Staying Afloat in Affordable Housing Production:

An Initial Examination and Framework of Cost Savings for Mercy Housing Southeast

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Cover image: Mercy Housing Southeast. (n.d.). Savannah Gardens Residences.
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Introduction

As income disparities continue to increase nationally, finding and constructing housing that is affordable and provides a stable environment to those in the lowest-income brackets has become extremely difficult across the nation. In a post-recession economy, residential and commercial development has recovered significantly in several large cities. However, construction has largely consisted of luxury apartments and townhomes for higher income business professionals moving into downtown areas. Financing residential projects that are affordable to families earning less than 60% of the area median income involves creative layers of financing as construction costs are fixed whether the units are priced at or below fair market rent (FMR). Creative financing techniques for affordable housing have existed for much longer than this post-recession period of course.

In this paper, I will focus on affordable housing in terms of residential developments with a portion of their units serving households that earn less than 60% of the area median income (AMI) but there are many types, methods and definitions of affordable housing. Generally, these methods include direct production efforts, such as micro units to lower construction costs and rent, and regulatory efforts to mandate that new construction includes affordable rents as is the case with local inclusionary zoning ordinances. All are moving and necessary parts within the goal of addressing affordability in renting and homeownership. Due to my familiarity with the federal and state programs of the Low-Income Housing Tax Credit (LIHTC) through my internship with a nonprofit affordable housing developer, this paper will center on LIHTC's efforts (one moving piece in the puzzle) to combat affordability.

When land costs are extremely high – on average about $511,000 per acre nationally within urban areas – affordable housing developments tend to concentrate in low income neighborhoods (Florida, 2017). These locations offer both less expensive land acquisition values and lower likelihood of local resistance in the permitting process with the municipality. In an effort to more evenly disperse affordable housing, if the cost of land cannot change (or is difficult[1]) identifying areas to save on construction costs is crucial. The strategies discussed in this paper for streamlining construction costs avoid compromising the life cycle of the building and skimping on maintenance for the sake of saving upfront costs.

As the Low-Income Housing Tax Credit method (the most widely used federal housing program by affordable housing developers) is complicated, this paper aims to provide the framework for a development and construction reference manual. During my internship with one of the nation's leading affordable housing developers, Mercy Housing Southeast (MHSE), I am working on projects at various stages of the tax credit process and affordability period. When it comes to affordable housing production, most LIHTC developers are pressed for time and funding which often leads to a majority of their capacity spent on securing the next grant or completing the next checkpoint for the state agency allocating the tax credits. This type of reference manual is critical to free up capacity for developers to focus on creating durable, sustainable and healthy housing for low-income residents. For this paper, Mercy's recent projects in Georgia will serve as case studies and provide insight into cost savings at different stages of the development and construction process. Hopefully, this manual can serve as institutional memory and re-evaluation for Mercy Housing Southeast in addition to providing guidelines for cost-effective projects. In this way, affordable housing developers can be better prepared and resilient when unexpected costs are incurred on a tight budget with a variety of funding sources.

[1] Efforts to combat the cost of land include community land trusts and cities leasing developers land at a price of $1 over 99 years as the development is in the public's interest.

I. LIHTC Context

Arguably, the most successful production of affordable housing has come from the Low-Income Housing Tax Credit program that was established by the Tax Reform Act of 1986 (Schwartz, 2015). By 2013, roughly 2.4 million units had been developed under LIHTC since the program began (Khadduri, 1). The program provides a dollar-for-dollar tax credit to encourage partnerships between private investors and typically non-profit developers to construct affordable multifamily residential projects. The mechanics of the LIHTC program are complex and fall under the responsibility of state housing authorities, which review project applications (qualified allocation plans or QAPs) from developers and allocate tax credits to a select number of partnerships annually. Developers apply to these state agencies for two types of tax credits: the 9% credit – a larger amount of equity awarded on a competitive basis – and the 4% credit which is awarded “as of right” with Tax Exempt Bond financing (Schwartz, 2015, p.137). The amount of credit depends on factors such as state population, the location and cost of the development as well as the proportion of units that are low income. As mentioned, location of these projects has come under some scrutiny partially due to the program’s focus on projects that are either in difficult development areas (where the cost of housing is high relative to area median income) or in a qualified census tract (half of all households must have income below 60% of median family income for their metro area) (136). These developments receive a “basis boost” of 130% which significantly increases their “qualified basis” for tax credit allocation and makes minority neighborhoods particularly attractive for tax credit projects (136). The maximum allowable rent for low-income units within LIHTC projects is set at no more than 1/3 of either 50% or 60% of the area’s median family income indicating the program’s intention to serve more vulnerable populations but it is not clear to what extent the program spurs more stable communities for residents with the application’s location bias (137).

Other logistics outside of the project site selection focus on the limited partnership between the investor and developer; the developer sells the tax credits to private investors to help cover acquisition, construction and other costs. The amount of equity generated by the tax credit allocation depends on (1) the price investors are willing to pay for the credit and (2) various transaction costs connected to the sale or syndication of the tax credit (135). Often the developer's top enticement in this program stems from a 15% developer fee while the investors receive the credit for 10 years (135). These benefits attempt to offset the difficulty of constructing residential units that will be rented below FMR but often fall short of penciling out for developers in the end. As a result, when the program's 15-year affordability period is over, many developments revert to FMR for the area adding another deterrence for long-term neighborhood stability surrounding LIHTC projects.

Although LIHTC was established in the late 1980's, each state's qualified allocation plan has varied levels of detail. MHSE focuses on prospective projects in Georgia and South Carolina mostly – these are the two QAPs I will explain in more detail. Georgia's QAP as established by Georgia Department of Community Affairs (DCA) is thorough as far as the information requested and checkpoints, while South Carolina's QAP is rather bare bones. This could be due to the geographic and urban make-up of both states – South Carolina has only three cities above 100,000 in population. Therefore, smaller cities may not have as much competition for LIHTC projects and subsequently less upfront requirements for each applicant.

Mercy currently has two residential projects in the pipeline in South Carolina, both near Greenville – Mauldin Center was awarded tax credits last year and The Belvedere is applying for this year's 9% tax credits. Although the program has been around since the late 1980's it is smaller than Georgia's, each year about 20 projects are awarded tax credit and total units rarely break 60 (SC Housing, n.d.). South Carolina's QAP does not differentiate for scoring purposes between an urban and rural site. This poses an issue for criteria that awards points based on specific proximity to goods and services – some potential sites are not within a mile of a school or are what South Carolina Housing considers too close to a fire department. Not only are these parameters odd, but they may be cutting off potential projects – various city officials have contacted MHSE looking to develop a tax credit project on available sites that do not competitively score under these guidelines.

When completing a LIHTC application there is a core application (from the state agency) in the form of an excel spreadsheet with numerous tabs of information to be filled out. This information can often be considered threshold criteria and includes developer information, questions regarding the site conditions, unit mixes, parking provided, AMI targeting, proforma funding sources and uses, development costs and a separate scoring criteria section. Scoring varies from state to state – last year South Carolina's awarded LIHTC projects scored between 150-200 points while Georgia's maximum score is 92 points (n.d.). South Carolina's scoring criteria shares a few similar categories (weighted differently) with Georgia such as positive and negative site characteristics, affordability, affordable housing shortage, sustainable building, and revitalization (SC Housing, 21-27). However, they place additional emphasis on cost containment stacking the total development costs of applicants against one another.

Georgia's QAP scoring criteria (out of a possible 92 points) used in the competitive 9% applications includes the following categories:

I. Application Completeness
II. Deeper Targeting/Rent/Income Restrictions
III. Desirable and Undesirable Activities
IV. Community Transportation Options

V. Enriched Property Services
VI. Place-Based Opportunity (can only score points in VI or VII)
VII. Revitalization / Redevelopment Plans
VIII. Community Transformation
IX. Stable Communities
X. Community Designations
XI. Phased Developments/Previous Projects
XII. Extended Affordability Commitment
XIII. Exceptional Nonprofit/Public Housing Authority
XIV. DCA Community Initiatives
XV. Favorable Financing
XVI. Historic Preservation
XVII. Compliance and Performance

An example checklist from the 2019 round of allocations is included as an appendix to this paper. Many of the scoring sections focus on the context of the project in an effort to ensure future residents have access to transit, services and amenities. On the next page is the certification form for the desirable location scoring category. As you can see DCA sets different proximity limits for rural versus flexible (urban) sites. Accordingly, any given year DCA allocates tax credits to 15-17 rural applications and 18-20 flexible applications out of an average of 70 total applications. A small glimpse at only one of these scoring categories and its supplemental documentation begins to paint a picture of the detailed and tedious nature of this funding application. It encompasses 4-5 months of work to prepare which can strain small developers with limited capacity to handle multiple projects at various stages of development.

2020 DCA DESIRABLE/UNDESIRABLE SITE CERTIFICATION

"Desirable" Site Certification

(this certification form is required for all applications)

PROPERTY INFO

Project Name: Heritage Place
Scattered Site Projects: Yes
Competitive Pool Type: **Flexible**

PROPERTY LOCATION:

Site Street Addr:
City:
Zip: County:

CONCEPTUAL SITE DEVELOPMENT PLAN:

Property Site Entrance:

GeoCoordinates (Decimal - 00.00000)

		Latitude	*Longitude*
Vehicular	*Primary:*		
	Secondary:		
Pedestrian	*Primary:*		
	Secondary:		

	Applic	DCA
Total Desirable Points	0	0

III. DESIRABLE/UNDESIRABLE ACTIVITIES - Up to 10 Points

Link: 2020 QAP

A. Desirable Activities
Points will be awarded for each desirable activity/characteristic category as set forth below. Applicants will be limited to receiving a maximum of ten (10) points under this section.
1. Requirements
a) One (1) point will be awarded to desirable activity/characteristics which are within a 2- mile driving or walking distance of a proposed Rural site and 1.5-mile driving or walking distance of a proposed Flexible site.
b) Two (2) points will be awarded to desirable activity/characteristics which are within a 0.5-mile driving or walking distance of a proposed site.
c) Driving or walking routes must originate from geo-coordinates of the pedestrian or vehicle site entrance and end at the geo-coordinates of the desirable amenity.
d) Each building/entity/location will be assigned to only one (1) desirable category, with the exception of an amenity under (a), (c), or (l) below, which may be assigned to up to two (2) desirable categories. (Example: a public park may have a gymnasium and/or a swimming pool, or a supermarket may have a pharmacy).
e) Desirable characteristics that are under construction may be eligible for points if the construction site is clearly active and the new structures are above ground at the time of Applicant Submission.
f) For Scattered Site Projects, desirable amenities must be measured from the center point of each Scattered Site locations.

Applicant: Select Competitive Pool above, then enter Route Type & Mileage on each line so Points will calculate.

Item	Category	Building/Entity Name	Address	Route Type	Construction Status	Photos Included	Site Entrance Location – Geo Coordinates (decimal degrees): Latitude (decimal) 00.000000	Longitude (decimal) 00.000000	Indicate Site Entrance used	Route Map Included	Route Directions Included	Mileage 0.0	Points	DCA USE ONLY: Mileage	DCA USE ONLY: Points
	Note: All cells for desirable items a through q must have data entered for points to auto-calculate and populate and display point max "Total Scored Desirable Points"														
	Retail & Restaurants	Building/Entity Name	Address	Route Type	Construction Status	Photos Included	Latitude (decimal) 00.000000	Longitude (decimal) 00.000000	Indicate Site Entrance used	Route Map Included	Route Directions Included	**Mileage 0.0**	**Points**	Mileage	**Points**
a	National Big Box General Merchandise Store			Driving									0		
b	Retail/Clothing/Department Store			Driving									0		
c	Supermarket/Grocery Store			Walking	Complete								0		
d	Restaurants			Walking	Complete					Yes			0		
	Medical Care	Building/Entity Name	Address	Route Type	Construction Status	Photos Included	Latitude (decimal) 00.000000	Longitude (decimal) 00.000000	Indicate Site Entrance used	Route Map Included	Route Directions Included	**Mileage 0.0**	**Points**	Mileage	**Points**
e	Hospital			Driving									0		
f	Medical Care Provider			Walking	Complete								0		
g	Pharmacy			Walking	Complete								0		
	Education & Childcare	Building/Entity Name	Address	Route Type	Construction Status	Photos Included	Latitude (decimal) 00.000000	Longitude (decimal) 00.000000	Indicate Site Entrance used	Route Map Included	Route Directions Included	**Mileage 0.0**	**Points**	Mileage	**Points**
h	Child care service, licensed by GA Dept. of Early Care and Learning			Driving									0		
i	Institution that is part of the Technical College System of Georgia			Driving									0		
j	Elementary, Middle, or High School			Walking	Complete								0		
	Community Assets	Building/Entity Name	Address	Route Type	Construction Status	Photos Included	Latitude (decimal) 00.000000	Longitude (decimal) 00.000000	Indicate Site Entrance used	Route Map Included	Route Directions Included	**Mileage 0.0**	**Points**	Mileage	**Points**
k	Traditional Town Square which includes operational anchor institution			Driving									0		
l	Community or Recreational Center			Walking	Complete								0		
m	Public park /public community garden			Walking	Complete								0		
n	Public Library			Driving									0		
o	Fire Station or Police Station			Driving									0		
p	Federally Insured Banking Institutions			Walking									0		
q	Place of Worship			Walking	Complete								0		
r	Post Office			Driving									0		

LIHTC within Atlanta

Every year DCA releases and then reviews Qualified Allocation Plans for LIHTC projects across the state. Development teams must put together an application including intensive market studies of a selected site, unit mixes showing how the affordable units will meet the needs of the community, a series of design standards/specifications and detailed layers of financing to ensure the project will “pencil out”. DCA then awards different levels of tax credits to a select few developers based on the aforementioned criteria and the project’s general benefit to the surrounding communities. Some criticism of the locations of LIHTC projects often arises due to the fact that is it easier to receive public approval for affordable housing projects in lower-income neighborhoods therefore many are located in minority and low-income areas. Although locating these projects in higher opportunity areas would prove the most beneficial for residents the developments are often met with community resistance in affluent, majority Caucasian neighborhoods. The following maps examine the neighborhood make up and conditions of where LIHTC projects within Atlanta have been approved.

Many developers in the state who execute LIHTC developments are located within Atlanta’s MSA as its existing affordable housing stock is shrinking rapidly. Figure 1 shows there have been 104 LIHTC projects constructed within the city of Atlanta between 1988 and 2009. Some of the earlier developments have surpassed their 15-year affordability period and may have converted to market rate units. A quick observation reveals no projects have been allocated in North Atlanta and many tend to cluster around the major interstates. Information for these LIHTC projects was retrieved from the U.S. Department of Housing and Urban Development database and then geocoded by address in ArcGIS.

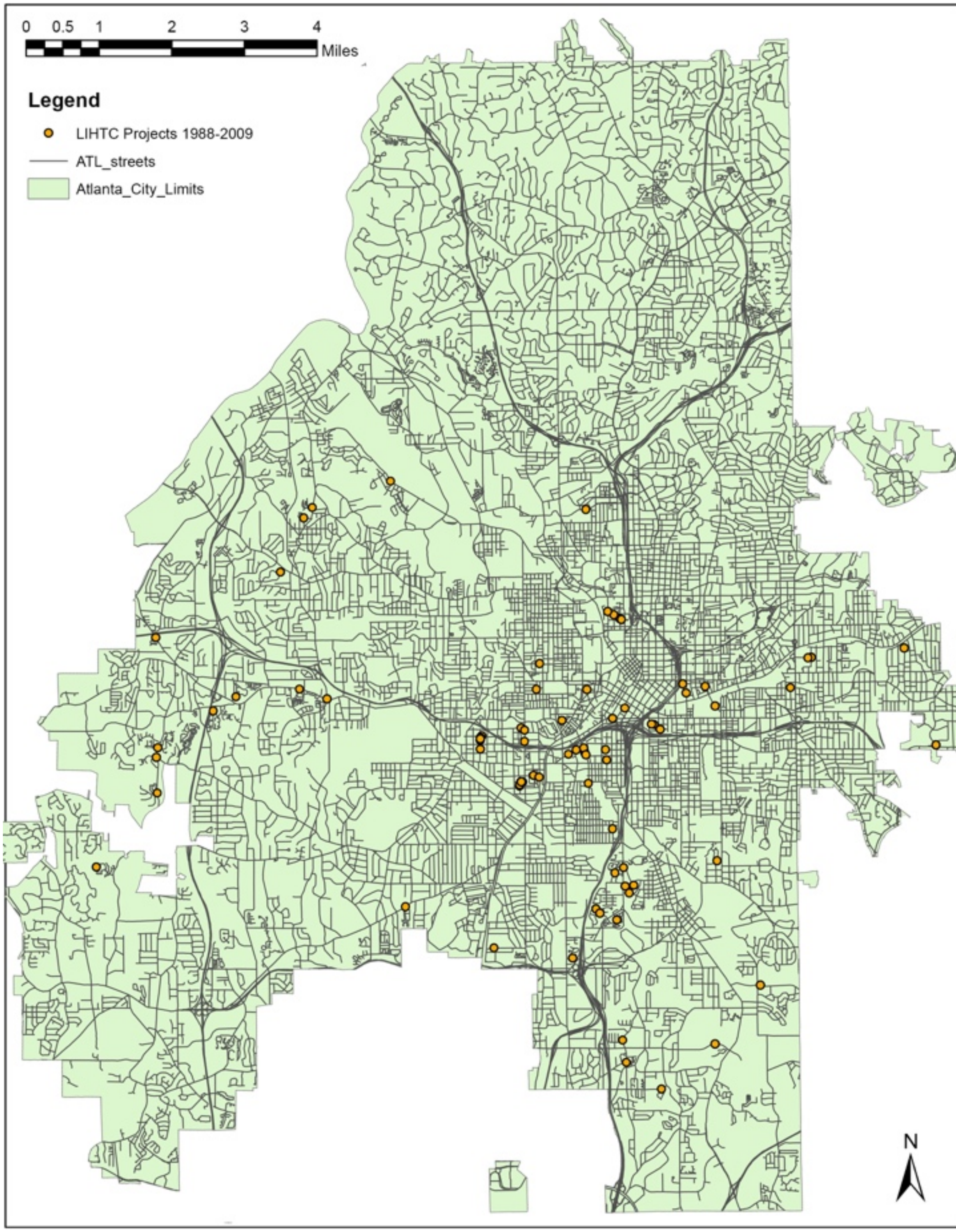


Figure 1 Atlanta's LIHTC developments 1988-2009
https://lihtc.huduser.gov/

Shifts in ethnicity within Atlanta also paint a picture of LIHTC development patterns. Generally, within the city limits the highest percentage of non-white populations tend to be to the Southwest and South of North Avenue. Between 2000 and 2010 noticeable shifts occurred with an increase of several census tracts along Buford Highway and I-85 corridor from the 20-40% group to 40-60% of the population being non-white. Additionally, census tracts downtown and to the southeast saw a similar amount decrease in the non-white population by 2010. The 2000 and 2010 maps for percent population that is white mirrors these trends which seem plausible due to the increased redevelopment of the neighborhoods to the east of the interstate (Midtown, Old Fourth Ward, and Virginia Highlands) that brought many white households into the city after 2000. These demographic shifts may verify the claim made by Inclusive Communities Project, Inc in Supreme Court that LIHTC can have disparate impact on lower income households, the majority of LIHTC projects in Atlanta are located in census tracts with 40%+ minority.

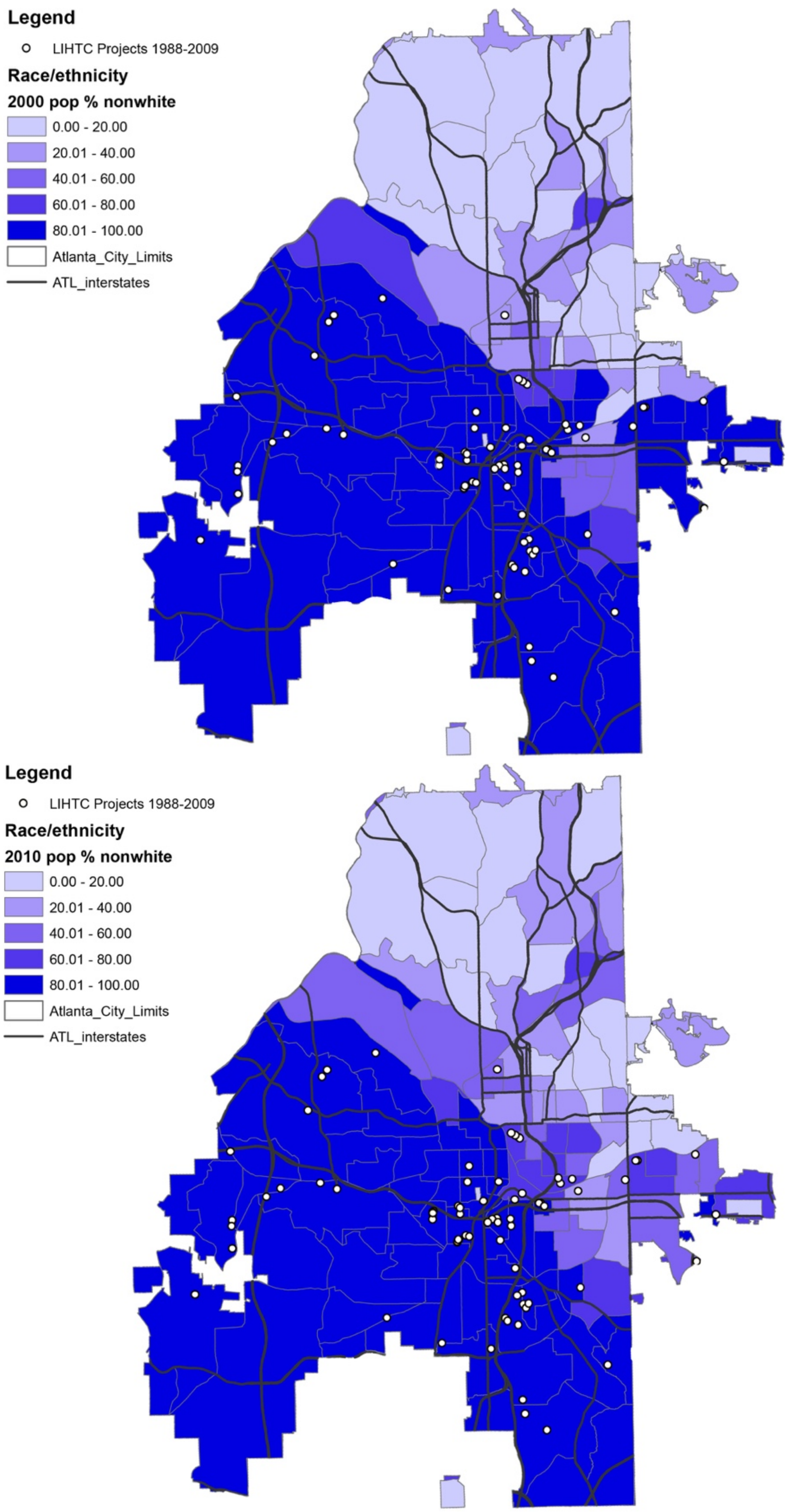


Figure 2 City of Atlanta's Change in Percent Ethnicities 2000-2010

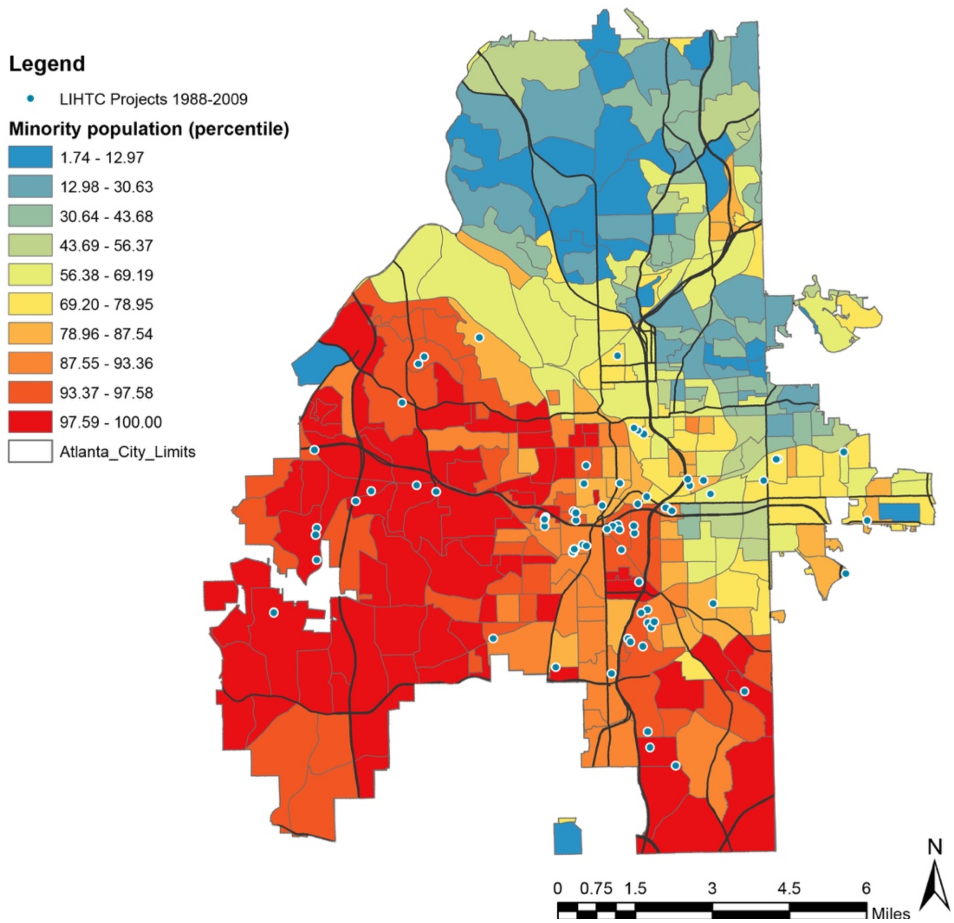


Figure 3 City of Atlanta's Minority Population (percentiles) - EJScreen

Another measure that is useful to present the context of LIHTC in Atlanta is environmental justice data collected from the EPA's EJScreen mapping tool. The tool examines the two largest vulnerable demographic groups - minorities and low-income – with regard to environmental issues such as air quality and access to open space within a neighborhood. In figure 3, the highest percentiles of minority populations (95-100) exist mainly in the southwest corner of the municipal boundary, areas near the airport and the neighborhoods south of I-20 and west of I-85. The latter area has both a high concentration of LIHTC developments and minorities. Given this history of development within the city of Atlanta there is a great need to find construction cost saving strategies in order to afford land costs of building in higher opportunity and often healthier areas.

II. Methods

To create a framework for an affordable housing cost savings manual I examine Mercy Housing's structure, six of their current residential developments and the layers of financing for MHSE's LIHTC projects. The selected projects fall into three categories – Built/New Construction, Rehab and In Development – this will provide a comprehensive look at the costs associated with each type of residential project. For each project these factors will be important when considering cost and time savings:

- *Breakdown of units by AMIs served and any other accommodations*
- *Funding sources*
- *Total Development Cost, hard costs, and soft costs breakdowns*
- *Cost per unit*
- *Type of Construction and Number of buildings*

Further detail of Mercy's inventory and explanations of funding sources are provided in Section III, the projects that will be analyzed are the following:

Property Name	Location	Total Units	Type	Funding Sources
Heritage Place	Savannah, GA	158	Rehab	• 9% LIHTC • CDBG* (CHSA) • HOME* (City) • Historic Tax Credits
Mercy Park	Chamblee, GA	79	Built/New Construction	• 9% LIHTC • HOME • AHP*
Renaissance Park Place	Atlanta, GA	100	Rehab	• NOFA • Invest Atlanta • HUD 221d4
Reynoldstown Senior	Atlanta, GA	70	Built/New Construction	• 4% LIHTC/Bond • HOME (City) • HUD 202*

				• Beltline AHTF Grant • Enterprise Grant • PBRA* (HUD, PHA)
Savannah Gardens VI	Savannah, GA	85	In Development	• 9% LIHTC • HOME (State) • CDBG (CHSA) • AHP
Thrive Sweet Auburn	Atlanta, GA	117	In Development	• 9% LIHTC • HomeFirst • NHTF*

*AHP- Federal Home Loan Bank's Affordable Housing Program Grant
CDBG- Community Development Block Grant, program funded through HUD
CHSA – Community Housing Services Agency (development group in Savannah, GA)
HOME – Home Investment Partnerships Program provides grants to states or localities for community use including building or rehabbing affordable housing for rent or ownership (a HUD program)
HUD 202 – Providing capital and rental assistance for supportive housing for the elderly
NHTF – National Housing Trust Fund

III. Case Study of Mercy Housing Southeast

Mercy's History

Mercy Housing was founded over 35 years ago by the Sisters of Mercy, who worked in health care and legal aid. The sisters established Mercy Housing upon seeing the strong link between health and housing needs, and set their mission to create stable, vibrant, and healthy communities by developing, financing, and operating affordable, program-enriched housing. Today, Mercy Housing, Inc. is one of the most productive non-profit developers of affordable housing in the country, providing over 48,000 affordable homes (Mercy Housing, n.d.). Mercy Housing Inc. is headquartered in Denver, Colorado and has four regional offices in San Francisco, Chicago, Seattle and Atlanta. Although the youngest of the regional offices, Mercy Housing Southeast (MHSE) has developed affordable housing for over 20 years in 8 states. Since 1996, MHSE has "developed or acquired more than 3,350 affordable rental homes throughout the region" (MHSE, n.d.-a).

Mercy Housing differs from other affordable housing developers because it encompasses more than development and construction of units – as part of the sisters' vision, Mercy provides wrap-around services to residents. Each property built or acquired by MHSE is also maintained by Mercy Housing Management Group and equipped with programs by Mercy's resident services. MHSE's vision is led by President James Alexander and the 9 members of the MHSE Board of Directors. Members of the Board provide insight into the South East's housing landscape by way of real estate advisement, community development expertise, financial lending and healthcare services in the region. The real estate development team, consisting of 3 individuals at MHSE, are then tasked with scoping out prospective developments and seeing projects through construction after layers of financing are established. This section discusses how MHSE finances projects as well as provides an inventory of their current properties in Georgia to provide context for later examination of one way in which affordable housing is produced.

Layers of Financing

In order to analyze and compare a LIHTC project's total development cost (TDC) a basic understanding of the costs that comprise TDC is needed – costs fall into three categories referred to in the industry as hard, soft and land costs. Hard costs concern the physical construction of the project while soft costs include the design and implementation of the project. Soft costs generally include fees required as a condition for approval of the project, financing, consulting, tax, title and insurance (Garcia, 2019, p. 4). Consultants cost mainly encompass architects and engineers hired for the project but can also include site specific tasks such as geotechnical engineers and historical resource consultants to assess existing conditions prior to construction. The financing portion of soft costs covers an "interest reserve to pay interest on the construction loan during the construction period, soft cost contingency funds (in case soft costs exceed the budgeted amount)", costs to close financing and a developer fee (3-5% of the total project cost) accessible to the developer once construction begins (4). Land cost theoretically "should be determined by the amount of funds left over after estimating total hard and soft costs without pushing the project into infeasibility"; however, land costs are impacted by a variety of factors outside of the developer's control (5). Funding for these costs will come from two sources: debt and equity. Debt comes in the form of a loan from a bank – to decide whether to lend, a bank assesses the developer's track record, project documentation and financial benchmarks. The two main financial metrics are debt service coverage ratio (the project's net operating income divided by the anticipated loan payment) and loan-to-cost ratio ("the amount banks are willing to lend relative to the total project cost") which is usually required at 65% and above (8). Equity then fills the gap between project cost and the loan which comes from a project investor or the developer's own capital.

In terms of the timing of financing, typically if a prospective site and potential partner for a development are projected to score competitively for a 9% tax credit application then it is pursued as the first and major source of funding. If the project does not score above a 55 (out of 90) on DCA's QAP for that year the development team will consider applying for a 4% tax credit/bond from DCA. The timeline of financing is then dependent on DCA's tax credit allocation – generally a project will be submitted for LIHTC in late May and informed of the tax credit award in late November or December of that year. From there the speed with which other funding sources are established is rapid in order to meet checkpoints established by DCA. These checkpoints can be seen in the figure on the next page.

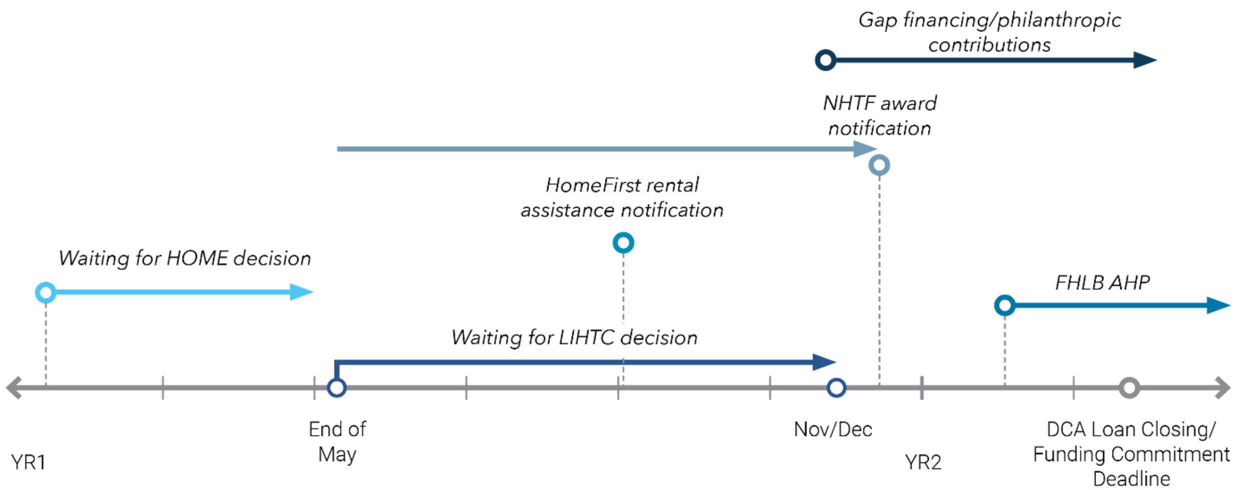


Figure 4. Timeline of Funding for a MHSE LIHTC Project (created by author)

These secondary funding sources are explained in more detail in the subsections below.

HOME: Home Investment Partnership Program

This program overseen by HUD provides grants to states and localities for community uses that include constructing or rehabbing affordable housing for rent or homeownership or rental assistance (U.S. Dept of Housing and Urban Development, n.d.). In the case of Mercy's projects, both Reynoldstown Senior and Heritage Place were selected for these federal block grants from the local municipality while Savannah Gardens Phase VI was granted HOME funding by the state of Georgia. The program aims to increase communication and partnerships between levels of government as it relates to affordable housing. To solidify the government's commitment to this effort it is required that participating jurisdictions/body of government match 25 cents of every dollar in the program fund towards affordable housing (n.d.). States are typically allocated about 3 million annually while local jurisdictions are eligible based on a formula focusing on the "inadequacy of each jurisdiction's housing supply, its incidence of poverty, [and] its fiscal distress" among other things (n.d.). For reference, the state of Georgia allocated $2 million as a 35-year HOME loan to Mercy's Savannah Gardens VI. This HOME funding directly aids the construction financing (12% of total construction costs) of this project, proving to be a critical piece of the puzzle.

Federal Home Loan Bank of Atlanta's Affordable Housing Program

Although traditionally the Federal Home Loan Bank's (FHLB) scope focuses on homeownership, in 1989 FHLB created an affordable housing program (AHP) to give back 10% of their annual net income through their member banking institutions involved in affordable housing development (The Hendrickson Company, 2010, p. 3). Through a competitive application process, developers can be awarded a grant of up to $500,000. The amount may seem small relative to sources such as LIHTC and HOME in the millions range, however such a grant may be critical to a project being completed. In the case of Savannah Gardens VI, MHSE applied intending for the amount of $350,000 to be a cushion in the budget. When MHSE was awarded the grant in September of 2019, our budget had changed dramatically due to unforeseen site issues that resulted in extensive geotechnical fees – the additional funding was imperative.

The AHP application requires detailed information about the residential project, the development team, its lending institution and the market it aims to serve in terms of income and employment prospects. FHLB tends to open the applications in the spring or summer and notify the awardees 2-3 months after the application deadline. The program aims to support affordable housing developers but also connect those developers to further capital from private and public entities. According to a review of FHLBank Atlanta's AHP, "for every dollar of AHP funding put into a particular development project, an additional $14.30 is invested by private entities" which benefits Mercy in terms of increasing available capital (4). However, as a long-term investment, AHP requires documentation check points that can further burden a development team like Mercy that is short on time and capacity.

HomeFirst Atlanta

Directed by the nonprofit, Partners for HOME, HomeFirst is an initiative to provide permanent supportive housing (PSH) and continuum of care infrastructure for the homeless in Atlanta. HomeFirst Atlanta invests in projects that provide PSH units through a partnership of Invest Atlanta and the United Way Regional Commission on Homelessness. As called for by the city the partnership will invest $50 million in projects that align with HomeFirst's 5-year strategic plan that may come in the form of capital, operating or services for permanent supportive housing (Partners for HOME, n.d.). In the case of MHSE's Thrive Sweet Auburn project, HomeFirst invested $920,000 towards construction financing. Thrive Sweet Auburn is a unique project in partnership with Project Community Connections, Inc. (PCCI) whose mission is to rehouse individuals and families experiencing homelessness. The development will house PCCI's new offices, offer services to those previously homeless and offer 23 PSH units. All these factors made Thrive Sweet Auburn well aligned with the mission of HomeFirst Atlanta.

National Housing Trust Fund (NHTF)

Established under the Housing and Economic Recovery Act of 2008, NHTF is a federal program funded through HUD to complement other efforts to "increase and preserve affordable housing for extremely low-income and very low-income households" (Georgia Department of Community Affairs, n.d.). Within DCA, the Georgia Housing Finance Authority is tasked by the Governor to administer the annual NHTF grant from HUD for the state. Since the NHTF core application is similar to the core application for LIHTC, it makes sense– therefore for projects to apply for both funding sources in tandem. The applications are analyzed by DCA and typically chosen based on to the number of units provided for extremely (30% AMI) or very low-income (50-60% AMI) households. In 2019, MHSE received $3 million towards construction financing from National Housing Trust Fund for Thrive Sweet Auburn as it has no market rate units and serves between 30 and 80% AMI households. This award is a huge help to the development team accounting for roughly 14% of Thrive's total development cost.

PBRA – Project based rental assistance

Project based rental assistance is provided through the local public housing authority (PHA) and is one of the few funding sources listed here that is applied after construction. The rental assistance can be associated with various programs (i.e. Section 8); however, the general concept remains the same – a low-income resident pays 30% of their income and the PHA pays the difference in rent to the landlord. In this situation, Atlanta Housing pays the rent difference in designated PBRA units to Mercy Housing for the two projects mentioned above: Reynoldstown Senior and Thrive Sweet Auburn. Below is the rent schedule for Thrive Sweet Auburn where the red highlighted units are rental assistance units.

RENT SCHEDULE

Unit Type	Baths	Set-Aside	# Units	SF	Max Gross Rent	Gross Rent	Util. Allow	Net Rent	Annual
STUDIO	1 BA	30%	0	450	$ 418.00	$ 397	$ 122	$ 275	$ -
STUDIO	1 BA	60%	10	450	$ 837.00	$ 795	$ 122	$ 673	$ 80,778
STUDIO	1 BA	80%	9	450	$ 1,116.00	$ 1,060	$ 122	$ 938	$ 101,326
STUDIO	1 BA	PSH	9	450	$ 418.00	$ 418	$ 122	$ 296	$ 31,968
STUDIO	1 BA	MR	0	450			$ -	$ -	$ -
1 BR	1 BA	30%	7	672	$ 448.00	$ 426	$ 130	$ 296	$ 24,830
1 BR	1 BA	60%	20	672	$ 897.00	$ 852	$ 130	$ 722	$ 173,316
1 BR	1 BA	80%	20	672	$ 1,196.00	$ 1,136	$ 130	$ 1,006	$ 241,488
1 BR	1 BA	PSH	13	672	$ 448.00	$ 448	$ 130	$ 318	$ 49,608
1 BR	1 BA	MR	0	672			$ -	$ -	$ -
2 BR	2 BA	30%	7	1008	$ 538.00	$ 511	$ 186	$ 325	$ 27,308
2 BR	2 BA	60%	8	1008	$ 1,077.00	$ 1,023	$ 186	$ 837	$ 80,366
2 BR	2 BA	80%	8	1008	$ 1,436.00	$ 1,364	$ 186	$ 1,178	$ 113,107
2 BR	2 BA	PSH	1	1008	$ 538.00	$ 538	$ 186	$ 352	$ 4,224
2 BR	2 BA	MR	0	1008			$ -	$ -	$ -
3 BR	2 BA	30%	1	1344	$ 621.00	$ 590	$ 249	$ 341	$ 4,091
3 BR	2 BA	60%	2	1344	$ 1,243.00	$ 1,181	$ 249	$ 932	$ 22,364
3 BR	2 BA	80%	2	1344	$ 1,658.00	$ 1,575	$ 249	$ 1,326	$ 31,826
3 BR	2 BA	PSH	0	1344			$ 249	$ (249)	$ -
3 BR	2 BA	MR	0	1344			$ -	$ -	$ -
TOTAL			**117**	**83,832**				**ANNUAL GROSS REVENUE**	**$ 986,602**

Foundation grants gap financing

Wells Fargo Foundation granted $350,000 to MHSE for Thrive Sweet Auburn in December, 2019. This grant represented the first philanthropic grant through the HouseATL Funders Collective in a large push by the city "to align private funding with public dollars to address the housing affordability problem" (Hughes, 2019). MHSE's philanthropic team applied to Wells Fargo Foundation under the foundation's objective to recognize organizations leading "large-scale neighborhood revitalization projects" such as affordable housing solutions (2019). Other grants have been awarded to various MHSE projects by the philanthropic arms of corporations like Home Depot – this money often helps to fill the equity gap financing needed after a construction loan is determined.

Inventory of MHSE Properties

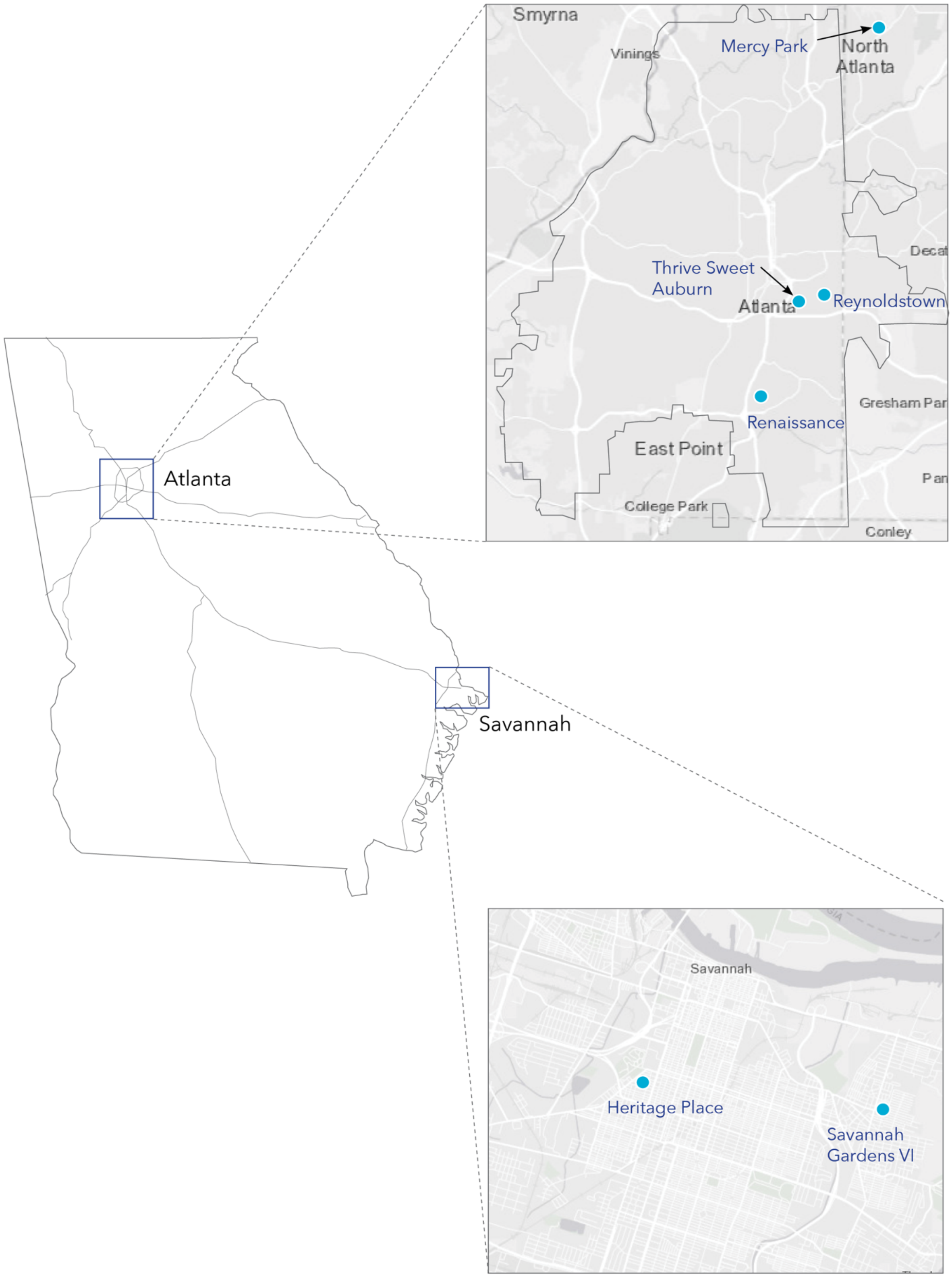


Figure 5. Map of Selected MHSE Properties within Georgia. (created by author)

BUILT

Senior Residences at Mercy Park

5124 Peachtree Rd
Chamblee, GA 30341

Property Type – Senior

Units – 79

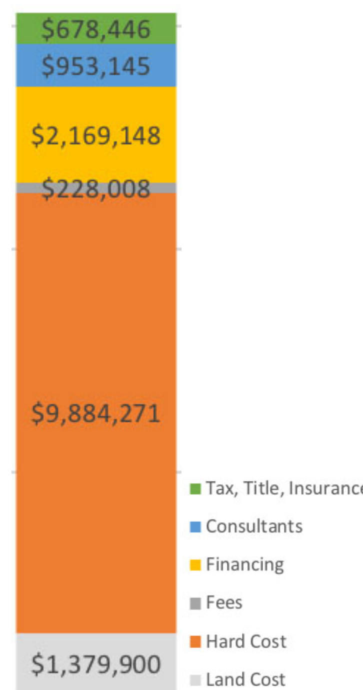
AMI serving: 50 & 60%

Completed - 2018

Cost per unit
$187,938

Total Dev Cost
$15,292,920

Breakdown of Sources



Mercy Park Senior residences was developed in partnership with Mercy Care/St. Joseph's Healthcare to provide on-site healthcare services. Furthermore, MHSE presented a compelling case to DCA due to locating the development less than two blocks from the Chamblee MARTA station. Transit accessibility and a primary care medical center for low-income seniors advances MHSE's commitment to the integration of health and housing.

Chamblee, just outside Atlanta city limits, has seen a large increase in housing prices in the past few years. This project aims to fill missing housing supply for seniors within walking distance to medical care. The area surrounding Mercy Park has several amenities including community parks, public schools, financial institutions and drug stores. The 79-unit building includes a mix of one and two bedrooms with resources such as a computer center, fitness center, community room and rooftop deck along with social & recreational programs.

Financing sources included tax credit equity of $12.6 million and $2 million from DCA HOME funds.

Reynoldstown Senior

Reynoldstown Senior is a pleasant 70-unit development right along Atlanta's BeltLine. In addition to the great outdoor amenity the neighborhood of Reynoldstown offers many restaurants and retail options within walking distance. The property sits within a quiet residential neighborhood.

This senior residence received funding from the Beltline Affordable Housing Trust Fund as well as a grant from Enterprise. These resources and partnership with Atlanta Beltline Inc. helped to reduce the cost of land in a prime location of the city. Additional financing consisted of $300k from the city of Atlanta's HOME program; $4.7 million from HUD 202; and 4% Bonds equaling $3.7 million.

After Reynoldstown in 2016 there is a noticeable increase in per unit costs for Mercy projects. All other recent projects have a cost per unit of at least $180,000. Reynoldstown, with support from several critical partners, may serve as more of an anomaly for the 2010's with lower than expected construction costs.

695 Field St. SE
Atlanta, GA 30316

Property Type – Senior

Units – 70

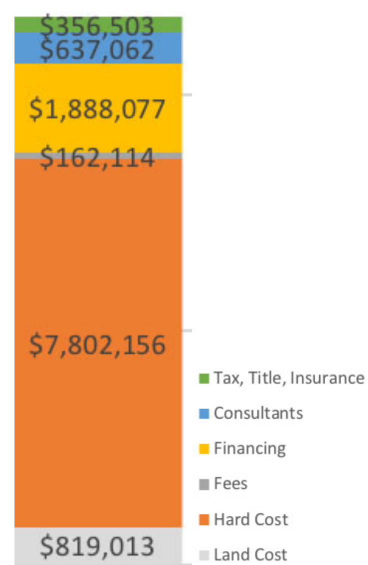
AMI serving: 50 & 60%

Completed - 2016

Cost per unit
$166,642

Total Dev Cost
$11,664,925

Breakdown of Sources



REHAB

Renaissance at Park Place South

240 Amal Dr SW
Atlanta, GA 30315

Property Type – Senior

Units – 100

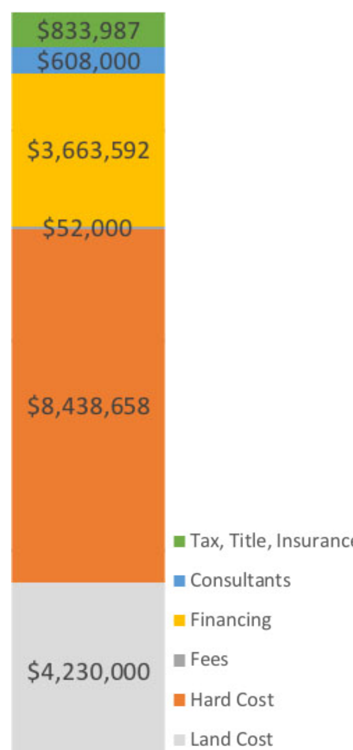
AMI serving: 60%

Completed - 2005

Cost per unit
$178, 262

Total Dev Cost
$17,826,237

Breakdown of Sources



Renaissance at Park Place South is a 100-unit, four story building for seniors (55+) in the City of Atlanta. Renaissance is part of a planned unit development (PUD) that included multiple phases of condominiums and was constructed between 2003 and 2005. The original developer applied for and received tax credits in 2010 to complete Renaissance that were purchased by Sun Trust CDC. Unfortunately, the developer ultimately went bankrupt. Sun Trust and Invest Atlanta forced a repurchase of the GP Interest by an entity managed by Invest Atlanta. In 2014, Invest Atlanta was searching for a strong non-profit partner to take on the ownership and operations of Renaissance. MHSE stepped up to assist and acquired the building. Mercy Housing Management Group began managing the property in December 2014.

Soon after taking ownership, the amount of deferred maintenance and the level of poor construction began to reveal itself with repeated instances of water intrusion into the building. Attempts to resolve these issues led to the exhaustion of a $264K capital reserve plus over $200K in cash flow by the end of 2016.

Renaissance Cont.

However, the maintenance problems did not appear to abate with these repairs and in 2018 a structural engineering firm was brought in to formally pinpoint the cause. Unfortunately, a significant building envelope deficiency (leakage issues with windows and roofs) was identified that had spread through 20% of the units – requiring a complete rehabilitation of the building's skin. This include full replacement of the "Juliet" doors, windows and HVACs throughout the units. Mercy has already gifted the property $750K to replace the roof, fully restore 4 units per engineer rendered plans and specifications and reposition/repair seven additional units to a livable condition.

MHSE applied for a 4% Tax Credit Bond and HOME funds after a notice of funding availability from DCA in January of 2020 in an effort to continue a full rehab of this senior residence. Renaissance was not granted HOME funds and the real estate development team has gone back to the drawing table to figure out a financing strategy for the remaining necessary repairs.

240 Amal Dr SW
Atlanta, GA 30315

Rehab – 2020, applying for various funding

Heritage Place

In 2003, MHSE acquired and rehabbed the Florance Street School and Charity hospital into apartments for low-income residents. These two historically significant buildings are part of the Cuyler-Brownsville neighborhood which is listed on the National Register of Historic Places. Additionally, MHSE completed new construction of additional residences at 701 and 703 Lavinia Street. The revitalization initiative was supported by the City of Savannah and funded by Historic Tax Credits, LIHTC, and the city.

Growing maintenance issues have led MHSE to apply for a 9% tax credit allocation to perform interior renovations to units requiring maintenance. As Mercy Housing manages other properties in the neighborhood it has long been a vision to infill adjacent vacant lots with mixed-use developments as part of a phased master plan valuing the history, physical and human assets of the neighborhood.

1901 Florance St.
Savannah, GA 31415

Property Type – Family

Units – 88

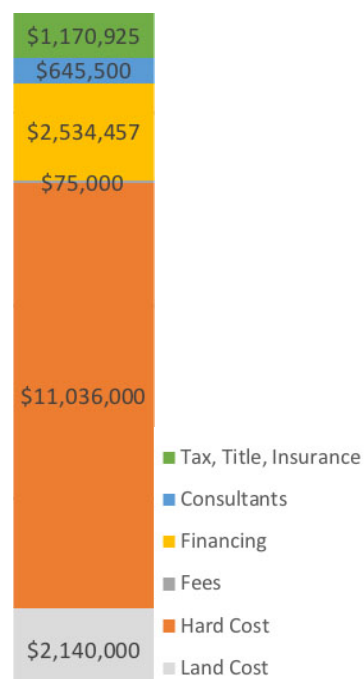
AMI serving: 50 & 60%

Completed – Rehab 2003

Cost per unit
$200,021

Total Dev Cost
$17,601,882

Breakdown of Sources



IN DEVELOPMENT

Thrive Sweet Auburn

Thrive Sweet Auburn, when completed, will be a 117-unit mixed income development for families and individuals. The development was awarded 9% tax credits in fall 2019, with permanent supportive housing units subsidized by the City of Atlanta. Thrive is a partnership effort with another non-profit, Project Community Connections, Inc., (PCCI) who connect homeless to housing services and programs. Many investors are enticed by the residence, including the National Housing Trust Fund with a $3M grant, due to its proximity to King Memorial MARTA station and the many restaurants and community amenities of the Sweet Auburn neighborhood.

The co-developers share a mission to create stable, vibrant and healthy communities by providing affordable, service-enriched housing for families, seniors, and people with special needs. The site was originally developed in the 1930s and redeveloped into the current structure in the late 1990s. Since that time, it has been used for office space for PCCI. The site is currently owned outright by PCCI with a forgivable loan that burned off in April of 2019 from the Georgia Department of Community Affairs Housing Trust Fund. In 1999, the site was transformed into The Resource Opportunity Center (The ROC), which was a redevelopment effort that included PCCI and Mercy Care who share a mission of ending homelessness in the Atlanta region.

302 Decatur St.
Atlanta, GA 30312

Property Type – Family

Units – 117

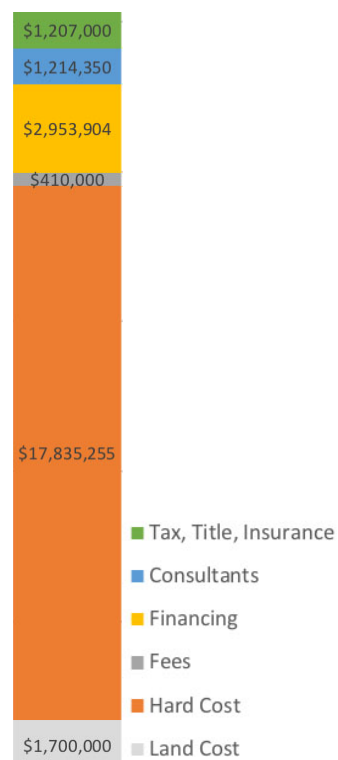
AMI serving:
30%, 50%, 60% & 80%

Completed – Nov 2021

Cost per unit
$216,414

Total Dev Cost
$25,320,510

Breakdown of Sources



Thrive Sweet Auburn cont.

PCCI currently owns and operates its office on the proposed development site at 302 Decatur Street and plans to relocate its office on the first floor of the development. These two non-profits are deeply committed to advancing a holistic revitalization of the neighborhood and plan to incorporate mixed-income housing with a balance of office, commercial uses, and wraparound services to increase convenience to residents.

**302 Decatur St.
Atlanta, GA 30312**

Savannah Gardens VI

Located in Savannah's historic eastside neighborhood, Savannah Gardens is the redevelopment of Strathmore Estates, a 44-acre site that contained 380 apartments of substandard rental housing. Mercy Housing partnered with CHSA Development and the City of Savannah to redevelop the community, first built in the 1940s. Construction of the sixth and final phase will be completed in 2021. In the center of the development is a large public park.

Previous phases' financing is seen below. Phase VI was awarded funding in the Community Housing Development Organization (CHDO) set aside of 9% tax credits spring 2019. This phase is targeted for seniors and includes duplexes, apartments and townhomes. Amenities like workout space and a computer center are shared with the other Savannah Gardens properties. The development has worked closely with the City of Savannah including a ground lease for land – aiding significantly with costs. Funding sources include HOME, AHP grant and CHSA grant.

FINANCING SOURCES

	PHASE I	PHASE II	PHASE III	PHASE IV	PHASE V
Total Development Costs	$14.8 M	$4.3 M	$12.4 M	$16.4 M	$11.5 M
City of Savannah CDBG	$500,000		$500,000	$195,000	$269,833
Tax Credit Equity	$9,024,098		$9,358,726	$9,618,899	$9,847,073
Mortgage	$1,017,000		$2,626,000	$5,200,000	$1,403,306
Exchange	$1,933,833				
DCA NSP	$2,500,000				
HUD Capital Grant		$4,300,000			

2525 East Gwinett St
Savannah, GA 31404

Property Type – Family

Units – 85

AMI serving: 50 & 60%

Completed – Oct 2021

Cost per unit
$211,317

Total Dev Cost
$17,961,944

Breakdown of Costs

IV. Cost Savings within the LIHTC Process

After an overview of financing for these projects it becomes apparent to keep track of such funding sources a framework should be in place for MHSE to streamline their development and construction processes to allocate funds appropriately. Below is an initial framework that includes both project based examples and general research into cost savings within pre-development and construction fields.

Framework for Pre-Development through Construction

- ***Pre-Development***
  - Zoning
  - Parking
  - Site Acquisition
  - Third Party Reports
  - Community Support
  - Additional Fees and Waivers
  - Partnerships
- ***Design and Construction***
  - Sitework
  - Structural
  - Material Choice
  - Conceptual Massing
  - Unit Layouts
  - Overall Building Design

Pre-Development

Typically, the MHSE real estate development team is contacted by a broker or city/county housing official that is interested in selling or providing land to be developed into affordable housing. Sometimes a site is found by word of mouth as the team is well connected within the cities of Atlanta and Savannah and throughout the state of South Carolina. Part of day to day tasks include scoring any of these potential sites based on the state's QAP for tax credits. The figure below depicts the GIS database Mercy maintains, which is useful in determining whether a site will be competitive for a 9% tax credit application based on its proximity to previous LIHTC allocated projects. This metric along with proximity (for urban sites within 0.25-0.5 miles and rural within 1-mile radius) to essentials such as grocery stores, schools, public transportation, hospitals and job centers quickly indicate to the team whether a site should be pursued further.

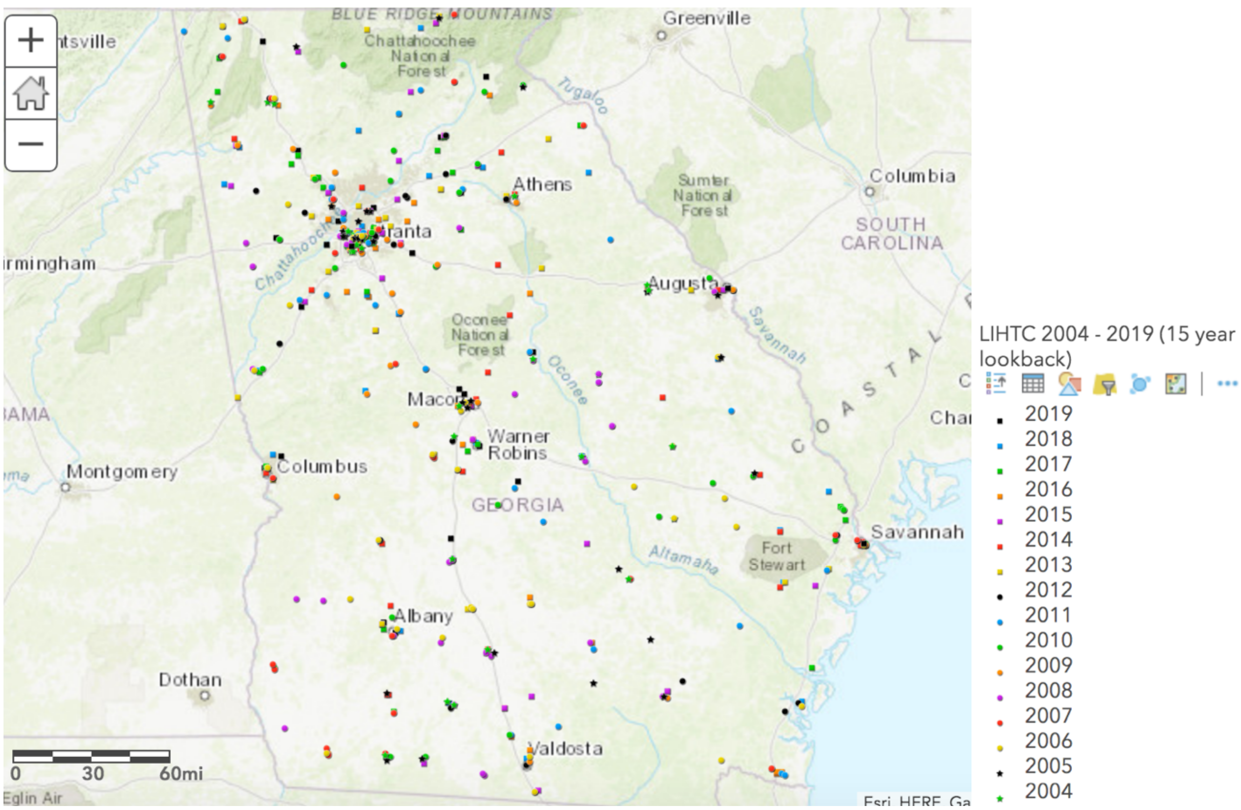


Figure 6. Previous LIHTC Projects in Georgia (DCA) from Mercy's ArcGIS online database

Zoning

Once a site is considered potentially viable location-wise it is necessary to consider issues that may arise with zoning. The allowable density (typically indicated by floor area ratio and dwelling units per acre) of the zoning category of the site determines how many units can be developed and whether the development will be a compact, multi-story footprint like Thrive

Sweet Auburn or a dispersed, multiple two/three story buildings layout like Savannah Gardens Phase VI. It is often more straightforward to make this evaluation of the site if a parcel viewer or online platform is available to quickly search for the property's information. Such platforms can provide critical attributes about the property that can impact pre-development costs; these include language around what is a permitted use on the site, parking requirements, and whether the property falls into a special zoning district. Permitted uses and allowable density that does not allow for the specific uses or enough units for the venture to "pencil out" warrants consideration of getting the site rezoned. Depending on the jurisdiction this process can be long and costly – developers must weigh the benefits of pursuing development through rezoning or looking for a more flexible site elsewhere. Additionally, if the property falls under a historic district there may be specific design guidelines and restrictions that could add costs to the architectural fees for the development. On the other hand, the overlay district could include tax incentives or affordable housing requirements that could open the door for additional funding.

As a more general zoning regulation recommendation, cities could enact as-of-right zoning resolutions to remove administrative hurdles brought about by typical zoning and permitting processes. As-of-right development states that any project that "complies with all applicable zoning regulations" does not need to apply for rezoning or additional approval from the zoning board (NYC Department of Planning, n.d.). This allows the pre-development process to be more predictable and expedited for affordable housing developers. As-of-right reduces the carrying costs and consulting fees, ultimately reducing the amount of interest accumulated on the developer's loan during zoning review and permitting (this time period can be shortened from 3 to 1 month). Thus far no cities MHSE works within have adopted such policy. Timing and schedules are critical for maintaining investment and public support for developers like MHSE;

therefore, cities committed to affordable housing production should pursue as-of-right development policy reform.

Parking

Parking requirements associated with zoning have a large impact on the total development cost of a project. Particularly, in today's urban environment there is little room or want (from an environmental standpoint) for surface parking therefore developers eat the additional cost of structured parking. In 2015, the construction cost for structured parking was between $15,000-20,000 per space nationally (Becker Consultants, 2015, p. 7). This cost has increased steadily -- in 2019, the national median construction cost was $21,500 per space with the average cost in Atlanta equaling $19,133 per space (WGI, 2020). Most residential zoning requires at least 1 or 1.5 parking spaces per dwelling unit – for an affordable housing project in the city of Atlanta with 100+ units the construction cost for parking can easily reach $2 million. Best practice in the production of affordable housing where budgets can be tight suggests city governments reduce minimum parking requirements to support the mission of increasing the number of affordable units and use of public transit. Often this request to waive the parking requirement will be considered if on street parking can be counted towards the total number of spaces or if the project is within certain proximity to public transit (Becker Consultants, 2015, p. 17). Although cities should reduce parking minimums across the board to promote less auto-centric lifestyles, it is beneficial for developers to consider proximity to transit when selecting a site in order to save construction costs for parking.

Site Acquisition

After determining that the site has good potential from a resource and zoning standpoint the developer shifts to the process of acquiring the property. Site acquisition, as discussed earlier, can be difficult with the high price of land particularly in areas within a city that are transit and amenity rich. Partnerships with local government and other non-profits are extremely valuable when it comes to the cost of land. Publicly owned land is often prioritized for affordable housing, and in the case of Savannah Gardens Phase VI, Mercy Housing Southeast entered into a ground-lease option with the Community Housing Services Agency (a partnership between the city, local banks and community leaders in Savannah) to develop the land. Essentially, MHSE signed an agreement to pay CHSA $1 every year for 99 years in exchange for producing 85 units of housing for low-income households. A similar land acquisition through partnership occurred with Mercy's Thrive Sweet Auburn project with their co-developer, PCCI. Mercy and PCCI formed a partnership, Thrive Sweet Auburn MHSE PCCI 17 LP, to jointly develop 117 units of affordable housing and a new office for PCCI on their existing parcel and the adjacent parcel at a small cost.

When such partnerships or public land is not available it is important to be aware of sites "where local jurisdictions may impose costly requirements such as the dedication of significant portions of the site to public right of ways" (Walsh Construction, 2019-a, p. 1). Additionally, if the cost of land is not being subsidized by any means it becomes even more important to thoroughly examine the site for possible soil and topography issues that could further cost burden a project. Further recommendations on analysis of site conditions will be provided in a later section of this paper.

Third Party Reports

As part of DCA's qualified allocation plan developers must submit a market study of the area for the proposed project to show there is demand for the type of housing and rents the developer will provide. Additionally, the developer must provide an appraisal of the existing land and buildings, preliminary architectural drawings and approval letters from the municipality to assure DCA the project will be successful and worth the risk of allocating tax credits for the project (Garcia, 7). Below is an example of what these line items might cost in this case for Thrive Sweet Auburn in downtown Atlanta.

PRE-DEVELOPMENT COSTS	
Property Appraisal	10,000
Market Study	10,000
Environmental Report(s)	30,000
Soil Borings	15,000
Boundary and Topographical Survey	3,600
Zoning/Site Plan Fees	19,000
Other: Pre-Construction Consultation	3,750

Figure 7. Example costs for third party reports required in pre-development. (MHSE)

Community Support

Occasionally project timelines can be significantly elongated by community resistance whether from nearby residents or local officials voicing issues with the development. These delays can create additional costs as consultants' services are required for longer than the initial contracts that were drawn. Delays in breaking ground on a project can also make investors nervous, possibly causing the withdrawal of critical investments from the project. Affordable housing advocates stress the importance of fostering community support through early meetings with residents before the final design and securing community leader support, such as clergy, in advance of the project receiving permits from the city or county (Becker Consultants, 2015, p.17). In addition, to be proactive affordable housing developers should obtain post-occupancy testimony from local officials and neighboring residents to provide references of the developer's track record for future projects. To my knowledge, MHSE has not experienced significant pushback from neighboring residents for any project; however, city officials have caused project delays. During the design development period for Savannah Gardens Phase VI, the director of Housing & Neighborhood Services was not pleased with the visual appearance of the building facades claiming they did not match the historic nature of the surrounding area. His refusal to approve the project had a domino effect in delaying deadlines set by DCA to ensure the project was progressing appropriately and required MHSE to spend more for increased architectural fees. An agreement was reached between the city and MHSE to alter the facades slightly and in return for the time expense the city of Savannah would cover some of the costs associated with the new road infrastructure necessary for the project site. In this case, early community support was not the issue as the director had approved the prior 5 phases of Savannah Gardens. The complication may be more indicative of incongruent architectural design due to MHSE selecting different architecture firms from phase to phase.

Additional Fees and Waivers

Cost savings for a development can come down to the smaller details of a project – often the foundation and bones of a building will cost what they will cost, short cuts in building processes are not advised. Therefore, a thorough understanding of the fees associated with pre-development, construction and different funding apparatuses as well as waiver opportunities can be key to saving a few thousand dollars here and there for a project. Several fees accumulate from the public review process of local government. To aid in affordable housing development it is recommended that a coordinated review by all city departments is enacted from the beginning of the project to ensure an efficient feedback and approval timeline (Becker Consultants, 2015, p.9). Various fees of applications for funding, sewer, and water etc. can "add $20,000-$30,000 per unit" to the development's cost (8). Some cities and state agencies will waive, reduce or defer fees for affordable housing developments (8). This is typically a sign of the city's commitment and support which can help developers secure further investments from outside funders.

Partnerships

The margins can be thin for keeping an affordable housing development "afloat" whether it be in the beginning of development or 10 years into occupancy; therefore, partnerships are essential to support developers particularly those like MHSE who also manage the property after lease-up. These partnerships can take many forms – partnerships with public agencies to help with particular site costs or organizations that can provide services like job training to residents. The ability for PCCI to be a co-developer and co-owner with MHSE for Thrive Sweet Auburn alleviates Mercy from bearing all of the risk associated with the project and allows them to envision greater service and care for residents. In addition to providing financial and programming support, these structured agreements strengthen the project's various applications, such as LIHTC, for funding and increase the likelihood of approval from the public at large.

Design and Construction Considerations

Mercy Housing is not a large single-family home builder or multifamily developer that has one standard floor plan and unit mix used for all projects across the country. For better or worse, each project is unique and designed to the needs of the area's lower income populations. Mercy Housing Southeast selects a local architect for every project and they act as MHSE representatives during the pre-construction and construction work, particularly for inspections or review. MHSE tends to select from a group of architecture firms with experience in affordable housing development; however, this is not consistent and on projects like Savannah Gardens different firms have completed the work from phase to phase. Moving forward it is necessary for the MHSE development team to keep a record of the architects the team has used and a reflection on their work to develop institutional memory. Therefore, when turnover occurs within MHSE's team, a project developer can make an informed decision about selecting an architect for a future project based on prior experiences.

Each Mercy branch has a different approach to the design of their residences based on regional climates and economies. However, Mercy Housing Inc. has developed design standards for all offices to follow. The standards begin with the following "Guiding Design Principles"

- *Mercy Housing will create a welcoming environment that feels like home for our residents.*
- *Mercy Housing properties will reflect the proven advances in building technology, including the highest standards in environmental sustainability. All buildings are to minimize energy and water use.*
- *Mercy Housing builds for long-term ownership, and expects to install the highest quality, most durable materials and finishes within our budget and appropriate for the region that they are located in. Our buildings should last for at least 30 years before any major rehab is required.*
- *To the greatest extent possible, Mercy properties will incorporate universal design features in terms of access and operation (both in common areas and individual units) for ease of use by residents of all ages and abilities.*

(Mercy Housing California. April 2019. *Mercy Housing Design Standards*)

Mercy's principles include guidelines to consider when designing the building envelope, laying out units and selecting amenities to make residents feel at home. Long-term durability in construction and material choice is a particularly salient principle for MHSE when it comes to acquired properties like Renaissance Park Place that need major rehab before the building has reached an age of 30 years. Significant rehab projects of MHSE's acquired buildings should inform future developers to pay close attention when designing roofs, window details and waterproofing strategies in order to ensure durability.

In addition to these design principles Mercy Housing has created a chart of design standards (a sample page can be found after this section) that developers should provide the project architect at the beginning of the project. When the architect has completed a schematic design draft of the project a formal review should be completed by Mercy staff from development, asset management, resident services, and property management teams to ensure the design is adhering to this chart. The categories for these standards include: the overall project, product standards, community rooms, employee units, entryway, envelope, exterior amenities, interior amenities, laundry rooms, maintenance, office spaces, security, trash areas, unit interiors, warranties & service contracts and various commercial/retail requirements. Each requirement/specification can fall in one of four categories: *policy* (required by the Investment Committee); *priority* (to be followed unless they are cost-prohibitive or infeasible); *preferred* (to be incorporated whenever possible); and *fitwel* (required for fitwel scoring program for healthy buildings) (Mercy Housing California, 2019, p.2). The standards also indicate whether the line item is required based on the population being served: family, senior or supportive housing. For example, no matter the resident population it is policy that the minimum number of units for an urban project is 60 and 50 for a rural site. Although this serves as a design reference for the MHSE development team, having a wide scale of required versus suggested items does not provide much structure or consistency from project to project. It is understandable in Mercy's decision to provide suggestions since each office will have different challenges and opportunities – however, these charts can be confusing in providing a path forward to project developers with minimal architectural design and construction knowledge.

Project Category	Item #	Policy	Priority	Preferred	Fitwel	Item	Family	Senior	Supportive	Points to Ponder	Proposed	Development Comments
Trash Areas	14.a	☐	☒	☐	☐	Trash Rooms located in easy to access areas for staff/vendors (e.g. on the perimeter of the building, with easy access/ability to transfer)	☒	☒	☒	These should be sized proportional to any trash diversion expectations (e.g. sorting and temp storage of recyclables)	☐	
	14.b	☐	☒	☐	☐	Electric Dumpster Caddy provided if roll-away receptacles/dumpsters need to be moved more than 10 feet.	☒	☒	☒		☐	
	14.c	☐	☐	☒	☐	Compactors where space is available	☒	☒	☒	This may not be feasible where there are trash diversion requirements, such as in San Francisco	☐	
	14.d	☐	☐	☒	☐	Hose connection in waste receptacle/dumpster areas	☒	☒	☒		☐	
	14.e	☐	☐	☒	☐	The trash rooms are designed to handle and dispose of trash, recyclables and compost, per local requirements.	☒	☒	☒		☐	
Unit Interiors	15.a	☒	☐	☐	☐	Physical Requirement – Unit Size – Minimum Unit Sizes for New Construction: SRO - 220sf; Studio - 415sf; 1 Bedroom - 540sf; 2 Bedroom - 750sf; 3 Bedroom - 950sf; 4 Bedroom - 1150sf	☒	☒	☒		☐	
	15.b	☒	☐	☐	☐	Widened doors to accommodate wheelchairs	☒	☒	☒	36” is preferred; none smaller than 33”	☐	
	15.c	☐	☐	☒	☐	Electricity to be wired to all ADA unit doors to enable installation of electric door openers	☒	☒	☒	On Senior Properties, it is preferred to have all unit doors wired, if possible	☐	
	15.d	☐	☐	☒	☐	Rounded corners on all cabinetry, exterior edges and countertops	☒	☒	☒	This may be cost-prohibitive but would be ideal.	☐	
	15.e	☐	☐	☒	☐	Pendant Emergency Response Devices versus Pull-cord Systems	☐	☒	☒		☐	
	15.f	☐	☐	☐	☒	Provide at least one window with views of nature from all dwelling units	☒	☒	☒		☐	
	15.g	☒	☐	☐	☐	All units require both kitchen and bath, including SRO-style units	☒	☒	☒		☐	

Sitework

While the architects are working on the initial design of the residences, the physical site is being prepared for the installation of foundations and utilities. Sitework can be unassumingly complicated – in order for a project to move forward in pre-development and gain initial investor approval a geotechnical report is required to assess for soil contamination and composition. This report only provides a pass/fail analysis of the site, and unfortunately, many more complex issues can arise when excavation begins. In the case of Savannah Gardens Phase VI, the development team initially budgeted $717,000 for soil borings and site preparation. A month later when site preparation began a different story emerged – in total site preparation cost MHSE $1,865,000 due to multiple soil tests for lead contamination and required remediation efforts on site related to its proximity to a gas station. Very quickly, the project went from being under budget to scraping the barrel for additional funding and more money had to be requested from MHI Investment Committee to pay the consultant.

In an effort to be proactive about sitework costs for future projects, one of Mercy Housing's partners, Walsh Construction, provides upfront considerations that could save costs further down the line. The composition of the soil on site is important; there should be no traces of contamination and a good soil bearing pressure to minimize footing size (Walsh Construction, 2019, p.1). As a developer this may be outside of your expertise but can be learned through consistent communication with the project's civil engineer. This conversation with the civil team should also include design strategies given existing topography for drainage and landscaping to minimize stormwater management costs (1). An essential guiding principle should be to minimize the parking area (impermeable surfaces) and maximize the landscaping area with native plants to reduce irrigation costs and encourage good drainage on the site.

Design of the Building:

Structural

After sitework, it is essential to consider structural efficiencies during the conceptual design phase of the residences. Walsh construction recommends stacking walls and units as much as possible to reduce structural complexity and costs associated with plumbing, wiring, and duct runs (2). In addition to unit layout considerations it is best to plan out large common areas with structural spans in mind. As far as material choice for structural elements it is recommended where possible to use wood members rather than structural steel. Comparatively, steel "has a high relative cost and often creates significant constructability and construction management issues" (2). Ultimately, the context of the development will often dictate material constraints – when building on a small lot in a denser urban area it could come down to weighing the cost of steel or mass timber for a 5-6 story building. Particularly on tight-budgeted affordable housing projects it is not advisable to design structural cantilevers which can add significant costs and time for structural consultants. Similar to sitework, cost savings rely on clear and consistent communication between the developer, architect and structural engineer – it is important for the developer to guide the two parties to a solution that is feasible while still providing enticing living spaces for residents.

Material Choice

Although briefly mentioned in earlier parts of the design process material choice can cut costs considerably if the selected architects and engineers are experienced with the particular type of construction. Structurally, your material decision is wood, steel or concrete. As of late, steel is expensive, and concrete is typically not feasible beyond foundations for projects that are less than 5 stories. Thus, new attention has been given to mass timber as a sustainable and structural alternative for mid-range to high-rise buildings. As an example, North Tract Lofts in Arlington, Virginia switched from concrete to Type III wood construction with an expected "shave [of] 40% off the total construction cost" (Azoff, 2009). According to Bozzuto Construction, four story wood construction without parking or site work averages $115,000 per unit (2009). Multifamily housing developers estimate wood frame construction can have a cost savings of $30,000 per unit compared to concrete and steel construction (Braunstein, 2016). With these added cost benefits the project becomes contingent on having a design and construction team that is well versed in mass timber construction. Currently, the number of mass timber projects in Georgia are sparse but I hold out hope for the state to prioritize a sustainable and affordable home construction method to serve our more vulnerable populations.

Conceptual Massing

When it comes to the overall massing of the building it should be as simple and compact as possible – this will help to keep the building envelope airtight and efficient resulting in long-term energy bill savings (Walsh Construction, 2019, p.3). Further energy performance benefits can be captured when the building can be oriented with the longer sides running east to west (3). Additionally, Walsh states the optimal window arrangement for daylighting and ventilation is a "15-25% window-to-wall ratio" indicating that 25% of the building's façade should be operable windows (3). Further articulation of the façade such as canopies, balconies and other exterior forms should be minimized in an effort to keep construction simple.

Unit Layouts

Once a general massing has been determined on the site a balance should be struck between providing plenty of space for residents and maximizing as many units as possible within the development. It is helpful to lay out unit plans on a two-foot module to "optimize material use, reduce waste and increase productivity" with framing and drywall (2). To further optimize drywall installation floor to floor heights should be 8'-0", 8'-6" or 9'-0". Within units and throughout the building windows should be located on a modular stud layout to be efficient with sheathing and reduce thermal bridging (loss of heat from within the building). When planning the arrangement of units, plumbing fixtures and bathrooms should share a wall between units to shorten piping runs and save material cost (2). Each unit should be configured to "optimize material reduction while maintaining the essential livability and flexibility of the unit"; to this end the number of walls, doors, and closets should be minimized (2).

In terms of size of units, Mercy's minimum unit size for new construction are the following: Single Room Occupancy – 220 sf, Studio – 415 sf; One bedroom – 540 sf; Two bedroom – 750 sf; Three bedroom – 950 sf; and Four bedroom – 1150 sf (Mercy Housing California, 2019, p.9). The mix of unit types is typically influenced by the resident type (family or senior) as well as the AMIs served by the development. Family properties usually have a mix of 1, 2, and 3-bedrooms with a larger portion being 3-bedroom units at 60% AMI. Senior properties have 1- and 2-bedroom units with the majority of units being 1-bedrooms at 60% AMI. Occasionally, a unique family project like Thrive Sweet Auburn has a mix ranging from studios to 3 bedrooms with a standard distribution of units serving 30%, 50%, 80% AMIs and permanent supportive housing individuals.

Overall Building Design

Walsh Construction recommends an "'80/20 Rule': attempting to standardize and optimize 80% of the building design, while saving 20% of the design for customization" to address the context and program of specific tenants (Walsh Construction, 2019, p.3). In many cases this standardization and repetition of building systems and components for large projects can have cost benefits due to an economy of scale. Their list below represents the 80% standardization, deemed the core of the building, and the 20% customization of certain components typically the shell of the building (4).

Standardize / Optimize

- Typical unit plans
- Corridors
- Exit stairways
- Foundation system
- Structural system
- Enclosure system
- Typical windows and doors
- MEP systems
- Typical interior finishes
- Cabinets
- Appliances
- Lighting
- Elevator(s)
- Laundry facilities

Customize

- Response to the site
- Interface with the street
- The space between buildings
- Building plan / layout
- Building form / massing
- Façade design / expression
- Building entry / lobby
- Common rooms and spaces
- Public stairway
- Select common area finishes
- A few select unit plans
- A few select windows
- Balconies (if any)
- Roof deck amenity (if any)

A point worth driving home from Walsh's "Cost-Efficient Design and Construction of Affordable Housing" is reliability in the systems and appliances used for a project. Too often, people are drawn to reinventing the wheel in order to be more energy efficient – this can result in expensive equipment that can cause long-term maintenance issues. MHSE developers should focus on "developing and utilizing standardized and reliable systems that are functional and durable yet cost-effective, and do not change dramatically from project to project" (3). Repetition and reliability are critical for affordable housing developers to deliver consistent quality housing and be resilient to unforeseen costs during construction with the knowledge of how much their systems and layouts cost.

V. Concluding Thoughts

Cost savings whether they are within the building design or at the front end of the development process require coordination and solid communication between a developer, their architects and engineers, city officials, state tax credit agencies and the future residents. For example, installing cutting-edge HVAC and mechanical systems to reduce energy bills in the long-run are not going to save the property manager money if the appliances create headaches for the residents and staff to use and repair. A framework following the main categories above can create a path forward and a development package for any stakeholder or consultant to understand the general vision and structure of the development both financially and physically. What type of foundation will it have? What percentage will be designated for common use or commercial use? How often will the state tax credit agency require an update? What are the funding sources? Certain parties within the process certainly do not need to know the granular aspects of how the project will be financed but some context, even a rough timeline, can help architects or engineers understand what drawing sets are needed when and why the entities providing funding require so much information. This framework could be a living document on MHSE's sharepoint that is updated by interns as the development changes and evolves to provide high level essential information to all participants with access to the link.

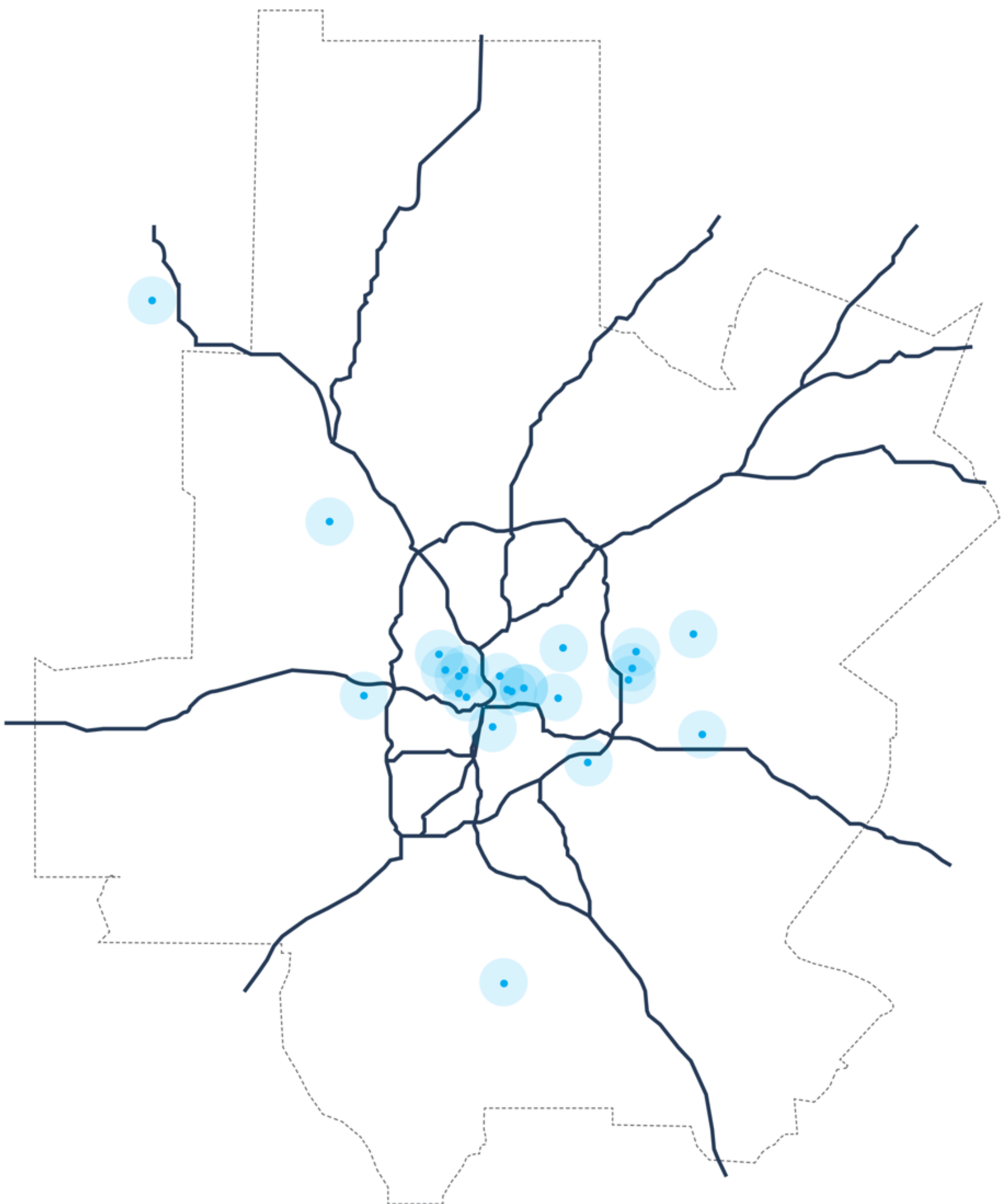
Outside of the process for an individual affordable housing development, there are larger policy, political, and administrative barriers to overcome. Criticism continues to follow the LIHTC program in terms of the location of developments. It seems to be a lose-lose situation as there is backlash if a development is located in a low-income neighborhood because it further concentrates poverty. However, LIHTC projects that locate in high-opportunity areas that typically are higher-income as well are viewed by some as "substitutes for housing that the private market would have built without subsidy" because AMI rent levels in the area are almost indistinguishable from market-rate and unaffordable to those who need it (Khadduri, 2013, p.2). Location wise, Khadduri writes that LIHTC is the most effective when it finds a sweet spot of higher opportunity neighborhoods where choice-based housing vouchers are not as widely accepted but rents are relatively affordable. The question becomes where are these areas and whose responsibility is it to encourage development there? Many affordable housing developers do not have the luxury of searching for sites that strike this rent/opportunity balance, so they rely on state agencies like DCA to provide metrics (QAP's scoring criteria) that indicate their development is in a location deemed "stable" and that will allow residents to succeed. Thus far, the revitalization efforts DCA and others stipulate within tax credit applications are relatively ineffective for several reasons including a lack of diversity of housing type and tenure (2013). In order to ensure more effective partnerships and aid in older LIHTC developments that are susceptible to tear-downs in strong housing markets, state agencies tasked with allocating tax credits should hire staff assigned to regions of the state. These regional intermediaries can create the capacity to bring all parts of a development to the table to think about affordable housing by block/neighborhood. In this way hopefully, local businesses can be brought in from the start to ensure the infrastructure and the schools in the area are aware and can plan for this new influx of residents. This begins to look more holistically at how housing fits into a community and the creation of this environment does not remain siloed to how an affordable housing developer can provide quality living for lower income residents within the confines of their building footprint. This larger community approach would also help bring more investors to the table in providing critical equity.

Regional DCA liaisons could take in feedback from developers and disseminate information to politicians and policy makers to ensure they are "cognizant of how requirements interact with the math behind housing development" (Garcia, 2019, p.12). Often times well-intended policy objectives can push new housing projects into the red because their margins are so thin. Generally, increased efforts to inform politicians and the public about the nature of LIHTC and affordable housing programs are needed along with transparency – it is difficult for various groups to provide support if it is unclear how the LIHTC and other programs works and the end result. Advocacy and increased funding sources are of course just the tip of the iceberg in addressing the affordable housing crisis, but I would like to re-focus the affordability conversation on Metro Atlanta to detail the past year's progress.

This Past Year:

There are many housing developers outside of MHSE within the Atlanta sphere of affordable housing – both for rental and homeownership. Between August 2018 and July 2019, construction began on over 4,200 homes in the 10-county metro Atlanta area (MHSE, 2019). This number reflects subsidized housing initiatives with 5 or more units. Over 1,200 of the homes were produced with non-profits or governmental entities as leads (2019). These developers include Atlanta Neighborhood Development Partnership, Walton Communities, Integral Group, Tapestry Development Group, TBG Residential, Prestwick Companies, and Quest Community Development. The spread of these affordable developments can be seen on the next page. The majority (80%) of these developments were granted tax credits and serve between 60-80% AMI. These efforts within a year are certainly commendable – MHSE brought together these players in addition to DCA leadership, lenders, and consultants in November of last year to celebrate accomplishments, exchange knowledge, and look for areas of improvement.

Communication is key because at the end of the day all the people in the room are not competitors for development but teammates in the goal of providing quality housing to all. It is particularly effective to have this united front, for instance, in funding and policy discussions with the City of Atlanta regarding their Housing Affordability Tracker with the goals of "creating or preserving 20,000 affordable homes by 2026" and "investing $500 million from City-controlled public sources" for the production of affordable housing (n.d.).



Affordable Housing Project Deals that Closed in 2019 in Metro Atlanta (graphic representation by author)

Vision is not 2020

Looking ahead at 2020 and beyond affordable housing developers like the rest of the world face much uncertainty. Concerning residents of Mercy properties, MHSE and a few other housing developers in the Atlanta metro provide "program-enriched housing" that MHSE president, James Alexander, believes are well positioned during the current pandemic in providing serves to reduce food insecurity and social isolation for residents (Alexander, 2020). This approach means Mercy resident services staff provide services and programs aimed to encourage "housing stability, health and wellness, financial literacy and academic achievement" (2020). During this time of social distancing and mass unemployment, resident services are regularly delivering groceries for properties' food pantries and making calls to senior residents as crucial social connection. It is important, in order for all populations to maintain stability, that we give what we can, write our representatives to do all that they can for housing opportunity initiatives and to allocate CARES act resources to fund emergency rental assistance for those in need.

Stepping away from the MHSE perspective to a larger national context, renters are getting hit the hardest during COVID-19. The CARES act provided individual stimulus checks to supplement maybe a month's worth of rent, but this money is slow in making its way to the hands of renters who had to find a way to pay April rent while potentially unemployed. The Terner Center for Housing Innovation estimates that "nearly 16.5 million renter households have at least one worker in an industry likely to be immediately affected by efforts to flatten the curve", indicating immediate or future income losses will make rent difficult to pay and food hard to provide for their children (Kneebone and Murray, 2020). Furthermore, 43% of these impacted renter households were already considered rent burdened (2020). Not only is rental assistance from the federal government needed now – there will be a sustained if not heightened rent impact in the long-term as the economy adjusts to a new job market and work processes that will mandate less employees or working in staggered shifts. A rent freeze could also be pursued most likely at the state or local level; however, the local/state/federal governments would need to support the owners like Mercy in order for them to continue operations without rent payments. Government and philanthropic financial support will be needed for a sustained period (possibly years) to ensure the most vulnerable populations maintain stable housing as well as health services.

This uncertainty and possible halt in development even after the number of COVID-19 cases have decreased provides time for reflection. How can all of these moving parts – policymakers, developers, architects, investors, resident services, etc. come together to re-work this process? Often, we may be enticed to look for the most innovative, technologically savvy, and cutting-edge solutions or strategies to constructing housing on tight margins. Maybe in this sensitive time, where much is at stake, we can shift to an incremental mindset of carefully fixing parts of the existing systems. Above all else, I think this is a time to listen. If this last wave of construction ends and the market demand dries up because people can't afford to buy/move, I urge developers to open their doors to listening to the communities and for the governing regulatory bodies to listen to the affordable housing developers and investors on how to fill in the holes. It may be that smaller infill projects are the way forward to respond to financial restraints, community needs and collaborative efforts to provide all parties with work. We will be required to rethink the form of housing and work space as well in order to reduce the impact of multiple waves of this or another virus. For affordable housing developers I believe this is a time to take what we know – all the funding mechanisms, our webs of connections, lessons learned from previous projects – and come together virtually to fulfill two objectives (1) what can we do now (re-working proformas at reduced rents, grants for groceries, etc.) to support our vulnerable residents? and (2) what does Atlanta's affordable housing strategy look like 5 years down the road – what improvements can be made to fill holes being felt currently and make the industry and residents more resilient?

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Appendix:

A. Georgia Department of Community Affairs' Qualified Allocation Plan Checklist

2019 Application Tabs Checklist (v2) for: **<<Enter Project Name here>>** **<<Enter Project City, County here>>** **<<Enter DCA Pre-App Nbr here>>**

For any information deemed necessary for any Threshold and/or Scoring categories, but that is not listed specifically on this Tabs Checklist, please include such information under the last Tab (labeled "Additional"). Please note that the Tabs Checklist may not be exhaustive. Note that all documents listed in this Checklist may not apply to all applications. ***Applicants should refer to QAP and Manuals***.

Tab Nbr	QAP Reference or Tab Name/Description		Item Nbr	Form Nbr and/or Form Name	Inc l ?
				Completed Tabs Checklist	
				Core Application, including Project Narratives, *in both Excel and PDF versions*	
00	Project Overview		01	Application Letter Certification	
			02	Copy of Tax Exempt Bond Inducement Resolution, if applicable	
			03	Public Benefits Affidavit	
			04	Public Benefits Affidavit secure and verifiable documentation	
			05	Documentation from USDA confirming project is located in a rural area, if applicable	
			06	Supporting Documentation for State Designated Basis Boost, if applicable	
			07	Waiting List Document for the Tie-Breaker	
				Appendix I: Threshold	
01	I. Project Feasibility, Viablity Analysis and Conformance with Plan	Section 5	01	01 Supporting documentation for operating cost estimates, if applicable	
				02 Documentation, explanation and / or calculation for water tap, sewer tap, building permits, impact fees, real estate tax expense and insurance expense projection	
		Section 7	02	01 Current applicable PHA rent and Utility Allowance limits	
				02 Documentation of HUD utility schedule model (and calculations used in it) *with* documentation of HUD's approval (HOME projects)	
		Section 8	03	01 PBRA agreement, including most recent rent and utility allowance adjustment, if applicable; HUD designation as High Priority, if applicable	
				02 Commitment for PBRA renewal, if applicable	
		Section 9	04	Draft note for Deferred Developer Fee, if applicable	
		Section 11	05	Preliminary Commitments (unexpired) for all financing and equity, see QAP for detail	
		Section 12	06	01 Approval letter, signed by an officer of the lender whose debt is being assumed, including QAP-specified terms	
		Assumption of Existing Debt, if applicable		02 Copy of original Promissory Note and any amendments and modifications to it	
				03 Copy of original Loan Agreement and any amendments and modifications to it	
				04 Copy of original Mortgage, Deed to Secure Debt, or Trust, or such other security instrument providing security for the loan, and any amendments and modifications to them	
				05 Board resolutions approving the restructuring or assumption of existing debt	
			07	Three years' audited operating statements, if applicable (e.g., for rehab projects)	
			08	Copy of operating expense waiver, if applicable	
			09	Detailed Replacement Reserve analysis and plan (for detached single-family housing)	
	Mixed Use Projects		10	01 Development Budget for commercial component	
				02 Sources of Funds for commercial component	
				03 Annual Income Statement for commercial component	
				04 Annual Expense Statement for commercial component	
				05 15-year Operating Proforma for commercial component	
				06 Evidence of Preliminary Financing (unexpired) for commercial component	
				07 Leases and/or letters of intent from prospective commercial tenants	
02	II. Cost Limits		01	Explanation if TDC exceeds DCA's per unit cost limit (when the extra expense is covered by a nonprofit)	
			02	Cost limit waiver supporting documents, approved at Pre-app, and DCA approval letter	
03	III. Tenancy Char	Section C	01	Copy of DCA instructions (resulting from pre-application submission) and corresponding applicant compliance with regard to Other tenancy, if applicable	
04	IV. Required Services	Section A	01	Copy of Other Services approval by DCA, if applicable	
		Section B	02	If proposing temporary staffing during lease-up to handle activities set-up and sign-up, provide documentation justifying this expense. DCA will consider on a case-by-case basis.	

2019 Application Tabs Checklist (v2) for: <<Enter Project Name here>> <<Enter Project City, County here>> <<Enter DCA Pre-App Nbr here>>

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Tab Nbr	QAP Reference or Tab Name/Description		Item Nbr	Form Nbr and/or Form Name	Inc l ?
			03	Memorandum of Agreement with a behavioral health agency, continuum of care or service provider (if applying for rehabilitation of existing congregate supportive housing development)	
05	V. Market Feasibility (Mkt Study)		01	Market Study. Effective date must be within 6 (six) months of Application Submission.	
06	VI. Appraisal	Section B	01	Appraisal: required for all 4% Credit applications, but for 9% Credit applications only if Identity of Interest exists between Buyer and Seller. Effective date must be within 6 (six) months of Application Submission.	
07	VII. Environmental Requirements		01	01 Environmental Phase I including DCA required non-scope items a) through l), pursuant to ATSM 1527-13	
				02 Noise Attenuation Plan, if noise requirements are not met	
			02	Environmental Phase II, if applicable	
			03	HOME HUD Environmental Questionnaire (only for HOME)	
			04	8-Step Process supporting documentation (only for HOME, if needed)	
			05	Applicant / Recipient Disclosure / Update Report	
			06	MBE / WBE Outreach Plan Guide form (only for HOME)	
			07	HOME Site and Neighborhood Standards Certification (only for HOME)	
			08	Other (Specify)	
08	VIII. Site Control		01	Warranty Deed, legally binding Contract (including all Amendments abd extensions), or legally binding long-term Ground Lease or Option	
			02	Legal Description (in both Word and PDF formats)	
			03	Evidence of RFP selection	
09	IX. Site Access		01	Drawings, survey or other documentation of legally accessible paved roads	
			02	Commitment for funding for paving of all non-paved legally-accessible roads to be paved during construction	
			03	Proof of ownership of non-utility easements	
10	X. Site Zoning		01	Written confirmation of zoning from local government official	
			02	Explanation or copy of applicable zoning ordinance	
			03	HOME funds: see HOME/HUD Environmental Guidance	
11	XI. Operating Utilities		01	Letter from verifiable authorized utility authorities that includes the project location and confirms that utilities will be available.	
			02	Evidence of such easements and commitments from the utility provider, if applicable and not included in letter above	
			03	Verification of annexation and improvements, if applicable	
12	XII. Public Water /		01	Ltr from verifiable authorized public water/sanitary sewer/storm sewer authority (incl. project name & location, & confirms utilities to be available)	
	Sanitary Sewer / Storm		02	Evidence of the easements and commitments from the water and sewer authorities, if applicable	
	Sewer		03	Verification of annexation and improvements, if applicable	
13	XIII. Required Amenities		01	Copy of DCA Optional Amenities approval letter, if applicable	
			02	Copy of DCA Architectural Waiver Approval letter for amenity related items, if applicable	
14	XIV. Rehabilitation	Section A	01	Copy of DCA Architectural Waiver approval letter for items related to this section, if applicable	
	Standards	Section B	02	Physical Needs Assessment and Capital Reserve Study	
		Section C	03	Performance Report indicating completion of energy audit by a qualified BPI Building Analyst or equivalent professional (Rehabs only)	
		Section D	04	DCA Rehabilitation Work Scope form	
			05	Completed DCA PNA Fannie-Mae forms (Excel file)	
		Section E	06	01 Biography or letter showing experience engaging with proposed tenancy. Include methods used and past examples.	
		(4% Credit / T-E Bonds)		02 DCA Resident Engagement for Occupied Rehab Projects Form	
			07	Energy Audit Report (Exempt for Adaptive Re-use projects)	
15	XV. Site Info and	Section A	01	11"x17" Conceptual Site Development Plan, utilizing DCA Cover sheet Template (including DCA Cover Sheet Template and all items 1-9 in QAP)	
	Conceptual Site		02	DCA Pre-Approved Waivers for variances from any architectural standard in the Architectural Manual, if applicable	
	Development Plan	Section B	03	Location and vicinity map (identify all parcels for scattered site)	

2019 Application Tabs Checklist (v2) for: <<Enter Project Name here>> <<Enter Project City, County here>> <<Enter DCA Pre-App Nbr here>>

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Tab Nbr	QAP Reference or Tab Name/Description		Item Nbr	Form Nbr and/or Form Name	Incl ?
		Section C	04	Site maps and color photographs	
		Section D	05	Aerial photos of proposed site	
16	XVI. Building Sustainability		01	Draft scoring sheet for the development that includes both the expected score and the minimum score required to achieve the level of certification or criteria listed above	
			02	Certificate of Participation in DCA's Green Building for Affordable Housing Training Course. Certificates from 2016 thru 2019 will be accepted.	
17	XVII Accessibility	Section A	01	Legal opinion supporting statutory exemptions for any applicable federal, state, and local accessibility law, if applicable	
	Standards	Section B	02	Copy of accessibility requirements waiver approval from DCA (for preservation of existing affordable housing unable to be modified, if applicable)	
18	XVIII. Arch Des & QS	Section 2	01	Copy of DCA Architectural Waiver approval letter for items related to this section, if applicable	
19	XIX. Qualifications for		01	Qualification Determination from DCA	
	Project Participants		02	Certificate of Existence (for Ownership Entity) filed with Secretary of State	
20	XX. Compliance History Summary		01	Additional commentary unable to fit in space provided in Threshold tab Comment Box in core application, as needed	
21	XXI. Eligibility for Credit Under the		01	Opinion of a third party attorney who specializes in tax law on the non-profit's current federal tax exempt qualification status	
	Nonprofit Set Aside		02	If joint venture, copy of Agreement confirming interest and Developer Fee.	
22	XXII. Eligibility For Credit Under Rural		01	Rural HOME Preservation Set Aside Consent Letter from DCA	
	Home Preservation Set Aside		02	Original HOME Loan Agreement and any amendments	
			03	Updated title search completed no earlier than May 1, 2019 and no later than May 24, 2019	
			04	Appraisal completed in 2019	
23	XXIII. Elig HOME Loans CHDO SA		01	CHDO pre-qualification from DCA (only applicable if HOME Consent has been issued)	
24	XXIV. Required Legal		01	Projects involving acquisition and rehabilitation require a Legal opinion regarding Acquisition Credit eligibility	
	Opinions		02	Projects operated as assisted living facilities require a legal opinion regarding Credit eligibility	
			03	Non-profit organizations applying for Credit under the non-profit set aside must include in the Application an opinion of a third party attorney who specializes in tax law on the non-profit's current federal tax exempt qualification status	
			04	Scattered site projects require a legal opinion that addresses the proposed site plan and its determination as a Scattered Site as defined in Section 42(g)(7) of the Code and this QAP	
25	XXV. Relocation and		01	Completed Site Relocation Survey form -- ALL PROJECTS	
	Displacement of		02	Relocation Displacement Spreadsheet	
	Tenants		03	Detailed Project Relocation and/or Displacement Plan	
			04	Detailed explanation of mitigation efforts for project relocation and/or displacement, as applicable	
			05	Detailed Project Relocation and/or Displacement Budget	
			06	Copy of DCA's prior written approval of temporary tenant relocation and/or permanent tenant displacement, if applicable	
			07	Multifamily Tenant Relocation Plan Certification	
			08	Rent Rolls (most recent 3 months)	
			09	Tenant Household Data Forms - completed and executed for each unit	
			10	General Info Notice for Occupants with Proof of Delivery (HOME Only)	
			11	Other Master relocation plan(s) - e.g. HOPE VI	
			12	Any other documents required in DCA Relocation Manual	
			13	For advisory services, provide biography or letter showing experience in face-to-face community engagement among tenancy served. Include methods used & past examples	
			14	DCA Resident Engagement for Occupied Rehab form: For 4% both tabs are required; For 9% only Engagement tab is required	
26	XVIII. Integrated	Section B	01	Commitment for PBRA executed by authorized regulatory agency	
	Supportive Housing		02	Administrative Plan outlining this tenant selection preference and evidence of a request to HUD for approval of the preference	

Appendix II: Scoring only

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Tab Nbr	QAP Reference or Tab Name/Description		Item Nbr	Form Nbr and/or Form Name	Incl ?
27	II. Deeper Targeting/Rent/Income		01	Commitment for ***new*** PBRA executed by authorized regulatory agency	
28	III. Desirable/Undesirable Activities		01	Desirable/Undesirable Certification form (completed and submitted in both Excel and signed PDF)	
			02	Google Maps driving or walking route for each claimed desirable starting from walking and/or driving entrance to address of desirable amenity	
			03	Evidence of mitigation of undesirable activity/characteristic from third party by September 1, 2019.	
			04	If (h) Child care service licensed by Georgia Dept. of Early Care and Learning listed as Desirable, then Documentation of State license	
			05	Site map indicating the specific location of the nearest grocery store (including distance from site) and copy of USDA Food Access Research Atlas showing “LI and LA at 1 and 20 miles” layer with site location clearly marked.	
			06	If applicable, evidence of any claimed desirable that is under construction at time of application. The structure must be above ground, at minimum provide color photos. Additional documentation that evidences the claimed desirable is under construction may be included.	
29	IV. Community Transportation Options	Section A	01	01 Narrative submitted and signed by a representative of the transit agency describing the strategic plan for the proposed site (Item “A1” only).	
				02 Documentation showing the local transit agency’s land ownership (Item “A1” only).	
				03 Walking distance route obtained from Google Maps from the geo-coordinates of the pedestrian site entrance to the transit stop	
				04 Photograph of the transit stop accompanied by a description of the stop’s location	
				05 Documentation of cost of service, relevant transit route(s) & route schedule must be included in a PDF of the webpage. The PDF must include webpage URL. If the website does not include this criteria, a letter from the transit agency is required and must include documentation of cost of service, relevant transit route(s) and route schedule, as well as the phone number and email address of the transit service.	
		Section B	02	06 Map showing the location of the transit stop in relation to the proposed development site and clearly indicating the site entrance(s) and pedestrian site entrance(s) to be used in calculating distance.	
				07 Google Map walkg routes must originate from geo-coordinates of pedestrian site entrance or nearest physical address & end at transit stop.	
				08 Photograph (preferably color) of the transit stop accompanied by description of the stop’s location (if applicable).	
				09 Documentation of cost of service and relevant transit route(s) must be included in a PDF of the webpage. The PDF must include the webpage URL. If the website does not include this criteria, a letter from the transit agency is required and must include documentation of cost of service and relevant transit route(s), as well as the phone number and email address of the transit service.	
30	V. Enriched	Section A	01	Signed Memorandums of Understanding with service partners, detailing all QAP requirements	
	Property	Section B	02	Signed Memorandums of Understanding with service partners, detailing all QAP requirements	
	Services	Section C	03	01 Detailed description of the community garden.	
				02 Detailed plan of the proposed healthy eating program	
				03 Signed Memorandums of Understanding with service partners, detailing all QAP requirements	
31	VI. Place-Based Opportunity	Section A	01	School district map showing that the property is in the attendance zone of school. Both the site location and attendance zone boundaries must be clearly indicated on the school district map. If the school district map is unavailable or unobtainable for any reason, a letter from a school district representative must be submitted evidencing that the proposed site is within the school district boundaries.	
			02	For each school, a three-year average of 2015-2017 CCRPI data.	
			03	For each school, school name highlighted in PDF copy of file “2017 (or 2018) BTO Designations”	
		Section B	04	Copy of report from the Census Bureau’s “OnTheMap” website demonstrating that the site meets QAP requirements.	
			05	A document identifying the exact address entered into the search box on the website: http://onthemap.ces.census.gov/.	
32	VII.	Section A	01	DCA Community Revitalization Plan Certificate	
	Revitalization/		02	PDF of the full Community Revitalization Plan	
	Redevelopmt		03	Map of CRP’s Targeted Area clearly marked with location of proposed development	
	Plans		04	Evidence of public input and engagement occurring during CRP’s creation -- either: -- Direct evidence of public input and engagement (e.g., advertisements of public meetings, agendas, sign-in sheets); or -- Signed letter from representative of entity responsible for CRP summarizing the CRP’s public input and engagement process	

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			05	Evidence of Local Government approval or re-approval -- either: -- Direct evidence of Local Govt approval or re-approval (e.g., Local Govt resolution or meeting minutes) occurring within five (5) yrs of Application Submission; or -- Signed letter from Local Govt representative confirming date of Local Govt's official approval or re-approval of CRP within five (5) yrs of Application Submission.	
			06	Documentation evidencing that the proposed site is located in a QCT.	
		Section B	07	Commitment of funds demonstrating source and amount of investment	
			08	Description and location of improvements on site map	
			09	Timeline for completion	
33	VIII. Community Transformatn	Section A	01	01 Established community partner letters, prepared in accordance with QAP requirements	
		1.Community Partnerships		02 Quantitative/numerical data evidencing that the joint effort between partners has measurably improved residents' access to education, health, employment, and/or transportation services.	
		2. Philanthropic Activities	02	Developer Entity's IRS tax returns documenting the charitable donation OR grant statements, press releases, letters, or other documentation substantiating the local philanthropic activities	
		3. Comm-Drvn Init	03	Documentation of a public bid process, if applicable, such as the RFP used by the Local Government or a letter describing selection process.	
		4. Community Improvemt Fund	04	01 Commitment of funds	
				02 Detailed source of funds	
				03 Detailed use of funds	
		Section B	05	01 Signatures from representatives listed under item B1 indicating commitment to serve on the CQB	
				02 Letter from each CQB representative listed under item B2 stating commitment to serve on the CQB	
				03 A completed Community Transformation Plan Certificate	
		Section D	06	Community Transformation Plan	
34	IX. Stable Communities	Sect A&B	01	Each page of most current FFIEC census report (as of January 1, 2019) demonstrating project meets requirements.	
		Section A	02	Map clearly showing the census tract of the proposed site and, if applicable, distance from site entrance to census tract.	
		Section B	03	Map clearly showing the census tract of the proposed site	
		Section C	04	A PDF copy of the Opportunity360 Measurement Report for the census tract containing the proposed development.	
35	X. Community Designations	Section A	01	01 Choice Neighborhood Implementation grant award as well as documentation that the proposed project is included in the targeted area.	
				02 Letter from one of the CNI awardees confirming that the proposed property has been selected to receive these points.	
		Section B	02	One (1) letter from Purpose Built Communities nominating one (1) proposed development discussing how the proposed development will further the neighborhood's holistic community revitalization strategy.	
36	XI. Phased Develop / Previous Projects	Section A	01	Master Plan with complete project concept showing all phases	
			02	Legal documentation that site control was established for all phases when the initial phase is closed	
37	XII. Extd Affrd Comm	Section B	01	Copy of strategy documents meeting the QAP requirements	
38	XIII. Exceptional Nonprofit/ Public Housing Authority	Sects A&B	01	DCA Exceptional Nonprofit/PHA Assessment Form	
		Section A	02	Copy of organization's publicly available federal form 990 for 2016 and 2017. If the Form 990 is not available, DCA requires a clear explanation and proof of exemption.	
			03	Copy of 2017 and 2018 recent annual audits completed by an independent auditor for the Nonprofit. If the Nonprofit operates on a Fiscal Year ending after Application Submission, the Nonprofit must provide 2016 and 2017 audits	
		Section B	04	Copy of 2017 and 2018 recent annual audits completed by an independent auditor for the PHA	
39	XV. DCA Community Initiatives		01	Letter executed by the GICH community's primary and secondary contact on record with the University of Georgia Housing and Demographic Research Center as of May 1, 2019, committing the formal support of the majority of GICH members	
			02	Letter from Local Government agreeing to the issuance of the letter	
40	XVI. Favorable	Section A	01	Commitment letter for such new loan and/or grant and/or historic/New Markets Tax Credit equity commitment letter;	

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	Financing		02	Copy of the Georgia DNR-HPD and NPS approved Part 1, Part 2 and the Georgia- approved Part A (for historic tax credits only)	
		Section B	03	A copy of the draft ground-lease agreement	
			04	Letter from Lessor that states it will execute the Land Use Restriction Covenant	
41	XVII. Historic Preservation	Section A	01	Documentation on the previous use of the building	
			02	Documentation of whether or not the building is occupied	
			03	Narrative of how the (specific) building(s) will be reused	
		Sect A & B	04	Copy of GA DNR-HPD and NPS approved Part 1- Evaluation of Significance	
			05	Preliminary equity commitment for historic rehabilitation credit	
42	XVIII. Compliance Performance	Section A	01	The document issued by DCA granting the Waiver to any Point Deductions requested during the Pre-Application process.	
			02	Listing of only the Georgia Properties for the entire Development Team, as included in the Compliance History Summary Section of the Performance Workbook	
		Section B	03	If claiming Point Additions to cover possible Deduction Points in this section, a listing of Successful Georgia Affordable Developments owned by the Project Team	
			04	If applicable, a copy of letter issued by DCA granting SAE Waiver request that was submitted at Pre-Application or during Threshold review	
			05	For properties located outside of Georgia, if requested by DCA as part of Threshold Qualification, a letter from the Syndicator or HFA that documents the property compliance status of good standing	

43 Additional Documentation — *Specify Below Any Other Necessary Documents Not Listed in Sections Above*

QAP Sect or Manual	Sub-Section	Item Nbr	Assign Form Nbr (if needed due to multiple documents for same Item Nbr) and/or Form Name	
		01		
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The Georgia Department of Community Affairs is committed to providing all persons with equal access to its services, programs, activities, education and employment regardless of race, color, national origin, religion, sex, familial status, disability or age. For a reasonable accommodation please contact Sandy Wyckoff at 404-679-0670 or email fairhousing@dca.ga.gov.