



Guide to Requesting the Georgia Initiative for Community Housing (GICH) Low-Income Housing Tax Credit (LIHTC) Letter of Support

The Low-Income Housing Tax Credit or LIHTC program was enacted in 1986 during the Reagan Administration by the Tax Reform Act and is the largest producer of affordable housing today. The LIHTC program allocates Federal and State tax credits to qualified developers to construct rental units for low to moderate-income renters. The program is an Internal Revenue Service (IRS) program rather than a Department of Housing and Urban Development (HUD) program, and it is administered by the Georgia Department of Community Affairs (DCA), the state's housing and community development agency.

The Housing Tax Credit program can be a positive asset for a community as it has stringent accountability standards from application through the 30-year affordability period, a period in which the owner must keep the rent affordable and is subject to DCA inspection and compliance requirements. It addresses the need for available, attractive, and attainable housing for seniors, working families, and individuals with disabilities.

How the Housing Tax Credit Program Works:

1. The IRS allocates tax credits to each state.
2. The State Housing Finance Authority, DCA, sets rules for developers annually through the Qualified Allocation Plan (QAP). The QAP development process begins in the summer months during public input and listening sessions and ends with the QAP workshop each February followed by approval of the governor.
3. Developers compete to win 9% tax credits.
4. If housing tax credits are awarded, private investors contribute equity to build the housing development and receive the benefits of the tax credits.
5. Housing is constructed, typically within two years of award, and rents must remain affordable for at least 30 years. Usually, rents are 60% of the Area Median Income.
6. The tax credit is distributed over 10 years and begins once the unit or units are inhabited.

DCA Community Initiatives

Housing Tax Credits are awarded from the results of an extremely competitive point-driven application with scoring defined by the annual QAP. DCA may award 1 point to an application that seeks to develop in a community that has undertaken planning through the Georgia Initiative for Community Housing (GICH). The local GICH housing team, current or certified alumni, may provide a letter indicating the majority of the members of the housing team support the project.

The letter must incorporate the following elements:

1. It must identify the boundaries of their GICH community.
2. It must identify the development as being within the community's stated GICH boundaries.
3. The letter must be executed (signed) by the GICH community's primary or secondary contact on record with the University of Georgia Housing and Demographic Research Center as of the date provided in the annual QAP.

The GICH housing team may issue only one letter for one project during each Housing Tax Credit competitive round. If the community issues multiple letters, no project within the community will receive the GICH point. A letter from the Local Government agreeing to the issuance of the letter must also be provided.

Steps for Development in Douglasville:

1. From July – October, DCA conducts a series of listening sessions geared toward receiving input from segments of the population that have a stake in Housing Tax Credit development. The information gleaned from the sessions is used to develop the Qualified Allocation Plan for the upcoming LIHTC round. For more information or to be notified of Housing Tax Credit news such as the listening sessions and trainings, contact the Georgia Department of Community Affairs.
2. In October, a draft QAP is published for comment.
3. The QAP workshop takes place, typically at the Cobb Galleria in Atlanta, in February and the Governor signs the plan the next day signifying the official release of the QAP for the current round.
4. Once the QAP workshop ends, the application is available for use and DCA enters the "quiet period." During this period, which lasts until the final results of the tax credit allocation are announced, DCA staff will not answer any project specific questions. Programmatic questions and requests for clarification of the QAP must be done through the official Question form and on DCA's website. Answers are provided online, typically on a weekly basis with notification provided through the e-newsletter.

5. February 1
The City of Douglasville's Housing Team Leader will provide any necessary updates to the Housing Team by the scheduled March meeting of any amendments that will be made to the application procedures and due dates for the developer application for GICH points. Typically, the primary change is the date developers will be required to provide their applicant packet to the City. However, the Housing Team and the city can opt for a specific date regardless of the QAP.
6. February 15
The city's website will be updated to provide the most up to date application letter instructing developers on how to apply for the housing tax credit letter of support.
7. March 15
The deadline for developers to apply for the letter of support.
The cover letter of each application packet must be time and date stamped to indicate it was submitted prior to the due date. Then, the Economic Development Director or designee shall send email receipt of submittal to the contact person provided by the developer.
8. April 1
The application scoring team will have met to score each application packet based on the scoring rubric. Developers will be asked to attend the first city council meeting of the month to present information on the proposed development.
9. First April City Council Meeting – Threshold Criteria
Developer Presentations and Question and Answer sessions
10. Second April City Council Meeting
Final recommendations for developer award and backing documentation are brought before City Council by the Housing Team leader with a request to the Mayor and Council to issue a letter agreeing to the Douglasville Housing Team's recommendation.
11. May 1
The GICH Housing Team letter, if one project is determined to be an acceptable development, and the letter issued by the Mayor and Council agreeing to the issuance of the "GICH Letter" are provided to the developer. All others are provided letters informing them of their status.
12. Housing Tax Credit application is due at the DCA office in Atlanta, usually, the last week of May, but is determined each year and made part of the QAP. DCA reserves the right to extend the deadline under extenuating circumstances.

13. November 30

DCA announces the annual Housing Tax Credit allocation. However, there is an appeals process and final allocations may not be announced until January.