

**Georgia Department of Community Affairs (DCA)
Office of Special Housing Initiatives**

**Permanent Supportive Housing Program (“PSHP”)
Program Description SFY 2011/SFY 2012**

Purpose

To provide the capital resources and rental assistance necessary for sustainable supportive housing to assist Georgia’s efforts to implement de-institutionalization strategies and further promote Georgia’s goal of reducing and eliminating chronic homelessness through the production of affordable permanent rental housing with accompanying supportive services for Homeless Tenants as set forth in this Program Description through the allocation of Federal HOME Investment Partnership Program and State Housing Trust Fund for the Homeless assistance. In addition, project-based rental assistance will be available from DCA for 100% of PSHP units occupied by Homeless Tenants and located in jurisdictions served by DCA’s Housing Choice Voucher (HCV) Program.

A Permanent Supportive Housing Unit is:

- Available to, and intended for an individual or a family member who is homeless or at risk of homelessness and who has a disability - including mental illness, other chronic health conditions including substance abuse issues - which create multiple barriers to employment and housing stability;
- Where the tenant has access to a flexible array of comprehensive services, including medical, mental health, substance use management and recovery, vocational and employment training, money management, case management, life skills, household establishment, and tenant advocacy;
- Where support services should be provided based upon “self direction” defined as the authority by the individual tenant to exercise decision making over some or all of their services and accepts the responsibility for taking a direct role in managing them;
- Where there is a working partnership that includes on-going communication between supportive service providers, property owners and managers.

**Critical Elements
Required for All Projects**

- A tenant has a lease in his or her name, and, the tenant has full rights of tenancy under landlord-tenant law, including control over living space and protection against eviction.
- The lease does not contain any provisions that would not be found in a lease held by someone whose status is not homeless or with a disability.
- Participation in services is voluntary and a tenant cannot be evicted for rejecting services.
- Housing is not time-limited, and the lease is renewable at the tenant’s and owner’s option.
- Housing is affordable, with tenants paying no more than 30% of their income toward rent and utilities, with the balance available for discretionary spending.
- As needs change over time, a tenant can receive more intensive or less intensive support service without losing his or her home.
- Support services promote recovery and are designed to help a tenant choose,

get, and keep housing.

- The provision of housing and the provision of support services are distinct. In permanent supportive housing, property management and support service functions should be provided either by separate legal entities or by staff members whose roles do not overlap.

Eligible Applicants

Not-for-profit and for-profit organizations that act as sole or joint owners of newly constructed or rehabilitated rental housing for occupancy by very low income Homeless Tenants as set forth in this Program Description, the Housing Choice Voucher Program (HCV), the OAH Application Manuals (collective referred to as the “Manual”), and the HOME Final Rule.

Applicants must not be out of material compliance or disqualified from any program administered by DCA or under debarment, proposed debarment or suspension by a federal agency, and must meet all requirements outlined in this Program Description, the Manual, and the Final Rule.

Eligible Activities

Construction to permanent financing for the costs of constructing or rehabilitating rental housing in which 100% of the units are reserved for Homeless Tenants as defined in this Program Description. Rental dwelling units financed through the PSHP must be affordable to households at 50% of AMI or less. Facilities where the tenants require **continual or frequent** nursing, medical or psychiatric care and monitoring are not eligible.

PSHP funds cannot be used to fund a rental assistance reserve or an operating deficit reserve larger than that required by DCA policy. Scattered site developments are eligible provided a single financing package is funding all the sites, e.g., the same first and second mortgage for all sites in the development.

Homeless Tenants

Homeless Tenants include a head of household or family member that must be Homeless or threatened with becoming Homeless. Preferences must be provided to individuals or household members with a disability.

“Homeless” is defined as an individual who lacks a fixed regular, and adequate nighttime residence; and an individual who has a primary nighttime residence that is: a) supervised publicly or privately operated shelter designed to provide temporary living accommodations; b) an institution (e.g. nursing homes, hospitals, individuals from correctional facilities without adequate community supports) that provides an inappropriate residence for individuals that could be better suited to community integration with support services; or c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodations for human beings.

An individual “threatened with becoming Homeless” shall mean an individual that experiences a sudden reduction in income, utility termination or eviction/foreclosure notices, or that, without the assistance provided by the Permanent Supportive Housing Unit, the person would become Homeless and that by providing the assistance the person is likely to remain stable in a safe decent and

sanitary permanent housing condition.

A preference in the tenant selection criteria must be given to those that have at least one member that has a disability.

A person with disability are those who have a disability that:

- Is expected to be of long-continued and indefinite duration; **and**,
- Substantially impedes his or her ability to live independently; **and**,
- Is of such a nature that the disability could be improved by more suitable housing conditions. The disability may be a physical, mental, or emotional impairment, including impairment due solely to alcohol or drug abuse, **or**,
- Meet the Department of Behavioral Health and Developmental Disabilities' (DBHDD) definition of a child and adolescent or Adult Core Customer (Axis I and or II disorder diagnosis in accordance with the latest edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM)).

The disability may also be developmental. A severe, chronic developmental disability is characterized as:

- A mental or physical impairment or combination of mental and physical impairments;
- Manifested before the person is 22 years old;
- Likely to continue indefinitely; and,
- Resulting in substantial functional limitations in at least three of the following areas: self care, receptive and expressive language, learning, mobility self-direction, capacity for independent living, and economic self-sufficiency.
- These limitations however does not preclude the individual from living in an independent setting with appropriate supports and will not require continual or frequent nursing, medical or psychiatric care and monitoring.

Supportive Services

Supportive services provided to Homeless Tenants must be comprehensive and appropriate to the design of the development. The application must demonstrate that tenants will have reasonable access to support services appropriate for the targeted tenant-base and that the services can be self-supporting through available fund sources, including the operation of the development as permitted by the regulations governing the rental assistance subsidy.

In an effort to guide applicants in designing support services, the following is a partial description of expected services for various populations. DCA expects that these components will be combined, as needed, to provide appropriate and comprehensive services.

- Alcohol and Drug Services are those activities that are primarily designed to prevent, deter, reduce or eliminate substance abuse or addictive behaviors. Treatment services may include intake and assessment; treatment matching and planning; behavioral therapy and counseling appropriate to the client and the severity of the problem; substance abuse toxicology and screening; clinical

and case management; outcome evaluation; and self-help and peer support activities.

- Case Management Services are services or activities for the arrangement, coordination, monitoring, and delivery of services to meet the needs of individual and families. Component services and activities may include individual service plan development; counseling monitoring, developing, securing, and coordinating services, monitoring and evaluation client progress; and assuring that clients' rights are protected.
- Child Care Services for children (including infants, pre-schoolers, and school age children) are services or activities providing in a setting that meets applicable standards of state and local law, in a center, for a portion of a 24 hour day. Component services or activities may include a comprehensive and coordinated set of appropriate developmental activities for children, recreation, meals and snacks, transportation, health support services, social service counseling for parents, and plan development.
- Education and Instructional Services are those training services provided to improve knowledge, daily living skills, or social skills. Services may include instruction or training in (but not limited to) such issues as consumer education, health education, education to prevent substance abuse, community protection and safety education, literacy education, English as a second language, and General Educational Development (GED). Component services or activities may include screening, assessment and testing; individual or group instruction; tutoring; provision of books, supplies and instructional material; counseling; and referral to community resources.
- Employment Services are those services or activities provided to assist individual in securing employment; acquiring or learning skills that promote opportunities for employment, advancement, and increased earning potential; and in retaining a job. Component services or activities may include employment screening, assessment, or testing; structured job skills and job seeking skills; specialized therapy (occupational, speech, physical); special training and tutoring, including literacy training and pre-vocational training; provision of books, supplies and instruction material; counseling or job coaching; transportation; and referral to community resources.
- Health Related services or activities that provide direct treatments or are designed to assist individuals and families to attain and maintain a favorable condition of health. Component services and activities may include providing an analysis or assessment of an individual's health problems and the development of a treatment plan; assisting individuals to identify and understand their health needs; providing directly or assisting individuals to locate, provide or secure, and utilize appropriate medical treatment, preventive medical care, health maintenance services, provision of appropriate medication; and providing follow-up services as needed.
- HIV/AIDS Services include HIV/AIDS primary and secondary prevention services, HIV/AIDS counseling and testing, primary care, provision of HIV/AIDS anti-retroviral and other medications, rehabilitative, and supportive services for persons affect and infected with HIV.
- Housing Services are those services or activities designed to assist individuals or families in locating and obtaining suitable housing. Component services or

activities may include tenant counseling; assisting individuals and families to understand leases, secure utilities, make moving arrangements; representative payee services connecting rent and utilities; and mediation services related to neighbor/landlord problems that may arise.

- Information and Referral Services are those services or activities designed to provide information about services provided by public and private service providers and a brief assessment of client needs (but not diagnosis and evaluation) to facilitate appropriate referral to these community resources.
- Legal Services are those services or activities provided by a lawyer or other person(s) under the supervision of a lawyer to assist individuals in seeking or obtaining legal help in civil matters such as housing, divorce, child support, guardianship, paternity, and legal separation. Component services or activities may include receiving and preparing cases for trial, provision of legal advice, representation at hearings, and counseling.
- Life Skills training provides critical life management skills that may never have been learned or have been lost during the course of mental illness, substance use, and Homelessness. They are targeted to assist the individual to function independently in the community. Component life skills training includes the budgeting of resources and money management, household management, conflict management, shopping for food and needed items, nutrition, the use of public transportation, and parent training.
- Mental Health and Counseling Services are those services and activities that apply therapeutic processes to personal, family, situational, or occupational problems in order to bring about a positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management. Component services may include crisis interventions; individual, family or group therapy sessions; the prescription or psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.
- Outreach Services include extending services or assistance in order to provide basic materials, such as meals, blankets, or clothes, to Homeless persons; or to publicize the availability of shelters and programs to make Homeless persons aware of various services and programs.
- Transportation Services are those services or activities that provide and arrange for the travel, including travel costs, of individuals in order to access treatment, medical care, services, or employment. Component services or activities may include special travel arrangements such as special modes of transportation and personnel to accompany or assist individuals or families to utilize transportation.

DCA may forward the proposed service plan to DBHDD for a determination that the services proposed are adequate to meet the supportive needs of the targeted households.

Support Service Provider

The Support Service Provider must be certified as a “Core Service Provider” or a “Specialty Service Provider” by DBHDD and be approved by DCA in advance of the application submission. If a Specialty Service Provider is the primary service

provider, it must have an agreement with a Core Service Provider to provide services not covered by the Specialty Service Provider. Relationships must also include Assertive Community Treatment teams (ACT) and community based primary health agencies.

Funding Terms

Construction/Permanent Loans will be made available in an amount sufficient to cover all costs, but not to exceed \$4,000,000. The minimum loan amount is \$1,000,000.

DCA may determine, on a case by case basis, to exceed the maximum loan amount limit or to lower the minimum loan amount limit at its sole and absolute discretion. In such cases, where the maximum loan amount has been increased, the Developer Fee may not exceed the amount allowable under the maximum loan limit of \$4,000,000.

The PSHP construction and permanent loans will carry a 0% interest rate.

The PSHP permanent loan(s) will be non-amortizing cash flow loan(s) with a maturity period of 20 years. Principal payments will be determined by DCA's underwriting. Any outstanding balloon payment will be due at maturity. However, DCA reserves the right, in its sole and absolute discretion, to adjust the terms according to its own underwriting projections and all applicable policies and procedures.

Generally, all available cash flow, after providing for normal operating expenses, will be divided as follows: 1/2 will be deposited into the Operating Deficit Reserve account controlled by DCA; 1/2 will be paid to the Owner. Any excess funds deposited into the Operating Deficit Reserve Account will be used to pay down the PSHP loan(s).

Payments to reduce the balance of the PSHP loan(s) will first be paid against any loan made by the State Housing Trust Fund for the Homeless (HTF). Once satisfied, any remaining balance will be paid to reduce the balance of the HOME funded loan.

Rental Assistance

If the proposed development is located within DCA's 149-county Housing Choice Voucher service area, DCA will provide a commitment of project-based rental assistance for any units authorized under the PSHP that will be set-aside for eligible Homeless Tenants.

If the proposed development is not located within DCA's Housing Choice Voucher service area and will not be combining the PSHP loan with Tax Credit resources, the Owner must secure a firm commitment of either locally administered (1) project-based Housing Choice Vouchers, (2) project-based or sponsor-based Shelter Plus Care resources, or (3) other federally funded project-based rental assistance. Those proposals that will use Shelter Plus Care vouchers must provide at application the Shelter Plus Care Administrative Plan and Agreement showing the award of Shelter Plus Care resources from GHFA, the local government, or the public housing authority administering the program.

If the proposed development is not located within DCA's Housing Choice Voucher service area and will be combining the PSHP loan with Tax Credit resources, the Owner must secure a firm commitment of either locally administered (1) project-based Housing Choice Vouchers, (2) project-based Shelter Plus Care resources, or (3) other federally funded project-based rental assistance. Those proposals that will use Shelter Plus Care vouchers must provide at reservation the Shelter Plus Care Administrative Plan and Agreement showing the award of Shelter Plus Care resources from GHFA, the local government, or the public housing authority administering the program.

Submission of PSHP Applications that Will Not Be Combined with Tax Credits

Project Conception Phase:

Interested Applicants to the PSHP will contact DCA to request an initial technical assistance meeting(s) to explore the proposed project concept. During this phase, DCA will examine the project concept for conformance with program policies and provide guidance to the Applicant. During this period, the Applicant must provide documentation of an Ownership and Development Team that meets DCA PSHP threshold requirements. DCA will make an initial eligibility determination of the Owner and Developer's qualification within the Project Participant Team to participate in the PSHP. If DCA determines that the proposed Owner and Developer of the Project Participant Team has been initially determined to meet the Project Participant Team requirements, the project may move forward to the Project Proposal Assessment Phase.

Project Proposal Assessment Phase:

The Project Proposal Assessment Phase will include a determination that the proposed project meets the guidelines and terms of the Permanent Supportive Housing Program. The conclusion of the Project Proposal Assessment Phase will lead to a determination of the issuance of a Reservation of Funds under the PSHP.

The Applicant will initiate the Project Proposal Assessment Phase by completion of the PSHP Proposal Assessment Request and submission of associated documents.

The Proposal Assessment Request with supporting documentation will include the following information:

- Project Narrative describing the proposed project, including, but not limited to the number of units, location, targeted population to be served, and potential barriers to meeting the 6-month application submission requirements.
- Documentation of an Ownership and Development Team that meets DCA PSHP threshold requirements.
- Project Timeline identifying key work activities to be completed.
- Submission of a PSHP Core Application that meets program financial feasibility threshold requirements.
- Submission of a \$2,500 PSHP Application Fee.
- Evidence of site control consistent with the PSHP threshold standard.

- Documentation of the interest of a PSHP-qualified Service Provider to provide services to the targeted population-base.
- If the project is located outside of DCA’s Housing Choice Voucher service area, submission of documentation of rental assistance availability that meets one of the following criteria:
 1. A firm commitment of project-based Housing Choice Voucher vouchers from a local public housing authority.
 2. A firm commitment of sponsor-based or project-based Shelter Plus Care vouchers to the proposed development.
 3. A letter from the local public housing authority or a Shelter Plus Care provider indicating any conditions placed by the rental assistance provider that must be met prior to the issuance of a firm commitment of rental assistance resource to the proposed development.
- If the project is proposing the rehabilitation of an existing structure, documentation that General Information Notices (GIN) have been provided to existing tenants in accordance with the requirements with the Uniform Relocation Act.
- Additionally, the Applicant may provide other information to DCA evidencing that the project is able to move forward expeditiously towards Loan Closing. Such documentation may include, but is not limited to:
 1. Identification of a proposed property management firm to manage properties with a high percentage of residents with similar needs as the Homeless Tenant population targeted.
 2. Firm partnership with a supportive housing service provider meeting the PSHP threshold standards.
 3. Firm commitment of local rental assistance resources to the project if the proposed project is located outside of DCA’s Housing Choice Voucher service area.
 4. Documentation of the project’s completion of a Phase I Environmental Review in accordance with DCA standards.
 5. Firm commitment of other financial development resources to the proposal if required.
 6. A proposed plan for the relocation of residents of a property proposed for rehabilitation, including the identification of funding resources for anticipated relocation costs.

DCA will evaluate quarterly all Assessments. The Proposal Assessment documentation submission calendar for PSHP applications that do not include combining PSHP resources with the Tax Credit:

Proposal Assessment Request Submitted By:	Reservation Determination Made By:
June 30, 2011	August 31, 2011
September 30, 2011	October 31, 2011
December 31, 2011	February 29, 2012

DCA will review all such documentation received from interested applicants submitted within the quarter and hold an initial Proposal Assessment meeting with

the proposed Project Participant Team during the subsequent two months following the close of the quarter. Following this meeting, DCA will make a determination of its issuance of a Reservation of Funds for the proposed project. Such determination will be made at DCA's sole and absolute discretion based on, but not limited to following factors:

- The initial financial feasibility of the proposal.
- DCA's assessment of the proposed Project Participant Team's ability to carry out the proposed project. As part of this assessment, DCA will evaluate the team's ability to carry out past proposals, the strength of its existing portfolio of units completed; its experience in providing supportive housing opportunities in Georgia or nationally, as well as other criteria identified by DCA.
- DCA's assessment of the ability of the proposed Project Participant Team to deliver a full funding application within the 6-month reservation period will be based on the Proposal Assessment documentation submitted and the results of the Proposal Assessment Meeting discussion with the Project Participant Team.
- The Owner's receipt of a CHDO Predevelopment Loan for the proposed project.
- The location of the proposed project compared to other projects submitted during the quarter in conjunction with the priorities for housing established by DBHDD.

Within two months following the close of the quarter in which the Proposal Assessment is completed, DCA will issue its determination as to the issuance of a Reservation of Funds based on the information provided and the availability of funding for proposed projects. DCA will evaluate the Proposal Assessment documentation for all projects and will make a determination to issue a Reservation of Funds based on its own assessment and priority determination for projects submitted during the quarter.

DCA reserves the right at its sole and absolute discretion to not select any proposal submitted regardless of the availability of funding for the program. Further, in limited circumstances, DCA reserves the right, at its sole and absolute discretion, to consider the Proposal Assessment Documentation for a specific project submitted at any point during a calendar quarter and to issue a Reservation of Funds Determination at any point during a calendar quarter should DCA determine that that the interests of the State of Georgia are best served by consideration of a proposal out of the established cycle.

In the event that DCA does not issue a Reservation of Funds, the Project Participant Team may submit the project proposal again with additional changes and supporting documentation. Project proposals that are rejected following a subsequent submission may not be submitted for further consideration by the same Project Participant Team after the second submission.

No Proposal Assessment Documentation will be considered after December 31, 2011, under the SFY2011/SFY2012 PSHP.

Submission of PSHP

DCA may provide financing through the Permanent Supportive Housing Program for

**Applications that Will Be
Combined with Tax
Credits**

the development of housing through the Special Need set-aside of the Qualified Allocation Plan. In general, these projects will be larger in scale than can be financed typically through the Permanent Supportive Housing Program alone and must reserve 100% of its total units for eligible Homeless Tenants as defined by the PSHP.

DCA's PSHP commitment of resources as part of the Total Development Cost will not exceed the lesser of \$4 million or the amount of funds required to make the deal financially feasible. Proposals that receive such designation will not be required to compete for Tax Credit resources under the QAP.

Projects designated by the PSHP under the Tax Credit Set-Aside must meet threshold requirements of the QAP and the PSHP Program Description by September 1, 2011.

To receive consideration for a Reservation of Funds under the Tax Credit Set Aside for Special Need households, the following requirements and timeline must be met:

1. By May 12, 2011, a request to DCA to initiate the PSHP Project Conception Phase must be received by DCA. At this point in time, the Performance Workbook documenting a Project Participant Team that meets QAP threshold requirements must be submitted to DCA. DCA will provide a determination of Project Participant Team eligibility.
2. By May 31, 2011, a Proposal Assessment Request must be submitted to DCA with supporting documentation that will include, but is not limited to, the following information:
 - Project Narrative describing the proposed project, including the number of units, location, and targeted Homeless Tenant population to be served. The Narrative should indicate any potential barriers to submission of a complete application to DCA by July 31, 2011.
 - Project Timeline identifying key work activities to be completed by the July 31, 2011, deadline.
 - Submission of a Tax Credit Core Application demonstrating financial feasibility.
 - Documentation of a Project Participant Team that meets QAP threshold requirements.
 - Documentation of appropriate zoning for the proposed site that meets the QAP and PSHP threshold standards.
 - Market information indicating demand for the proposed project.
 - Submission of a \$2,500 PSHP Application Fee.
 - Evidence of site control consistent with the QAP standard.
 - A firm commitment from a PSHP-qualified Service Provider to provide support services to the targeted population of the development.
 - An agreement with a Property Management firm meeting QAP requirements.
 - If the project is located outside of DCA's Housing Choice Voucher service area, submission of documentation of rental assistance availability that

demonstrates a firm or conditioned commitment of project-based Housing Choice Voucher vouchers to the proposed project site. Any conditions placed on the Housing Choice Vouchers must not extend beyond any condition to project-base a voucher that is identified in the local public housing authority's Administrative Plan for their respective Housing Choice Voucher program.

- If the project is proposing the rehabilitation of an existing structure, documentation that General Information Notices (GIN) have been provided to existing tenants in accordance with the requirements with the Uniform Relocation Act.
 - Additionally, the Applicant may provide other information to DCA evidencing that the project is able to move forward expeditiously towards Loan Closing. Such documentation may include, but is not limited to:
 - (1) Completion of a Phase I environmental in accordance with DCA standards,
 - (2) Description of referral mechanisms to direct potential eligible Homeless Tenants to the property.
 - (3) Other documentation submitted by the Project Participant Team prior to the Proposal In-Take meeting.
3. On June 6 and 7, 2011, DCA will hold a Proposal Assessment meeting with each proposed Project Participant Team. In the event that more than three (3) such proposals are submitted, DCA will rank the submitted proposals based on the location of the proposed project. DCA will first rank in ascending order by total number of units in the subject project those projects located in a Targeted County. DCA will then rank the remaining projects located outside of a Targeted County by the total number of units in the remaining projects. In the event of a subsequent tie, DCA will consider only that project located in a county with the highest population based on the 2010 Census. DCA will only meet with the three highest ranked proposals; however, DCA reserves the right, at its sole and absolute discretion, to exclude from further consideration a Proposal Assessment Request submitted by any Project Participant Team that DCA determines does not meet QAP threshold requirements.

Following this meeting, DCA will make a determination by June 10, 2011, of its designation of the project for assistance under the Special Needs Set-Aside of the QAP and its issuance of a Reservation of Funds from the PSHP for the proposed project. Such determination will be made at DCA's sole and absolute discretion based on, but not limited to the following factors:

- DCA's assessment of the initial financial feasibility of the proposal.
- DCA's assessment of the proposed Project Participant Team's ability to carry out the proposed project based on the experience standards identified in the QAP and the PSHP. As part of this assessment, DCA will evaluate the team's ability to carry out past proposals, the strength of its existing

portfolio of units completed; its experience in providing supportive housing opportunities in Georgia or nationally, as well as other criteria identified by DCA.

- DCA's assessment of the ability of the proposed ownership and development team to deliver a full funding application by July 29, 2011, will be based on the Proposal Assessment Request documentation submitted as well as the results of the Proposal Assessment meeting discussion with the proposed Project Participant Team.
- The amount of PSHP resources that is requested.
- The location of the proposed project compared to other projects submitted for designation under the QAP set-aside in conjunction with the priorities for housing established by DBHDD.

DCA reserves the right to select one or multiple projects up to, but not exceeding, the \$950,000 Tax Credit set-aside amount or DCA may determine that no project will receive the Tax Credit set-aside designation or a PSHP Reservation of Funds in conjunction with the Tax Credit Set Aside.

Any Tax Credits under the Set-Aside for which DCA has not committed to an Application that meets QAP Threshold requirements on September 1, 2011, will automatically revert to the general Tax Credit allocation pool.

Loan Application Fee

A \$2,500 loan Application fee payable to the Georgia Housing and Finance Authority will be due at time of submission of the Project Proposal Assessment Request.

Manual

DCA's Office of Affordable Housing publishes the Manual governing the production of affordable rental housing covered by the 2011 Qualified Allocation Plan. The PSHP will utilize the following technical sections of the 2011 Manual: Appraisal, Architectural Environmental, Federal Compliance and Relocation, HOME, Insurance, and Compliance. In consultation with the PSHP Program Description, the Manual will provide guidance to meet the program's threshold requirements. Each of these Manual sections is available on DCA's web site and may be updated from time to time. Please refer to the appropriate most up to date version:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2011docs.asp>

Determination

Applications will be evaluated in accordance with minimum threshold requirements and policies as described in the Program Description and Manual including, but not limited to, financial feasibility, income and rent restrictions, site and location characteristics, proposed development characteristics, and meeting the program's objectives.

Only those Applications that meet threshold requirements and are economically feasible will be considered further for financing. Notification of review results does not guarantee approval of a loan. Loan commitments will only be made upon the endorsement of a loan Application by DCA in its sole and absolute discretion.

Land Use Restriction Agreement	The most restrictive rent and occupancy restrictions will apply, as described in this Program Description, the Manual, and the Final Rule when combining financial resources. The provision of Support Services, including case management services, must be available to all tenants without charge and these restrictions will be memorialized in a Land Use Restriction Agreement that will be a deed restriction for the term of the loan.
Loan Agreements	Written agreements shall be entered into between the Georgia Housing and Finance Authority (GHFA), the State Housing Trust Fund for the Homeless (HTF) and the borrower. DCA administers the PSHP on behalf of GHFA and the HTF.
Disbursement	All loan proceeds will be disbursed on a draw basis during the construction period. The loan documents will describe the policies and procedures for obtaining a construction loan draw. The construction loan will “convert” to a permanent loan upon satisfaction of the conditions described in the loan documents.
Reporting	All reporting requirements as outlined in this Program Description, the Manual and the Final Rule must be met throughout the compliance period.
Georgia Security and Immigration Compliance Act	All Award Recipients must maintain compliance with the Georgia Security and Immigration Compliance Act which requires all contractors and subcontractors doing business with public agencies to register and participate in a federal work authorization program to verify work eligibility of all new employees.
Other Requirements	Award recipients must meet and remain in compliance with the Program Description, the Manual, the Final Rule, and the HCV Rental Assistance Program.
Governing Statute	All activities must be conducted in full compliance with all program statues and the U.S. Department of Housing and Urban Development regulations published at 24 CFR Part 92. No provision of this Program Description shall be enforced if HUD or DCA determines that such provision is invalid under the federal or state statute or regulations.
Funds Authorized	Approximately \$18,000,000 in federal HOME funds and \$1,800,000 in funding from the State Housing Trust Fund for the Homeless. A HOME funding amount final determination will be made based on the availability of federal funds and expected demand for PSHP assistance based on the technical assistance and inquiries made to DCA. Final HOME funds authorized will be made at the sole discretion of DCA, subject to the requirements of the State’s Citizen Participation Plan and Consolidated Plan. At any point in time, DCA may issue a notification that funds have been exhausted and that Applications will no longer be accepted until such time as additional funding is available.

Definitions

“Consultant”

Means a third party entity that provides consulting services to project participants.

An entity acting in the capacity of Owner, Developer, or General Contractor or which provides technical assistance to the Owner, Developer, or General Contractor is considered a "Consultant." Consultants include, but are not limited to, construction management consultants, interior design consultants, relocation specialists, tenant certification consultants, etc.... All consulting fees are considered as part of the calculation of the maximum allowable Developer Fee for each project. DCA will allow a limited exception and not include Consultants retained for the purpose of obtaining green building certifications provided that the fee does not exceed \$20,000.

- "DCA"** Means the Georgia Department of Community Affairs, an executive government agency in the State of Georgia which, by state law, administers the programs of the Georgia Housing and Finance Authority.
- "Developer"** Means the legal entity designated as the developer in the application as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations or other entities that have a direct or indirect ownership interest in the development entity. Material participation is required for all developers and for all entities that receive any portion of the developer fee.
- "General Partner"** Means the partner or collective of partners, which has general liability for the partnership during construction, lease-up, and operation of the project. In addition, unless the context shall indicate to the contrary, if the entity in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.
- "Georgia Housing and Finance Authority"** Means that entity which is a public corporation created by the Georgia General Assembly and designated by the Governor of Georgia as the State Allocating Agency for Federal and State Low Income Housing Tax Credits and the Participating Jurisdiction for the receipt of federal HOME Funds.
- "HOME Funds"** Means those resources allocated to the State of Georgia by the U.S. Department of Housing and Urban Development under the HOME Investment Partnership Program and governed by the regulations at 24 CFR Part 92.
- "HTF"** Means the State Housing Trust Fund for the Homeless as established by O.C.G.A. 8-3-300.
- "Identify of Interest"** Means a situation in which a member of the Project Participant Team has a direct or indirect interest in the ownership of an entity which contracts with a member of the Project Participant Team to provide land, goods, or services for the project.
- "Land Use Restriction Agreement (LURA)"** Means the recorded agreement(s) between GHFA and/or the HTF and the Owner which binds the Owner and its successors in interest, and that encumbers the project with respect to the requirements of the PSHP .
- "Manual"** Means the Application Manual published by DCA under the 2011Qualified

"O.C.G.A"	Allocation Plan. Means the Official Code of Georgia Annotated.
"Operating Cost"	Means the costs associated with operating of the rental housing development once the project is placed in service.
"Owner"	Means the single purpose legal entity holding title to the project as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations or other entities that have a direct Ownership interest in the Ownership entity.
"Project Participant Team"	Means collectively the Owner, Developer, Management Company, and Consultants for the proposed project.
"Qualified Allocation Plan (QAP)"	Means the document issued by the Georgia Department of Community Affairs for the administration of Tax Credits.
"Subsidy Layering Review"	Means the DCA evaluation of projects using DCA program funds in combination with other governmental assistance to ensure that no more than the necessary amount of DCA program funds is invested in any one project to provide affordable housing. The evaluation will be conducted in accordance with the requirements set forth in the U.S. Department of Housing and Urban Development CPD Notice 98-01 guidelines as required by 24 CFR §92.250(b).
"Tax Credit"	Means collectively the Low Income Housing Tax Credit established by the federal government and the Housing Tax Credit established by the Georgia General Assembly, as set forth in O.C.G.A. §48-7-29 and §33-1-18.
"Total Development Cost"	Means the sum of all anticipated or actual allowable development costs necessary to complete the proposed project.
Threshold Criteria	To be considered for DCA financing resources, the Application must meet the threshold requirements described below:
<u>Abatement of Taxes</u>	The PSHP application must include either (1) an Enterprise Agreement with the state or local public housing authority that meets the requirements of the O.C.G.A. 8-3-3 and, therefore, is exempt from all taxes and special assessments of the city, the county, and the state or any political subdivision as provided in O.C.G.A. 8-3-8 or (2) a legal opinion that determines the proposed project is not eligible under the terms of O.C.G.A. 8-3-8 for the exemption of taxes and special assessments of the city, county state or any political subdivision.
<u>Accessibility</u>	All projects must meet the following accessibility standards at the time of project completion: <ul style="list-style-type: none"> • All projects must comply with all applicable Federal and State accessibility laws including but not limited to: The Fair Housing Amendments Act of 1988, and Americans with Disabilities Act, Georgia Fair Housing Law, and Georgia Access

Law as set forth in the 2011 Accessibility Manual.

- All New Construction projects must comply with Section 504 of the Rehabilitation Act of 1973. When two or more accessibility standards apply, the applicant is required to follow and apply both standards so that a maximum accessibility is obtained, and
- All applicable DCA accessibility requirements detailed in the Architectural Standards of the 2011 Architectural Standards and Accessibility Manuals.
- At least 5% of the total units (but no less than one unit) must be equipped for individuals with mobility disabilities, including residents restricted to a wheelchair. Roll-in showers must be incorporated into 2% of these units (but no less than one unit); and
- At least an additional 2% of the total units (but no less than one unit) must be equipped for residents with hearing and sight-impairments.
- DCA does not distinguish between new construction and rehabilitation regarding accessibility requirements. This may include moving partitions to accommodate required clearances.
- The same unit cannot be used to satisfy the 5% and 2% requirement.
- For Scattered Site Projects, the 5% and 2% requirements are applicable to the project as a whole; however, distribution of the units must be across the noncontiguous parcels.

Each project selected for allocation is required to retain a DCA Qualified consultant to monitor the project for accessibility compliance. The consultants must perform a pre-construction plan review and inspect the project at least 3 times during construction, presumably to monitor grading operations, framing, and final compliance. DCA must be copied on all reviews/reports. Any exemptions to the applicable federal, state and local accessibility laws must be supported by a legal opinion that supports such exemptions. In addition, DCA will review requests for exemptions from the DCA Accessibility Standards set forth in the Manual.

Additional HOME/HUD Requirements

Projects applying for HOME funds as well as projects which list HUD funds as a source, including PBRA, must meet additional Site and Neighborhood Standards (24 CFR 92.202 and 24 CFR 983.6) and Environmental Requirements as mandated by the HOME regulations. These requirements must be met in accordance with instructions set forth in the Manual. However, applicants who have established agreements with HUD regarding different standards of review for site and neighborhood must meet those established standards. A copy of all documents relating to the different standards of review must be included with the application.

For Scattered Site projects, each non-contiguous parcel must meet the additional HOME requirements.

Affirmative Marketing for Special Needs Housing

Access to housing created under this program may not be denied on the basis of race, color religion, gender, national origin, familial status or age. The housing cannot be restricted to persons with specific disabilities, types of diagnoses or subclasses of persons with disabilities.

The entry of tenants to the property must be derived from multiple sources. The

marketing plan must identify referral points from multiple service providers to the property.

Amenities

All PSHP funded developments, with or without Tax Credits, must include:

- HVAC in all units
- On-site laundry (Minimum 1 washer and 1 dryer per every 25 units)
- Common areas to facilitate the on-site availability of support services
- Space to offer private counseling
- Offices for support service staff
- An equipped recreational space
- Interior gathering areas
- Exterior gathering areas when new construction

All one-bedroom units and all SROs with a kitchen facility must include:

- Energy Star refrigerators
- Stoves
- Powder-based stovetop fire suppression canisters installed above the range cook top, or electronically controlled solid cover plates over stove top burners

For developments funded with both Tax Credits and PSHP monies, the requirements of this section will preside.

Applicant Background

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 (including a Consultant) who is under debarment, proposed debarment, or suspension by a federal agency is ineligible to participate in the PSHP. Such Applications will be rejected. Each Project Participant must also include in the Application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all development team members (owners, developers, consultants, general contractor, and management company) and provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation.

Appraisals Commissioned by DCA

DCA will commission an appraisal prepared in accordance with DCA policies. DCA's determination is final with respect to the appraised value of the project.

Applicants will be charged a fee equal to the cost of the appraisal report. The fee will be due upon receipt. The commissioned appraisal reports shall include the "as is" value, "as built/as complete" (encumbered), "as built/ as complete " (unencumbered) values of the proposed subject property and tax credit value (if applicable). The "as is" value shall delineate the value of the land and building. The appraisal shall conform to USPAP standards. The appraisal will provide an estimate of the market value (unencumbered) of the property at loan maturity. The total hard cost of any project may not exceed 90% of the as completed unencumbered appraised value of the property.

When preparing project development budgets, Applicants should use a reasonable

estimate for the appraisal cost based on the Applicant's experience with projects of a similar size and scope. The DCA appraisals may be assignable to other lenders. In instances where the senior lender obtains the appraisal, DCA will accept such appraisal as long as DCA's guideline requirements are met and DCA is given the right to rely on the appraisal by the appraiser. DCA will select property appraisers.

Architectural Design & Quality Standards

The physical design of the property must be in accord with the needs of and the provision of services to the Homeless Tenant population targeted for assistance. The Architectural Design of all developments must be in accord with the Architectural Standards contained in the Architectural Manual associated with the 2011 Qualified Allocation Plan. However, applicants may propose design elements that, because of the targeted population to be served, expand the useful life of the feature or enhance the cost efficiency of the operation of the development. DCA will review all such proposals and make a determination at its sole and absolute discretion.

For developments proposing funding with both Tax Credits and PSHP resources, the requirements of this section will preside.

Building Sustainability

All developments must meet the Building Sustainability requirements of Appendix I to the 2011 Qualified Allocation Plan.

Case Management

"Case Management" personnel or a "Case Service Coordinator" must be a required service provided on-site in sufficient hours to maintain housing stability and to connect tenants to mainstream community supports (social security disability income and services, food stamps, community-based health care, and other needed services).

Conceptual Design and Schematic Documentation

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.

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, the proposed rehabilitation does not meet DCA standards, 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:

- a. The expected life of the completed property must equal or exceed the term of the PSHP loan. All construction must meet the requirements set forth in the Manual.
- b. Rehabilitation projects will be considered for funding only if the average per

- unit rehabilitation hard costs equal or exceed \$25,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$30,000 for properties that exceed 20 years old. The cost of community buildings and common area amenities are not included in these amounts.
- c. The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property. DCA may commission or request an appraisal of a proposed property for purposes of determining whether this requirement has been met.
 - d. DCA may grant a waiver to projects that will not meet the above per unit average rehabilitation hard cost only if the physical needs assessment clearly documents that the existing property does not require a comprehensive rehabilitation. A certification from the architect must also be provided documenting that the proposed work scope is sufficient to ensure that the completed project will be viable and meet the DCA Useful Life Requirements. DCA may require as a condition of the waiver, that the financial pro forma clearly provide for the full funding of the capital replacement reserve.
 - e. All projects that propose rehabilitation must comply with building codes for new construction Life Safety Code regarding stairs, handrails, guardrails, smoke detectors, fire alarms, and unit fire separation (attic draft stops, fire separation, rated party walls and floor/ceiling components, and caulking of all penetrations in the fire assemblies). Life Safety items that do not meet current codes will be “grandfathered” in.
 - f. DCA does not distinguish between new construction and rehabilitation regarding accessibility requirements. This may include moving partitions to accommodate required clearances.
 - g. Upon completion of rehabilitation activities, the property will be in full compliance with the Uniform Physical Conditions Standards (UPCS). This may include significant investment in asphalt paving and concrete sidewalks.

Construction costs must be reasonably estimated for the specific project when preparing the development budget. In determining whether an Applicant’s estimate of construction costs is reasonable, DCA may review internal data from similar projects as well as estimating tools. DCA may request a breakdown of the hard construction cost line items in the event it determines that the proposed costs do not appear to be reasonable and consistent with the scope of work for the project. DCA reserves the right to obtain a review of costs from a qualified outside source.

Construction Start Date

Projects must not begin construction prior to the 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 Reservation of Funds or other penalties.

Contractor Change Orders

All changes to the approved scope of work and/or construction contract must be approved by DCA in advance of proceeding with the work.

Economic Analysis

In analyzing project economic forecasts, Applicants must use DCA’s project economic pro forma assumptions outlined in this Program Description. Rent standards derived from the most recent Area Median Income (AMI), Fair Market

Rents (FMR), and HUD Utility Allowances (UA), and HCV contract rents will be used to determine project rent and rent restrictions. Project cash flow must be sufficient to ensure financial viability over the term of the loan(s) and provide for adequate reserves that will be maintained for the life of the loan(s).

Energy Standards

All completed properties must meet the requirements of the Architectural Manual of the 2011 Qualified Allocation Plan. The final construction documents must clearly indicate all components of the insulation envelope and all materials and equipment that meet these requirements. Documentation for the energy efficiency components must be certified in the Certification Form. DCA reserves the right to require inclusion of all certified energy efficiency components in the finished project.

Environmental Study

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. DCA shall consider the public benefits of the housing and then weigh the benefits against the costs to mitigate the hazard, the potential health risks, and other financial and public policy implications. The project will not pass Threshold until all environmental matters are resolved in a manner satisfactory to DCA, in its sole and absolute discretion.

For Scattered site projects, the environmental requirements must be met for each noncontiguous parcel.

A Phase I Environmental Study must be prepared in accordance with the 2011 Environmental Manual of the 2011 Qualified Allocation Plan and must be included in the Application. The Applicant and the Qualified Environmental Professional must sign the environmental certification form and include this form in the Application.

This Phase I Environmental Study must 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 I Environmental Study (and Phase II when recommended by the Environmental Professional) 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 the new Environmental Study.

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 ninety (90) days prior to Application submission. If an updated Environmental Study is necessary, it must meet all requirements set forth in the Environmental Review Guide located in the Manual.

The project will not be allowed to commence or expend any funds other than routine maintenance until DCA issues a release of funds notification based upon a

Finding of No Significant Impact (FONSI). DCA will issue a “cease and desist” letter outlining what actions may be taken during the environmental review period. The FONSI will require a review of all environmental issues and comments received from local citizen comments. The applicant will be liable for all costs until the release of funds is issued.

The following Environmental Concerns must be considered:

- a. Lead Based Paint (LBP) and Asbestos Containing Materials (ACM). For all existing properties to be rehabilitated under DCA programs and built prior to 1978, a survey of LBP and ACM must be included in the environmental study. The investigation must be completed according to EPA and HUD guidelines on properties that fall under the requirements of these agencies. If such materials exist on the properties the Qualified Environmental Professional must include recommendations for the management or abatement of these materials according to all EPA and HUD guidelines.
- b. Asbestos Containing Materials (ACM): An asbestos survey must be performed on all buildings scheduled for demolition or renovation regardless of when they were constructed. The investigation must be completed according to EPA and HUD guidelines on properties that fall under the requirements of these agencies. If such materials exist on the properties the Qualified Environmental Professional must include recommendations for the management of these materials or abatement, if necessary according to all EPA and HUD guidelines.
- c. Water Leaks, Mold & Lead in Drinking Water. For all existing properties to be rehabilitated under DCA’s programs a survey of water leaks, mold and testing for lead in drinking water must be completed according to EPA and HUD guidelines as applicable on properties that fall under the requirements of these agencies. If such conditions and/or materials exist on the properties the Qualified Environmental Professional must include recommendations for the elimination, removal or remediation of these conditions and/or materials according to all EPA and HUD guidelines, as applicable.
- d. PCB’s. For all construction applications, documentation must be submitted according to the requirements of the Environmental Manual.
- e. Noise Requirements. For all Applications, properties must meet the DCA requirements for sound. For HUD funded projects, properties must meet HUD Noise requirements as well. Applicants must provide evidence that the property meets these requirements. (Please refer to the DCA Environmental Manual for comprehensive information on DCA and HUD Noise Policies). DCA requires a Noise Analysis according to the requirements of the HUD Noise Analysis Guide (NAG) if the Owner Environmental Questionnaire & Disclosure Statement, Part B, indicates that there is a major road/highway/freeway within 1,000 feet, a railroad within 3,000 feet or an airport (depending on classification) within 5 – 15 miles. All statistics and calculations used in the formulation of the Noise Analysis must be provided with the Phase I report. The

Environmental consultant must provide an opinion on the results of such study, and the report must contain a complete mitigation plan for remediation of sound levels above the HUD or DCA Limitations. If an additional noise source exists, such as a manufacturing facility or industrial plant, and DCA observes this source on its site review of the project, DCA will take this source into account in determining whether the DCA requirements for noise have been met. The DCA and HUD Noise Limitations must be met at 45dB for interior locations and 65dB for exterior locations. All mitigation costs for sound must be included in the construction development budget. A selected project cannot exceed 75dB of exterior noise.

- f. Radon: For all Applications, the radon zone must be noted in the environmental study along with the Georgia Radon Map. For Applications that propose the rehabilitation of existing properties, radon testing within the existing buildings, according to EPA guidelines is required and the results must be included in the environmental study.

- g. Additional Environmental Requirements for HOME/HUD funded Projects. All developments utilizing HOME or HUD funds are required to assess the environmental effects of that activity in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and HUD regulations at 24 CFR Part 58. DCA requires applicants to conduct various activities required for the environmental review process at HOME application, including a Phase I Environmental Assessment (EA), as outlined in the Environmental Manual. The Applicant, as outlined in the HOME/HUD Environmental Questionnaire, must complete additional requirements for HOME/HUD funded projects at the time of Application Submission, including, but not limited to, the Eight-Step process and HUD publication procedures.
 - **Eight-Step Process**: Projects located within a flood hazard area or designated wetland are subject to Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) respectively. HUD's implementing regulations at 24 CFR Part 55 -- "Floodplain Management" prescribe measures for protecting floodplains, and when amended, for protecting wetlands. Under the provisions of these Executive Orders, HUD must avoid financial support for covered activities, unless it can demonstrate that there are no practicable alternatives outside the floodplain or wetland. Therefore, if jurisdictional wetlands will be filled or impacted and/or construction and landscaping activities will occupy or modify a floodplain/floodway, documentation that the Eight-Step process has been followed as mandated by 24 C.F.R. §55.20 for wetlands and floodplains must be provided as a part of the HOME and HUD Environmental Questionnaire. The decision making process for compliance with this part contains eight steps, including public notices and an examination of practicable alternatives. The steps to be followed in the decision making process are outlined in the 2011 Environmental Manual. Documentation of the Eight-Step process must be submitted at Application.

- **HUD Environmental Clearance & Publication Requirements:** DCA, as the responsible entity (RE) referred to in 24 CFR §58.43, Environmental Review Procedures for Entities Assuming HUD Responsibilities, is responsible for undertaking environmental reviews for proposed HOME projects. In this capacity, DCA must ensure that the environmental review process is satisfied before certain HUD funds are committed to specific projects. Therefore, DCA will publish notices of its intent to allocate HOME funds in local newspapers in the proposed project's areas. After comments, if any, have been received, HUD will review the comments to determine if there has being a finding. Once that process is complete and there has been no finding, DCA will seek HUD's approval of its commitment of HOME funds to the proposed project. In order to ensure that the environmental review process is not challenged, the Project Participant Team of proposed projects must, once applications are submitted, refrain from undertaking activities that could have an adverse environmental impact prior to the receipt of an environmental clearance letter from DCA removing the stipulated conditions. Such activities include: acquiring, rehabilitating, converting, leasing, repairing, or constructing property. As a result, an Applicant can not commit or expend HUD or non-federal funds until the environmental review process has been completed. For Scattered Site Projects, the environmental requirements must be met for each noncontiguous parcel.

Experience of Project Participant Team

Each Project Participant Team must demonstrate the qualifications necessary to successfully own, develop and operate the proposed permanent supportive housing project. DCA will undertake a comprehensive review of the proposed Project Participant Team to determine that it has the financial capacity, credit history, technical skill, and performance history to successfully own and develop a supportive housing project. Current economic conditions require that the Project Participant Team as a whole demonstrate proven ability to develop a project concept and financing structure to complete the application for and close on the PSHP financing (and any other sources proposed), negotiate and contract with general contractors for the construction or rehabilitation of the units, oversee construction, comply with federal HOME requirements, meet required deadlines and performance standards, and successfully lease up and operate the completed supportive housing development. For purposes of reviewing the qualifications of the Project Participant Team, DCA will review the proposed project Participant Team's experience and capacity to perform all of these functions.

For projects seeking to combine the PSHP with Tax Credits, the Project Participant Team must meet the requirements of the 2011 Qualified Allocation Plan. However, at least two of the projects completed must be supportive housing developments.

Full Disclosure: DCA requires full disclosure of all parties who are involved in the proposed development based on the following rules:

1. DCA requires complete disclosure of all entities and individuals in the Project Participant Team organizational structures.
2. DCA requires complete disclosure of all real estate and commercial loans

through the submission of a complete and accurate real estate properties disclosure.

3. Any relationship between individuals or entities of the Project Participant Team that could constitute a conflict of interest or identity of interest between the parties must be disclosed.
4. Complete organizational charts must be submitted for the Owner and Developer entity that clearly shows all principals down to individuals involved in the ownership and development of the project. Please note that no change in the project owner/developer structure can be made without the expressed consent of DCA.
5. All arrangements for the sharing of the Developer Fee must be disclosed.
6. All Guarantor arrangements must be disclosed.
7. All consulting agreements – direct or indirect, paid or unpaid – must be disclosed.
8. Any Project Participant Team member that has withdrawn or been involuntarily removed from a project or program funded using Tax Credit, Permanent Supportive Housing Program, Shelter Plus Care Program, or State Housing Trust Fund for the Homeless resources within the last 36 months (from date of the applicant's request for PSHP issuance of a Reservation of Funds) must disclose the information to DCA as part of its eligibility submission.
9. All pending litigation.
10. Any significant non-performance issues associated with a federal, state or locally funded government housing, service, or other program must be disclosed.
11. Any member of a Project Participant Team member who has an adverse credit history including, but not limited to, a default in the payment of a commercial or personal loan must disclose that information.

Adverse Conditions:

DCA may determine that adverse conditions exist as a result of any Project Participant Team's credit history, past involvement in real estate development, or in their participation in any Federal, State or Locally-funded governmental program which may affect the Project Participant Team's ability to qualify to participate in the Permanent Supportive Housing Program. For purposes of determining whether adverse conditions will affect the qualifications of the Project Participant Team, DCA may look beyond the principals to those within the "sphere of influence" as that term is defined by HUD. The following are some, but not all adverse conditions which may affect the ability of the team to qualify:

- Affordable housing properties that have significant physical conditions or uncured Level 3 UPCS violations or life safety issues.
- Outstanding flags in HUD's 2530 National Participation System.
- Project s awarded PSHP or Tax Credit funding in Calendar Year 2009 or earlier for which the construction financing or equity investment has not closed.
- Mortgage default or arrearage of three months or more within the last five

- years on any multifamily housing project.
- A determination of ineligibility to participate in any government funding program.
- Project Failure or closure.

Determination:

After analysis of all submitted information, DCA will make a determination that a Project Participant Team falls within one of the following categories listed below. In all categories, the Management participants of the Project Participant Team must meet the minimum requirements of the PSHP:

1. Qualified without Conditions
 - The Ownership and Developer participants within the Project Participant Team can conclusively demonstrate that (1) they currently own and operate two successful supportive housing projects whose development was funded by DCA or HUD and in which they either they own a minimum of 20% interest in the General Partner and Development entities or have interests of less than 20% in the General Partner or Development entity but have issued a personal guarantee and (2) no adverse conditions exist which affect any of the members of the Project Participant Team. Only projects which have been completed (including conversion of the construction loan to a permanent loan) and which are 90% occupied will be counted. The Ownership and Developer participants of the Project Participant Team members must have been involved in each of the projects from the initial award of DCA or HUD resources.
2. Qualified with Conditions:
 - A Project Participant Team that cannot demonstrate that they meet the requirements to be deemed “Qualified without Conditions” or has experienced a material change in their key staff, organization structure, or financial status may be deemed qualified but subject to one or more conditions. Project Participant Teams that are deemed qualified to participate will generally fall within the following categories:
 - (a) The Owner and Developer members of the Project Participant Team have successfully developed only one supportive housing project in the past in which they either they own a minimum of 20% interest in the General Partner and Development entities or have interests of less than 20% in the General Partner or Development entity but have issued a personal guarantee and (2) no adverse conditions exist which affect any of the members of the Project Participant Team.
 - (b) The Owner and Developer members of the Project Participant Team have (1) successfully developed and own the requisite number of DCA or HUD-funded supportive housing projects but do not have the required 20% interest in those projects and (2) no adverse

conditions exist which affect any of the members of the Project Participant Team.

- (c) The Owner and Developer members of the Project Participant Team can demonstrate (1) that no adverse conditions exist which affect any of the members of the Project Participant Team successful development and (2) ownership experience in at least two DCA- or HUD-funded rental housing projects in which either (a) they own a minimum of 20% interest in the General Partner and Development entities or (b) have interests of less than 20% in the General Partner or Development entity but have issued a personal guarantee.
- (d) The Owner or Developer members of the Project Participant Team can demonstrate successful ownership and development experience in at least one DCA or HUD-funded supportive housing project, but have one or more adverse conditions that might, but will not conclusively, affect the ability of the Project Participant Team to complete the proposed project.
- (e) The Owner or Developer members of the Project Participant Team have demonstrated successful development and ownership experience in a supportive housing project to be qualified without conditions but have a material change in its key personnel organization.
- (f) The Project Participant Team includes in the Ownership entity a nonprofit that has administered for 3 continuous years a Shelter Plus Care program with at least a similar number of units as that proposed for PSHP funding and in which at least 70% of the units are in production at time of submission of the Project Proposal Assessment and a Housing Stability Rate of 70% was demonstrated in the most recently completed Shelter Plus Care Annual Performance Report. The period of Shelter Plus Care administration will commence on the date of the executed agreement between the Shelter Plus Care recipient either with GHFA or with the local government entity receiving Shelter Plus Care funds from HUD. Additionally, the entity's Shelter Plus Care program must not have demonstrated any significant issues of non-compliance with Shelter Plus Care requirements during the past three years.
- (g) The Project Participant Team includes in the Ownership entity a nonprofit organization that (1) is primarily engaged in providing shelter and/or services to homeless individuals with a disability for at least five years, (2) can provide evidence that the organization is financially secure with financial support from multiple government sources, private foundations or individuals, or other charitable sources, and (3) the organization is supported by a qualified entity without conditions that is willing to act as a guarantor or ownership partner.

3. Not Qualified:

DCA reserves the right to determine that, in its sole and absolute discretion, to determine that a Project Participant Team is not qualified to participate in the Permanent Supportive Housing Program. That determination may be based on the proposed Project Participant Team's lack of capacity to successfully complete the proposed development due to the current condition or past performance of its portfolio of all affordable housing projects or its performance in any program operated by DCA or any other governmental entity. DCA may also consider projects in progress, prior performance in meeting construction commencement and completion deadlines, projects with recaptured credits, projects which have not converted to permanent loan status, or projects have exhibited loan payment delinquency. DCA may also determine that a proposed Project Participant Team does not have sufficient credit history or financial strength to participate in the PSHP.

Feasibility, Viability
Analysis, and
Conformance with the
Program Description

In analyzing project economic forecasts, Applicants must use the PSHP project economic pro forma assumptions. Rent Standards derived from the most recent AMI, FMR, and UA must be used to determine project rent and rent restrictions. DCA will determine if the application has been submitted in compliance with all application instructions, tab checklist requirements, and requirements for support documentation, necessary to make a full and complete assessment of the proposed project. Applications that are submitted and do not comply with submission requirements may be deemed insufficient and may be subject to threshold failure. For each project that meets all other Threshold criteria, DCA will determine whether that project is financially feasible and may require documentation not specifically included in the minimum documentation requirements established in the Program Description.

DCA will perform a Subsidy Layering Review of all sources and uses of funds in projects receiving PSHP rental housing financing. In cases where the results of a DCA Subsidy Layering Review indicate that there will be excess assistance, DCA will reduce the amount of the PSHP funds in order to eliminate the excess as required by HOME regulations.

Project assumptions may be adjusted by DCA to reflect characteristics more representative of the project or its economic environment. DCA will determine whether an Application is financially feasible in its sole and absolute discretion. DCA's determinations will be final.

When DCA reviews and underwrites a PSHP Loan, it will consider the policies, assumptions and requirements set forth in the Program Description and Manual 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 PSHP Loan and must provide for adequate reserves that must be maintained for the life of the PSHP Loan. The use of other public financing sources and shorter PSHP Loan terms will be favorably considered. For Applications proposing PSHP Loans, the proposed return on investment for the owner/developer must be fair and

reasonable with no windfall profits anticipated.

Flood Plains/Floodways

Building in the flood plain will be permitted only if the following conditions are met:

- a. An Architectural Conceptual Site Development Plan that clearly defines the areas of floodplain/ floodway, in relation to all site improvements, including buildings, paving, and site amenities, must be included in the Application.
- b. A FEMA map for the area in which the site is located, regardless of whether the proposed site for development appears to be located in a floodplain/floodway, must be included in the Application. The boundaries of the proposed site for development must be delineated on the FEMA map.
- c. All areas of floodplain/floodway must be documented by the FEMA map for the areas in which the site is located. The proposed site for development must be located on that map.
- d. The qualified Environmental Professional or Engineer must include an opinion as to whether or not the proposed project will impact any floodplain or floodway.
- e. The qualified Environmental Professional or Engineer must document mitigation for impacts to existing floodplains/floodways planned for development, and include consideration of alternative locations for the development.
- f. A FEMA Conditional Letter of Map Amendment (LOMA) or Letter of Map Revision-Based on Fill (LOMR-F) must be obtained for the property that shows that the property is eligible for reclassification out of the floodplain/floodway area and submitted at the time of application. A final Letter of Map Amendment (LOMA) or Letter of Map Revision-Based on Fill (LOMR-F) from FEMA along with an elevation certificate and all other information to document the reclassification must be provided to DCA at the completion of the project, or evidence that the property is eligible for flood insurance and that such insurance will be in place if awarded funding from DCA.
- g. An Architectural Conceptual Site Development Plan that clearly defines the areas of floodplain/floodway in relation to all site improvements, including buildings, paving and site amenities, must be included in the Application.
- h. The qualified Environmental Professional or Engineer must include an opinion as to whether or not the proposed project will impact any floodplain or floodway.
- i. The qualified Environmental Professional or Engineer must document mitigation for impacts to existing floodplains/floodways planned for development, and include consideration of alternative locations for the development.

- j. Documentation that the Applicant has published the required notices and met the requirements of the Eight Step Flood Management process set forth in 24 CFR §55.20.

GeorgiaHousingSearch.org Beginning at initial lease-up, all management companies must list all unit vacancies on GeorgiaHousingSearch.org.

Housing Choice Voucher (HCV) Rental Assistance No owner may deny a unit to households possessing a HCV Rental Assistance Certificate or Voucher unless that household fails to meet the minimum requirements for all lease holders. Federal statutes prohibit discrimination against HCV 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 HCV Rental Assistance Certificate or Voucher holders from applying. Likewise, all lease provisions must be compatible and not in conflict with HCV leases.

Land Use Restrictions When there is more than one document imposing land use restrictions on a project, 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.

Management Company - Experience A management company must demonstrate successful property management experience as follows:

- a. Prior experience in the management of four rental housing developments with a similar number of units to the proposed development.

OR

Prior experience in the management of public housing units.

- b. For all entities except PHAs, the management company's experience must extend for at least two (2) years and include project lease-up experience (90% occupancy with one year of placed in service date).
- c. The management experience must be met only by the experience of the management company or its principal(s).
- d. A management company must maintain a regional office in Georgia or one of the contiguous states to Georgia (Alabama, Florida, North Carolina, South Carolina, or Tennessee).

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 have applied to DCA under the Qualified Allocation Plan may elect to submit an update to the information included in that Application. The update must identify experience gained since that Application or certify that no work experience occurred, if that is the case).

Management Company –
Mental Health First Aid
Training

On-site managers of supportive housing developments funded through the Permanent Supportive Housing Program must receive certification through Mental Health First Aid, a groundbreaking public education program that helps the public identify, understand, and respond to signs of mental illnesses and substance use disorders. Mental Health First Aid USA is managed, operated, and disseminated by three national authorities — the National Council for Community Behavioral Healthcare, the Maryland Department of Health and Mental Hygiene, and the Missouri Department of Mental Health.

Mental Health First Aid is offered in the form of an interactive 12-hour course that presents an overview of mental illness and substance use disorders in the U.S. and introduces participants to risk factors and warning signs of mental health problems, builds understanding of their impact, and overviews common treatments. Those who take the 12-hour course to certify as Mental Health First Aiders learn a 5-step action plan encompassing the skills, resources and knowledge to help an individual in crisis connect with appropriate professional, peer, social, and self-help care.

On-site property managers must complete the program no later than three months after assuming property manager duties at the PSHP-funded supportive housing development.

Market Study

For PSHP projects that will not be combined with Tax Credits, the Owner will need to demonstrate the need for the proposed supportive housing using local homeless and disability data information. Proposed developments located in a local Continuum of Care should include in their application a letter from the local Continuum of Care jurisdiction identifying the need for the proposed housing.

DCA reserves the right to accept or deny the provided market information and to commission a market study at the Applicant's expense if DCA, at its sole and absolute discretion judges that such a study is required. In this event, DCA will commission a market study consistent with its market study guidelines and inform the Owner of the incurred cost.

For PSHP projects that will be combined with Tax Credits, the Owner will need to provide a Market Study meeting the requirements of the 2011 Qualified Allocation Plan.

Not-For-Profit Status

A not-for-profit applicant must be a qualified not-for-profit, defined as either a

501(c)(3) or 501(c)(4) organization that 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 must be in compliance with O.C.G.A. 50-20-1 through 50-20-8.

Operating Utilities

Required project operating utilities (gas and electric service), as applicable, must be available to the proposed development site at time of Application submission. To be considered available for the purposes of this section, all easements necessary for the utility providers to extend utilities to the property, and commitments from the utility providers to extend utilities to the property must be secured at the time of Application submission. Evidence of such easements and commitments from the utility provider must be included in the Application.

The Application must include a letter from the appropriate utility company confirming the availability and capacity of operating utilities ant the proposed development site. The letter must be on letterhead, bear signature from the appropriate utility company and be included in the application. Any charges for the off-site extension of utility services are not eligible for funding as project costs using PSHP resources. The requirements for Operating Utilities must be met for each non-contiguous parcel.

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. Any unclear or unresolved issues regarding operating utilities may result in Threshold failure of the Application.

Per Unit Cost Limits

Per unit costs should not exceed the limits set below (updated to the most current HUD published data). All Applications that propose costs in excess of these per unit cost limits will be reviewed and DCA, at its sole discretion, may allow costs greater than those indicated below. The Developer Fee always will be calculated based on the allowable total development cost utilizing these DCA Per Unit Cost Limits.

New Construction/Rehabilitation		Historic Rehabilitation	
<u>Unit Type</u>	<u>Cost Limit</u>	<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$ 110,481	Efficiency	\$ 121,529
1 Bedroom	\$ 126,647	1 Bedroom	\$ 139,312
2 Bedroom	\$ 154,003	2 Bedroom	\$ 169,403
3 Bedroom	\$ 199,229	3 Bedroom	\$ 219,152
4+ Bedroom	\$ 218,693	4+ Bedroom	\$ 240,562

The increased limits for historic rehabilitation projects will only be applicable to that portion of the project that qualifies as a historic development.

Per Unit Subsidy Limits

DCA will adjust PSHP and HTF resources so as not to exceed the HOME per unit subsidy limits of:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$ 110,481
1 Bedroom	\$ 126,647
2 Bedroom	\$ 154,003
3 Bedroom	\$ 199,229
4+ Bedroom	\$ 218,693

Period of Affordability

All PSHP funded developments must remain affordable to eligible households for a period of twenty (20) years. The Period of Affordability shall commence upon completion of the project, as defined by the HOME Final Rule.

Permanent Housing

Housing constructed using PSHP funds must be permanent housing. For the purposes of this program, DCA requires that the housing constructed be designed for occupancy by tenants for a period of at least one year. In addition, the housing must meet all requirements of the HOME Final Rule.

Transitional housing designed for occupancy by tenants for less than one year, emergency shelters, nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, and student dormitories are not considered “permanent housing” under this Program Description.

Physical Needs Assessment (Rehabilitation Projects Only)

For rehabilitation projects only, a Physical Needs Assessment (PNA) completed by a DCA qualified consultant must be included in the Application and prepared in accordance with instructions set forth in the Physical Needs Assessment Guide in the Architectural Manual. PNAs are also required for any adaptive reuse projects.

- This assessment must be completed no more than six (6) months prior to the Application Submission.
- The submission must include a statement from the consultant completing the PNA that the report is a true and accurate representative of the conditions as they exist on the property.
- The PNA must be prepared in accordance with the instructions as set forth in the Architectural Guide.
- The PNA must include a narrative and must identify in that narrative the current condition of all major structural and other components at the property including but not limited to framing, flooring, balconies, roofs, heating and air conditioning systems, unit attic fire separation, sewer and water systems, electrical systems, windows, doors and all issues of health and safety existing on the property. The narrative must clearly identify all major structural building code and fire separation discrepancies existing issues at the property.
- The PNA must include an Immediate Needs work scope to correct the issues and replace the components identified in the narrative. A cost estimate must also be included for these identified immediate needs. Immediate needs must also include the replacement of all minor components with less than five years expected useful life and all major components with less than 15 years useful life.
- The PNA must include a 20 year replacement reserve study with no expenditures indicated within the first 5 years. (Any expenditure in the first five

years must be included in the operating or unit turnkey budgets).

- For historic properties, the PNA must include identification of significant character-defining features and finishes and provide recommendations for retaining these features as part of the rehabilitation.

Work Scope and Budget: A comprehensive work scope with budgeted construction costs must be included in the same tab with the Physical Needs Assessment. DCA must be able to determine that the work scope addresses:

- All immediate needs identified in the PNA
- All application threshold requirements
- All applicable architectural and accessibility standards
- All remediation issues identified in the Phase I Environmental Site Assessment
- The comprehensive work scope should be completed by the Owner/Applicant, Architect and Contractor. DCA must be able to determine that all major issues identified in the PNA and Environmental Reports are included in the work scope and construction budget.
- The work scope shall be presented in the format included in the Rehabilitation Guide which will include materials quantities and line item costs.
- The scope of work shall not include repairs on an “as needed” basis.
- DCA will not allow material changes in the scope of work between approval of the loan and the commencement of construction.
- The final construction documents outlining the scope of work must be submitted to DCA before the start of construction.

Public Housing Units

Funds cannot be used for the construction or rehabilitation of public housing units.

Radon

All projects must have a radon test completed prior to loan conversion that indicates that the development meets safe EPA levels.

Refinancing

The PSHP Loan(s) cannot be used to refinance or pay off an existing loan(s) or debt unless the loan(s) is a predevelopment, bridge, or construction loan associated with the original PSHP financing package.

Any transaction that involves the sale or transfer of a property for cash to a related party of any member of the Project Participant Team will be considered “refinancing” under the terms of this program.

Rehabilitation

Applications which propose the rehabilitation of a building(s) for the development of supportive housing must meet the Rehabilitation Standards of Section XIV of

Appendix I to the 2011 Qualified Allocation Plan, with the following exception:

- The expected life of the completed property must be 20 years.

Relocation and
Displacement of Tenants

For all PSHP projects in which rehabilitation will occur, the completed and executed tenant household data forms must be submitted with the Application for every unit in each building to be rehabilitated. The Applicant is responsible for the accuracy of the information on the data forms and for ensuring that proper notice has been given to all tenants. Applications 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 PSHP Loan must be used to finance the relocation costs. Applicants must disclose other funding sources (local HOME, USDA 535, etc...) which may trigger URA or 104D requirements. When demolition of any occupied or vacant structure is involved, the activity must be included as part of the relocation plan. 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.

At time of Application, Applicants must include all documentation required in the 2011 DCA Relocation and Displacement Manual. All forms must be reflective of the current year version; previous years forms will not be accepted. DCA will review the development budget to insure that sufficient cost have been included for relocation expenditures.

In the event condemnation proceedings are pending against a proposed project, DCA's relocation policies are applicable to all tenants residing at the property at the time of that the Applicant has submitted a request for a Project Proposal Assessment meeting with DCA or has entered into an option to purchase a property, whichever is earlier.

Properties that have HOPE VI or other master relocation plans must submit those plans with their Application.

Rents

Dwelling unit rents must conform to the PSHP regulation's gross rent (contract rent and tenant utility allowances) restrictions or the HCV contract rent.

Roads

All sites proposed for development must be legally accessible by paved roads, completed and in place at the time of Application submission. The Application must include the appropriate drawings, survey or other documentation that reflects such paved roads. If such paved roads are not in place at the time of the Application submission, documentation evidencing a local commitment for funding and timetable for completion of such paved road must be included in the Application. 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 proof of ownership or 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.

Scattered Sites

For Scattered Site Projects, all units must be developed under one financing plan and considered as a single project by all funding sources. All units located in a Scattered Site Project must comply with Rent and Income Restrictions. For Scattered Site Projects, DCA will evaluate the feasibility of the project as a whole and all Threshold standards apply to each non-contiguous site.

Security

A plan for the security of the tenants must be included as part of the application. The Security Plan may include a variety of different approaches, including but not limited to 24/7 staffing of support service personnel, common unit costs for house management, and/or physical improvements (i.e. restricted access to property, security alarms, security cameras in common areas, site/parking area lighting). All costs associated with the implementation of the security plan must be included as part of the Operating Expenses of the development.

Site Access

All sites must be legally accessible by paved roads and noted in the appropriate drawings, survey or other documentation that reflects site access. If the use of a private drive is proposed, site control of the private drive must be documented by proof of ownership or 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.

Site Control

Site control must be in the form of (1) a Warranty Deed that conveys title to the subject property to the proposed owner (2) 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 the Application submission, must include a discernable contract price, must be signed by the purchaser and seller, must include a legal description of the property, and provide legal control of the site to the proposed ownership entity at least one hundred fifty (150) days after the Application submission. To receive a Reservation of Funds, the option agreement must extend at least 150 days past the length of the Reservation of Funds commitment.

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 one hundred fifty (150) days after the Application submission, the renewal option in such contract must be enforceable by the ownership entity one hundred fifty (150) days after the Application submission. A copy of a recorded Warranty Deed or a fully executed original contract must be submitted with the Application.

Site Information and
Conceptual Site
Development Plan

A Conceptual Site Development Plan must be included in the Application, and prepared in accordance with instructions set forth for the Architectural Manual:

- a. Easements existing to be defined and indicated on plan.
- b. Wetlands, floodplains, and state waters located in relation to all site improvements – including buildings, paving, and site amenities - with the delineation of all buffers required by state and local jurisdictions and areas of disturbance indicated and calculated.
- c. Use of all adjacent properties indicated both graphically and in written form.
- d. All zoning setbacks and other restrictions for the subject property must be graphically indicated, with written zoning definitions.
- e. An indication of all existing structures, slabs, above ground and underground tanks, and any other improvements existing on the property.
- f. An indication of any other items, physical or otherwise, that would affect the development of the subject property.
- g. The location of the proposed entrance access to the property and a layout of all buildings, roads, parking areas, etc....
- h. All amenities indicated on the Application form must be located on the site plan.
- i. An indication of all areas of tree and vegetation preservation.

DCA does not require an ALTA Survey for purposes of developing the conceptual site development plan. DCA may require a boundary survey if the precise location of the subject project is in question.

Waivers for variances of any architectural standard must be submitted to DCA prior to Application Submittal.

Site Selection

When identifying appropriate sites for the targeted supportive housing, the Project Development team should work with the Support Service Provider to identify sites appropriate to the targeted Homeless Tenant population. In general, sites be adjacent to or near a stable occupied residential development with desirable social, commercial and governmental services. The site should not be isolated from social interaction and should be a desirable place to live. 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:

- a. Location of site including an indication of major access roads;
- b. Indication of distances in 1/4 mile and one mile increments;
- c. Areas of residential development adjacent to or near the site;
- d. Indication of any major industrial or commercial development that would impact the site in a positive or negative manner; and,
- e. Services such as retail, schools, day care, parks, employment areas, hospitals, etc.
- f. Points of access to public transportation.

For developments proposing funding with both Tax Credits and PSHP resources, the requirements of this section will preside.

Stabilization

Projects will be considered stabilized when occupancy reaches 90% for three (3) consecutive months, or actual revenue reaches 90% of budgeted revenues for three (3) consecutive months.

State Waters/Streams/
Buffers & Set-
Backs

The Environmental Professional must render an opinion as to whether State Waters are located on the subject property using EPD's Field Guide for Determining the Presence of State Waters That Require a Buffer. DCA recommends that the Local Issuing Authority as determined by the EPD make the final State Water determination and, if permitted, include a letter in the Application.

Documentation of the existence of State Waters in the form of an Architectural Conceptual Site Development Plan that clearly defines the State Waters in relation to all site improvements, including buildings, paving, and site amenities, and includes the delineation of all buffers required by state and local jurisdictions must be included in each Application.

DCA does not allow for the disturbance of streams in excess of one hundred (100) linear feet (See Section 6 (D), Wetlands).

All applicable buffers or setbacks that must be located on the subject property must be identified and discussed. No project will be accepted for any DCA funding (including HOME or HTF) or approved for tax credits if it contemplates any land-disturbing activity in any required buffer area unless an appropriate variance(s) or exemption(s) have been applied for and received from all appropriate agencies with jurisdiction over such buffers, and documentation of such variance(s) or exemption(s) is included in the Application.

Supportive Services -
General

Supportive services provided to Homeless Tenants must be comprehensive and appropriate to the design of the development. The application must demonstrate that tenants will have reasonable access to support services appropriate for the targeted tenant-base and that the services can be self-supporting through available fund sources, including the operation of the development as permitted by the regulations governing the rental assistance subsidy. DCA may forward the proposed service plan to DBHDD for a determination that the services proposed are adequate to meet the support service needs of the targeted households. DCA will also evaluate the success of the support service provider in maintaining housing stability for their clients.

The Supportive Services, Service Delivery Approach, Budget, and Staffing Patterns form must be included in the application. Support documentation including support service contracts, support service operating plans, and support service financial commitments must also be provided (if applicable).

Targeted Counties

Supportive housing projects may be proposed in any county within Georgia. In general, DBHDD has preliminarily identified the counties of Bibb, Chatham, Clayton, Cobb, DeKalb, Floyd, Fulton, Gwinnett, and Richmond as key targeted counties for the delivery of additional supportive housing options in Georgia. However, DCA will

consult with DBHDD on all applications received regarding the appropriateness of a proposed city or county for the development of supportive housing opportunities.

For developments proposing funding with both Tax Credits and PSHP resources, the requirements of this section will preside.

Terrain Characteristics

A desirable site is relatively flat or has an existing slope less than 15% on at least 75% of the undeveloped property. Applications not meeting this criterion at Application Submission must include preliminary site plans that clearly demonstrate that the finished site will be graded as necessary to ensure that this criterion is met. The terrain characteristics must be documented by a letter from the civil engineer that specifically addresses the requirements stated above and certifies that the Accessibility Standards of the PSHP are met.

Threshold Waivers

A waiver of threshold requirements must be submitted in a manner prescribed in the Manual at the time of the Application.

Unit Configuration

Proposed developments should generally be Single Room Occupancy or 1-Bedroom unless, in consultation with DBHDD, larger units are critically required for the targeted Homeless Tenant population.

For developments proposing funding with both Tax Credits and PSHP resources, the requirements of this section will preside.

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 submission. The appropriate utility company must confirm in writing the availability and capacity of operating utilities at the proposed development site. The letters from the appropriate utility companies must be included in the Application. 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.

Water and 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 submission. A commitment can be subject only to conditions within the control of the Applicant. 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. These 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 Program Description. 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.

For single family, scattered site units only, DCA will consider a septic system designed by a registered engineer and the site certified by a local health official as acceptable for the term of the loan. Certification from the local health official and information on the septic system design must be submitted at the time of Application. An existing septic system must be thoroughly examined in the needs assessment study and an evaluation made of the system's ability to last the term of the loan. DCA reserves the right to reject septic systems as an alternative to a sewer service at its sole and absolute discretion.

Wetlands

Generally, DCA does not allow the disturbance of wetlands in excess of one tenth (1/10th) of one acre or streams in excess of 100 feet for any project. However, if the proposed development will disturb more than one tenth (1/10th) of one acre or more than 100 feet of stream, DCA will accept USACE (Corp. of Engineer) approval of the proposed development where such approval is provided at the time of Application Submission and is evidenced by an approval letter, the USACE approved site plan & engineering drawings and the appropriate USACE permits.

No buildings paving, site amenities, or other improvements are to be located in any wetlands or cross and streams under any conditions without the express approval of DCA and the Corp of Engineers wetland permit has previously been obtained.

The following documentation of the existence of wetlands/streams must be included in each Application:

- a. An Architectural Conceptual Site Development Plan that clearly defines the areas of wetlands and/or streams in relation to all site improvements, including buildings, paving, and site amenities, and indicating the acreage of wetlands that will be disturbed by the proposed project must be included in the Application.
- b. A U.S. Fish and Wildlife Service National Wetlands Inventory map for the area in which the site is located, regardless of whether wetlands appear to be located on the proposed, must be included in the Application. The boundaries of the proposed site for development must be delineated on the USFWS map.
- c. The site reconnaissance must include observation of any and all wetland areas on the property.
- d. If wetlands are suspected on the site either through the site reconnaissance or the examination of the NWI map, a wetlands delineation, performed in accordance with all federal and state guidelines, including an official jurisdictional determination issued by the USACE, must be included in the Application.
- e. The qualified Environmental Professional or Engineer must document

mitigation for impacts to any existing wetlands area(s) planned for development, and include consideration of alternative locations for the development.

- f. Documentation that the Applicant has published the required Notices and met the requirements of the Eight Step Wetlands Management process set forth in 24 CFR Section §55.20.

Work Scope

Owners of projects receiving funding through the PSHP 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. At its sole and absolute discretion, DCA may approve non-substantive modifications to the proposed work scope upon written request from the Owner.

Zoning

Appropriate zoning must be in place prior to DCA's issuance of a Reservation of Funds. Zoning of the development site must conform to the site development plan and must be confirmed, in writing, by the authorized local government official. A letter from the authorized local government official must document the zoning and land use classification of the property and be accompanied by a clear explanation of the requirements and all conditions 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.

Underwriting Criteria

To be considered for DCA financing resources, the Application must meet the underwriting requirements described below:

Annual Operating Expenses

Normal operating expenses will include all expenses necessary to operate and maintain the property; invest for future capital replacements; and, if permitted under the program regulations governing the rental assistance, provide for support services to eligible Homeless Tenants.

Annual budgeted operating expenses, excluding reserve contributions and those costs associated with the provision of support services, must be no less than \$5,000 per unit for developments located in the City of Atlanta; \$4,500 per unit for development located in an MSA but outside the City of Atlanta; and \$3,500 for developments located outside of any MSA.

Assumptions for Land Purchase

For purposes of underwriting, 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.

Builder Cost Limitations

Builder Profit is limited to a maximum of 6% of the Contract Sum. Builder's Overhead is limited to a maximum of 2% of the Contract Sum and General Requirements is limited to a maximum of 6% of the Contract Sum (exclusive of Contractor Services).

General Requirements are defined as job overhead and covers project-specific overhead expenses. These expenses typically include:

- (a) Supervision and job site engineering
- (b) On-Site job office expenses directly related to the project
- (c) Temporary buildings, tool sheds, shops, and toilets
- (d) Temporary heat, water, light, and power for construction
- (e) Temporary walkways, fences, roads, siding, and docking facilities, sidewalk, and street rental
- (f) Construction equipment rental not included in trade item costs
- (g) Clean-up and disposal of construction debris
- (h) Medical and first aid supplies and temporary facilities
- (i) Security guard wages and related costs, and theft and vandalism insurance.

General Requirements do not include the following:

- (a) Payment and performance bonds, letter of credit fees, and fees associated with obtaining a construction loan in lieu of payment and performance bond or letter of credit
- (b) Site and topographic surveys
- (c) Subsurface exploration (test borings)
- (d) Soil tests, concrete tests, and other construction testing
- (e) Fees for utility taps and connections
- (f) Building permits and licenses
- (g) General contractor's cost certification audit fee

These costs will be costs outside of the construction contract.

Construction Contingency

For new construction, the construction contingency is limited to the lesser of a maximum of 5% of the total construction hard costs or \$500,000. For rehabilitation, the construction contingency is limited to the lesser of 7% of the total construction hard costs or \$500,000.

The construction contingency is meant to cover unforeseen circumstances encountered during construction. In the absence of unforeseen circumstances, a change order may be submitted for approval of the following:

- (a) Amenities designed to enhance the quality of life of the residents, including furnishings for units.
- (b) Amenities that provide security such as lighting, fencing, and life monitoring systems.
- (c) Product upgrades that increase durability and decrease maintenance costs.
- (d) Product upgrades or scope additions that increase energy efficiency and decrease operational costs.

DCA will not approve change orders requesting that contingency funds be used for luxury items, including but not limited to crown moldings, granite countertops, or decorative interior items.

Any unused balance in the construction contingency at time of Conversion must be used to reduce the principal balance of the HOME funded PSHP loan.

Construction Loan
Recourse

All construction loans will be full recourse against the borrower and/or the principals of the Ownership entity until conversion. In its discretion, DCA may require that one or more Principals of the Owner or Developer guarantee the completion of construction and payment of the PSHP Loan until completion of construction.

Consultant Portion of the
Developer Fee

Consultant fees will not be allowed to exceed the Developer Fee. Related entities to the owner/developer will not be allowed a Consultant fee.

Contractor Construction
Cost Certifications

Contractor construction cost certifications audited by an independent certified public accountant must be submitted with the final draw request. All certifications must be prepared in accordance with the requirements outlined in the Construction Close-Out Procedures of the 2011 Qualified Allocation Plan.

Conversion

All PSHP construction loans must be scheduled to convert within twenty-four (24) months of closing. Extension of conversion deadlines must be approved by DCA.

Debt Coverage Ratio

PSHP resources cannot be combined with other funding resources that will result in "hard debt" on the property. Projects submitted with no debt will not have a DCR, but will be required to cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including replacement reserves). A ratio of 1.15 shall be the minimum required to be considered feasible by DCA in Years 1 – 20 of the PSHP loan(s).

Developer Fee

The sum of the Developer's overhead and Developer's profit. Consultant Fees and Guarantor Fees are also considered part of the Developer Fee.

Developer Fee –
Disbursement Limitations

The amount of the Developer's overhead and Consultant Fee (if applicable) that can be drawn before Conversion must not exceed 50% of the Total Developer Fee requested less any portion being deferred. None of the Developer's profit will be disbursed until Conversion. These disbursement conditions will be reflected in the PSHP loan(s) documents and in an agreement with any other funding source(s) that will be funding these line items.

Developer Fee -
Restrictions

DCA restricts the maximum Developer Fee as follows:

- A. For all new construction projects, the Developer Fee will be limited to 15% of the Total Development Costs less the budgeted Developer Fee, any demolition cost, and the underwritten cost of land.
- B. For acquisition and rehabilitation projects that include Tax Credit financing and are eligible for acquisition credits, the Developer Fee on the acquisition portion will be limited to 15% of the Existing structures acquisition cost (including Acquisition Legal Fees). The rehabilitation portion will be limited to 15% of the Total Development Cost less the budgeted Developer's Fee, the underwritten cost of Land, Acquisition Legal Fees, and Existing Structures.
- C. For acquisition/rehabilitation projects that either (1) do not include Tax Credits or (2) include Tax Credits but are not eligible for acquisition credits, the Developer Fee will be limited to 15% of the Total Development Cost less the budgeted Developer's Fee, the underwritten cost of Land, Acquisition Legal Fees, and Existing Structures. However, if the Development Agreement specifically states that a portion of the Developer Fee is attributable to the building acquisition, the Developer Fee will be limited to 15% of the Total Development Costs less the budgeted Developer Fee and the underwritten cost of Land.
- D. For projects that involve the rehabilitation of owned units, the Developer Fee will be limited to 10% of the Total Development Cost less the Budgeted Developer's Fee.
- E. When an identity of Interest exists between the Developer and the General Contractor, the maximum Developer's Fee is restricted to 15% of the total development cost less the underwritten cost of land, the budgeted Developer's Fee, and the Builder Profit. If the 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.

The Developer Fee will be calculated using the allowable Total Development Cost limited by the DCA Base Unit Cost Limits.

A Deferred Developer Fee must be payable within fifteen (15) years from available cash flow. The Deferred portion of the Developer Fee cannot exceed 20% of the total amount of Developer Fee at final underwriting.

Consultant Fees will not be allowed to exceed the Developer's Fee. Related entities to the Owner or Developer will not be allowed a Consultant Fee.

Development Costs

These are costs shown in the development budget and include, but are not limited to, the cost for land, on-site improvements, on-site development, construction costs, financing costs, professional fees, and mandatory reserve accounts. Development costs are limited to on-site development activities.

DCA will conduct a line by line review of development costs to determine the reasonableness of each estimate. Applicants are encouraged to utilize accurate estimating data in determining this budget and to provide supporting documentation when available.

DCA may require that development costs be reviewed by a third party consultant approved by DCA as a condition of funding.

Distribution Across Unit/Bedroom Sizes

Rent - Projects with a multi-tiered rent structure must distribute the rents equally across unit sizes. These units need not be fixed by may float in the same way high PSHP rent and low PSHP rent units may float within a project.

Accessibility – To the maximum extent feasible, units with accessibility features must be distributed across all bedroom sizes.

Draws

The proceeds of the PSHP construction loan(s) proceeds will be disbursed on a draw basis during the construction period. The documents of the PSHP loan(s) will describe the policies and procedures for obtaining a draw.

The final construction payment of funds shall be made at the time of substantial completion of construction, as evidenced by submission of all items on the DCA form “Requirements for Final Construction 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, and approval for release of funds.

Employee Unit Designation

For Applicants electing to house management, security, or maintenance personnel in a project unit, the employee unit can be either designated as part of the residential unit count or as part of the common space. If the employee unit is designated as part of the residential unit count, and is also designated as a low-income unit, then an income eligible household must occupy the unit. This income eligible household may be the on-site management, security or maintenance personnel. Rent can be charged or collected by the Owner for this unit.

However, if the employee unit is designated as part of the common space, it need not be occupied by an income-eligible household, but must be occupied by a full time on-site manager, security or maintenance personnel. No rent can be charged or collected by the Owner for a unit designated as common space.

Furniture, Fixtures and Equipment

Developments may include the costs of furniture and fixtures for the units designated for occupancy by Homeless Tenants as part of the Total Development Costs.

Future Market Value

In the case of a non-fully amortizing PSHP loan, DCA will require a projection from the appraiser of the future market value of the property at the maturity of the PSHP loan(s). This value 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 total of the PSHP loan(s) at maturity in order the PSHP loan(s) to be considered financially feasible.

General Contractors

General contractors must be approved by DCA prior to commencing work. A request for approval of a General Contractor should include the following:

- A resume on the General Contractor's construction experience that demonstrates a history of having performed work of the scope and type required for the development (number of projects, number of units, location of properties, and the capacity of their involvement).
- Three letters of reference with contact information (name, address, email, phone and facsimile numbers).
- Affidavit that the Contractor is not on the U.S. Department of Housing and Urban Development (HUD) list of contractors debarred or not approvable for prior noncompliance with HUD or DCA requirements.
- A statement as to whether the General Contractor has any lawsuits pending, has ever declared bankruptcy, or has any pending unresolved claims.
- A statement as to whether the General Contractor has been bonded within the last three years; if bonded, amount and by what entity.
- The General Contractor's schedule of work in progress which details current projects under construction and estimated timeline for completion.
- The General Contractor's Estimate of Construction Time for the project.
- Evidence of the ability to obtain payment and performance bonds each in the amount of 100% of the total construction contract. IF an identity of interest exists and the contractor cannot obtain a payment and performance bond, a waiver of the requirement for payment and performance bonds may be granted. In the form of a letter of credit in the amount of 50% of construction costs (including overhead and profit) or the owner obtains private construction financing from a financial institution in the amount of the GHFA loan.
- A complete AIA A305 General Contractor Qualification statement;
- A positive Dun & Bradstreet report for the General Contractor that has been ordered by DCA. The Contractor will be invoiced for the fee.
- Evidence that the General Contractor carries Comprehensive General Liability and Worker's Compensation insurance in the amounts specified in the Construction Contract or the DCA Insurance Manual, whichever is the most restrictive.
- A statement identifying all identifies of interest with project participants including subcontractors and vendors where the value of the work subcontracted or purchased is expected to exceed \$50,000.

Requests should be submitted to DCA at least 60 days prior to the commencement of work.

Identity of Interest

- a. Contractor: If there is an Identity of Interest between any participant in the Ownership entity and the contractor or the Developer and the contractor, a third party front-end analysis of the construction costs will be commissioned by DCA during the underwriting period. Additionally, industry standards for such owner-provided construction services shall be used to determine reasonableness for the services. DCA will require that a contractor cost certification be submitted where there is an identity of interest between any project participant and the general contractor. The cost certification shall be prepared in accordance with the standards set forth in the Manual for a HOME contractor cost certification.
- b. Subcontractor/Materialmen: If there is an Identity of Interest between the Owners and any other provider of service, material, or supplies, such Owner-supplied services, materials, or supplies must not exceed the amount ordinarily paid for the service, material, or supply. Identify of Interests between any Project [participant and any subcontractors must also be disclosed. Additional scrutiny will be given to subcontractor costs where there is an Identity of Interest.
- c. Lenders: If there is an identity of interest between any Project Participant and any construction/permanent lenders, such financial structure requires financing terms and conditions which are reasonable, customary, and consistent with industry standards. The determination of whether or not such terms and conditions are reasonable and customary is at DCA's sole and absolute discretion.
- d. Land/Building Purchase: If there is an Identity of Interest between the buyer and the seller for any site within the project, an appraisal no more than six (6) months old and prepared by a certified appraiser must be submitted with the Application as a basis for the determination of the appropriate sales price. The appraisal must be prepared in accordance with the DCA Appraisal Guide, meet USPAP standards, and must provide separate valuations for the land and the existing buildings.

DCA will carefully scrutinize the sales price of land between related parties to ensure that the value of the land has not been inflated. While the appraisal will be an indication of fair market value, DCA will consider tax values as well as actual sales price established as indicative of the value of the property. All property values shall associate a land value as well as a value for the improvements.

Properties which have been in the control of the applicant or a related party for a period of three (3) years or less will be generally valued at the acquisition cost at the time the related party obtained initial site control. Properties that have been rezoned, subdivided, or modified will not be deemed to be of higher value based on the actions taken by the owner/applicant or any related party.

Inspections

All costs incurred by DCA for the DCA PSHP property inspections will be the

responsibility of the Borrower – including, but not limited to, inspections at Draws and Final Draw and other inspections required if a property is improperly maintained.

Intercreditor Agreements

When GHFA 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 will 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;
4. A process and timetable for amending the approved development cost budget; and,
5. Limitations on disbursements for Developer's Fee (owner's profit and risk) and consultant fees.
6. Other matters, such as subordination of one lender's interest to another lender's interest.

Loan Documents

When HOME resources will fund the development of the project, written agreements shall be entered into between GHFA and the borrower evidencing, securing, and setting forth all of the terms and conditions of the loan. The Owner will be required to also execute all other closing or loan documents DCA deems necessary or desirable to document satisfactorily the HOME-funded portion of the PSHP loan.

When HTF resources also will fund the development of the project, written agreements shall be entered into between the HTF and the borrower evidencing, securing, and setting forth all of the terms and conditions of the loan. The Owner will be required to also execute all other closing or loan documents DCA deems necessary or desirable to document satisfactorily the HTF-funded portion of the PSHP loan.

Local Government Fees

The development budget must include all documented water tap, sewer tap, impact, and building permit fees. These fees cannot be part of General Requirements.

Management Fee

The operating budget should specify a reasonable management fee. A management fee is required for all projects. DCA will review carefully the terms of the management agreement if the property is self-managed or if there is a related party relationship between the Owner or Developer and the Management company. DCA reserves the right to limit or adjust management fees which appear to be either excessive or inadequate.

Operating Deficit Reserve

All developments must budget for and fund an Operating Deficit Reserve (ODR) in an amount of no less than six months or greater than 18 months of projected operating expenses less replacement reserves.

For underwriting purposes for projects with no Tax Credit financing, DCA will calculate the ODR based on 6 months of operating expenses. However, DCA reserves the right to evaluate the reasonableness of the amount and may make appropriate adjustments.

For underwriting purposes for projects which include Tax Credit financing, DCA will calculate the ODR generally based on the higher of (1) 6 months of operating expenses or (2) lender/Syndicator requirements. However, DCA reserves the right to evaluate the reasonableness of the amount and may make appropriate adjustments.

The funding of the ODR must be completed at or before conversion. The ODR must be held for the full term(s) of the loan(s).

Over-Income Tenant Restriction

Upon re-certification of a previously eligible PSHP 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, 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 PSHP Loan for construction must use an AIA Standard Form Agreement Between Owner and Contractor, with Standard Form Terms and Conditions. The contract can be stipulated sum or cost plus a fee with a maximum.

Owner/Developer Financial and Credit Qualifications

The financial status and capacity of the owner and/or Developer as well as their current credit rating will be reviewed by DCA at the time of underwriting. The results of these analyses may require additional guarantors and/or partners, reserve accounts, and or repayment term adjustments as determined by DCA in its sole and absolute discretion.

Partnership Agreements

The partnership agreement and any amendments must be fully executed before or simultaneously with the PSHP Loan closing. The Partnership Agreement and any amendments must reflect the terms of the PSHP Loan transaction on all material points. After the PSHP loan closing, the partnership agreement or the operating agreement may not be further amended without GHFA's prior approval.

Payment and Performance Bonds

A 100% payment and performance bond will be required for all developments funded with the PSHP Loan(s). The issuer of the bonds and the terms of the bonds must be satisfactory to DCA in its sole discretion.

When an Identity of Interest exists and the contractor cannot obtain a payment and performance bond, a letter of credit or construction loan can be utilized in lieu

of a payment and performance bond. The cost of the letter of credit or construction loan will be included in general requirements.

A waiver of the requirement for payment and performance bonds may only be granted 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 the Owner agrees to provide a construction completion guaranty and payment guarantee, secured by a letter of credit from a federally-insured institution with a value of at least 50% of the total construction cost, including profit and overhead.

Rehabilitation Hard Costs

Average per unit rehabilitation hard costs must equal or exceed \$25,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$30,000 for properties that exceed 20 years old. The costs of rehabilitation or the new construction of community buildings and common area amenities are not included in these amounts.

Rent-up Reserves

A reasonable rent-up reserve (excluding marketing costs) is required for all projects based on the estimated projected lease up deficit. Absent information to the contrary, DCA will assume that three months of projected operating expenses constitutes a reasonable reserve. After lease-up, any funds remaining in this reserve will be transferred to the ODR or will be used to pay any deferred developer fee.

Replacement Reserve -
General

A replacement reserve, based on a Replacement Plan, is required for all projects awarded funding 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 in accordance with the Replacement Plan. The following minimum contributions must be used:

- Rehabilitation of Multifamily units- \$350 per unit per year
- New Construction of Multifamily units- \$250 per unit per year
- All Single Family Detached Houses - \$420 per unit per year
- Historic Rehabilitation – \$420 per unit per year

Replacement reserve funds may be used only for capital improvements (substantial improvements to the real estate such re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must not be used for general maintenance expenses.

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. For rehabilitation projects, the physical needs Assessment will also be reviewed in determining whether sufficient reserves have been established. DCA will, at its discretion, adjust the Replacement Reserve to reflect reasonable and

customary capital and replacement expenditures, and reserves the right to continue to do so during the term of the PSHP loan(s).

Replacement Reserve -
Withdrawals

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.

Retainage

The loan agreement between the Owner and GHFA will provide that GHFA may retain 5% of the contract sum in PSHP loan proceeds until the conditions of the final draw are met.

In addition, the contractor is required to show retainage on the AIA G702/703 as follows:

- If the project completion is between 0-50% of the general contractor's contract sum, the AIA G702/703 must show at least 10% retainage on the entire contract sum. No portion of the contract sum shall be exempt. (Examples of items that are not exempt: stored materials, performance and payment bonds, insurance, general conditions). Adjustments will be made in the disbursement of the PSHP funds if the AIA G702/703 does not reflect 10% retainage.
- If the project completion is 50.1% - 100% of the general contractor's contract sum, the AIA G702/G703 must show at least 5% retainage on the entire contract sum.

The construction contract must provide and the contractor must acknowledge that GHFA has the right to withhold such retainage and that the retainage will not be disbursed until full and final completion of the construction.

Revenue, Vacancy, and
Expense Trends

Revenue should be trended at 2% per year, operating expenses at 3%, and vacancy and collection loss at the higher of 7% or a percentage that DCA determines is appropriate based on the project's unique characteristics.

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.

Stored Materials

DCA will not pay draw requests that include the cost of stored materials without the prior consent of DCA. Stored materials are considered to be materials that will not be incorporated into the construction within the subsequent thirty days from the date of any draw request.

Subsidy Layering Review

DCA will perform a subsidy layering analysis prior to the commitment of PSHP resources for PSHP funded projects that also receive an allocation of other governmental resources, including Low Income Housing Tax Credits.

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 PSHP 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.

Tri-Party Agreements

A Tri-Party Agreement will be required for all DCA PSHP 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 PSHP 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.

Utility Allowance

Applicants should use the utility allowances provided by the agency administering the HCV Rental Assistance Program in the jurisdiction in which the project is located. For example, if a local agency administers HCV in the area, they would provide those utility allowances, but if DCA administers HCV in another area, the DCA utility allowance would be used. However, the electric allowances may be calculated using one of the following three models:

1. HUD Utility Schedule Model
2. Local Utility Provider Estimates/Estimates Based on Actual Usage
3. Energy Consumption and Analysis Model prepared by a licensed engineer or qualified professional approved by DCA prior to submission of the Model.

If HUD annually reviews the rents and utility allowances for the property (such as for HCV and Section 236 projects), the HUD-prescribed utility allowance is used. This rule does not apply to buildings that have only FHA-insured mortgages.

Review Criteria

DCA will review each submitted Application for compliance with all requirements of the Permanent Supportive Housing Program. Applications not meeting established threshold criteria may be allowed to cure the threshold deficiency at the sole discretion of DCA.

**Permanent Supportive Housing Program
Supportive Services, Service Delivery Approach, Budget, and Staffing Patterns**

A. Support Services Description

1. General Supportive Services	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. SSI/SSDI benefits application coordination			
b. New tenant orientation/move-in assistance			
c. Tenant's rights education/tenants council			
d. Case management or service coordination			
e. Psychosocial assessment			
f. Individual counseling and support			
g. Referrals to other services and programs			
h. Crisis intervention			
i. Peer mentoring			
j. Support groups (list below)			
k. Recreational/socialization opportunities			
l. Legal assistance			
m. Transportation			
n. Nutritional services			
o. Meals			
p. Emergency financial assistance (specify below)			
q. Furnished units			
r. Other: (specify)			

2. Independent Living Skills	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Communication skills			
b. Conflict resolution/mediation training			
c. Personal financial management and budgeting			
d. Credit counseling			
e. Representative payee			
f. Entitlement assistance/benefits counseling			
g. Training in cooking/meal preparation			
h. Training in personal hygiene and self-care			
i. Training in housekeeping			
j. Training in use of public transportation			
k. Assistance with activities of daily living			
l. Other: (specify)			

3. Health/Medical Services	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Routine medical care			
b. Medication management or monitoring			
c. Health and wellness education			
d. Nursing/visiting nurse care			
e. Home health aide services			
f. Personal care			
g. HIV/AIDS services			
h. Pain management			
i. Other: (specify)			

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4. Mental Health Services	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Individual psychosocial assessment			
b. Individual counseling			
c. Group therapy			
d. Support groups (specify below)			
e. Peer mentoring/support (describe below)			
f. Medication management/monitoring (specify below)			
g. Education about mental illness			
h. Education about psychotropic medication			
i. Psychiatric services (specify below)			
j. Liaison with Psychiatrist (describe)			
k. Psychiatric Nurse			
l. Other: (describe)			

5. Substance Abuse Services	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Recovery readiness services (tenants with active addictions)			
b. Relapse prevention and recovery planning			
c. Substance abuse counseling (individual)			
d. Substance abuse counseling (group)			
e. Methadone maintenance			
f. Harm-reduction services (specify)			
g. AA/NA/CA			
h. Sober recreational activities			
i. Other substance abuse services (specify)			

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6. Developmental Disability Services	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Screening, crisis and outreach			
b. Intake and comprehensive evaluation			
c. Crisis intervention services			
d. Consumer and family education			
e. Family support			
f. Respite			
g. Physician assessment and care			
h. Nursing assessment and health services			
i. Medication administration			
j. Individual counseling			
k. Group training/counseling			
l. Family training/counseling			
m. Support coordination/case management			
n. Natural supports enhancement			
o. Personal supports			
p. Supported employment			
q. Day habilitation			
r. Day supports			
s. Residential supports			
t. Other services (specify):			

7. Vocational Services	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Job skills training			
b. Education			
c. Job readiness training-resumes, interviewing skills			
d. Job retention services-support coaching			
e. Job development/job placement services			
f. On-site employment (describe)			
g. Opportunities for tenants to volunteer (describe)			
h. Other vocational services (specify):			

8. Services for Families	Applicable to the Tenant Population? (Y/N)	If Applicable, Who Provides?	
		On-Site	Off-Site
a. Support group for parents			
b. Support group for children			
c. Support group for families			
d. Parenting classes			
e. Classes on child development			
f. Childcare or daycare			
g. After school care			
h. Childcare or daycare tenant cooperative			
i. Children's services (specify)			
j. Domestic violence services			
k. Childcare in the event of parent illness or hospitalization or detox			
l. Family advocacy (specify)			
m. Family reunification (specify)			
n. Assistance with accessing services for children (specify)			
o. Assistance with accessing entitlements			
p. Other (specify)			

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B. Service Delivery Approach

1. Staff will make themselves available to tenants in the following way(s):

List Support Service Provider(s) as Applicable

<input type="checkbox"/> Service staff will be on-site 24 hours/day	
<input type="checkbox"/> Service staff will on on-site some hours/day, (list hours and days) _____	
<input type="checkbox"/> Service staff will be located at a centralized office, off-site	
<input type="checkbox"/> Service staff must be on-call 24 hours per day (required)	
<input type="checkbox"/> Service staff will meet with tenants in their apartments	
<input type="checkbox"/> Maximum frequency of contact the program can accommodate _____	
<input type="checkbox"/> Minimum frequency of contact the program can accommodate _____	
<input type="checkbox"/> Service staff will see participants in their office	
<input type="checkbox"/> Other (describe)	

2. Tenants will access services by:

List Support Service Provider(s) as Applicable

<input type="checkbox"/> Service staff/participant interaction will be flexible, based on need	
<input type="checkbox"/> Service staff will be available by appointment only	
<input type="checkbox"/> Service staff will have walk-in hours (describe)	
<input type="checkbox"/> Tenants will be able to make appointments with staff	
<input type="checkbox"/> Other (describe)	

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C. Support Service Sources/Uses of Funds

Support Services	Property Owner	Support Service Agency (A)	Support Service Agency (B)	Total
General Supportive Services				
Independent Living Skills				
Health/Medical Services				
Mental Health Services				
Substance Abuse Services				
Vocational Services				
Services for Families				
Other				
Total				

D. Staffing Patterns

The following is a list of job functions and a description of the specific areas of expertise required, the total number of staff for this position, the ratio to program participants, educational requirements, the salary range, and the percent of time dedicated to the Property.

Social Service Titles

1. Case Managers: _____

Total # of staff needed: _____ Staff ratio to program participants: _____
Educational requirements: _____ Salary range: _____
% of Time Dedicated to the Property's Special Needs Tenants ___%

2. Residential Aids: _____

Total # of staff needed: _____ Staff ratio to program participants: _____
Educational requirements: _____ Salary range: _____
% of Time Dedicated to the Property's Special Needs Tenants ___%

3. Vocational Counselors: _____

Total # of staff needed: _____ Staff ratio to program participants: _____
Educational requirements: _____ Salary range: _____
% of Time Dedicated to the Property's Special Needs Tenants ___%

4. Job Developers: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants ___%

5. Substance Abuse/MICA Specialists: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants ___%

6. Recreation Specialists: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants ___%

7. ADL Specialist: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants ___%

8. Peer Counselors: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants __%

9. Supervisors/Team Leaders: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants __%

10. Other: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants __%

11. Other: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants __%

12. Other: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____

% of Time Dedicated to the Property's Special Needs Tenants ___%

13. Other: _____

Total # of staff needed: _____ Staff ratio to program participants: _____

Educational requirements: _____ Salary range: _____