



Affirmatively Furthering Fair Housing
and
Georgia's Draft
2016 Qualified Allocation Plan

Roundtable Discussion

National Context

The June 25, 2015 U.S. Supreme Court ruling in the matter of Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. (ICP) allowed statistical data to prove that Texas practices and decisions had discriminatory effects - without proving they were the result of discriminatory intentions.

The case claimed that Texas had contributed to “segregated housing patterns by allocating too many tax credits to housing in predominantly black inner-city areas and too few in predominantly white suburban neighborhoods.”

National Context

Affirmatively Furthering Fair Housing

Soon after the Supreme Court ruling, HUD released a final rule on Affirmatively Furthering Fair Housing - an essentially unenforced requirement to promote and create more diverse and inclusive communities that has been in the Fair Housing Act since 1968.

National Context

Final Rule

According to the final rule, “affirmatively furthering fair housing” means taking meaningful actions that address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws

Local Context



The topic of the September 2, 2015 Atlanta Regional Housing Forum was:

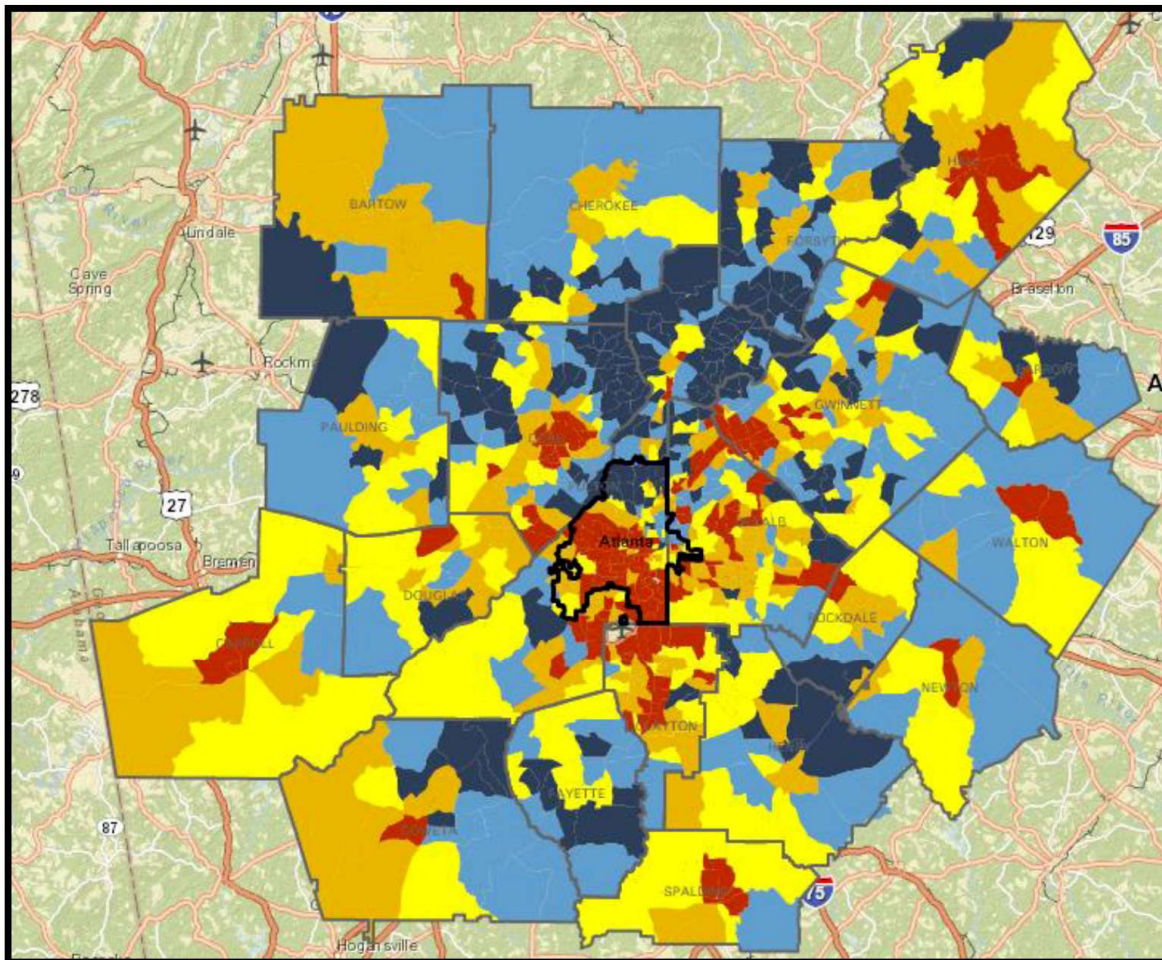
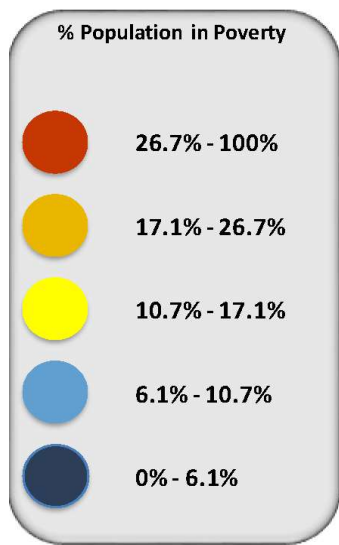
*Affirmatively Furthering Fair Housing:
How will recent changes impact
Metro Atlanta's Communities?*

Mike Carnathan, Researcher with the Atlanta Regional Commission shared the following slides, which show the location of Low-Income Housing Tax Credit projects funded by the Georgia Department of Community Affairs (DCA) in relation to the distribution of poverty and the distribution of non-white population in the Atlanta metro region.

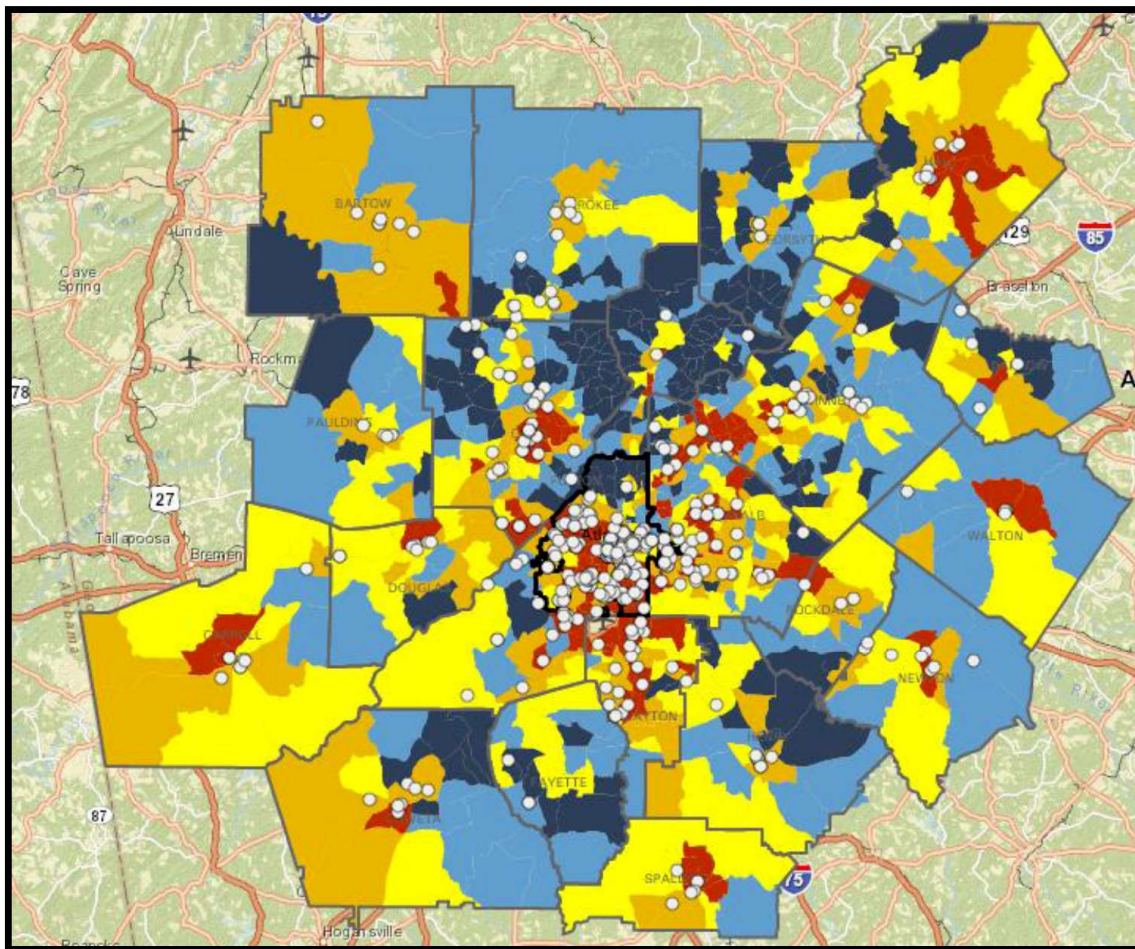
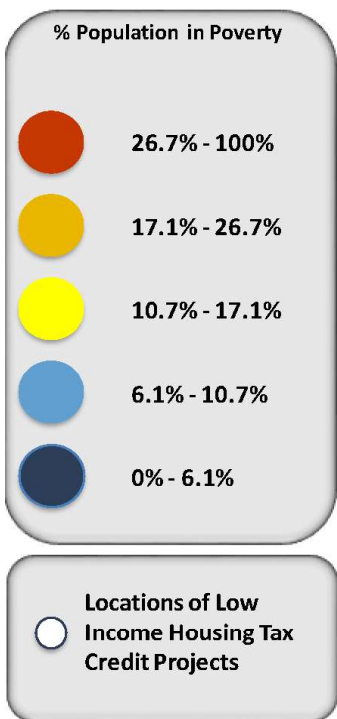
See www.atlantaregionalhousing.org/wp/forum



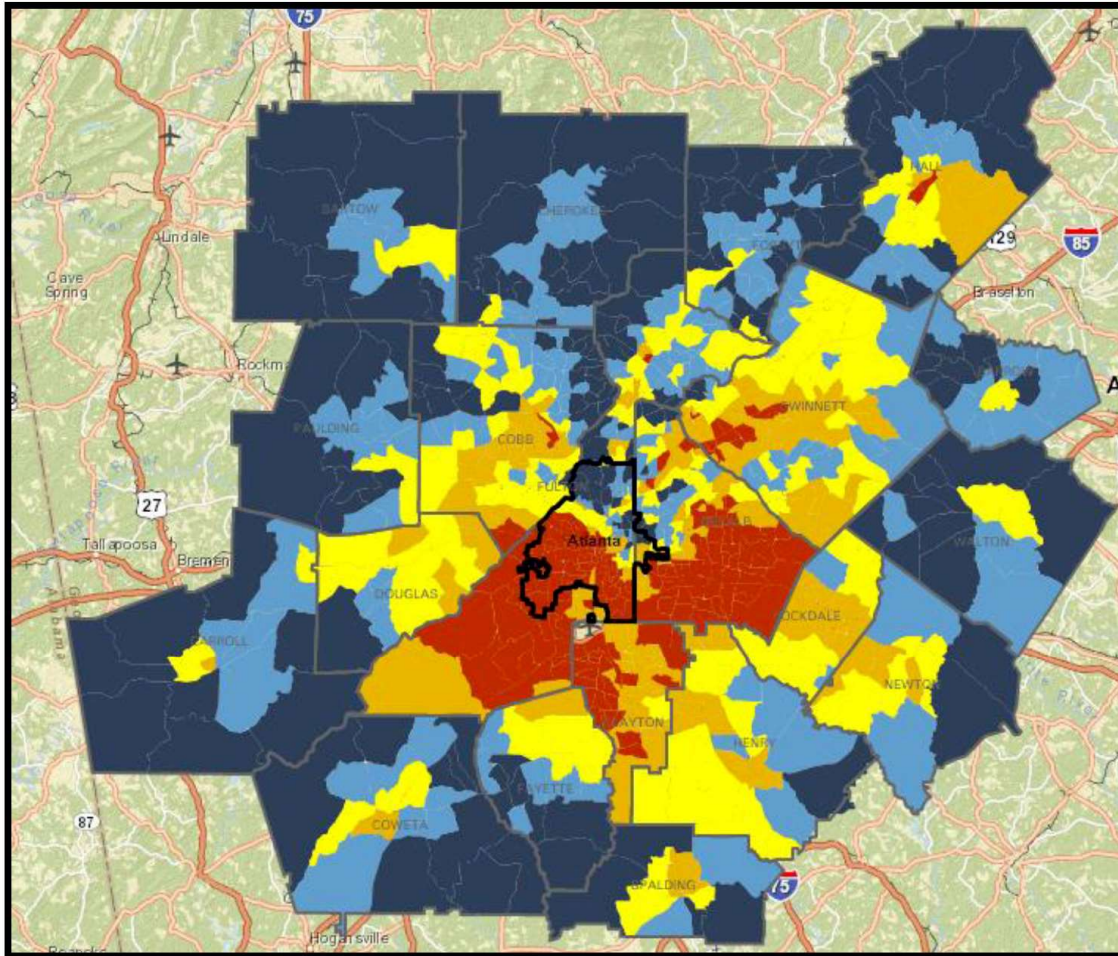
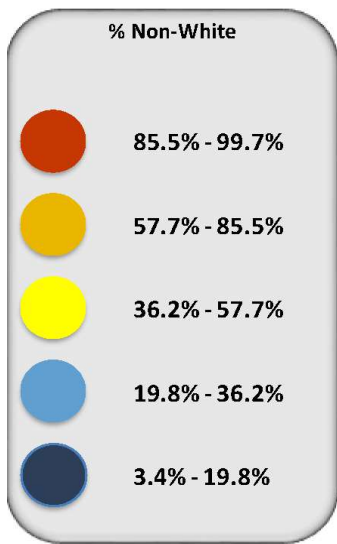
Distribution of Poverty



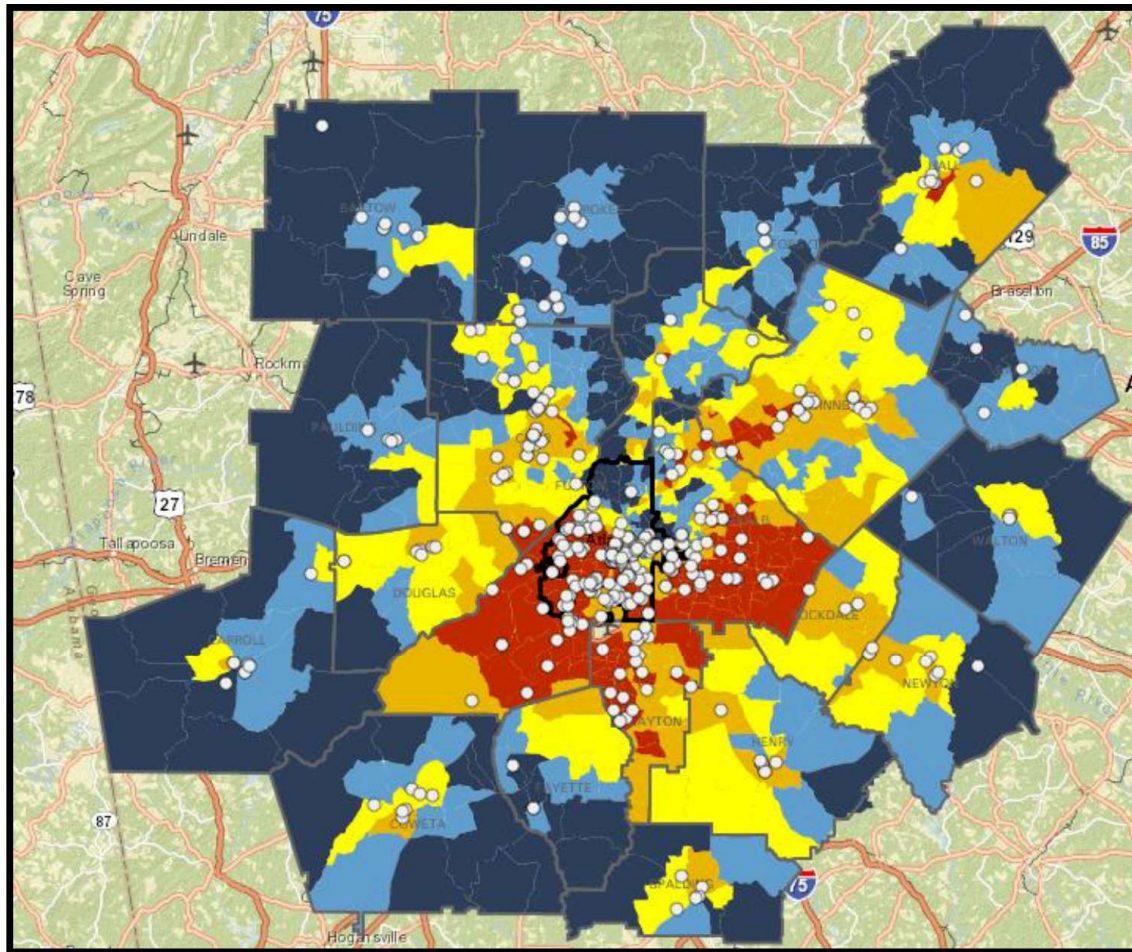
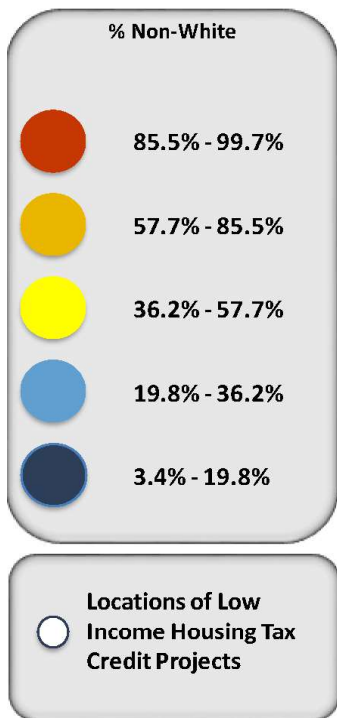
Distribution of Poverty & Locations of LIHTC Projects



Distribution of Non-White Populations



Distribution of Non-White Populations



Balancing Fair Housing and LIHTC Requirements

Georgia ACT reviewed Georgia's 2016 Draft Qualified Allocation Plan through the lens of the three pillars that DCA stated strongly influenced the formulation of policy supporting the QAP:

- Increasing access to thriving communities and high opportunity areas that have access to jobs and quality schools
- Helping communities realize their vision by encouraging concerted community development efforts
- Supporting individuals with barriers to access to opportunity

Our review focused on changes to the QAP that particularly relate to DCA's distinct investment tracks - stable communities and communities with implementable revitalization plans supported by required tools and resources.



2016 QAP Core Application



2016 QAP: LIHTC Statutory Preferences

States must give preference in selection to those projects that:

1. Serve the lowest income tenants.
2. Serve qualified tenants for the longest period.
3. Are located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan.

2016 QAP: LIHTC State Priorities

In addition to the effective, efficient, and lawful allocation of and utilization of the low-income-housing credit program outlined in (O.C.G.A. 50-26-89(a)), DCA has identified six priorities (only 5 in 2016 Draft QAP) for the allocation of resources under the 2016 Qualified Allocation Plan.

These priorities stem from the three overarching housing strategic goals set by DCA.

2016 QAP: DCA Housing Strategic Goals

<p>Increasing access to thriving communities through outreach and development in areas of opportunity</p>	<p>Partnering across Georgia to grow and achieve local visions for strong communities</p>	<p>Fostering inclusive communities free of barriers to individuals underserved by existing housing programs</p>
<ul style="list-style-type: none"> • Access to quality schools, quality jobs, diverse neighborhoods, affordable and reliable transportation • Financing affordable housing and undertaking outreach to landlords • Education: Demonstrating to communities the value of affordable housing 	<ul style="list-style-type: none"> • Concerted community development and measureable outcomes • Capitalizing on existing local momentum and supporting new community development • Education: Capacity building, technical assistance, and targeted financing 	<ul style="list-style-type: none"> • Overcoming barriers to access for people with disabilities, returning citizens, extremely low-income households, and individuals experiencing homelessness • Increasing access to housing support and encouraging outreach to landlords • Education: Increasing knowledge of housing options

2016 QAP: Priorities for Resource Allocation

1. Integrated Housing Opportunities for Persons with Disabilities
2. Preservation of Existing Affordable Housing
3. Quality Developments
4. Innovation
5. Geographic Distribution of Resources

2016 QAP: Competitive Selection Criteria

- The scoring criteria for HOME applicants give preference to Applicants that minimize risk of loss to DCA, demonstrate HOME experience and capacity, achieve a geographic distribution of resources, and **meet DCA fair housing priorities**.
- The Tie-Breaker for HOME and Tax Credit applications now list the following preference: “**Applications that exhibit the greatest ability to further DCA’s fair housing goals will be given a preference. DCA will evaluate the fair housing impact of a property using the tools listed under the Stable Communities scoring section and other key demographic measures**”.

2016 QAP Scoring



Section II - Deeper Targeting/Rent/Income Restrictions

B. - Deeper Targeting through new Project Based Rental Assistance contracts

The manner in which an Application can earn the 3 points under this subsection has changed.

- Last year a project could gain the maximum three points for having at least 15% of total residential units with PBRA's for a maximum of 10 years
- This year, only two points are available for meeting this criteria. **The third point is only available to applications meeting the criteria who also receive at least 3 points under Section VII - Stable Communities.**
 - Note that, in addition, the DCA modified the criteria so that PBRA units cannot exceed 35% of all units.

Section III - Desirable Activities/Undesirable Maximum

A. - Desirable Activities

- Dollar stores and similar businesses are not eligible for points under the Retail/Clothing/Department store category

Note: This change produced a high level of public comment.

Section VII - Stable Communities

Total points for this category have doubled from 4 to a possible 8 points

A. - Flexible Pool Stable Communities

- Total points for the subsection dropped from 4 to 3 points
 - 3 points will be awarded to projects in the Flexible Pool that are located in census tracts designated Middle or Upper Income level and where less than 5% of residents are below the Poverty levelOr
 - 1 point will be awarded to projects in the Flexible Pool that are located in census tracts designated Middle or Upper Income level and where less than 15% of residents are below Poverty level

Section VII - Stable Communities

Total points for this category have doubled from 4 to a possible 8 points

A. - Flexible Pool Stable Communities

- New this year - Applicants within ¼-mile of a census tract meeting the requirements of this sub-section that also receive the full 13 points under the Desirable Activities section are eligible for 2 points.

Section VII - Stable Communities

B. - Rural Pool Stable Communities

- Total points for this subsection dropped from 3 to 2 points
 - 2 points will be awarded to projects in the Flexible Pool that are located in a census tract designated Middle or Upper Income level and where less than 15% of residents are below Poverty level

Or

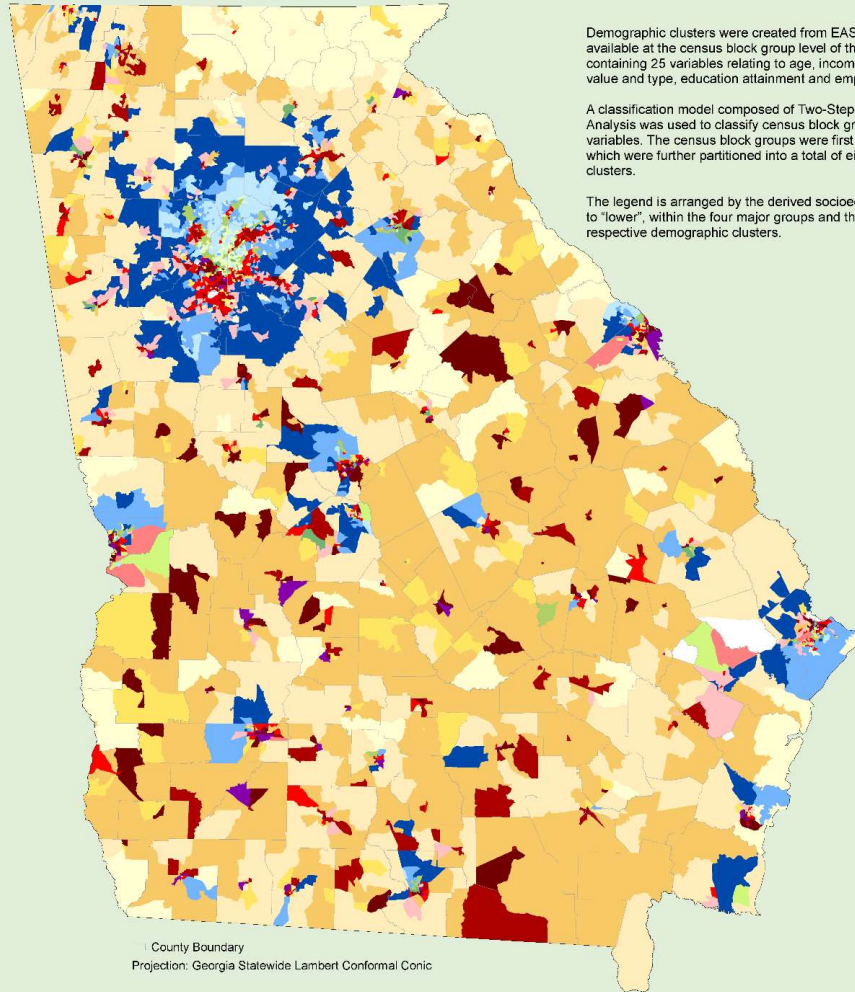
- 1 point will be awarded to projects in the Flexible Pool that are located in a census tract that are designated Middle or Upper Income level and where less than 20% of residents are below Poverty level

Section VII - Stable Communities

C. - New Stable Community Subsection: Georgia Department of Public Health Stable Communities

- Total points available under this subsection is 3 Points
 - 3 points will be awarded to projects that are located in sub-clusters A2, A3, or B1 according to the most recent Georgia Department of Public Health (GDPH) map
 - 2 points will be awarded to projects that are located in sub-clusters A1, B2, or C1 according to the most recent GDPH map
 - 1 point will be awarded to projects that are located in sub-clusters B3 or C2 according to the most recent GDPH map

Demographic Clusters of Georgia



Demographic clusters were created from EASI Demographics data (2011) available at the census block group level of the 2010 census geographies, containing 25 variables relating to age, income, family structure, housing value and type, education attainment and employment type.

A classification model composed of Two-Step-Clustering and Discriminant Analysis was used to classify census block groups based on the 25 selected variables. The census block groups were first classed into four major groups, which were further partitioned into a total of eighteen distinct demographic clusters.

The legend is arranged by the derived socioeconomic status, from "higher" to "lower", within the four major groups and their respective demographic clusters.

County Boundary
Projection: Georgia Statewide Lambert Conformal Conic

GDPH Demographic Clusters

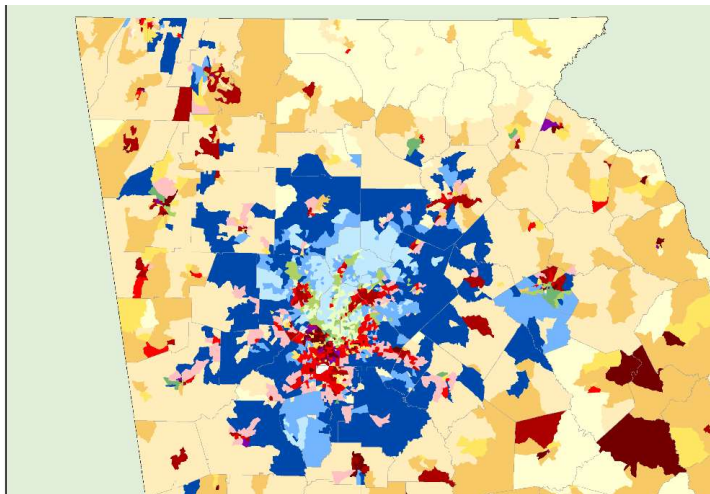
<https://oasis.state.ga.us/gis/demographiccluster/DemoClusters2011.htm>

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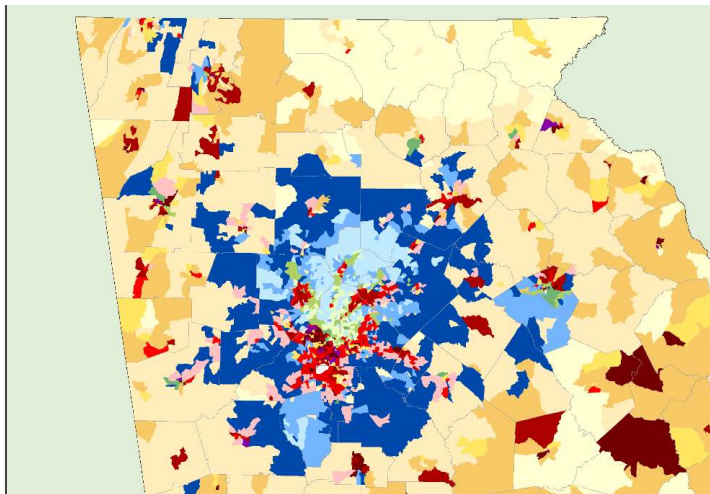
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Demographic Clusters from Highest to Lowest Socioeconomic Status



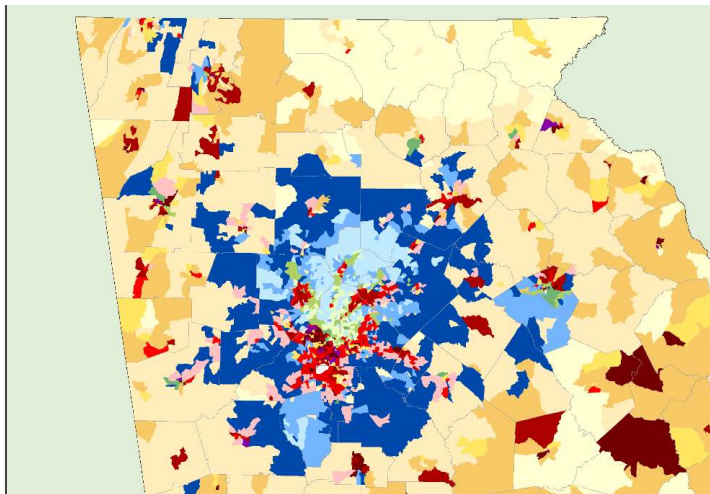
Georgia Department of Public Health

- A.1 Georgia's wealthiest cluster is primarily populated by "new money" executives and professionals living in tract mansions of metropolitan suburbs and exurbs. Predominantly Whites with an above average index for Asians, this highly educated cluster is composed of married couples in their middle adulthood ages (45-64) with young and adolescent children.
- A.2 This well-educated, suburban cluster, dominated by professionals and managers, has the second highest level of affluence in the state. Mostly Whites with a high percentage in their middle or late adulthood (55+), they have adolescent and grown children.
- A.3 Found in the metro suburbs, this mixed-ethnicity with majority of Whites and high index for African-Americans, more youthful cluster is populated by married couples in their late 20's through early 40's with young children. The majority has some college degree or are college graduates. Most are employed in sales and other white collar jobs, while some are high-earning blue collar families. This cluster has a median household income well above the state average.



Georgia Department of Public Health

- B.1** This cluster is characterized by its high concentration of White and Asian non-family households renting in upscale apartments. With easy access to major highways, this cluster is the home for young managers and professionals in their late 20's through early 40's, predominately with college degrees and beyond. They live a modern urban lifestyle in the most densely populated urban neighborhoods before they establish families and move to suburban areas.
- B.2** This tiny cluster is populated by military personnel in their early and young adulthood ages (18-34) with some college degrees. Majority of the population are Whites. They live in rented apartments and condos in urban areas. Their median income is around the state average.
- B.3** This is a mixed ethnicity cluster with a high index of Asian and Multiracial non-family households living in middle-range value apartments in urban-suburban areas. Although many have some college degrees or are college graduates, their median income is below the state average due to their newly entering into the workforce.
- B.4** This mixed-ethnicity cluster mainly represents the college populations in Georgia (those populations living in group quarters). They are mostly between 18-24 years of age and have incomes lower than the state average.



Georgia Department of Public Health

- C.1** This is a White, middle class rural cluster dominated by married families of people aged 55 years and over. They are mainly home owners, but the value of their housing is lower than in some of the urban and suburban clusters. Many in this cluster are high school graduates. Found predominantly in N/NE rural counties of Georgia, this cluster is highly represented in farming, production, and construction.
- C.2** This rural cluster is dominated by married families of people in their middle adulthood ages with young and adolescent children. Found widespread in rural counties of Georgia, the cluster is White with some African-American population. Many people do construction and production jobs; their incomes are average compared to the state.
- C.3** Found in relatively populated areas in rural counties, this mixed-ethnicity cluster with high index of African-Americans is populated by older people living in old houses. With mixed levels of education, people in this cluster mainly work in lower paying service, sales and managerial jobs earning below state average incomes.
- C.4** This rural cluster is composed of married and single parent families of predominantly White population with or with no children. Most have high school diploma or less; they mainly work in farming, production, and construction earning well below the state average income.

Section VII - Stable Communities

D. - New Stable Community Subsection: Mixed-Income Developments in Stable Communities

- Total points available under this subsection is 2 Points
 - 2 points will be awarded to Flexible Pool Applications eligible for at least three (3) points under the other categories in this section, and includes at least 20% market rate units.
Or
 - 1 point will be awarded to Flexible Pool Applications eligible for at least three (3) points under the other categories in this section, and includes at least 15% market rate units.

Section VIII - Revitalization/Redevelopment Plans

- Total points for this Section have increased from **3 to 10 Points**

The definition of Community Revitalization Plans remains the same:

- Be officially adopted by a Local Government
- Include public input and engagement during the planning stages
- Be current, ongoing, and directly affect the proposed site
- Clearly delineate a target area that includes the proposed site
- Call for the rehabilitation or production of affordable rental housing as a policy goal for the community
- Designate implementation measures along with specific time frames for the achievement of such policies and housing activities. The timeframes and implementation measures must be current and ongoing
- Include an assessment of the existing physical structures and infrastructure of the community; and a discussion of resources that will be utilized to implement the plan.

Section VIII - Revitalization/Redevelopment Plans

- Total points for this Section have increased from **3 to 10 Points**

As before, Applications are ineligible to receive points in this category if:

- The plan was formulated by a Project Team member and submitted to a local government for approval.
- The plan is a short-term work plan.
- The plan is a comprehensive plan, consolidated plan, municipal zoning plan or land use plan.
- The plan is outdated and does not reflect the current neighborhood conditions (Plans that are more than four years old will be presumed outdated unless documentation regarding the continued viability of the plan from the Local Government is submitted with the Application).
- Plans that are less than six months old at the time of Application Submission are not considered.

Section VIII - Revitalization/Redevelopment Plans

A. - Qualified Census Tract/Revitalization Plan

- Total scoring for this subsection has increased from **2 to 3 points** for projects in a QCT that contribute to a Community Revitalization Plan.
- In addition to details regarding community input and public hearings held prior to the adoption of the plan, **documentation criteria added includes the requirement for “letters of support for the Application in reference to the plan from two (2) non-profit organizations actively working or investing in the area delineated in the plan”.**

Note: This change produced a high level of public comment.

Section VIII - Revitalization/Redevelopment Plans

B. - Local Government Adopted Revitalization Plan

- Total scoring for this subsection has increased from **1 to 2 points** for Applications proposing to develop housing that contributes to a revitalization plan adopted by a local government.
- **Two non-profit letters are also required under this scoring section.**

Section VIII - Revitalization/Redevelopment Plans

C. - HUD Choice Neighborhoods Grant

- Scoring for locating a project in a Choice neighborhood has increased from **2 to 10 points**.
- Ten points will be available to an Application that is located in an area that has received a HUD Choice Neighborhood Implementation (CNI) Grant. The CNI awardee must select only one Application to receive these points. This development must be identified in the CNI Grant application. Applicants claiming these points are not eligible for other Revitalization Plan points.

Section VIII - Revitalization/Redevelopment Plans

D. - New Subsection: Concerted Revitalization Efforts Multiplier

- Total points available under this subsection is 3 Points
- Application can receive three points if they receive points under the QCT/Community Redevelopment Plan or Local Government/Community Redevelopment Plan and also meets at least four (4) of the aspects of place-based development standards listed below.
 - At least twelve (12) points awarded under Desirable Activities section.
 - At least one (1) point awarded under Quality Education Areas.
 - Full two (2) points awarded under Leveraging sub-section C, Off-Site Improvement.
 - Full two (2) points awarded under Workforce Housing Need.
 - Property serves a mixed-income tenant base (PBRA is limited to 30% of units).

Applicants eligible for two or more points under the Stable Communities section cannot claim these points.

Section IX - Phased Development/Previous Projects

- Total point for this Section have dropped from 4 to 3 points.

A. - Phased Developments

- The total points available for phased development projects (one or more phases received an allocation of 9% tax credits within the past five (5) funding rounds and at least one phase has commenced construction as of the application Submission deadline) dropped from 4 to 3 points.

Note: This was not a well supported move among developers at the Public Comment period.

Section IX - Phased Development/Previous Projects

B. - New Phased Development/Previous Projects Sub section: Previous Projects - Flexible Pool

- Total points available for this sub section is 3 points
- Applications in the Flexible Pool receive **3 points** if the proposed development site is not within a 1-mile radius of a LIHTC development that has received an award OR in the last five (5) DCA competitive funding cycles. The Application must also not be within a Local Government boundary which has received an award of 9% Credits within the last five (5) DCA competitive funding cycles.

OR

Section IX - Phased Development/Previous Projects

B. - New Phased Development/Previous Projects Sub section: Previous Projects - Flexible Pool

- Total points available for this sub section is 3 points
- Applications in the Flexible Pool receive 2 points if the proposed development site is not within a 1-mile radius of a LIHTC development that has received an award in the last four (4) DCA competitive funding cycles. The Application must also not be within a Local Government boundary which has received an award of 9% Credits within the last four (4) DCA competitive funding cycles.

Section IX - Phased Development/Previous Projects

C. - Phased Development/Previous Projects Sub section Geographic Distribution renamed: Previous Projects - Rural Pool

- Total points available in this sub section has dropped from 4 to 3 points
- Applications in the Rural Pool receive 3 points if the proposed development site is within a Local Government boundary which has not received an award of 9% Credits within the last five (5) DCA funding cycles.
OR
2 points if the proposed development site is within a Local Government boundary which has not received an award of 9% Credits within the last four (4) DCA funding cycles.

Section X - Market Characteristics

- In this Section, each applicant receives two points, then has one point deducted for certain market conditions - as established by DCA - that exists.
- To the list of market characteristics that trigger a one-point deduction, DCA added the following market condition: “If the capture rate of a specific bedroom type and market segment is over 55%.”

Section XIX - Preservation Priority

- DCA awards five (5) points to up to seven (7) Applications that best meet their preservation priority. Applications receive points for each of the preservation priorities they meet. The 7 applications with the highest cumulative scores receive the 5 preservation priority points.
- DCA added the following preservation priorities to this year's QAP:
 - An application with at least four (4) points under Stable Communities in the Flexible Pool or three (3) points in the Rural Pool can receive 3 Points towards their Preservation Priority score.
 - An application that proposes rehabilitating a property that gets two (2) points under Revitalization/Redevelopment Plans can receive 3 Points towards their Preservation Priority score.

Georgia ACT's public comments resulting from this review - submitted to DCA on Tuesday November 3, 2015 - can be found on our website at www.georgiaact.org.

Note: This slide was added after the Round Table Discussion

