



2009 APPLICATION WORKSHOP

GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
Office of Affordable Housing



WELCOME AND OVERVIEW

Laurel Hart
Office Director
Office of Affordable Housing



Welcome

- Welcome
- Staff Introductions
- Status of 2007 & 2008 Deals
- Market stresses
- Importance of flexibility
- Why Tax Credits?
- Is the program still viable?

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CHASING POINTS



Laurel Hart

CHASING POINTS

- CHANGING ATTITUDES
- ARE POINTS STILL IMPORTANT?
- ROLE THAT POINTS PLAY IN DEVELOPMENT OF A TAX CREDIT PROJECT
- ADJUSTMENT TO AN UPSIDE DOWN WORLD
- DCA/DEVELOPERS/LENDERS/SYNDICATOR - PARTNERS?




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Take Away Points

- Follow Directions
- Leave room for error
- Ask questions before you submit your application
- Don't just chase points – do your best deal
- You don't need to know everything – you just need to know when you don't know
- Explain why you are doing things
- Include all documentation



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DCA TRAININGS

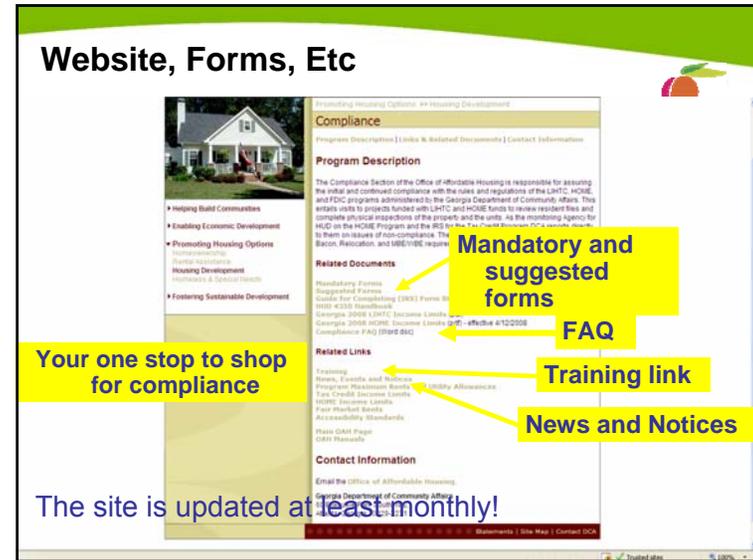
Nan Maddux
With a guest appearance by
Colin Ferguson




New web address

www.dca.ga.gov

Go to keyword search
Compliance department



Training

In 2007, 287 people attended Compliance Trainings

In 2008, 745 people attended Compliance Trainings

In 2009, we expect over 800 people at our trainings.

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Training

What do people think of our compliance classes?
Here are some quotes....

10 I got more information than I ever have before at a training here

10 Exceeded my expectations

10 Informative

10 Great job

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Trainings



- **Compliance Training:**
 - Tax Credit Basics
 - Advanced Credits
 - HOME
 - FDIC
- **Specialty Training**
 - Relocation and URA
 - Other Federal Compliance
 - UPCS (sponsored by DCA)



Training



- **Private Training**
 - Fee to cover expenses
 - Available at a discount for Non-profits
 - Anywhere in Georgia with 15 people
 - See the training page for details
- **OAH Training**
 - Soon to be listed on our training page!



2009 Application Roundtables



- **Pre-application, Performance Workbook, Tier One Entity and Relocation**
February 23, 9-12:30
- **Neighborhood Stabilization**
March 5, 1:30-4:30
- **HOME** March 12, 1:30-4:30
- **Feasibility** March 19, 1:30 to 4:30
- **Architectural, Sustainability**
March 26, 1:30 to 4:30

Updates



- **Sign up for our broadcast email**
 - Send an email to compliance@dca.ga.gov
Put "Add me to your Email List" in subject line

OAH Compliance Department



- Nan Maddux, Compliance Manager
- Nan.Maddux@dca.ga.gov
- 404-679-0611
- Colin Ferguson, Compliance Training Coordinator
- Colin.Ferguson@dca.ga.gov
- 404-679-3149
- **Compliance Questions:**
compliance @dca.ga.gov

17



Statutory Changes

Fenice Taylor
and
Nan Maddux

Housing and Economic Recovery Act of 2008
(AKA H.R. 3221)



LIHTC Changes

- **Credit Authority:**
 - \$2.30 per capita
- **Credit Percentages:**
 - 9% for new construction and rehab
 - "4% credit" (April 2009) for acquisition credit

Tax-exempt bond financing: no change, adjusted monthly

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HERA



- **Below market rate federal loans no longer considered federal subsidy**
 - HOME
 - HOPE VI
 - USDA Sec. 515
- **Federal Subsidy = Tax-exempt Bond Financing**

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HERA

Tax Credit and HOME:

- 9% credit
- 30% basis boost – QCT/DDA
- Interest rate < AFR

40-50 rule **not applicable** if placed in service on or after 7/31/2008, however LURC/LURA requirements remain

- **State Designated Areas for Basis Boost – up to 30%**

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HERA

- **Acquisition Credit:**
 - Related person: changed from 10% to 50%
 - Exemption from the 10-year rule
 - Federally assisted buildings
 - HUD Sec. 221 (d)(3) and (d)(4)
 - HUD Sec. 236
 - USDA Sec. 515
 - State assisted buildings

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HERA

- **Minimum Rehab Expenditure Requirement: greater of:**
 - 20% of adjusted basis or
 - \$6,000 per low income units

DCA has higher requirements




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Proposed Provision of Stimulus Bills

- GAP financing
- Credit trade in
- HOME
- NSP
- Acceleration of LIHTC



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HERA
Compliance Related Changes



- Tenant Recertification Changes
- National Non-Metropolitan Area Median Income
- Student Rule
- Available Unit Rule and Student Rules at Bond Properties
- Military Housing Allowance Exclusion

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HERA – Recertification



Tenant Recertification Changes

Policies and procedures for obtaining this exemption can be found on the Compliance section of the DCA Website

Effective after date of enactment, **with DCA approval**

Eliminates the annual tenant income recertification requirement for 100% Tax Credit Properties

Properties that have HOME funding do not qualify

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HERA – Income Limits



National Non-Metropolitan AMI

For rural sites as defined by the Agriculture Department

Potentially provides owners with an increase and rent and or an increase in number of eligible household for the property

Does not apply to HOME or BOND properties at this time and until we receive guidance otherwise

Effective after the date of enactment

Continued



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HERA – Income Limits



DCA has made it easy for you. The calculations are done and can be found on the Compliance Section of the DCA Website.

A link to the USDA website is on the form for owners to determine if their site qualifies

Keep documentation that your site qualifies on site and available for DCA site reviews

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HERA – Student Rule



Student Rule

Modifies the Housing Credit student rule to make people who formerly received foster care assistance and are full time students eligible for LIHTC units

Effective after date of enactment

Key word is formerly. No age or time restrictions appear in the law. Documentation required by DCA



HERA – Available Unit



Available Unit Rule

Modifies tax-exempt bond next available unit rule and student rule making them consistent with LIHTC rules

Effective for bonds issued after date of enactment

This will make monitoring and management simpler since many sites are layered with Bonds and Tax Credits



HERA – Military Income



Military Housing Allowance Exclusion

This provision does not apply to any bases in Georgia at this time.

Excludes military employees' basic allowance for housing from definition of income if they are housed in a property in a county (or an adjacent county) with a military base that has had and increase of 20 percent or more in military employees between December 31, 2005 and June 1, 2008.



Website



Notices about these changes can be found on our website:

WWW.DCA.GA.GOV

Faster, Friendlier, Easier

2009 Application Utility Allowances



Use the appropriate HUD, USDA or DCA
Section 8 / local PHA utility allowances

**THESE ARE THE ONLY ALLOWANCES PERMITTED
FOR 2009 APPLICATION UNDERWRITING**

Utility Allowance Update



This Update is for Ongoing Compliance Only

This is a brief update for on going compliance.
Specific questions may be directed to the compliance
department, preferably through the website.

**There is a rumor that the new regulation may already
be changing.**

**Watch Compliance Section of DCA Website for
updates.**

Warning!



Warning: Recent Change

**If the utility is not paid directly to the utility
provider by the tenant, the owner may not claim a
utility allowance**

**January 1, 2009 was the drop dead date to stop
claiming an allowance in the above
circumstance**

Utility Allowances



Some allowances are not affected.

- **USDA for USDA assisted buildings**
- **USDA for USDA assisted tenants**
- **HUD for HUD regulated buildings**
- **HUD for HUD assisted tenants**

**A site may have multiple allowances, and using the
incorrect allowance can lead to over charging rent,
an 8823 reportable item**



Utility Allowances

If the building or unit is neither HUD or USDA assisted then there are several options:

- **Allowance established by the Local PHA**
- **Allowance provided by the Utility Provider based on actual usage**
- **The HUD Utility Schedule Model (Free)**
- **An Energy Consumption Model allowance calculated by a qualified professional or engineer**
 - **Engineer must be approved by DCA**

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Utility Allowances

- **R.U.B.S. is not allowed** in GA at LIHTC or HOME properties
- Can use a combination of options
- Sites are not locked in to a utility allowance in Georgia, but DCA reserves the right to limit how often the method of calculating an allowance may be changed.
- Allowance must update at least annually
- Attend DCA training...more complicated that it seems
- DCA will offer training on Utility Allowances several times this year at no charge.

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Website

Notices about these changes will appear on our website:

WWW.DCA.GA.GOV

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INTRODUCTION TO THE COMPETITIVE ROUND

Sandy Wyckoff

New at DCA?



- **Share Point (Faster)**
 - Coming Soon (Hopefully)
- **Constant Contacts (Friendlier)**
 - Funding Round Updates
 - Several Distribution Lists
- **New Email Address & Website Address (Easier)**
 - firstname.lastname@dca.ga.gov
 - www.dca.ga.gov
- **Dedicated email address for 2009**
 - oahround2009@dca.ga.gov

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Constant Contacts




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2009 Round Important Dates



- **Pre-Application Submission: April 16, 2009**
- **General/Threshold Q&A: Until Feb. 27, 2009**
- **Scoring Q&A: March 2-13, 2009**
- **Project Specific Q&A: March 16-April 10, 2009**
- **Application Submission: May 21, 2009**
- **Awards Announcement: October 2009**

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Questions & Answers



- **General/Threshold Questions submission February 13-27**
- **Scoring Questions submission March 2-13**
- **Clearing things up**
- **Answers available to everyone and provide information that can be used for scoring**

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Questions & Answers cont....



- Project Specific Questions submission
March 16 – April 10
- Responses generally available to applicant only, however, DCA may post guidance which may be applicable to everyone
- **Please**, No questions regarding “will I get points for..” and “how you score this”.
- Verbal advice is not binding – Get it in writing

All Q&A should be sent in writing to:

oahround2009@dca.ga.gov

Trouble Shooting



For troubleshooting on completing the
Electronic Application contact:

Stephen Barrett

Stephen.Barrett@dca.ga.gov



DCA Financing Resources



- Tax Credits (???)
- HOME (???)
- NSP (???)

Pre-Application Process



- Opportunity to address some issues before Application Submittal
- Streamline the competitive process
- DCA will conduct one Pre-Application cycle during the 2009 Competitive Round

Pre-Application Process



- Waiver Requests
- Performance Review - Experience and Compliance
- Probationary Participation
- Third Party Off Site Improvements, Amenities, Facility Investment Request

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Pre- Application Process



- ✓ Forms and Instructions on website
- ✓ Support documentation included
- ✓ Refer to QAP and manuals
- ✓ Ask questions
- ✓ Include fees:
 - Waivers \$1500 each
 - HOME \$500 pre-application



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Pre-application Process



***All decisions made during Pre-application are subject to DCA review of the final application submitted.**

****Changes to the application made after the pre-application determinations may render the pre-application determinations void.***

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Application Day



- DCA will conduct one competitive application cycle during 2009
- Applications are due by 4PM on May 21, 2009
- No copies, banker boxes or assembling on site
- Fees must be paid by certified or cashiers check and made payable to GHFA



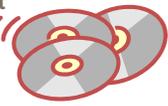

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Application Package



A complete application package includes:

- One (1) original binder
- Two (2) complete copies: one in binder, one in bankers box
- Electronic copy of the Core Application and the Performance Workbook on CD
- Applicable fees
- (If paper copies of core application do not match the electronic version, points will be deducted)



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Application & Other Fees



- **Tax Credit Application:**
 - Non Profit (100%) \$3,000
 - For Profit and Joint Ventures \$4,000
- **Other fees can be found in Exhibit A of Core**

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THE INSIDE SCOOP ON SCORING

Clinton Hill

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DCA Point of View



- Each Application is assigned a primary underwriter
- Primary Underwriter presents application to feasibility team
- Decisions that concerns points are reviewed by multiple staff, primary underwriter, feasibility team, management, DCA executives
- Every decision that concerns points is relooked at in terms of how we scored every other project
- Every Application represents a worthwhile project for DCA

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Threshold Failures



It is not that easy to fail Threshold, but it is possible.

Examples of Threshold failure

- Mistakes that cannot be covered with existing resources
- Failure to complete 8 step environmental process
- Market failure – close to existing DCA project
- Federal funds
- Multiple mistakes increases chances of Threshold failure
- Borderline feasibility

Threshold Clarifications



- DCA is not required to request clarifications
- DCA does give an Applicant time to respond to a Threshold failure.
- DCA does not issue Threshold Pass letters.
- Understand the amount of information staff processes within a short period of time – we ask for clarifications in good faith.

Scoring



- Threshold is a prerequisite to scoring
- Tab order and document placement – Don't be your own worst enemy. The harder we look for documents, the more we tend to see.
- Use Comments section to clarify or to reference Tab and Document backup. Utilize every single scoring comment space.
- **Applicants have a very short window to tell us why we incorrectly scored their application before award announcement.**

Scoring (cont.)



- 48 hours to comment/respond
- **No documents can be submitted to clarify scoring issues after Application deadline**
- Documents may be requested to satisfy threshold feasibility but will not be used for scoring.
- The ranked outcome of the Competitive Scoring process will be a significant factor

Scoring (cont.)



- Some lower scoring projects may be selected
- Balance “point chasing” with feasibility (does it pencil out) and sustainability (are the rents obtainable, etc.)



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NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Cassandra Knight

WHAT IS NSP?



- NSP provides assistance to every state and certain local communities to purchase foreclosed or abandoned homes and residential properties to rehabilitate, resell, or redevelop these homes and residential properties in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.
- The program is authorized under Title III of the Housing and Economic Recovery Act of 2008 (HERA).

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ELIGIBLE ACTIVITIES



- Establish financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties
- Redevelop demolished or vacant properties
- Demolish blighted structures

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GA SUBSTANTIAL AMENDMENT



- Direct Allocation Pool
- Flexible Pool
- Over \$77 million
- Approved by HUD on 1/15/2009
- New Amendment published 2/2/2009 to clarify flexible pool requirements; 15 day comment period required

DIRECT ALLOCATION POOL



- Formula Allocation system used
- Notification of regional Applications were due 12/15/2008
- Final Applications were due 1/15/2009
- DCA decisions expected 2/20/2009

FLEXIBLE POOL



- Initially funded at approx. \$15 million
- Regional Applications
- Failure to apply to Direct Pool



FUNDING AVAILABLE



- Total funding approximately \$19,561,362
- The amount of funding available under the RFP is \$14,561,362
- The amount of funding available under the Georgia Dream/NSP Purchase Program is \$5,000,000
- Threshold allocation of \$100,000.00 required



ELIGIBLE PROGRAMS

- The Georgia Dream/NSP Purchase Program
- The Permanent Supportive Housing Neighborhood Stabilization Program (PSHNSP)
- The Low Income Housing Tax Credit Program (LIHTC)

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ELIGIBLE PROGRAMS

- **The Georgia Dream/NSP Purchase Program**
 - Applications will be accepted on a ongoing basis (first come, first serve)
 - Deadline will be May 31, 2010



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FLEXIBLE POOL RFP

- **For LIHTC and PHSNSP only**
- Threshold allocation of \$100,000.00 required
- Rental housing
- 25% at 50% AMI required for NSP
 - All PHSNSP units @ 50% AMI
 - 40% of LIHTC units @ 50% AMI

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Application Requirements

- **Refer to RFP & LIHTC/NSP Term Sheet**
- NSP Flexible Pool Eligibility Form
- OAH NSP and HOME Consent Request Form
- Project Narrative which includes sufficient evidence that the project meets NSP requirements as set forth in the selection criteria
- Pictures of the Proposed Project Site
- Abbreviated 2009 Core Application

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DEADLINES

Request for Proposals Released: February 18, 2009

Proposal Due Date: March 27, 2009 by 5:00 PM

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HOME PARTNERSHIP PROGRAM

Theresa Hill



HOME Pre Application Process

- Applicants that utilize DCA HOME funds must obtain DCA's consent during pre-application process
- Application for Consent due April 16, 2009 by 4:00 PM
- If you do not receive a Consent, HOME funds cannot be a funding source in the 2009 funding round
- HOME preliminary commitment issued at conclusion of funding round

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HOME Pre Application Process

Required Submission

- Project Description / Narrative
- HOME Loan Consent / NSP Application
- Performance Workbook
- HOME Environmental/ Relocation Acknowledgement

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Rent and Income Restrictions



Effect of HERA on 40/ 50 rule when combining
9% Tax credits and HOME interest rate < AFR

- 40/50 rule no longer applies
- QCT/DDA boost OK
- Number of HOME Units in a project
 - 100% of units
 - Less than 100% of units
- HOME rules and regulations only apply to HOME units

Rent and Income Restrictions



What are the rules?

- Five (5) or more HOME units @ least 20% of unit rents @ 50% Area Median Income (AMI)
- Remaining unit rents @ 60%

Rent and Income Restrictions



- Fair Market Rent (FMR) governs if 50% or 60% rent is > FMR (HOME units)
- If 100% of units are not HOME, use HOME Allocation Worksheet (in electronic Core Application) to calculate number of units and determine amount of HOME Loan

Policies



What's New

- Annual Operating Expense / Per Unit
 - \$3,600 - Urban
 - \$3,000 - Rural (non MSA)
 - \$3,000 - USDA (loan)
- No Debt deals are allowed
- Minimum term for permanent debt is 10 yrs

Policies



Reference

Section 7, Core QAP Part 1 and 2

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Relocation and Application Requirements

Lynnette Watson



DCA Relocation & Displacement Policies



Are applicable to:

- HOME Projects
- Neighborhood Stabilization Program (NSP)
- 9% Tax Credit project
- 4% Tax Credit project

Properties that receive both HOME and Tax Credit funding must adhere to the most restrictive regulation and requirement of that particular program.

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DCA Relocation & Displacement Policies



- All funded projects must ensure that all reasonable steps are taken to minimize the displacement of persons (families, individuals, businesses, non profit organizations) as a result of the construction or rehabilitation of the project.
- Compliance with URA helps ensure the HUD funded programs do not cause homelessness.

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Applicants are required to:



- Consider whether displacement will occur.
- Identify **potential** displacement or relocation of existing tenants due to rent burdened, income eligible, over-income, change in student status, housing type and size changes at initial application stage.
- Develop a relocation plan and budget for costs associated with relocation of tenants before, during and after rehabilitation.
- Pursuing projects without adequately budgeting for relocation costs will result in additional unanticipated expenses.

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DCA Review Process



- DCA will review plans for any proposed displacement and relocation of tenants impact on the community in determining whether to approve.
- Any displacement of existing tenants is subject to DCA's approval on a case by case basis.
- Stage relocation in order to minimize disruption to the existing tenants.



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Pre-Application Reminder



- The obligation to pay relocation benefits accrues upon the submission of a pre-application
- Pre-application applicants are reminded that issuing the required General Information Notice to all residents at the property can help demonstrate that any subsequent move (that occurs before the initiation of negotiation date) was voluntary by the tenant and not caused by the project.

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Relocation Application Package



Complete application package must include:

- Tenant Household Data Form
- Detailed Project-Specific Relocation Plan and Budget
- Multifamily Tenant Relocation Plan Certification
- Relocation Displacement Spreadsheet
- Temporary Relocation Cost Estimate
- Occupancy history (recent three months)
- Site Map of property (current/propose)

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Relocation Application Package Cont....



- General Information Notices/GIN (HOME) L-4
 - Proof of delivery
 - Personally served with signature receipt
 - Certified or registered first class mail
 - Return Receipt requested

HOME Relocation & Displacement



- DCA encourages Owners to seek expert advice from their own relocation professionals to ensure that all Federal requirements are followed.
- It is the Owners responsibility to comply with all applicable Federal URA and 104(d) requirements covered in the HUD Handbook 1378.
- DCA Relocation and Displacement Manual.

Common Application Errors



- Incomplete or omitted Tenant Data Sheets.
- Failure to provide a list of comparables to temporarily relocate tenants.
- Incomplete and inaccurate Relocation Displacement Spreadsheet.
- Insufficient Relocation Plan.
- Providing documentation of available vouchers
- Considering whether other funding sources triggered the URA and/or 104 (d) requirements.

Helpful Resources



- HUD Regional Relocation Specialist: Phillip Fortenberry (phillip.j.fortenberry@hud.gov)
- HUD Handbook 1378 (www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm)
- DCA Relocation and Displacement Manual (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/OAHplansGuidesManuals.asp>)
- Failure to follow any or all of these policies will be considered a **major instance of noncompliance** and may prevent participants from receiving future funding from DCA.



AFFORDABLE HOUSING MARKET STUDIES

Tim Williams
VWB Research
www.vwbresearch.com



Tools for Evaluating the Market Strength for a Tax Credit Project

- Determine the Market Area
- Site Considerations
- Design Considerations
- Demographic Trends
- Local Economic Evaluation
- Existing Tax Credit Properties
- Income Eligibility

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Determination of the Market Area

- Local knowledge and perception of the area
- Natural and man made boundaries
 - Rivers, lakes, highways railroad tracks
- Government boundaries
 - Census Tracts
 - City lines
 - County Lines
 - Zip codes

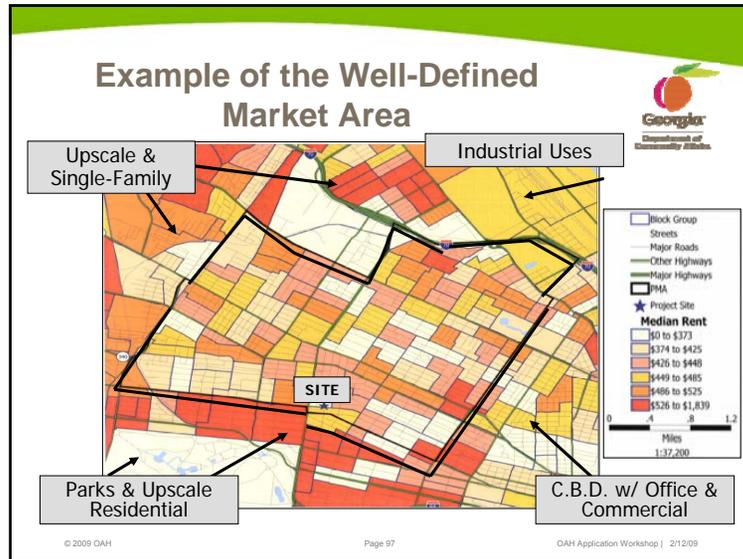
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Determination of the Market Area

- Socioeconomic differences - Why would area "A" attract renters from area "B"
- Seniors tend to migrate to areas with more services, especially healthcare providers
- Is it appropriate and defensible!

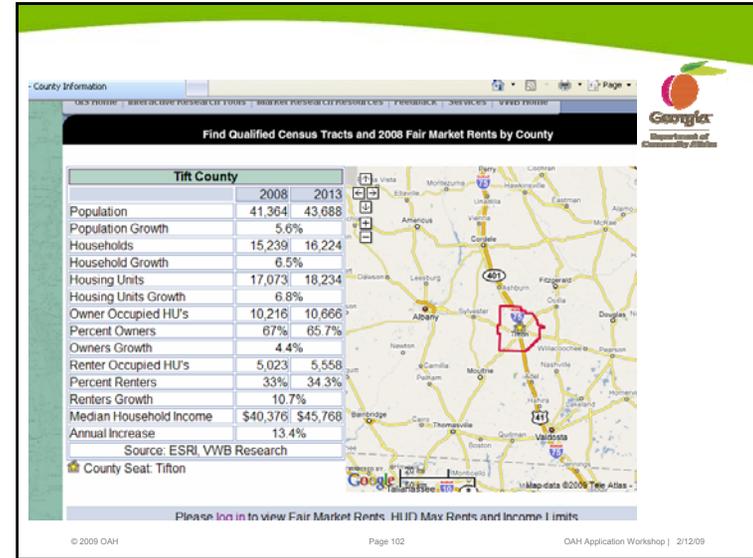
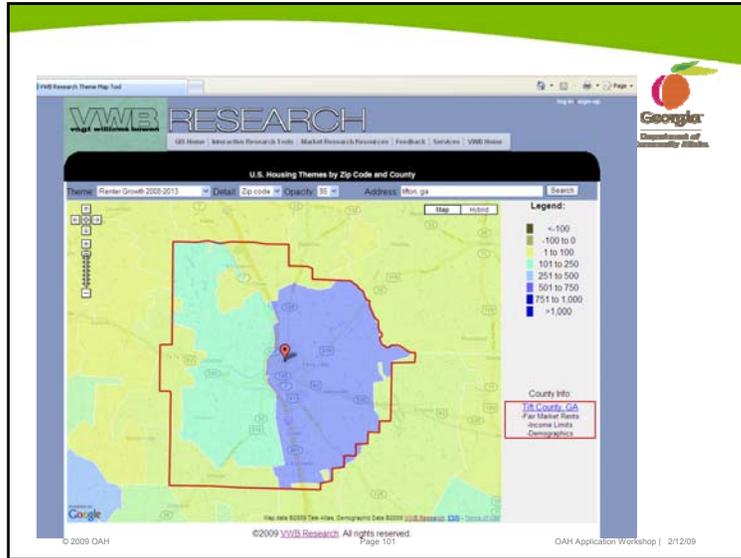
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- ### Site Considerations
- Neighborhood Compatibility
 - Access (Ingress & Egress)
 - Visibility of Site
 - Contributes to Comm. Development Plan
 - Identify Potential Nuisances
 - Proximity to Community & Public Services
 - Quality and Suitability of Services
 - Aesthetic Appeal (Topography, Terrain, & Landscaping)
 - Infrastructure (Availability, Condition, & Accessibility)
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- ### Design Considerations
- Floor Plans (Functionality, Aesthetic Appeal, Unit Type, Square Footage, Etc.)
 - Site Plan (Building & Amenity Configuration, Green Space, Scale & Density, Etc.)
 - Building Design (Architecture & Integration)
 - Community and Unit Amenities
 - Supportive Services
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- ### Demographic Trends
- Demographic web sites
 - www.factfinder.census.gov
 - <http://www.freedemographics.com/>
 - www.vwbresearch.com
- © 2009 OAH Page 100 OAH Application Workshop | 2/12/09



Local Economic Evaluation

- Your own knowledge of the economy
- Local Chamber of Commerce
- U. S. Bureau of Labor Statistics
 - <http://data.bls.gov/PDQ/outside.jsp?survey=la>
 - <http://data.bls.gov/PDQ/outside.jsp?survey=en>
- Worker Adjustment and Notification Retraining (U.S. Warn Act)
 - <http://www.dol.state.ga.us/Access/Service/WarnIDLListingInput>

2007	Feb	19153	18162	991	5.2
2007	Mar	19270	18326	944	4.9
2007	Apr	19311	18373	938	4.9
2007	May	19451	18521	930	4.8
2007	Jun	19491	18452	1039	5.3
2007	Jul	19593	18537	1056	5.4
2007	Aug	19415	18410	1005	5.2
2007	Sep	19592	18619	973	5.0
2007	Oct	19433	18476	957	4.9
2007	Nov	19449	18396	1053	5.4
2007	Dec	19490	18378	1112	5.7
2007	Annual	19408	18401	1007	5.2
2008	Jan	18996	17823	1173	6.2
2008	Feb	18468	17281	1187	6.4
2008	Mar	18579	17409	1170	6.3
2008	Apr	18450	17315	1135	6.2
2008	May	18614	17388	1226	6.6
2008	Jun	18817	17531	1286	6.8
2008	Jul	18852	17477	1375	7.3
2008	Aug	18891	17509	1382	7.3
2008	Sep	18956	17519	1437	7.6
2008	Oct	18978	17447	1531	8.1
2008	Nov	19106(p)	17541(p)	1565(p)	8.2(p)

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Status of Existing Tax Credit Projects

- <http://www.dca.state.ga.us/housing/HousingDevelopment/programs/OAHApplicantsFundingList.asp>
- www.vwbresearch.com

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Calculating Income Limits

- **Maximum income determined by HUD**
 - <http://www.novoco.com/products/rentincome.php>
- **Minimum Income=**
 - Monthly gross Rent X 12 divided by 35%* for Families or 40%* for Seniors
- **Example: \$600 X 12 = \$7200/35% = \$20,571**

* Ratio of rent towards income

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Key Evaluation Elements

Essential market study components

- Market area delineation
- Market area demographic and economic analysis – Identify all information sources
- Rental housing supply analysis
- Evaluation of affordable and market-rate rents
- Capture & penetration rates – Georgia guidelines
- Recommendations/modifications
- Absorption projections

Make sure application matches project and site information!

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REVIEWER MUST COME TO THE SAME CONCLUSIONS AS THE ANALYST

No Leaps of Faith!

Tim Williams
VWB Research
www.vwbresearch.com

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DCA MARKET STUDY STANDARDS

David Bartlett

Applicant Acquired Market Study

Requirements to be Included in the Market Study submitted with Application

Key Factors for threshold approval:

- Capture Rate
- Stabilization
- Existing DCA funded projects in the Market
- Primary and Secondary Markets
- Unit mix – PBRA to Market
- Other 2006 -2008 Properties in market area

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Applicant Acquired Market Study

Requirements to be Included in the Market Study submitted with Application

Key Factors for threshold approval:

- That the rents and unit mix in your Application match your Market Study rents and unit mix.
- Importance of vacancy rates, distress housing markets and Foreclosure rates for NSH Funded properties
- Make sure your Market Appraisal is DCA approved

APPROVED

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Key Point to Consider

- Rents of similar properties to determine competitiveness and ability to lease up
- DCA will NOT generally FUND TWO properties in the same locality
- DCA may determine that a proposed project will have an adverse impact on the existing projects in the portfolio and May not elect to fund that property

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Key Point to Consider

- DCA may determine that Changing Market Conditions make a site to risky for funding and will not select that property
- The Ability of the Property to Achieve the Proposed Application Rents
- The Scope and Duration of Rental Assistance
- Effect of Major Employers in the market area on rental housing demand

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DCA ENVIRONMENTAL REQUIREMENTS

Tracey Edwards



OVERVIEW OF DCA ENVIRONMENTAL REQUIREMENTS

- **DCA requires an Environmental Assessment, a.k.a. Phase I to be submitted in the Application**
Requirements (including format) are outlined in the DCA's Environmental Manual.
- **No major changes this year in requirements for Phase I submittals. However, requirements for Historic Preservation have been updated.**
Applicants are responsible for insuring that the PE has followed DCA Guidelines

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OVERVIEW OF HUD ENVIRONMENTAL REVIEW REGULATIONS

All developments utilizing HOME funds should carefully consult the Guidance available in the HOME and HUD Environmental Guide

Before you use HOME, make sure that the project location and environmental issues are compatible with the HOME requirements.



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OVERVIEW OF HUD ENVIRONMENTAL REVIEW REGULATIONS

The environmental review process required by the HOME program is regulated by the Federal Code of Regulations at 24 CFR Part 58.

DCA, as a responsible entity, must comply with 24 CFR Part 58:

- Determine the NEPA Classification for the HOME program;
- Review the program according to regulations at 24 CFR Parts 58.6 and 58.5;
- Publish any required public notices and submit documentation to HUD;
- Obtain a letter of Environmental Release for all activities associated with HOME funding.

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Environmental Review Process for HOME projects



Once the pre- application for HOME funding is submitted to DCA, HOME Applicants must refrain from undertaking activities that would have an adverse environmental impact. In addition, during this period HOME Applicants may not commit or expend HUD or non-HUD funds.

Prohibited activities include:

Acquiring		Rehabilitating
Converting		Leasing
Repairing		Construction

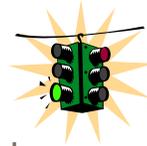
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Environmental Review Process for HOME projects



The following activities are allowed and may occur prior to the completion of the Environmental Assessment Review:

- Purchase of a real estate land option
- Relocation costs (if applicable)



Activities that generally have no physical impact on the environment are exempt (allowed) under 24 CFR §58.34(a)(1)-(11).

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Activities that can be Undertaken



Exempt activities include the following:

- Environmental and other studies;
- Information and financial services;
- Administrative and management activities;
- Inspections and testing of properties for hazards or defects;
- Purchase of insurance;

-continued-

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Activities that can be Undertaken



- Engineering or design costs;
- Assistance for temporary or permanent improvements that do not alter environmental conditions and limited to protection, repair, restoration activities only necessary to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration.*

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HUD & HOME Environmental Questionnaire and Application Requirements



The HUD & HOME Questionnaire is revised and must be completed and included as part of the Phase I Report at Application Submission for projects with HOME or DCA PBRA funding.

Supporting documentation should include the following:

- Maps
- Letters
- Narratives or Explanations

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HUD & HOME Environmental Questionnaire



Common Errors and Omissions

- Incomplete questionnaires
- Missing supporting documentation
- Part C in lacking in detail and/or incomplete
- Failure to review the HUD/HOME Guidance
- Incorrect information: (e.g. name of local newspaper in the area of proposed site)
- Handwritten responses
- Failure to document or include all sources under the Environmental Laws and Authorities section
- Failure to keep DCA informed of changes in staff



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HUD & HOME Environmental Questionnaire



New Changes this year

- Part A and Part C are only required for new construction;
- New guidelines for Historic Preservation category;
- No source documentation required for Farmland Act or Coastal Barriers Act.

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NSP Environmental Review



The requirements for HOME are the same requirements for NSP!!!!

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DEVELOPMENT & OPERATING BUDGET REQUIREMENTS

Marie Palena



MAJOR TAKE AWAY

USE REAL NUMBERS!!!

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Building Basis

- Lesser of price or appraised value
- Must be reasonable
- Previous sales price and/or valuation may be considered

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Developer Fee

- Double check calculation
- Generally limited to 'per unit cost limit'
- Deferred portion limited to 50% of fee
- Must be repayable in 15 years from cash flow
- Double check definition of Consultant
- 20% Developer Fee possible with pre-approval

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Operating Deficit Reserve



- Required for tax credit as well as HOME
- Minimum is 4 months debt service plus 4 months estimated operating expenses
- Maximum
- Fund at or prior to conversion

Replacement Reserve



- Same per unit cost as 2008
- Must reflect “reasonable and customary capital replacement expenditures”
- Rehab reserves reviewed in conjunction with physical needs assessment
- DCA may adjust at its discretion

Feasibility and Viability



- Costs should be project specific
- Cost should be comparable to industry standards unless explained
- Line item dollars cannot be shifted to increase another, or add another, line item
- Adjustments to Total Development Cost = Adjustments to Developer Fee = Adjustments to Credits

Common Errors



Double check:

- Math (developer fee, loan fees, etc.)
- Contractor’s services cannot exceed stated percentages at Application (or cost cert)
- “Other” costs must be defined
- Developer fee allocation between acquisition and rehab, if applicable
- No ‘soft’ cost contingencies allowed



Operating Budgets

Per Unit Expense Minimums:

- \$3,600 per unit- urban
- \$3,000 per unit- non-MSA rural
- \$3,000 per unit- projects funded by USDA
- If offsets are applicable, show full expense in budget, show offset in “Other” income (note- will income be included for management fee calculation?)
- Clear “Comment” = no clarification

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Common Errors

- Failure to itemize expense estimate within each category
- Expenses unrelated to project structure, characteristics and/or amenities
- Lack of explanation of extraordinary project specific expenses
- Lack of “Comment” regarding methodology and resulting calculation for real estate tax projection

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MISCELLANEOUS CORE & THRESHOLD REQUIREMENTS

Rod Peters

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Poor Utilization of Resources

- Efficient and Effective Use of DCA Resources
- Proposed impact on existing Affordable Housing
- Close scrutiny of costs
 - ❖ Property & Acquisition Costs vs. Costs of similar projects in a market area
 - ❖ Undue enrichment of any entity in the proposed development
 - ❖ Is the project already affordable?

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DCA Set-Asides

- Nonprofit Set-Aside
- Rural Set-Aside
- Preservation Set-Aside
- Special Needs Set-Aside

DCA Office of Special Housing Initiatives will make the award decision if tie occurs

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DCA Set-Asides

Supplemental Set-Aside

\$2 million set aside to assist the following projects:

- Projects awarded credits in 2008 that have incurred substantial cost increases or impacted by a soft equity market
- Projects funded prior to 1999 that have substantial physical issues and the affordability and viability is threatened
- Extraordinary needs based on a volatile economic market

Allocation will not be a part of the competitive round

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State Designated 30% Basis Boost

Housing and Economic Recovery Act (HERA)

DCA approval during pre-application for:

- ❖ DCA HOME or Rural projects
- ❖ Majority Special Needs projects with Office of Special Needs Housing Initiatives Funds
- ❖ Historic Rehab projects
- ❖ Projects designated as having a high degree of sustainability

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Award Limitations

- Tier One Entity can utilize \$950,000 for one project in the competitive round
- Every other project can be awarded a maximum of \$850,000 in credit allocation

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Economic Uncertainty

- Proposed Legislation
- Volatile Economic Climate
- DCA must be flexible and proactive in administering the Tax Credit Program

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ACCESSING DCA HISTORICAL DATA

Gwen Walton



GORA Requests

- Review applications to gain insight
- Review previous round scoring decisions
- GORA requests should be in writing

All GORA requests should be directed to:
Gwen Walton
gwen.walton@dca.ga.gov

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DID YOU KNOW?

- That 2007/2008 Core Applications and market studies are now available on our website.
- We are planning to make more electronic files available in the future
- You can submit GORA requests through our website or via email to gwen.walton@dca.ga.gov

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**GORA RECORDS AVAILABLE
ON OUR WEBSITE**

The screenshot shows the Georgia Department of Community Affairs website. At the top, it says 'Georgia Department of Community Affairs'. Below that, there are navigation links: Home, How Do I?, Audience, Programs, Publications & Research, Forms & Surveys, Searchable Databases, and Maps. The main content area is titled 'OAH GORA Documents' and includes sections for 'Downloads & Related Links', 'Core Applications', 'Market Studies', 'Approvals', and 'Environmental Reports'. There is also a 'Contact Information' section with an email address and physical address. The footer contains copyright information for 2009 OAH and page number 149.

GORA REQUESTS

GORA requests can be submitted online by going to
<http://www.dca.ga.gov/main/contact/gora.asp>

Frequently Requested Documents can be found at:
http://www.dca.ga.gov/housing/HousingDevelopment/prgrams/OAH_GORA.asp

**We are in the stages of making
more documents available on our website!**

**Listing Properties on
www.GeorgiaHousingSearch.org:**

Sheila Barry

**GeorgiaHousingSearch.org
Threshold Criteria
Page 47 of 49**

25. GEORGIA HOUSING SEARCH

Applicants applying selected for funding under the Plan must list all available Affordable Housing Units funded by DCA on the Georgia Housing Search website. Georgia Housing Search is a DCA sponsored database that assists Georgia residents in locating available affordable housing units. Each listing must be updated and remain "active" as required by the system. This data base is maintained under the direction of the Georgia Emergency Management Office and under the authorization of the Governor's Office. *-continued-*

GeorgiaHousingSearch.org



The Georgia Disaster Relief Task Force also issuing Georgia Housing Search to facilitate the delivery and management of shelter and housing accommodation programs to support displaced citizens during a disaster. At this time, over 100,000 properties are listed. This database should be utilized as a valuable tool for Managers in seeking tenants for low income housing tax credit properties.

What is GeorgiaHousingSearch.org?



GeorgiaHousingSearch.org is a FREE online listing and locator service that provides renters and landlords with a streamlined resource to find and post affordable rental housing . . . a fast and easy way to reach prospective tenants. Thousands of searches are performed every day!



GeorgiaHousingSearch.org Key Features



- FREE to consumers and landlords
- Provides toll-free telephone line for individuals without internet access
- Website and toll-free number are bilingual
- Properties are easy to list and maintain
- Helps renters find housing to meet their price, location and accessibility preferences
- Offers easy data access for community planning and support service organizations
- Is the only system of its kind offered in Georgia

GeorgiaHousingSearch.org 2009 Threshold Compliance



- Register on www.GeorgiaHousingSearch.org or call 1-877-428-8844.
- List all DCA funded properties on system.
- Property providers will be notified via email or phone to refresh or update properties bi-weekly.
- If no activity is detected within 30 days of notification, property is disabled and is no longer available to search. **A disabled property is considered non-compliant with listing requirement.**
- DCA will verify participation on system.

GeorgiaHousingSearch.org
Add/Update Properties



providing Georgians with access to rental housing opportunities



Address	City, State, ZIP	Monthly Rent (Deposit)	Beds Baths	Status	Call Available
123 Test Street Houses Public Use	Atlanta GA 30303	\$1,000 (500)	3/1.5 2	Available Rent Pending	12/1/2010

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Toll Free Access:
1-877-428-8844

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Out to LUNCH!




FINANCING YOUR TAX CREDIT PROJECTS IN TODAY'S MARKET: EQUITY

Feasibility from the SYNDICATOR'S PERSPECTIVE

Laurel Hart

RENTAL REVENUE ANALYSIS



- Compare to similar LIHTC/market rents
- Escalate 2-3% per year for the 15 year compliance period with a differential between expenses of at least 1%
- Other income” should be reasonable
- Project should not depend on “other income” to be feasible

BASIC BENCHMARKS



- Rent – Standard 2%
- Vacancy assumption – Standard 7% (Higher for smaller projects)
- Rents at least 10% below “market”
- Rents within 5% of “LIHTC market”
- Capture rate < 10% in AMI parameters

EXPENSE ANALYSIS



- Compare to similar LIHTC properties in market
- Be cautious of assumptions used in projections
- Escalate 3-4% / year for the 15 year compliance period
- Property Management Fees should be included in analysis
- Replacement reserves should be included and range from \$200-\$350 per unit per year
- Reserve funds that are used should be re-funded through available cash flow prior to developer distribution

THIRD PARTY REPORTS



- Professional analysis should be obtained relating to revenues, expenses, and construction
- Market study no less than 6 months old or with current updates used in the analysis of rental rates, absorption and demand assumptions
- An appraisal can provide information to assist in the analysis of operating projections and loan to value
- Construction Inspectors are regularly hired to monitor construction, identify timing and/or financial deficiencies, and determine achievement of construction benchmarks.
- Additional evaluations may be needed for locations at risk of flooding, earth quakes, hurricanes or other environmental conditions

FINANCING ANALYSIS



- Leverage is one of the biggest threats to equity ownership of any partnership
- Financing should be identified and committed prior to investment or suitable mitigants should be in place
- Minimum 15 year fixed rate financing preferred to avoid interest rate uncertainty
- Cash flow from operations or identified capitalized reserves should provide sufficient cash to cover “must pay” debt service at a minimum debt service coverage of 1.15:1 with a minimum of 1.20:1 for Tax-Exempt bond and mixed-income properties

DEVELOPMENT BUDGET - SOURCES



- Sources should be identified and committed including terms and conditions
- Sources may include “must pay” financing secured by real estate (“hard debt”) and “soft” loans, grants and developer equity
- Deferred developer fee should have limited use as a source of funds.
- Net Operating income from property during lease-up prior to permanent loan conversion may be included if defended and acceptable based on type of project and leasing assumptions

DEVELOPMENT - USES



- All major categories should be identified, including acquisition, construction, financing, reserves, developer fee and other soft costs
- Property condition report should be used for acquisition rehab projects to identify needs and set budget priorities
- Engineering study should be used to review construction hard costs
- Contingencies should be based on, developer/contractor experience, project type, underwriting of other budget items, etc
- Total development costs per unit must be reasonable and comparable to similar projects in market

RESERVES



- Interest Reserve – cover construction period financing costs
- Capitalized Operating Reserve – **at least** six months of all operating expenses and must-pay debt service
- Capital Replacement Reserve – if used replenished through available cash flow **prior** to cash distributions
- Lease-up Reserve – support operating costs during leasing prior to stabilization
- Other reserves as necessary to mitigate specific risks
- Reserves should be **stress tested** to determine the financial impact of construction or lease-up delays

TEAM ANALYSIS



- Developer
- Property Management
- Contractor
- Development Team Professionals

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DEVELOPER



- Background checks, including lien and litigation searches should be made no sooner than 45 days prior to closing and updated annually
- Assessment should be made of developer financial capacity through a review of financial statements, tax returns, schedule of real estate, etc.
- Developer should have sufficient liquidity and net worth to provide financial support based on size and scope of the project
- Provisions should be made so financial statement and background check be received and reviewed annually

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PROPERTY MANAGER



- Analyze LIHTC property experience- preference is for a minimum of 3 years of directly relevant experience, or a new manager should be teamed with a manager deeply experienced in Section 42 compliance
- Property managers should have compliance training and experience
- Background check should be performed with state agencies where properties are located
- Review annual financials
- There should be on-site visits to properties currently managed

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GENERAL CONTRACTOR



Contractor should have experience with similar projects

Contractor should provide:

- Payment and performance bonds issued by a nationally, financially recognized bonding company and in forms acceptable or,

A letter of credit in an amount equal to at least 15% of the total amount of the Construction Contract



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GENERAL CONTRACTOR



- An engineer should review construction documents and contracts for completeness and deliverability
- Construction contracts are typically guaranteed maximum or fixed.
- Obtain and review a list of current projects which includes percentage of completion, to identify potential financial and/or capacity issues
- Terms and conditions of construction contract must be arms length even with contractors affiliated with the developer

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TEAM PROFESSIONALS



- Architect should be licensed and have experience with similar projects
- An experienced CPA or financial advisor
- Counsel should have experience with Section 42
- State-Licensed Environmental Professional consultant should be engaged to perform a
 - Phase I and, if necessary, Phase II
 - Environmental Site Assessment

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FINANCING YOUR TAX CREDIT PROJECT IN TODAY'S CHALLENGING MARKET:

The BENEFITS OF HUD FINANCING

Marcia Ringo

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BENEFITS OF LIHTC & FHA INSURANCE



<u>9% LIHTCs and FHA Mortgage Insurance</u>	<u>Number of Units</u>	
\$12,678,200	407	New Construction
\$44,474,900	1,312	Sub-Rehab

<u>Hope VI, LIHTC and FHA Mortgage Insurance</u>		
\$20,040,400	977	All New Const.

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BENEFITS OF LIHTC & FHA INSURANCE



HUD can insure loans for 5 or more residential units with complete kitchens and baths for both the construction and permanent loan (called Insurance of Advances) or just the permanent loan (called Insurance Upon Completion)

The maximum mortgage term on a 221(d) (4) new construction and/or Substantial rehabilitation project is 40 years.

HUD 221(d)(4) loans are non-recourse.

BENEFITS OF LIHTC & FHA INSURANCE



Builder and Sponsor's Profit and Risk Allowance (BSPRA). The BSPRA Allowance is used as a credit against the mortgagor's required equity contribution. To use BSPRA there must be an identity of interest between the mortgagor and general contractor.

Sponsor's Profit and Risk Allowance (SPRA). An amount included in replacement cost where no identity of interest exists between the general

BENEFITS OF LIHTC & FHA INSURANCE



The maximum mortgage limit is the lesser of:

- 90% of the HUD estimated replacement cost or 90% of the sum of the HUD estimated cost of repair and rehabilitation and the as is value of the property (for substantial rehabilitation).
- A mortgage amount supported by 1.1 debt service coverage (90% of net income)
- Statutory per unit limitations adjusted by the Field Office High Cost percentage (In Georgia it is currently 209%).
- HUD mortgage insurance provides necessary financing to meet the gaps between tax credit equity and the total cost to complete the project.

BENEFITS OF LIHTC & FHA INSURANCE



- Mortgagee Letter 08-19 provides new streamlined processing of MAP applications involving Low Income Housing Tax Credits.
- The cash escrow requirements for LIHTC syndication proceeds is modified
- Submission of final Drawings and Specifications may be deferred until initial endorsement.
- Commitments may be conditioned upon Previous Participation (2530) approval.
- Each Hub now has a designated LIHTC coordinator.



**Veranda at Collegetown:
100 units of elderly
housing in Atlanta**



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**Veranda at Collegetown with a
private and secure Courtyard
Garden for elderly residents**

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VERANDA AT COLLEGETOWN

Developer Group: Egbert Perry & Integral Group
No. of Units: 100 – Elderly
Development Cost: \$7,185,525
FHA Mortgage: \$1,362,100
Tax Credit Equity: \$8,476,651

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**Anthony Arms 60 Units in
Macon, before sub-rehab**



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ANTHONY ARMS – 9% LIHTC



Developer Group: Subsidiary of Macon HA Group
 No. of Units: 60 – Family
 Development Cost: \$5,451,751 (plus acquisition)
 FHA Mortgage: \$1,000,000
 Tax Credit Equity: \$5,230,698
 Other Funding: \$180,000
 (from Macon Housing Authority)



Anthony Arms
 after heavy duty
 substantial
 rehabilitation



Kingston Gardens 100 units in Macon, before sub-rehab



KINGSTON GARDEN APARTMENTS



Developer Group: Subsidiary of Macon HA Group
 No. of Units: 100 – Family
 Development Cost: \$8,701,644 (plus acquisition)
 FHA Mortgage: \$2,550,000
 Tax Credit Equity: \$7,137,132
 Other Funding: \$195,000
 (From Macon Housing Authority)

Kingston Gardens during sub-rehab.



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Kingston Gardens after substantial rehabilitation



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Statesboro Summit 98 units of elderly housing before sub-rehab



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STATESBORO SUMMIT



Developer Group: Rhett Holmes & The Ambling Group

No. of Units: 98 – Elderly

Development Cost: \$6,461,990 (plus acquisition)

FHA Mortgage: \$2,950,000

Tax Credit Equity: \$4,896,851



The sub-rehab added a new community space and an exterior wall system and windows. The units have new paint, floor coverings and kitchens.



Waynesboro Gardens with 70 units of affordable housing, was in poor condition before the sub-rehab.



WAYNESBORO GARDENS – 9% LIHTC



Developer Group: Rhett Holmes & The Ambling Group

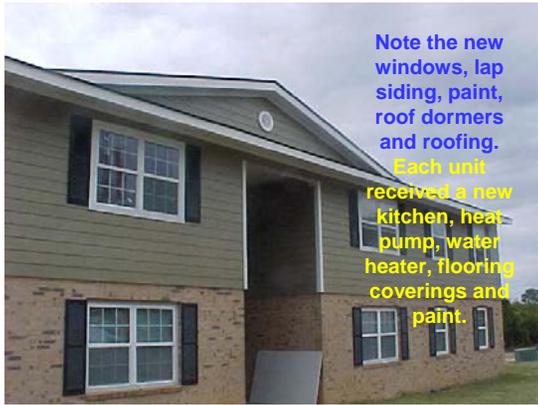
No. of Units: 70 Family

Development Cost: \$5,067,136 (plus acquisition)

FHA Mortgage: \$2,032,100

Tax Credit Equity: \$4,111,489

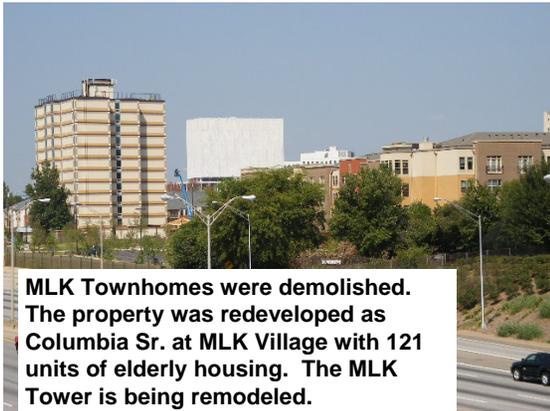
Waynesboro Gardens



Note the new windows, lap siding, paint, roof dormers and roofing. Each unit received a new kitchen, heat pump, water heater, flooring coverings and paint.



MLK Village Townhomes and MLK Towers



MLK Townhomes were demolished. The property was redeveloped as Columbia Sr. at MLK Village with 121 units of elderly housing. The MLK Tower is being remodeled.



Columbia Senior at MLK Villages



COLUMBIA SENIOR RESIDENCE AT MLK



Developer Group: Noel Khalil & Columbia Group

No. of Units: 121 – Elderly
 Development Cost: \$11,608,862
 FHA Mortgage: \$5,193,100
 Tax Credit Equity: \$8,474,340
 Other Funding:
 Home Funds: \$800,000
 AHA Loan: \$500,000



**Columbia Senior at
MLK Villages**



**Ashley Station in Columbus;
formerly know as Peabody.**



ASHLEY STATION AT COLUMBUS



Developer Group: Egbert Perry & Integral Group

No. of Units: 184
 Development Cost: \$14,785,770
 FHA Mortgage: \$3,335,000
 Tax Credit Equity: \$6,247,817
 Hope VI Funds: \$5,202,266

Ashley Station




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Moultrie Manor before sub-rehab




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Moultrie Manor before Sub-rehab.




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Moultrie Manor



Developer Group:	H. J. Russell & Company
No. of Units:	100
Development Cost:	\$7,864,194
(including acquisition cost)	
FHA Mortgage:	\$1,531,900
Tax Credit Equity:	\$5,064,680

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Moultrie Manor after Sub-rehab.

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**FINANCING YOUR
TAX CREDIT PROJECT
IN
TODAY'S CHALLENGING MARKET:
SECTION 538**

Presented by:
Wayne Rogers
Director, Multi-Family Housing
USDA Rural Development
wayne.rogers@ga.usda.gov
Wayne Rodgers



Discussion Topics

Program Goals	Lender Incentives
Rural Areas	Developer Incentives
Loan Purposes	Creating Affordability
Fees	Eligible Lenders
Funds Availability	538 Regulations

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Program Goals

- Increase the supply of moderately priced housing in rural areas
- Ensure that housing is affordable for rural families with incomes at or below 115% of AMI
- Foster risk sharing partnerships with public and private lenders

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Eligible Rural Areas



- Use the following website to determine site eligibility:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Loan Purposes



- Construct new housing
- Acquire existing housing with rehab cost of at least \$6500 per unit
- Purchase and improve land needed for the development
- Development of related facilities
- Pay related cost (i.e. Arch fees, feasibility studies, etc.)

Program Fees



- \$2500 application fee
- When the Loan Note Guarantee is issued, 1% of the guaranteed amount is due
- Annual renewal fee of .5% of the guaranteed outstanding principal is due

Funds Availability



- NOFA Process – Federal Register
- 2009 – “Notice for Request for Proposals...”
- The Notice was published on January 21, 2009
- Copy in handout



Lender Incentives

- 90% protection against losses
- Construction/Permanent guarantee
- Guaranteed amount does not count against lender's lending limit

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Lender Incentives

- 2% rent-up escrow in lieu of 90% occupancy requirement
- Expanding secondary market and private investor opportunities

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Developer Incentives

- No ROI limitation
- No Davis Bacon requirement
- No Designated Place list

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Developer Incentives

- Up to 90% LTV for For-Profit-Entities
- Up to 97% LTV for Non-Profit-Entities
- Interest Credit to buy down interest rate

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Lender Eligibility



- Approved HUD, Fannie Mae, Freddie Mac or Ginnie Mae lender or
- State HFA or FHL bank member with demonstrated ability to make and service Multi Family loans

Creating Affordability



- **Loan terms: 25 to 40 year repayment term**
- **25 year minimum term for balloon with a 40 year amortization**

Creating Affordability



- **Works well with tax credits, HOME funds, grants, bonds, and other sources of financing**

Creating Affordability



- **Offers interest credit on loans of \$1,500,000 or less**
- **The negotiated rate between the lender and the borrower will be reduced by 250 BP**

How are 538 applications processed in Georgia?



- All applications are filed in the State Office in Athens
- They are processed and approved in the State Office
- Once the loan is approved, the appropriate Area Office takes over the loan for inspections and servicing

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The 538 Regulations (Handbook and CFR) are located at:



- <http://www.rurdev.usda.gov/regs/>
- Handbook- HB-1- 3565
- The CFR is Appendix 1 of the Handbook

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Contacts for the 538 loan program in Georgia



Cartersville: (770) 386-3393
 Monroe: (770) 267-1413
 Macon: (478) 752-8121
 Sandersville: (478) 552-0901
 Tifton: (229) 382-0273
 Baxley: (912) 367-3603

State Office: (706) 546-2164

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FINANCING YOUR TAX CREDIT PROJECT IN TODAY'S CHALLENGING MARKET:

URFA RESOURCES

Dawn Luke



HOW CAN WE HELP???

We can help “fill the gap” with 2 new programs:

- **Beltline Affordable Housing Trust Fund (BAHTF)**
- **Housing Opportunity Bond Fund (HOB)**

Our goal is to:

- Create over 3,000 Units of Workforce Housing Units
- Enhance the Quality of Life
- Create Mixed-Income Communities
- Stabilize Neighborhoods & Communities
- Cultivate Public-Private Partnerships
- Have a Positive Fiscal Impact to the City



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WHAT IS THE BAHTF?

Key facts about the BAHTF

- 15% of net proceeds to BAHTF
- \$8.2 M received in 1st bond issue
- BAHTF consists of seven program components:
 - Multifamily Rental Developer Incentive
 - Single-Family Developer Incentive
 - CHDO Rental Incentive
 - CHDO Single Family Incentive
 - Single-Family Property Acquisition
 - Multifamily Property Acquisition
 - Down Payment Assistance
- BAHTF dollars are:
 - Grants for developers and property acquisition
 - Deferred loans for downpayment assistance



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BAHTF BUDGET

Components	Target Allocation
Multifamily Rental Developer Incentive	\$2,868,659
Single-Family Developer Incentive	\$ 988,358
Multifamily Rental CHDO	\$ 829,596
Single-Family CHDO	\$ 829,596
Downpayment Assistance	\$1,544,309
Property Acquisition - Multifamily	\$ 617,723
Property Acquisition – Single Family	\$ 617,723
Total	\$8,295,965

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BAHTF GENERAL POLICIES

- Multifamily Rental Incentives
 - Located within the Beltline TAD
 - 60% AMI eligibility cap for affordable housing
 - Minimum 15% of all units must be affordable
 - Require minimum 15-year affordability period
 - Minimum 15% of units must be market-rate

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BAHTF GENERAL POLICIES



- General
 - 20% reserved for approved City of Atlanta or Georgia Department of Community Affairs CHDO's
 - Newly constructed and rehabilitated projects must meet minimum EarthCraft standards
 - Balance cost and quality; affordable units must be comparable in size and quality as market units; mixed income
 - Developers must demonstrate a need for the assistance

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BAHTF MULTIFAMILY GRANTS



Available for Multifamily Developers and CHDO's

- To finance mixed-income rental developments, grant funds may be used for:
 - Acquisition –Construction -Renovation
- Enforced by Grant Agreement
 - Multifamily grants also enforced by Land Use Restriction Agreement

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BAHTF MULTIFAMILY GRANTS



- Gap Financing For Developers
 - Total amount of grant cannot exceed 20% of the total development cost of the multifamily housing with a cap of \$1.4mm per development
 - For CHDO's (State & City of Atlanta), total amount of grant cannot exceed 25% of total development cost for multifamily housing with a cap of \$829,569 per development
 - Developer must leverage these BAHTF dollars with additional funds secured from both public and private sources
 - BAHTF funds cannot be the sole source of project financing

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APPLICATION SUBMISSION REQUIREMENTS



- The BAHTF grant dollars will be awarded at the conclusion of each application cycle to projects that meet the goals and objectives of the BAHTF.

	Multifamily	CHDO Multifamily
Target Amount per unit	\$40,000	\$40,000
Maximum Amount per Development	\$1,400,000	\$869,569

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APPLICATION CYCLE



Cycle	Application Acceptance	Notification of Award
1	January 5 – February 16	March 26th
2	April 1 – May 15	June 25th
3	July 1 – August 15	September 24th
4	October 1 – November 15	December 23rd

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Key facts about HOB





- **\$75 M commitment by COA to address affordable housing needs**
- **\$35 M received in 1st bond issue**
- **HOB consists of seven program components:**
 - Multifamily Loans
 - Single-Family Homebuilder Incentives
 - Single Family Mortgage Assistance
 - CHDO Loans
 - Enterprise Land Assemblage
 - Direct Land Assemblage
 - AHA Hope VI Investment
- **HOB dollars are:**
 - Loans for developers and property acquisition
 - Deferred loans for downpayment assistance

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HOB BUDGET



Components	Target Allocation
Multifamily Loans	\$ 4,200,000
CHDO Loans	\$ 1,945,656
Enterprise Land Assemblage	\$ 5,000,000
Single-Family Mortgage Assistance	\$10,710,905
Atlanta Housing Authority Hope VI	\$ 7,500,000
Total	\$29,356,656

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- ### ELIGIBILITY & REQUIREMENTS
- 
- Eligible Applicants Must:
 - Be 501(c)3 non-profit, for profit developer or housing authority in good standing
 - Demonstrate the capacity to construct and develop a residential development project;
 - Demonstrate success in leveraging additional funds from both public and private sources,
 - Have experience commensurate with the scope and size of the proposed project;
 - Exhibit financial strength to undertake the project and show a successful track record of property management.
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ELIGIBILITY & REQUIREMENTS



- Eligible multifamily developments must:
 - Be located with the City of Atlanta
 - Be new Construction, acquisition/rehabilitation, or conversion
 - Dedicate 20% of total units to 60% of AMI or below
 - Have commitments from other lenders
 - Provide for affordability of 15 years or more

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ELIGIBILITY & REQUIREMENTS



- Eligible loans:
 - Will be used as “gap financing”
 - Cannot exceed 20% of total development costs capped at \$1.1 M per development
 - Cannot exceed 50% of total development costs for City approved CHDO’s
 - Will be full recourse loans to the borrower and/or sponsor
 - Will be below market interest rate
 - Will be underwritten based on need

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APPLICATION SUBMISSION REQUIREMENTS



- The HOB loans will be awarded on a first-come, first served until funds are exhausted
- No application cycle or deadline; application are accepted year-round to the extent funds are available

	Multifamily	CHDO
Target Amount per unit	\$25,000	\$25,000
Maximum Amount per Development	\$1,100,000	Can not exceed 50% of TDC

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APPLICATION SUBMISSION



HOB & BAHTF applications will be approved by the Housing Committee of the URFA & ADA Board of Directors.

In order to determine viability and eligibility of a project for BAHTF or HOB financing, interested applicants should contact appropriate person listed below:

Visit our website at www.Atlantada.com

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<p>Contact Person: Rita B. Gibson</p> <p>Senior Housing Development Manager (Multifamily)</p> <p>Atlanta Development Authority (404) 588-5469</p>	<p>Contact Person: Tyrone Roderick Williams</p> <p>Program Manager (CHDO)</p> <p>Atlanta Development Authority (404) 588-5470</p>
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FINANCING YOUR TAX CREDIT PROJECT IN TODAY'S CHALLENGING MARKET: PERMANENT SUPPORTIVE HOUSING RESOURCES

Staci Tillman



\$900,000 Set Aside of LIHTCs

- **Requires a commitment of PSHP funds to be considered for the Set Aside.**
 - Tenant Profile: Homeless with a disability (MH/DD/AD)
 - Units Set Aside: Minimum of 25%
 - Section 8: Project based Section 8 in areas covered by DCA.
 - Loan Amount: Maximum amount of \$3.5 million or proportionate share based on set aside.

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\$900,000 Set Aside of LIHTCs

- Support Services: must be with a "Core" service provider or a "Specialty" service provider with an agreement with a Core Service provider
- Application to the PSHP due April 16, 2009
- See complete PSHP Program Description on DCA's web site.
- Contact Doug Scott for further information doug.scott@dca.ga.gov or (404) 327-6881

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MARKETING TO SPECIAL NEEDS POPULATIONS

Willa Turner



Marketing to Special Need Population

- This section is designed to foster development of affordable housing units for tenants with disabilities or homeless populations
- Owners must demonstrate a willingness to initiate marketing of units to these populations
- Each Applicant must prepare and submit a Marketing Plan outlining how the project will market units to tenants with special needs



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Marketing to Special Need Population

Marketing Plans must include

- A description of how the project will meet the needs of these tenants including access to supportive services, transportation, proximity to community amenities, etc.
- Identify service providers that can provide referrals to the project
- Agree to require management to regularly contact and provide materials to local service providers outlining unit vacancy and rents
- Owners must demonstrate a willingness to market units to special needs populations and facilitate referrals from experienced local service providers



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Marketing to Special Need Population

The Applicant agrees to provide:

- Reasonable accommodations for these tenants in the Property Management's tenant application
- Leasing criteria must clearly facilitate admission and inclusion of the Targeted Population tenants and must not violate federal or state fair housing laws
- Designate these populations as having priority for units with rental assistance if allowable under their rental assistance agreements
- Owners may apply preferences required by state or local law only if they are consistent with HUD applicable civil rights requirements

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Architectural Requirements

Michael Collins



Rehabilitation Projects



A Physical Needs Assessment must be submitted;

- Work scope and construction budget must incorporate all conditions identified in the physical needs assessment, including any proposed work to meet scoring requirements.
- Applications for the rehabilitation of an existing property may be granted a waiver on a case by case basis.



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Physical Needs Assessments/ Threshold



- Must be completed no more than 6 months prior to Application submission and meet requirements in PNA section of Architectural manual.
- Must include 20 year replacement reserve study and no expenditures in first 5 years
- Piecemeal rehab work scope must be supported by unit by unit assessment

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Rehabilitation Hard Costs



- Work scope must reflect an expenditure of at least \$20,000 in construction hard costs for a property 20 years old or less and \$25,000 for properties that exceed years.
- The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property.
- The costs of furniture, fixtures, construction of community buildings and common area amenities are not included in these amounts.

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Georgia Department of Community Affairs

Architectural Changes

- Deleted from Scoring & moved to Threshold:
 - Optional Amenities
 - Energy Efficiency/Indoor Air Quality (aka Building Sustainability)
 - Project Design
 - Accessibility

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Georgia Department of Community Affairs

Site Amenities

Still required:

- community building
- laundry facilities
- exterior gathering area



Choose amenities according to sliding scale based on unit count:

- 1-50, pick 4
- 51-100, 5
- 101 or more, 6
- phased projects, contact DCA

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Georgia Department of Community Affairs

Site Amenities

Deleted

- Retention pond
- Off site improvements in master planned communities
- Sitting areas deleted as an option; still required for senior tenancy

Added:

- Movie theater
- Baseball
- Beauty parlor
- Shuffleboard
- Putting green
- Wellness center

- Amenities Guidebook – reference for design standards
- Amenities Pre-Approval

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Georgia Department of Community Affairs

Unit Amenities

- Senior tenancy requirements
- No optional unit amenities

Deleted options: *

- call system
- internet access
- microwaves
- disposal

* These may be provided for marketability but will not be part of threshold or scoring determinations.

Added requirement:

- Dishwashers (EnergyStar)

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Accessibility

All projects must hire a consultant for 3 inspections

- List of qualified consultants will be posted at DCA website by April 15
- Certificate of final compliance issued upon satisfactory completion of construction

- 5% mobility-impaired accessible**
- Roll-in showers required in 2% of units (as part of 5% accessible)**
- 2% (additional) seeing/hearing impaired accessible**

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Accessibility

EXAMPLE
100 Unit project

- 3 mobility impaired accessible (accessible tub/shower)
- +
- 2 mobility impaired accessible (roll-in shower)
- =
- 5 total units for mobility impaired
- +
- 2 seeing/hearing impaired
- =
- 7 specialized units

Plus any applicable federal regulations

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PERFORMANCE SCORING

Cassandra Knight
Nan Maddux

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Performance-- Experience

KEY PROVISION:

Every Owner, Developer and Manager applicant must be determined experienced to participate in the 2009 competitive round and other OAH programs

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Performance– Compliance & Experience



- **Key Provision:**
 - Experience evaluated from January 1, 2002
 - **Prior determinations are no longer valid**
 - Every Owner, Developer and Manager applicant must complete the Performance Workbook, which contains Tier One provisions.
 - Basic experience must be passed prior to a determination of Tier One.

Performance– Compliance & Experience



- **Compliance History Scoring**
- **Pre-Application Submissions**
 1. **Compliance Questionnaire**
 - General Partner/Tier One
 - Developer
 - Management Company
 - Project Consultant

Performance– Compliance & Experience



2. Organization Chart
3. Copy of each Compliance Certification sent to other state financing agency where participant has received LIHTC or HOME funding
4. DCA Compliance History Summary (CHS)
 - Must include all projects in which and entity or principal has participated in the Ownership, development of management in the State of Georgia and in any other State

Performance– Compliance & Experience



- Compliance detail must only be completed for the last three years (2006, 2007 and 2008).
- This information will be scored with the requirements set forth in Appendix II
- Base score 15
- Points deducted for non-compliance 
- Points added for successfully participation in GA LIHTC properties



ARE YOU GREEN ENOUGH?



Jennifer Adams



Sustainability

Green Buildings:

- resource efficiency
- energy efficiency
- water efficiency
- indoor air quality
- operation/ maintenance/ education
- site selection

Sustainable Communities:

- Community involvement in design
- Environmentally & socially responsible site selection
- Connectivity to community services
- Green building
- Mixed use

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(Note: Rendering units subject to change)

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30% Boost for Green

Pre-application submission

What is a “high degree of sustainability”?

Automatic: Documented acceptance in a Sustainable Community program and proof of fees paid

OR

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30% Boost for Green



Project concepts that demonstrate substantial compliance with sustainable communities criteria, including but not limited to, green building, but may not meet all of the technical requirements for LEED ND or EarthCraft Communities certification

- submit project concept, explicit cost data, and all other documentation that will help to make your case

Substantial investment in renewable energy

- submit explicit design, budget, and maintenance plan for renewable energy utilized at property

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Threshold & Scoring




- Threshold:** Meet a baseline sustainability by selecting 20 points on the Building Sustainability Certification (submitted if funded)
- Scoring: 3rd Party Verification programs**
 - Sustainable Community (6 pts)
 - LEED ND or EarthCraft Communities programs
 - Documentation: Memorandum of Understanding or letter of participation (acceptance into program) from certifying entity and draft scoring worksheet

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Threshold & Scoring (cont.)



- Sustainable Building (3 pts)
 - LEED for Homes, EarthCraft Multi-family, or Enterprise Foundation Green Communities
 - Documentation: Draft Scoring Worksheet
- EnergyStar Certification (1 pt)
- Consequences: Compliance scoring in the next round**






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Sustainability Resources



- LEED:** <http://www.usgbc.org/>
- EarthCraft:** <http://www.earthcrafthouse.com/>
- Enterprise Foundation:** <http://www.greencommunitiesonline.org/>
- EnergyStar:** <http://www.energystar.gov/>
- National Association of Home Builders:** <http://www.nahbgreen.org/>

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ARCHITECTURAL SCORING

Michael Collins



DESIRABLE / UNDESIRABLE 10 POINTS

Desirable characteristics

- Urban – 1 mile walking/driving distance
- Rural - 2 miles walking/driving distance
- 1 point in at least five categories
- Each building – one category
- **New** – proximity to bus stop 

Undesirable characteristics

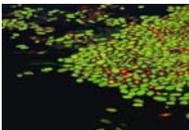
- ¼ mile from the Proposed site
- Examples: junkyards, noise

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Desirable/Undesirable

Hot issues

- Abandoned
- Unoccupied, unsecured
- Deteriorated housing or buildings
- **New** – proposed construction or amenities within 100 feet of wetlands or State waters 

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DESIRABLE/UNDESIRABLE

Documentation

- Site map
- Photos
- Temporary condition and mitigation prior to October 1
- Desirable under construction (above ground)

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Adaptive Reuse

3 points



- Must represent a change in use of a major building for residential use or as a community building.
 - Not eligible: Partial building Slabs, sheds, gazebos, trailers, barns, etc.
 - The reuse of buildings that are already part of an existing multifamily development are not eligible.
- Documentation
 - Documentation on the previous use of the building
 - Photographs of the building
 - Documentation of whether or not it is occupied

Infill & Community Transportation



- **Infill**
 - For new and vacant rehabilitation
 - Development on all but one side
 - One side must be residential
- **Rural Smart Growth**
 - For new and vacant rehabilitation
 - Development on one side (residential)
- **Community Transportation**
 - Designated Transit Oriented Development (TOD) or within ¼ mile of rapid rail transit station

Brownfield 3 points



- Must be defined as a Brownfield by the EPA, Georgia EPD or other environmental regulatory agency and has determined the applicable guidelines for the cleanup required for residential uses.
- Documentation
 - Evidence of designation as a Brownfield site
 - An opinion letter from either an attorney or a PE
 - Proposed scope of work for clean up of the site
 - Detailed budget for clean up and time line.

Greyfield 3 points



- Must have been previously developed as a retail center or other commercial (non-residential) center that is vacant, abandoned or 90% of the square footage is unused.
- The existing associated parking areas must be in excess of 25% of the proposed developed area of the site.
- Documentation
 - Documentation of the site
 - Documentation of current use of the vacant or abandoned center
 - Documentation of the associated parking areas



STABLE COMMUNITIES / REDEVELOPMENT / REVITALIZATION

Marie Palena



Economic Growth and Need

Economic Growth and Need:

- Based, in part, on anticipated job growth in counties receiving EDGE and/or REBA grant funds:

<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/documents/2009EconomicInvestmentAreas.pdf>
- A poor market, anticipated employment losses, or lack of qualified tenants, will negate these possible points

OR

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Economic Growth and Need

Stable Communities:

- Based on Federal Financial Institutions Examination Council (FFIEC) statistics

AND

- Market Study results

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Community Redevelopment/Revitalization Plans and Strategies

Hope VI Initiatives:

- Phase or component of a PHA-sponsored Community Building Initiative which is part of a PHA-sponsored, documented, Hope VI revitalization

OR

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Promotes Neighborhood Stabilization:

- Must be “foreclosed” or “abandoned” with documentation to confirm
- Requires confirmation from local government COO that the project will assist in stabilizing the neighborhood
- Must provide narrative on how the project promotes the objectives of NSP
- Projects with any NSP funding are not eligible for these points

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Redevelopment Incentive Programs

Statutory Redevelopment Plans:

- Clearly targets the specific neighborhood
- Plan must be formulated by local government under specific statutory guidance

OR

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Redevelopment Incentive Programs

Redevelopment Zones:

- Must be in a QCT/DDA, or
- State Enterprise Zone

OR

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Redevelopment Incentive Programs

Local Redevelopment Plan:

- Local government Plan must be adopted prior to January 1, 2009 that delineates a specific neighborhood surround the subject
- Plan must include sources of funding, and
- Policy goal, of which housing must be one, and
- Timeframes and measures for the implementation for completing housing activities and policy goals

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Common Errors

- Supporting documentation does not include each of the bulleted items
- Letters, plans, resolutions lack the date and/or appropriate signature(s)
- Subject project must be identified



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SUPERIOR PROJECT CONCEPT

Laurel Hart

SUPERIOR PROJECT CONCEPT

- DO WE KNOW WHO WILL GET THESE POINTS?
- SHOULD I TRY FOR IT?




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ARE YOU A TIER ONE DEVELOPER?



Charles Clark

Tier One Designation Time Line



- **Submission of Request** 4/16/09
- **DCA Preliminary review** 4/16/09 - 4/23/09
- **DCA Clarification Period** 4/23/09 - 5/07/09
- **DCA Determination** 5/07/09
- **DCA Notification** 5/07/09 - 5/14/09

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Documentation to be Submitted



- **Requests for Tier One Designation**
- **Fully completed Performance Workbook for the Applicant and each principal**
- **Brief narrative describing the experience of the Applicant with regards to the development and operation of subsidized affordable housing**

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Documentation (Continued)



- **Organization chart**
 - How are you organized
 - Who are the key players
- **Resumes of key personnel**
- **Real Estate Schedule**
 - Completed by Applicant and each principals
 - All properties In which Applicant/Principals have an interest
 - Use DCA Real Estate Schedule in Performance Workbook

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Documentation (Continued)



- **Credit Bureau report from one of the three major credit bureaus on each principal of the Applicant**
- **Financial Statements:**
 - Required from all Applicants and Principals
 - Individuals
 - DCA Personal Financial Statement form

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Documentation (Continued)



- **For-profit entities**
 - **Most recent audited financial statements**
 - **If no audits**
 - certified financial statements for the most recent fiscal year
 - tax returns for 2006 and 2007
 - **Unaudited year-to-date financial statement through the end of the month immediately preceding the month of submission.**

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Documentation (Continued)



- **Non-profit entities**
 - **Most recent audited financial statements**
 - **Unaudited year-to-date financial statement through the end of the month immediately preceding the month of submission.**

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Documentation (Continued)



- **Documentation supporting Liquidity claimed by Applicant**
 - last 3 months bank and brokerage statements
 - Other as requested by DCA
- **Authorization for DCA to conduct the following due diligence:**
 - Obtain a Dun & Bradstreet report (or similar credit agency report) on the Applicant, any related entities that may be direct or indirect stockholders, members, partners, principal and/or sponsors of the Applicant,
 - Conduct credit investigations
 - Search of public records filings

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Documentation (Continued)



- **DCA reserves the right to request additional information during the DCA Clarification Period as it deems necessary to fully and accurately evaluate Applicant's Applications.**

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Disqualifications



- DCA may disqualify any Applicant from Tier One designation if DCA determines that an adverse financial event (“Adverse Financial Event”) has occurred, or exists, with respect to the Applicant and/or any entity related to the Applicant by direct or indirect ownership.
- An adverse financial event will include, but not be limited to, foreclosure, deed in lieu of foreclosure, voluntary or involuntary transfer of general partnership interest, bankruptcy filing or legal judgment. The determination of what constitutes an adverse financial event will be at the sole and unconditional discretion of DCA.

Disqualifications (Continued)



- **With respect to DCA related debt (a “DCA Loan”):**
 - Currently in arrears more than 30 days or has a history of being frequently delinquent in excess of 30 days.
 - Currently subject to a forbearance agreement, waiver/moratorium of debt service or any other loan workout agreement
 - A project financed in part by low income tax credits has experienced, or been related to an entity that has experienced, an adverse financial event within either the Compliance Period (Tax Credits) or the Period of Affordability (HOME)

Disqualifications (Continued)



- **With respect to any non-DCA Loan (public or private sector debt):**
 - Currently in arrears more than 30 days or has a history of being frequently delinquent in excess of 30 days.
 - Currently subject to a forbearance agreement, waiver/moratorium of debt service or any other loan workout agreement.
 - Has experienced, or been related to an entity that has experienced, an adverse financial event within the last ten (10) years. An adverse financial event is discussed above.

Disqualifications (Continued)



- **2009 Compliance Score of 10 or less**
- **Currently involved in material litigation that could result in a material adverse change in the Applicant’s financial condition. The determination of what constitutes “material litigation” and “material adverse change” will be at the sole and absolute discretion of DCA**
- **Has a history of not timely completing and/or converting projects to permanent financing**

Liquidity



Liquidity defined as:

- **Cash and Cash Equivalent**
- **50% of Net Marketable Securities (market value of securities less (i) margin debt and (ii) non-margin debt secured by the securities)**
- **Less:**
 - **Restricted Cash**
 - **Short Term unsecured debt (debt with maturity less than one year)**
 - **Cash pledged to secure debt**

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Liquidity (Continued)



- **Minimum Required Liquidity is Greater of:**
 - **\$100,000, or**
 - **Three Percent (3%) of Hard Cost to Complete of all projects currently under construction**
- **With respect to determining Liquidity, liquid assets maintained in single asset, project level entities will not be considered.**
- **Liquid assets that are restricted will not be considered**
- **Liquid assets maintained by individual principals and related operating entities (development, management, construction, etc.) will be counted**

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General Conditions



- **All forms submitted to DCA must be fully completed with all applicable schedules completed in detail and all applicable questions answered in full detail.**
- **All determinations as to financial condition and capacity as it related to qualification for Tier One designation shall be at the sole and unconditional discretion of DCA**
- **Any financial statements submitted that are Consolidated Statements, must be accompanied by Consolidating Statements**

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TIE BREAKERS



Tie-Breakers

- Expiring DCA LIHTC properties
- Majority Special Needs Projects w/DCA Permanent Supporting Housing Programs funds
- HOPE VI or CHDO HOME Loan Applicants (only if CHDO set-aside is not met)
- Phased projects that have already had at least one phase selected for funding by DCA in a previous round
- Projects that receive all points in Previous Projects Section
- Distribution of resources among applicants in this funding round
- Family Projects
- Projects that use least amount of DCA resources

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LEVERAGING OF RESOURCES

Theresa Hill



LEVERAGING OF RESOURCES

- **Appendix II, Section XIII (Page 19)**
- **On Site Resources (Part A and B)**
- **Off Site Resources (Part C)**
 - Pre-Approved Waiver
 - Waiver Process (April 16th; \$1,500)
- **Maximum Points: 9**

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LEVERAGING OF RESOURCES

- **Grants / Loans (maximum 3 points)**
- **DCA Resources (maximum 6 points)**

Funding Source Designated in QAP

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LEVERAGING OF RESOURCES

- **Grants / Loans Eligible for Points**
 - Community Development Block Grant (CDBG)
Minimum \$500,000
 - 1point

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LEVERAGING OF RESOURCES

- **Federal Home Loan Bank Affordable Housing Program (AHP)**
 - Minimum \$500,000
 - 1 point
- **Neighborhood Stabilization Program (NSP)**
 - Minimum \$1,000,000
 - Allocated to Entitlement Communities from HUD
 - 3 points

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LEVERAGING OF RESOURCES

DCA Resources Eligible for 6 Points

- **DCA HOME Loan**
- **DCA Allocated NSP funds**
 - (minimum \$1,000,000)

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LEVERAGING OF RESOURCES

Documentation Required for Loans, Grants, and DCA Resources Points

- Binding Unconditional Commitment / Award Letter detailing amounts, terms, and conditions
- DCA HOME Consent Letter
- NSP Reservation or Commitment

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LEVERAGING OF RESOURCES 

- **Other Conditions**
 - Resources must be used if project is selected
 - Resources must be for Construction and Permanent financing
 - Loans must be for minimum of 10 years
 - Interest Rate must be at or below AFR

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LEVERAGING OF RESOURCES 

- **Off Site Improvement, Amenity & Facility Investment** **1 Point**
 - \$500,000 minimum
 - Pre Approved / Waiver April 16th / \$1,500
 - Unrelated 3rd Party
 - Adjacent to the Project
 - Completed Prior to Placed in service Date
 - Can not be completed prior to Application Submission

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Off Site Improvement, Amenity & Facility Investment 

- **Examples of Off Site Improvements**
 - Construction of off site road required for access
 - Development of parks, green space, walking trails,
 - Development of YMCA, youth center
 - Construction of sidewalks or streetscape adjacent to the property

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COMMUNITY INITIATIVES

Sandy Gamble Wyckoff

DCA Community Initiatives



- **1 point awarded to projects with letters from**
 - DCA Signature Community
 - Georgia Institute for Community Housing (GICH) Community
 - DCA Community of Opportunity
- **Application must include**
 - Letter executed by Official Representative

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The End!