

**DRAFT 2016 STATE OF GEORGIA
NATIONAL HOUSING TRUST FUND ALLOCATION PLAN**

Table of Contents

I. Introduction	2
II. Definitions.....	2
III. Distribution of funds	3
IV. Application Requirements.....	4
V. Eligible Recipients.....	9
VI. Maximum Per-Unit Development Subsidy Limits.....	9
VII. First-time homebuyer recapture and resale provisions.....	9
VIII. Selection of Subgrantees	9
IX. Priority for Funding	10
X. Eligible Activities and Eligible Requirements.....	11
XI. Ineligible Activities and Fees	11
XII. Certification of Recipient.....	11
XIII. Performance Goals and Benchmarks	12
XIV. Rehabilitation Standards	12
XV. Resale and Recapture Guidelines.....	12
XVI. Affordable Homeownership Limits	12
XVII. Preferences and Limitations.....	12
XVIII. Refinancing Guidelines for HTF Developments.....	12

I. Introduction

The Housing Trust Fund (HTF) is a fund administered by the Department of Housing and Urban Development (HUD) which provides formula grants to States to increase and preserve the supply of decent and safe affordable housing for extremely low income (ELI) households with incomes at or below 30% of Area Median Income (AMI) and very low income (VLI) households with incomes between 30% and 50% of AMI. The HTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289). The regulations that govern the HTF are contained in 24 CFR Part 93.

The Georgia Department of Community Affairs (DCA) was created in 1977 to serve as an advocate for local governments. In 1996, the Governor and General Assembly merged the Georgia Housing and Finance Authority (GHFA) with DCA. The Governor has designated the Georgia Housing Finance Authority to receive and administer the annual HTF grant from HUD for the State of Georgia.

II. Definitions

Commitment means:

- (i) If the project consists of rehabilitation or new construction (with or without acquisition), the grantee and recipient have executed a written legally binding agreement under which HTF assistance will be provided to the recipient for an identifiable project for which construction can reasonably be expected to start within 12 months of the agreement date. The written agreement for rehabilitation or new construction of rental housing may also provide operating cost assistance and/or operating cost assistance reserves.
- (ii) If the project consists of acquisition of standard housing and the grantee is providing HTF funds to a recipient to acquire rental housing, or to a first-time homebuyer family to acquire single-family housing for homeownership, the grantee and recipient or the family have executed a written agreement under which HTF assistance will be provided for the purchase of the rental housing or single family housing and the property title will be transferred to the recipient or family within 6 months of the agreement date. The written agreement for acquisition of rental housing may also provide operating cost assistance and/or operating cost assistance reserves.
- (iii) If the project is for renewal of operating cost assistance or operating cost assistance reserves, the grantee and the recipient must have executed a legally binding written agreement under which HTF funds will be provided to the recipient for operating cost assistance or operating cost assistance reserves for the identified HTF project.

DCA means the Georgia Department of Community Affairs, an executive government agency in the State of Georgia. By state law, DCA administers the programs of the Georgia Housing Finance Authority.

Elderly means a person at least 62 years of age.

Extremely Low Income (ELI) means households whose annual incomes do not exceed 30% of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families.

GHFA means the Georgia Housing and Finance Authority, a public corporation created by the Georgia General Assembly and designated by the Governor to receive and administer the HTF fund for the State of Georgia.

Grantee means the state entity that prepares the Allocation Plan, receives the HTF dollars from HUD, and administers the HTF in the state. The Grantee for Georgia is the GHFA.

HOME means the HOME Investment Partnership Program

Housing and Economic Recovery Act of 2008 (HERA) means the Act signed into law by President Bush on July 30, 2008 that covers a range of housing issues.

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

Period of Affordability means a period of at least 30 years in which a development receiving HTF assistance will be required to maintain affordability to households at or below 30% AMI.

Persons with a Disability and Disabled Person means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. In general, a physical or mental impairment includes hearing, mobility, and visual impairments; chronic substance abuse issues; chronic mental illness; AIDS; AIDS-related complexes; and mental retardation that substantially limit one or more major life activities. Major life activities include walking, talking, and hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself. DCA utilizes the HUD definition of "Disabled Person." Applicants can refer to HUD guidance for further information.

Project Team means the General Partner, Developer, Consultant, and the Principal(s) thereof for a proposed HTF-assisted units.

Recipient means an organization, agency, or other entity (including a public housing agency, a for-profit entity or a nonprofit entity) that receives HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project.

Subgrantee means a unit of local government or State agency selected by the HTF grantee to administer all or a portion of its HTF program. A local government subgrantee must have a consolidated plan and must include its own HTF allocation plan in its action plan (91.220(1)(5)) consistent with the State's HTF requirements.

Very Low Income (VLI) means households whose annual incomes are in excess of 30% but not greater than 50% of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families.

III. Distribution of funds

DCA will not allocate funds to subgrantees for their distribution to owners/developers annually. Instead, HTF funds will be distributed directly to owner/developers of affordable housing through Notices of Funding Availability (NOFA), which will be available through DCA's website and additional communication channels. The distribution of HTF funds will be used to increase the supply of affordable rental housing units for ELI and VLI households. HTF funds will be awarded on a competitive basis to applications that address the criteria outlined in this allocation plan, the relevant NOFA, and the priority housing needs as identified in the State's Consolidated Plan and Annual Action Plan. HTF funds will be provided outside of the Low Income Housing Tax Credit (Housing Credit) round through a compliance-based grant. If there are an insufficient number of eligible applicants through the NOFA, then the funds would be utilized in the subsequent Housing Credit funding round. The HTF funds that are used in the Housing Credit round will be deployed as a low interest loan similar to DCA HOME funds. The annual distribution is described below:

- DCA will retain 10% of the HTF annual allocation for allowable administrative and planning costs.
- DCA will retain up to one-third for operating cost assistance or funding operating cost reserves.
- The balance of the grant will provide capital funding for new construction or rehabilitation of HTF units.

IV. Application Requirements

DCA will announce the availability of HTF funds by publishing a NOFA on its website, by an email that will go out to DCA's full distribution list, and other DCA communication channels. Additionally, those interested in joining DCA's Housing Finance and Development distribution list can sign-up through DCA's Housing Finance and Development web page. Each NOFA will contain the specific requirements needed to apply for this source of funding. In addition to any other requirements in each NOFA, each application must describe the eligible activity that will utilize HTF funds and contain a certification by each eligible recipient that housing units assisted with HTF will comply with the HTF requirements.

A. Threshold Requirements

Once DCA receives an application, it shall be reviewed for eligibility to be scored and ranked. In order to be eligible for scoring and ranking, the application must be complete and include the following information, unless otherwise waived by DCA:

1. *Development Team*: DCA must be satisfied that those who will develop, own, and operate the property are familiar with, and prepared to comply with, the requirement of the HTF program. The applicant must demonstrate that the controlling entity of the development team has the experience, ability, and financial capacity, in their respective roles, to undertake, maintain, and manage the property.
2. *Market Feasibility*: The applicant must complete a comprehensive market study in accordance with DCA requirements of the housing needs of the ELI and VLI individuals in the area to be served by the property, at the applicant's expense, by a disinterested party

who is acceptable to DCA. The market study should document the overall demand in the market area to support the proposed development. The market study must be prepared in accordance with DCA guidelines and must be in the format required by the most current DCA Market Study Manual. It is the applicant's responsibility to ensure that the market study accurately reflects the rental structure and unit mix of the proposed project, as reflected in the application, and meets all DCA requirements.

3. Appraisals: For all projects awarded HTF Loans, DCA will commission an appraisal prepared in accordance with DCA policies. Recipients will be charged a fee equal to the cost of the appraisal report.
4. Environmental Requirements: Applicants must include a Phase I and Phase II (if required) environmental studies in the application. These studies must be prepared in accordance with the most current DCA Environmental Manual. The applicant and the qualified environmental professional must sign the environmental certification form and include it in the application. On-site and off-site specific environmental concerns identified in an environmental study are to be considered in the context of the housing to be provided. DCA shall consider the public benefits of the housing and then weigh the benefits against the costs to mitigate the hazard, the potential health risks, and other financial and public policy implications. The project will not pass Threshold until all environmental matters are resolved.
5. Site Control: Evidence must be provided proving that the Recipient has, and will maintain from the start of the application review process until the land is acquired, direct site control. Site control must be in the form of:
 - a. A warranty deed that conveys title to the subject property to the Recipient,
 - b. A legally binding contract to purchase the proposed project site in the name of the Recipient (or which provides for an assignment to the Recipient), or
6. Site Zoning: The applicant must show evidence that the appropriate zoning is in place at the time of application submittal.
7. Site Access: All sites proposed for development must provide a specified entrance that is legally accessible by paved roads. The definition of a paved road is provided in DCA's most recent Architectural Manual. The application must include the appropriate drawings, survey, or other documentation that reflects such paved roads. If such paved roads are not in place at the time of the application submission, documentation evidencing local government approval to pave the road, a commitment for funding, and the timetable for completion for such paved road must be included in the application.
8. Public Water/Sanitary Sewer/Storm Sewer: Public water and sewer service must be available at the proposed development site as of the application submission. To be considered "available" for the purposes of this section, all easements necessary for the water and sewer authorities to extend the existing water and sewer services to the property

must be secured at the time of application submission. Evidence of the easements and commitments from the water and sewer authorities must be included in the application. These letters from the appropriate public water and sewer authorities must be on letterhead and be included in the application.

9. Local Government Support and Community Engagement: Upon receiving an HTF funding application, DCA will notify the controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located.
10. Operating Utilities: Evidence must be provided to demonstrate that appropriate utilities (water, sewer, electricity, natural gas) will be available to the project site and will have adequate capacity.
11. Site Information and Conceptual Site Development Plan: A Conceptual Site Development Plan must be included in the Application and prepared in accordance with instructions set forth in the most recent Architectural Manual. Additional Conceptual Site Development Plan requirements will be outlined in the NOFA.
12. Accessibility Standards:
 - a. **All projects funded under the Plan must meet the following accessibility standards at the time of project completion:**
 - i. All projects that receive allocations or funding under the Plan must comply with all applicable Federal and State accessibility laws including but not limited to: The Fair Housing Amendments Act of 1988, Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, Georgia Fair Housing Law and Georgia Access Law as set forth in the most current Accessibility Manual. When two or more accessibility standards apply, the applicant is required to follow and apply both standards so that a maximum accessibility is obtained. An applicant claiming that a property is eligible for any of the stated statutory exemptions for any applicable federal, state, and local accessibility law must support the claim with a legal opinion.
 - ii. All applicable DCA accessibility requirements detailed in the most current Architectural and Accessibility Manuals.
 - b. **Regardless of whether a project anticipates using federal funds as a funding source, all proposed projects must include the following DCA requirements:**
 - i. At least 5% of the total units (but no less than one unit) must be equipped for the mobility disabled, including wheelchair-restricted residents. Roll-in showers must be incorporated into 40% of the mobility equipped units (but no fewer than one unit); and
 - ii. At least an additional 2% of the total units (but no less than one unit) must be equipped for hearing and sight-impaired residents.

The same unit cannot be used to satisfy the 5% and 2% requirement.

Preservation of existing affordable housing that cannot be modified to meet accessibility requirements that are not required by law, may request a DCA waiver.

- c. **Each project selected for funding is required to retain a DCA qualified consultant to monitor the project for accessibility compliance.**
- i. The Consultant cannot be a member of the proposed Project Team nor have an Identify of Interest with any member of the proposed Project Team.
 - ii. The DCA qualified consultant must perform the following:
 1. A pre-construction plan and specification review to determine that the proposed property will meet all required accessibility requirements. The Consultant report must be included with the **Step 2** construction documents submitted to DCA. At a minimum, the report will include the initial comments from the consultant; all documents related to resolution of identified accessibility issues and a certification from the consultant that the plans appear to meet all accessibility requirements.
 2. At least two training sessions for the General Contractor and Subcontractors regarding accessibility requirements. One training must be on site.
 3. An inspection of the construction site after framing is completed to determine that the property is following the approved plans and specifications as to accessibility. DCA must receive a copy of the report issued by the consultant as well as documentation that all issues, if any, have been resolved.

13. **Architectural Design & Quality Standards:** All applications must meet the Architectural Standards contained in the most current Architectural Manual for quality and longevity. The standards are intended to promote the integration of new construction/rehabilitation into the existing community and to promote sustainable design and the protection of resources. The marketability of the property and appearance of the site are important components in the final product.

14. **Financial Projections:** A 30-year financial projection pro forma for the property shall accompany the application using the income, expenses, replacement reserves, and debt services as represented in the application. The reasonableness of the development will be assessed in evaluating the financial feasibility of the application.

15. Subsidies: The applicant must provide in the application a signed certification as to the extent of the all non-federal subsidies that are expected to apply to the property.
16. Self-Scoring: Applicant must provide a self-scoring of the project proposed as part of the application. The self-scoring should indicate the number of points being sought in each scoring category.
17. Relocation and Displacement of Tenants: All projects, new construction and rehabilitation, must submit a DCA relocation survey which specifically addresses the development history and occupancy of the proposed project. **Failure to complete and submit the survey with the Application submission will result in a Threshold failure.**
18. Affirmatively Furthering Fair Housing: It is the policy of DCA to administer the HTF affirmatively, as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, sex, disability, familial status or national origin. Each applicant shall implement affirmative fair housing marketing policies in soliciting tenants and outreaching to underserved populations.

Each project selected for an award of HTF resources must prepare and submit an Affirmatively Furthering Fair Housing Marketing Plan outlining how the project will market units to underserved tenants including tenants with disabilities. The Plan must be submitted and approved prior to the start of lease up.

At a minimum, Marketing Plans must include:

- a. Outreach efforts to each service provider, homeless shelter or local disability advocacy organization in the county in which the project is located.
- b. A strategy to affirmatively market to persons with disabilities and the homeless.
- c. A strategy to establish and maintain relationships between the management agent and community service providers.
- d. A referral and screening process that will be used to refer tenants to the projects, the screening criteria that will be used, and make reasonable accommodations to facilitate the admittance of persons with disabilities or the homeless into the project.
- e. Marketing of properties to underserved populations 2-4 months prior to occupancy.
- f. Applications for affordable units shall be made available in public locations including at least one that has night hours.

The applicant agrees to provide reasonable accommodation for these tenants in the property management's tenant application. The leasing criteria must clearly facilitate

admission and inclusion of the targeted population tenants and must not violate federal or state fair housing laws.

19. *Optimal Utilization of Resources*: DCA is required to take any actions necessary or convenient to ensure the complete, effective, efficient, and lawful allocation and utilization of the HTF resources. DCA will not select projects that will result in a waste of HTF and/or DCA resources, have an inferior project design or site, or which result in the unjust enrichment of a Project Team. DCA will also not select applications where a Project Team member has made conditional promises or financial commitments to a Local Government (controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located at the time of application) in order to obtain support. DCA may request additional documents or explanations in order to clarify or confirm information required for the appropriate analysis of the proposed property.

Examples of factors that will be considered will be included in each years NOFA.

V. Eligible Recipients

Eligible applicants include for-profit entities, qualified non-profit entities, and public entities that will undertake the eligible activities on behalf of the ELI and VLI households. The NOFA for HTF funds will give specific eligibility requirements for recipients. A recipient must:

- Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities.
- Demonstrate the ability and financial capacity to undertake, comply with, and manage the eligible activity.
- Demonstrate its familiarity with the requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs.
- Demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:
 - Own, construct, or rehabilitate; manage; and operate an affordable multifamily rental housing development.

VI. Maximum Per-Unit Development Subsidy Limits

DCA will establish the maximum per-unit development subsidy at the same level as the HOME maximum per-unit subsidy limit, but retains the right to increase the limit as is necessary and reasonable. In accordance with these guidelines, DCA will establish limits annually that are, reasonable based on actual costs of developing non-luxury housing in the area and that are adjusted for number of bedrooms and the geographic location of a project.

VII. First-time homebuyer recapture and resale provisions

Until further notice, the State does not intend to use any funds for homebuyer activities.

VIII. Selection of Subgrantees

Until further notice, the State does not intend to use subgrantees.

IX. Priority for Funding

Each application meeting the threshold requirements will be reviewed and assigned points according to the following selection criteria. Any additional scoring requirements will be outlined in the relevant HTF NOFA.

The tiebreaker will go to the project that best meets the Housing Needs outlined in the current Georgia Consolidated Plan and Annual Action Plan, in the event of a tie between two or more developments when there are insufficient resources to fund each project.

A. Geographic Diversity

HTF funds will be available to the entire state. The geographic distribution priorities must be consistent with the State's certification that it will affirmatively further fair housing and any applicable Analysis of Impediments or Assessment of Fair Housing.

B. Obligate funds and undertake eligible activities in a timely manner

Applicants need to show the ability to obligate HTF dollars and undertake funded activities in a timely manner.

C. Project-based Rental Assistance

Applicants will be scored based on ability to secure Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families at or below 30% AMI for HTF-assisted units.

D. Period of Affordability

Developments supported by HTF funds will be required to enter into a restrictive covenant agreement pledging to maintain the units in the program for a 30-year period.

E. Priority Housing Needs

The HTF is primarily a funding source meant to add HTF-assisted units to the supply of affordable housing for extremely low-income households. Applicants must show to the extent to which the development proposes accomplishments that will meet the rental housing objectives outlined in Georgia's most recent Consolidated Plan, which identifies the following priority housing needs among the extremely low-income renters:

- Homeless families and individuals
- Families with children
- Persons with a disability
- Elderly
- Veterans

Additional priority housing needs will be outlined in relevant NOFA.

F. Use of non-federal funds

Given the 30% AMI income targeting requirements, viable developments will likely require other sources of funding. Applicants must have the ability to leverage HTF funds with additional funds. Specifically, applicants with the ability to leverage the most non-federal funds will be strongly considered.

X. Eligible Activities and Eligible Requirements

DCA will use its HTF funds to provide affordable rental housing to ELI and VLI households. HTF funds can be used for the preservation, production, and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury rental housing.

Eligible activities and expenses include:

- Acquisition
- Site improvements and development hard costs
- Related soft costs
- Demolition
- Finalizing costs
- Relocation costs
- Operating costs of HTF-assisted rental housing

XI. Ineligible Activities and Fees

HTF funds may not be used to:

- Provide assistance (other than renewal of operating cost assistance reserve) to a project previously assisted with HTF funds during the period of affordability established by the grantee in the written agreement under 93.404 (c) (2) (iv).
- Pay for the acquisition of property owned by the grantee, except for property acquired by the grantee with HTF funds or property acquired in anticipation of carrying out an HTF project.
- Pay delinquent taxes, fees, or charges on properties to be assisted with HTF funds.
- Pay for political activities, advocacy, lobbying (whether directly or through other parties), counseling services, travel expenses (other than those eligible under 93.202 (b)), or preparing or providing advice on tax returns.
- Pay for any cost that is not eligible under 93.201 and 93.202.

XII. Certification of Recipient

The state requires each eligible recipient to certify that housing units assisted with HTF funds will comply with all HTF requirements. The certification must include:

- The number of units in a HTF-assisted project by income group: extremely low-income, very low-income, moderate, and above moderate income.
- A statement declaring that all tenants of a HTF-assisted development will meet the income limits as required by relevant program guidelines; and

- A statement declaring the recipient will comply with rent limits, determined to be no more than 30% of 30% of the area median income.

XIII. Performance Goals and Benchmarks

Georgia will receive \$3,314,612 in state grant funds in the first year of allocation. All HTF funds that Georgia receives will be used to house extremely low-income families. In accordance with 24 CFR Part 93, Georgia will allocate 10% (331,461.20) of its grant to program planning and administrative cost; up to one-third for operating cost assistance or funding operating cost reserves (\$1,104,870.67); the balance of the grant (\$1,878,126.93) will provide capital funding for eligible uses of HTF-assisted units. It is estimated that HTF funds will assist in developing 10 units affordable to ELI households.

XIV. Rehabilitation Standards

DCA's rehabilitation standards will apply to HTF-assisted developments. DCA's rehabilitation standards for all HTF-assisted housing rehabilitation activities set forth the requirements that the housing must meet upon project completion. Applicants must be able to demonstrate compliance with these standards. DCA's Rehabilitation Guide standardizes the expectations for the longevity and market stability of a completed rehabilitation of an existing rental property. DCA's rehabilitation standards can be found on DCA's [website](#).

XV. Resale and Recapture Guidelines

Until further notice, the state does not intend to use any funds for homebuyer activities.

XVI. Affordable Homeownership Limits

Until further notice, the state does not intend to use any funds for homebuyer activities.

XVII. Preferences and Limitations

Any limitation or preference must not violate non-discrimination requirements in the HTF interim rule at 24 CFR 93.350, and the applicant must have affirmative marketing procedures and requirements that apply in the context of the limited/preferred tenant eligibility for the project. As shown in Section IX, DCA will give preference to segments of the ELI population based on the State's priority Housing Needs as described in the Consolidated Plan and Annual Action Plan. Preferences and/or limitations will not be given to students.

XVIII. Refinancing Guidelines for HTF developments

DCA may permit the use of HTF funds towards the cost of fully or partially refinancing existing debt on a multifamily rental property. Under the regulation at 93.201 (b)(1) refinancing guidelines costs are only permitted when:

- Rehabilitation is the primary eligible activity;
- Refinancing is necessary to reduce the overall housing cost and to make the housing more affordable and is proportional to the number of HTF-assisted units in the rental project; and

- The rehabilitation cost attributable to the HTF units is greater than the amount of debt to be refinanced that is attributable to the HTF units.

XIX. Compliance with Other Federal Requirements

Applicants must comply with all applicable federal or state laws, regulations and other requirements now or hereafter in effect. The Project Team is responsible for ensuring the proposed program, activities, goals and timetables comply with all federal or state laws, regulations and other requirements.

Areas covered by the applicable laws and regulations include but are not limited to: Non-Discrimination and Equal Access; Fair Housing and Equal Opportunity; Accessibility; Contracting and Procurement; Environmental; Lead Based Paint; Acquisition and Relocation; Financial Management; Labor Standards; and Immigration.