- Applicant comments required within 48 hours and must be limited to opinions regarding DCA's scoring determinations.

© 2012 OAH

Presentation name | date

Stage III. Review and Clarification



- Applications that fail to meet Appendix I requirements (Threshold) will be notified in writing.
- Applicant must respond in writing within 5 calendar days from the date of the DCA notification letter.
- Response must provide a clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect.

© 2012 OAH

Presentation name | date

Stage III: Review and Clarification *(cont'd)*



WHAT THIS IS:

- Administrative in nature
- For missing or incomplete documents existing prior to Application Submission
- For clarification of information submitted
- For correction of minor inconsistencies

WHAT IT IS NOT FOR:

- Modifying applications
- Providing documents that were not in existence at application

© 2012
OAH

Presentation name | date

Stage III: Review and Clarification

(cont'd)



IMPORTANT

Documentation submitted for clarification during threshold review period is not utilized for scoring.

For instance...

Applicant excludes commitment for NSP from application. If commitment didn't exist on June 14, 2012, it can't be counted as a source. Project may then be infeasible and fail Threshold.

If commitment did exist on June 14th, 2012, it can be counted in sources, but not for leveraging points.

© 2012 OAH

Presentation name | date

Stage III: Review and Clarification

(cont'd)



To Avoid Threshold Failures:

- Double check Sources & Uses, Total Cost & Eligible Basis columns - errors can push the Deferred Developer Fee beyond the 50% limit.
- Make sure your Market Study follows guidelines and makes sense. (Ex. extended market area)
- Understand Environmental Report summary and know when you must comply (8-Step Process)
- Deferred developer fee must be payable in 15 yrs

© 2012 OAH

Presentation name | date

Stage IV: Selection



“It is not the strongest of the species that survive, nor is it the most intelligent, but the one most responsive to change.”

C. Darwin

- It is to your advantage to utilize all comment sections in the Core Application
- No new documentation considered after Application submittal
- The time to clarify is Over
- DCA does not allow applications to be amended prior to selection

© 2012 OAH

Presentation name | date

Stage IV: Selection *(cont'd)*



DCA Reserves the Right

- To select lower scoring projects based on geographic distribution or optimal use of resources
- To limit the number of projects in a certain geographic area due to market considerations
- To consider the most efficient use of our resources
- To use DCA's discretion to choose best projects

© 2012 OAH

Presentation name | date

Tie – Breakers

(not necessarily in this order)



- DCA resources per unit (*'units- the more the merrier!'*)
- 1st selected project for the project team in this round (*'spread the joy'*)
- Applicant's commitment to GA Affordable Housing (*'come here often?'*)
- PHA sponsored projects using RFF (*'why wait?'*)
- Demonstrated need (*'Did you see the line at that tax credit project?'*)

© 2012 OAH

Presentation name | date

Tie - Breakers *(cont'd)*



- Family projects (*'give the kids a break!'*)
- Sustainable and energy efficient characteristics (*"Go ahead- hug that tree"*)
- Historic projects (*"let's not forget"*)
- Practical considerations (*A look at the big picture; does it really make sense?*)

© 2012 OAH

Presentation name | date

Top Reasons for Threshold Failure



- Technical Mistakes (credit calculation)
- Market Issues
- Site Issues
- Inadequate Application Preparation
- Feasibility (Not trending correctly, Mistake in credit calculation, wrong rents)
- Inadequate work scope for rehabs

Top Scoring Mistakes



- Missing Documents, conflicting or incomplete documents
- Undesirables (noise, abandoned or blighted properties)
- Off site funding sources
- Non profit issues

Tax Credit Update

Fenice Taylor

Available Credits and Award Limitations

- Approximately \$20 million (2013 credits) available
- Project limitations – generally not to exceed \$950,000 per project
- Maximum ownership/development interest
 - \$1.7 million in credits
 - 25% of total HOME available

State Designated Basis Boost



- Defer 1% of Total Developer Fee for every 1% boost unless a new loan/grant \geq 30% dev fee
- Min boost request - 10%
- Rehab with flat 9% credit ineligible
- 4% credit ineligible for state basis boost

State Designated Basis Boost

(cont'd)



- Evaluated at application/underwriting and at final cost certification. The Request (including narrative) must be in the application.
 - Multifamily Rural projects w/o DCA HOME
 - Historic rehab with equity from historic credit
 - Multifamily projects qualifying for 4 points under Stable Communities
 - Extraordinary circumstances

Tax Credit Percentage and Equity Pricing



- True 9% credit sunsets by 12/30/2013: Placed-In-Service
- Acquisition – use May 2012 credit percentage
- Rehab:
 - 9% - PIS by 12/30/2013 (no state basis boost)
 - May 2012 credit percentage
- New Construction – use May 2012 credit percentage
- Equity pricing:
 - Reasonable
 - Fed and state combined

OAH Application Workshop
2012

Presentation name | date

Impact of Sunset of HERA Provision – Flat 9% Credit



Example: Total Development Cost: \$9M
 Eligible Basis: \$8M
 Debt: \$2M
 March 2012 credit %: 7.43%

9% credit @ \$1.02 (.77+.25) in <u>2011</u>	7.43% credit @ \$1.1 (.85+.25) in <u>2012</u>
--	--

Basis:	\$8M*9.00% = \$720K	\$8M*7.43% = \$594K
Gap:	\$7M/1.02*10 = \$686K	\$7M/1.1*10 = \$636.4K
Credit:	\$686K	\$594K

OAH Application Workshop
2012

Presentation name | date

DCA Policy Priorities

Joe Collums
Jennifer Adams
Laurel Hart

Preservation

DCA Preservation Strategy



Objective:

To collaborate with our partners to develop a strategic approach to affordable housing preservation in Georgia

- Preservation Roundtable (February 2011) with industry partners - including developers, property managers, architects, syndicators
- Outreach to HFA's, review of best practices
- Analysis of state and national trends, GA tax credit portfolio

Presentation name | date

DCA Preservation Strategy



Basic Principles:

- DCA policies should encourage substantial and consistent investment in preservation of existing affordable stock
- Policies should promote a balance between preservation and new construction
- Policies should seek to identify and invest in the best preservation candidates

OAH Application Workshop 2012

Presentation name | date 76

Preservation: CORE

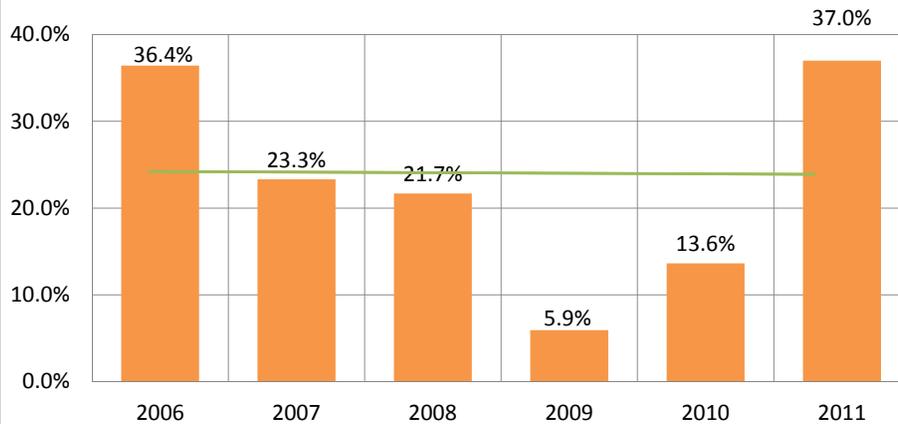


- 2011 Preservation Set-Aside:
\$1.8 million of available 9% credits (about 8% for 2011)



- 2012 Preservation Set-Aside:
25% of available 9% credits

GA 9% Preservation Investment by Year



Preservation: Threshold



- Properties eligible for Preservation Set-Aside:
(Threshold, p. 33 of 38)

*Not eligible for Set-Aside in 2012 round:
Existing USDA, Rural Development projects
with Section 515 financing

Preservation: Threshold



However, a property may be ruled ineligible if
any of the following apply:

- Outstanding non-compliance issues
- Functional obsolescence
- Rehab will cause 10% increase or greater in rents
- Property is in substantially good condition
- Rehab will result in a loss of units
- Units are not at risk of losing affordability if converted to market units
- Primary purpose is to subsidize an ownership transfer

Preservation: Scoring



- 2011 QAP:

Expiring Tax Credit Properties	6 points
USDA designated priority project	2 points
HUD designated project	2 points



- 2012 QAP: Preservation Priority Points

Preservation Priority Points



Core Priority (Scoring p. 29-31):

DCA HOME Properties, if paying full balance, OR	6 points
Expiring Tax Credit Properties, OR	4 points
HUD properties	3 points

Preservation Priority Points

Add-On Points



Project-Based Rental Assistance (PBRA)	4 pts if 100% PBRA AND designated by HUD as priority
	2 pts if at least 30% PBRA for min 5 yrs
Not previously rehabilitated	1 pt
High average occupancy	2 pts if at least 90% occupancy
	OR 1 pt if at least 80% occupancy
Compliance Period	2 pts for tax credit properties where compliance began at least 18 years ago
Hard Costs Proportion	2 pts if construction hard costs are at least 45% of Total Dev Costs
Significant Community Value	3 pts

Scoring, Con't



- Preservation Priority Points are designed **ONLY** to determine which applications are funded under the 25% Set-Aside
- DCA estimates that 6-8 applications will comprise the 25% Set-Aside. Only those applications will benefit from Preservation Points
- Applications **NOT** selected for the Set-Aside may still compete for remaining 9% credits, but **CANNOT** claim any Preservation Points

DRAFT2012-100OAHCoreApplicationandTabsChecklist - Microsoft Excel

Government-awarded project based rental assistance for at least 30% of low-income units for a minimum of five (5) years.	2	b)	0	
Score will be calculated based on the total residential units (common space employee units will not be included in the total residential units).	1	2	1	
281 y Rehabilitated	2	3	2	0
283 ppancy	2	a)	2	
284 a documented average physical occupancy of at least 90% for the 6 months period prior to Application submission (December to May)	1	b)	0	
285 s a documented average physical occupancy of at least 80% for the 6 months period prior to Application submission (December to May)	2	4	2	
286 eriod Application proposes to rehab existing LIHTC property w/compliance pd begin 18+ yrs prior to application deadline.	2	5	2	
287 oportion Application construction hard costs are at least 45% of TDC. #DIV/0!	3	6	0	0
288 mmunity Value Application seeks to rehabilitate an existing affordable property of significant community value.	a)		Yes	
289 nty serves and proposes to continue serving tenants with special needs	b)			
290 nger of losing affordability	c)			
291 ut to replace in the community in which it is located	d)			
292 exhibits intrinsic value as an asset to the surrounding community and to the state's affordable housing stock				
293 ts regarding this section of scoring:				
294				
295				
296				
298 value for this criteria			64	10
299			53	0
300				
302				
303				

Criteria **TOTAL POSSIBLE SCORE** 102 **64** **10**
TOTAL SCORE WITHOUT PRESERVATION POINTS 53 0

If selected under Set-Aside, score will be:

DRAFT2012-100OAHCoreApplicationandTabsChecklist - Microsoft Excel

an award of government-awarded project based rental assistance for at least 30% of low-income units for a minimum of five (5) years.	2	b)	0	
Score will be calculated based on the total residential units (common space employee units will not be included in the total residential units).	1	2	1	
281 y Rehabilitated	2	3	2	0
283 ppancy	2	a)	2	
284 a documented average physical occupancy of at least 90% for the 6 months period prior to Application submission (December to May)	1	b)	0	
285 s a documented average physical occupancy of at least 80% for the 6 months period prior to Application submission (December to May)	2	4	2	
286 eriod Application proposes to rehab existing LIHTC property w/compliance pd begin 18+ yrs prior to application deadline.	2	5	2	
287 oportion Application construction hard costs are at least 45% of TDC. #DIV/0!	3	6	0	0
288 mmunity Value Application seeks to rehabilitate an existing affordable property of significant community value.	a)		Yes	
289 nty serves and proposes to continue serving tenants with special needs	b)			
290 nger of losing affordability	c)			
291 ut to replace in the community in which it is located	d)			
292 exhibits intrinsic value as an asset to the surrounding community and to the state's affordable housing stock				
293 ts regarding this section of scoring:				
294				
295				
296				
298 value for this criteria			64	10
299			53	0
300				
302				
303				

Criteria **TOTAL POSSIBLE SCORE** 102 **64** **10**
TOTAL SCORE WITHOUT PRESERVATION POINTS 53 0

If NOT selected for Set-Aside, score will be:

Non Profit Project Teams

Non Profit Project Teams

Non Profit/CHDO Setaside

- IRC 42(h)(5) requires that each state set aside at least 10% of its state housing credit ceiling for allocations to projects in which qualified nonprofit organizations **own an interest and materially participate in the development and operation of the projects**
- 15% of the State's HOME allocation is set aside for non profits which have been pre-qualified as CHDO's

Non Profit Project Teams



Statutory Requirements

- Qualified
- Effective Control
- Material Participation

Non Profit Project Teams



Qualified

The organization must be a *qualified* non-profit, defined as a 501(c)(3) or 501(c)(4) organization.*

- *Requirement for Non Profit Set aside
- *Requirement for CHDO Set Aside
- CHDOS must be certified by DCA

Non Profit Project Teams



Effective Control:

The Non Profit cannot be affiliated with or controlled by a for-profit organization.

- Non profit entity should not be influenced by the profit motive of the for profit entity.
- **Proposed HOME Rule Changes:** If a for profit entity creates or sponsors a non profit entity that seeks designation as a CHDO, the officers and employee of the for profit entity would be prohibited from serving as officers or employees of the CHDO.
- The Non profit entity is prohibited from using office space of the for profit entity.
- **DCA** requires that the non-profit(s) own at least 51% of the general partner's interest and be the managing general partner

OAH Application Workshop 2012

Presentation name | date 91

Non Profit Project Teams



Material:

The Non Profit must materially participate in the development and operation of the project.

- Regular Continuous and substantial basis in the **development** and operation of the project
- Involvement in the actual operations of the activity should occur. Consenting to decisions or periodic consultation is not sufficient.
- Regular on site presence at operations

OAH Application Workshop 2012

Presentation name | date 92

Non Profit Project Teams



Material Participation:

Proposed HOME Rule Changes: CHDO must have paid employee staff with housing development experience in order to be designated as a CHDO. Non profit organizations would no longer be able to meet the demonstrated capacity requirement through the use of consultants and through a plan for staff to be trained by the consultants.

Non Profit Project Teams



Developer Fee Requirements

- The non profit must receive a percentage of the Developer Fee greater than or equal to its percentage of its ownership interest.
- A copy of the general partnership joint venture agreement that indicates the non-profit's general partnership interest and Developer Fee amount must be included in the Application.

Non Profit Project Teams



Non Profit Qualifications

Each Project team (general partner and developer, or the principal(s) thereof) must demonstrate the qualifications necessary to successfully own, develop and operate the proposed tax credit project

Non Profit Project Teams



Non Profit Qualifications *(cont'd)*

- **Partnering with a Qualified Without Conditions entity**
DCA generally encourages entities that have insufficient technical expertise and/or experience to partner with qualified entities to gain experience and capacity in the tax credit program.
- **Capacity Building for Industry Professionals**
A Project Participant that has extensive experience in the tax credit industry but who does not have the requisite successful tax credit ownership and/or development experience may also be deemed qualified under a probationary designation with conditions.

Non Profit Project Teams

Non Profit Points – 3 Points (FOUR Projects)



- Technical expertise in LIHTC program
 - Length of time in business
 - Complexity of deals
 - Internal Capacity of employee staff with housing development experience
- Successful development and ownership in LIHTC program by Project Team
 - Number of projects
 - % of Ownership and % of Development in Successful Deals
 - Compliance history

OAH Application Workshop 2012

Presentation name | da | 97

Non Profit Project Teams



- Sufficient liquidity or guarantees to increase chances for syndication.
 - Audited Financial Statements
 - Guarantor capacity
- Additional resources included in the project including grants, project based rental assistance or other government funds.
 - AHP Award for project
 - PBRA
 - Loan commitments

OAH Application Workshop 2012

Presentation name | da | 98

Non Profit Project Teams



- Mission-oriented concept designed to serve populations with a critical housing need, including, but not limited to, individuals with special needs, homeless veterans, and frail elderly.
 - Project Specific
- Unique project concept.
 - What makes this different than a for profit owned project?
 - What does this non profit bring to the table that is different than typical tax credit projects?

OAH Application Workshop 2012

Presentation name | date 99



Physical Needs Assessments

Physical Needs Assessments



- Qualified Physical Needs Assessment Providers
- Replacement of **all** systems that Remaining Useful Life at the end of 15 years or less
 - Updated Effective Useful Life (EUL) tables
 - NEW: Accessibility Checklists (FHA, UFAS, ADA)
 - Bathtubs
 - PNA forms merged into one Excel file
- 20 year capital replacement reserves study

REHABILITATION WORK SCOPE



- Work scope shall include:
 - Systems requiring replacement from PNA
 - Cost of accessibility compliance
 - Environmental mitigation
 - Building sustainability
 - Other threshold and architectural manual requirements
- \$25,000 per unit minimum, regardless of age (not including community buildings, new construction)

Neighborhood Stabilization Scattered Site

Neighborhood Stabilization

- Purpose
- Pre-Application Materials:
 - see CORE p.17 of 56
- Pre-Application Q&A, Analysis Matrix
- Submission Requirements: hard copy in 3-ring binder, electronic copy on removable storage device (due March 15)

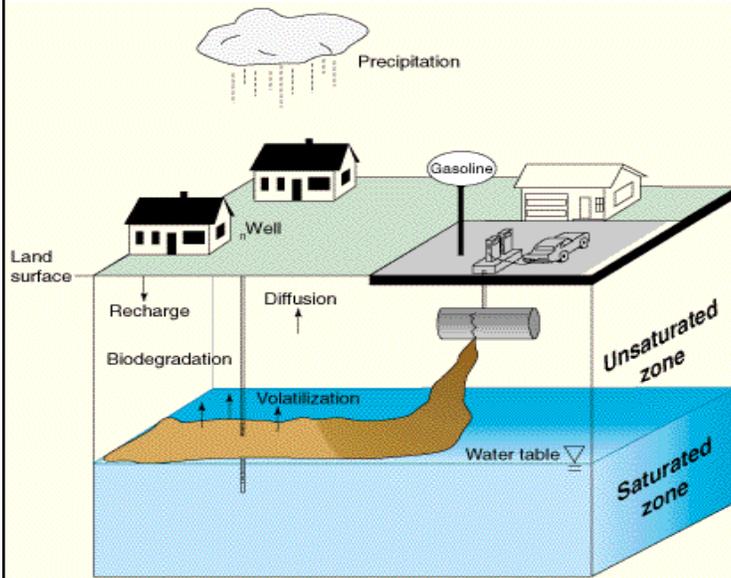
Site Selection Issues

Jennifer Adams

Desirables Scoring

- Points awarded for each category **only** once
- Revised to align with sustainable community programs
- 2.0 mile radius for all projects
- High performing elementary schools per *Georgia Education Scorecard*

Undesirables



Potential or existing environmental hazards such as sites listed in federal or state hazardous site databases, leaking underground storage tanks

OAH Application Workshop 2012

Presentation name | 107

Undesirables (cont.)



Deteriorated buildings



Inappropriate surrounding land use: manufacturing, commercial livestock operations, etc.



OAH Application Workshop 2012

Presentation name | 108

Undesirables

Threshold Utilization of Resources, & Construction Costs



- Topographic/ hydrogeologic characteristics that require extensive mitigation
- Conceptual Site Development plans **must** have:
 - topographic contours
 - proposed finish floor elevations

OAH Application Workshop 2012

Presentation name | 109

Undesirables

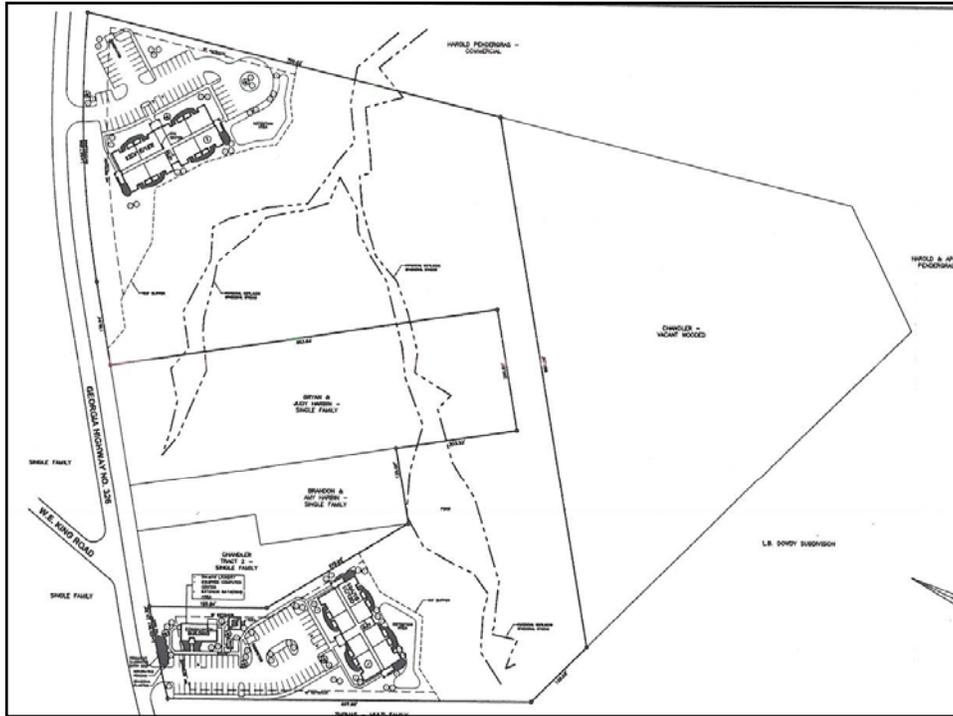
Threshold Utilization of Resources, & Construction Costs



- Development within 100 feet of floodplains, wetlands, or state waters
- Poor utilization of acreage
- Poor site layout

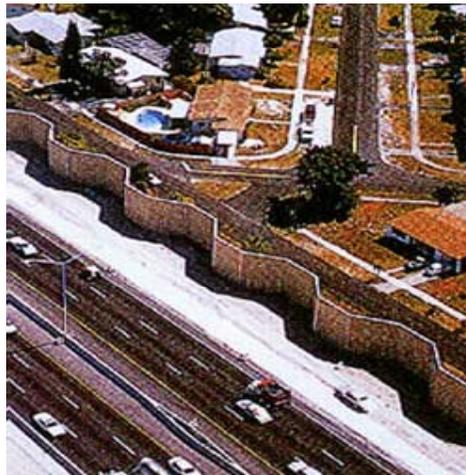
OAH Application Workshop 2012

Presentation name | 110

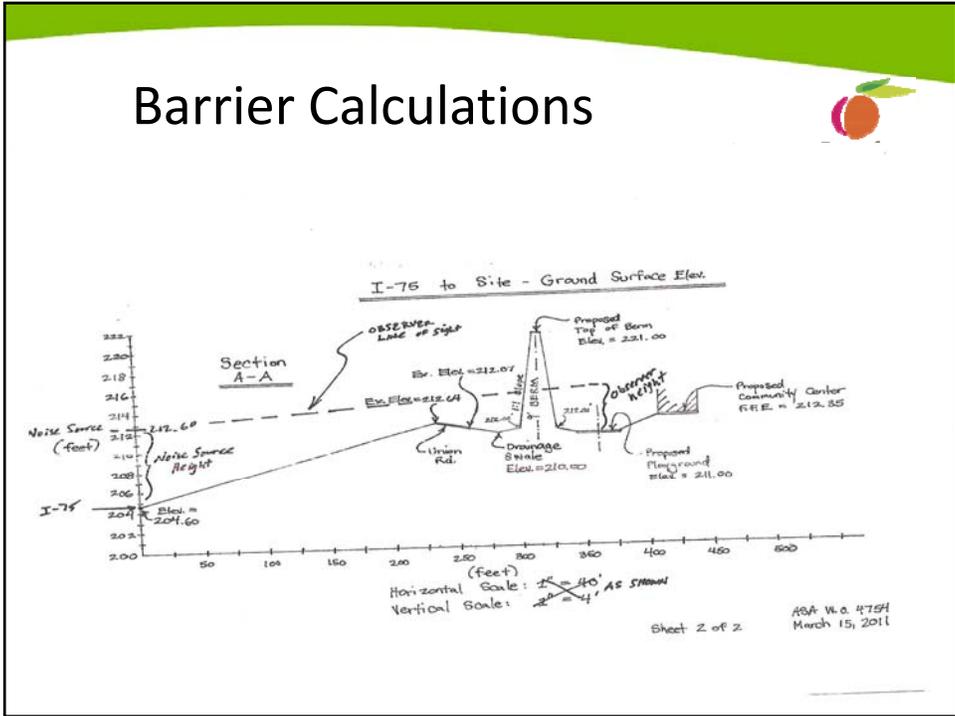


Noise

- Undesirable Scoring:
 > 72 dB
- Threshold:
 75 dB maximum
- Noise Waiver
- 10 year noise projections



Barrier Calculations



Community Transportation



- Established public transportation stop along paved roads, sidewalks, established pedestrian walkways/bike trails
- Fixed route and daily schedule

(3) points
adjacent
 300 feet of entrance



(2) points
walking distance
 1/4 mile or less

(1) point
close proximity
 1/2 mile or less

Sustainability



- Sustainable Communities
 - Requires Pre-application Submission
 - EarthCraft Communities: Site Analysis Packet
 - LEED ND: Feasibility Study by LEED AP ND
- Sustainable Buildings
 - Requires Owner's Certificate of Participation in Southface's green building for affordable housing training course (2011 or 2012)

General Threshold



Local Government Support

Threshold Requirement XII

Local Government Support

Evidence of Local Government Support

- Public Meeting minutes
- Approval of Project through Planning Commission
- Zoning approval or changes in support of project
- Letters of Support/Resolution of Support
- Plans that support Affordable Housing in Community
- Waiver of Impact Fees

Market Issues

Market

- Threshold Issue
- Scoring Issue
- Selection Issue

Market



THRESHOLD IV

- Applicants must submit a Market Study by a DCA approved Analyst
- Market study must use DCA Market Study Guidelines
- DCA Format

Standard: DCA will use but is not bound by the Market Study conclusion

Market



Threshold IV

- Existing Projects
- Adverse financial impact
- Capture rate, Demand rates, Absorption, Stabilized Occupancy

Market



Scoring- 2 Points

- Occupancy rates of less than 80%
- DCA projects that have been unable to convert or stabilize
- Changing economic conditions
- Foreclosures
- Occupancy rates
- Rents

Market



Non- Selection for Market Reasons

- Significant adverse impact on existing housing
- Projects in round in close proximity (10 miles rural, 2 miles Urban)
- Lease up of DCA funded projects
- DCA will not fund more than one phase

Market



Use of Mitas in Market Studies

OAH Application Workshop 2012

Presentation name | 125

Optimal Utilization of Resources

THRESHOLD REQUIREMENT

XXIV



Optimal Utilization Of Resources



DCA requires that a final decision be made that an allocation will ensure effective, efficient and lawful allocation and utilization of the tax credit program

Optimal Utilization of Resources



Basis for Failure

- Cost issues – high costs, high land
- What are we getting for our money?
- Cost of mitigation
- Unreasonable site costs (layout, soil issues, retaining walls)
- Undue enrichment
- High land cost
- Insufficient work scope
- High Acreage

Examples



- Senior Project with two phases
- Turnover of land for higher price
- 56 acre project
- Number of bedrooms for Senior Projects
- Small number of units, high cost site work

OAH Application Workshop 2012

Presentation name | 129

Feasibility Issues

Marie Palena



Feasibility of Sources



- Is each Source documented?
- Do the terms and conditions match what is in the Application?
- Are there unsupported assumptions being made?

Feasibility of Uses



- Are there unsupported, 'presumed' fees included?
 - Large local government fees
 - Reserves beyond those generally accepted in the QAP
 - Green Consultant fee beyond \$20,000
- Is a line item Consultant "acting in the capacity of, or providing technical assistance to, the Owner, Developer or General Contractor"? If so, this Consultant's fee must be included in the Developer Fee limitation.

Feasibility of Uses *(cont'd)*



- Acquisition Cost
 - DCA will look at the chain of title and the transaction structure
 - Are reserves being included in the purchase price and in Eligible Basis?
 - Has the developer fee been properly allocated between the acquisition and the rehab?
 - Has demolition been split out from site prep or hard cost?

Feasibility of Revenue / Expenses



- Is rent amount, mix of restrictions and utility source and amount accurate?
- *For underwriting purposes*, National Non-metro Rents will *not* be accepted
- Is PBRA still in force; is renewal assured; does the documentation support use of proposed PBRA rents?

Feasibility of Proforma



- Negatively amortizing DCA HOME loans are not acceptable
- Repayment of deferred developer fee must be demonstrated and payable in 15 years
- Asset management fees and HOME cash reserve payments (if applicable) must be shown

Feasibility of Proforma *(cont'd)*



- 'Other income' must be adequately supported in 'comments' and with third party documentation
- Any difference between the amortized payment in Sources and payment shown in the Proforma must be adequately explained in 'comments' and documented

Other Feasibility Considerations



Outliers- include, but not limited to:

- Costs (possibly some line items)
 - per unit
 - per acre
 - per bedroom
 - historic data, etc.
- Expenses
 - other projects in the same market
 - similar competing projects
 - historic data for subject project, etc.

OAH Application Workshop
2012

Presentation name | date

Other Feasibility Considerations

(cont'd)



Appraiser and/or Market Analyst comments

- Size of units compared to market
- Efficient utilization (are 4 bedroom units housing only two residents)
- Is the mix of unit sizes appropriate?
- Are the proposed rents in line with the analyst's conclusion, if not, what contrary supporting evidence has been provided?
- Is the PMA reasonable?
- DCA may be able to provide additional information on DCA funded projects in proximity to that proposed

OAH Application Workshop
2012

Presentation name | date

Superior Project Concept and Design

6 Points



Superior Project *Concept*

- Unique and urgent need of the community
 - Who, what, why, when and where
 - Substantial community support and involvement
- Superior level of sustainability
 - Cost effective, proven efficiency
- Overriding DCA policy objective
- May choose not to award points

OAH Application Workshop
2012

Presentation name | date

Superior Project Design

Local Government Strategy for Neighborhood Rebuilding



- Community strategy includes required green space
- Local government involvement toward redevelopment
- Planning objectives of:
 - Transit Oriented Developments or
 - Sustainable Communities or
 - Livable Centers Initiative
 - Local government 'high priority' designation
- Local government pre-application mtg w/DCA req'd
- May choose not to award points

OAH Application Workshop
2012

Presentation name | date

DCA HOME

DCA HOME - The Basics

- Workshop: March 7, 2012 at Carter Center
- Requests due: March 15, 2012 (4:00 PM)
- Minimum: \$800,000
- Maximum: \$2,000,000
- Must submit Qualifications Determination request
- Must receive HOME Consent to formalize
- Must use HOME funds or LIHTC may be withdrawn

DCA HOME *(cont'd)*



- Selection Criteria: p. 19 of QAP Core
- Underwriting policies: QAP Sec. 7 A & B
- HOME Consent request – go to:
 - 'Qualified Allocation Plan Documents 2012' web page
 - <http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2012docs.asp>
 - Click 2012 OAH Manuals and Forms, see E. HOME
- CHDO? DCA may help with pre-development costs - email Tarolyn.Moore@dca.ga.gov NOTE: Proposed HOME Rule may change qualifications!

© 2012 OAH

Presentation name | date



Presentation Of DCA Strategic Olmstead Plan



Thank you for coming!