

MEMORANDUM

TO: Potential Applicants
FROM: Office of Affordable Housing
DATE: February 20, 2003

Please find the attached the General Questions and Answers document for the 2003 Low Income Housing Tax Credit and HOME Rental Housing Loan Program Competitive Funding Round.

Please take special note of the following critical dates for the 2003 funding round:

- March 7** **Electronic Application Available**- Applicants may obtain the 2003 Electronic Application, Application Instructions and Tabs Checklist from the DCA website at <http://www.dca.state.ga.us/housing/rentalfin.html>.
- March 15** **Request for Waivers Deadline** - Applicants must have request(s) for waiver(s) to DCA offices by 5:00p.m. on this date. No late submissions will be accepted for any reason.
- March 15** **Project-Specific Questions Deadline** - Written project-specific questions will be entertained.
- May 15** **Application Submission Deadline** - Complete Applications must be received by DCA no later than 5:00p.m. **No late submissions will be accepted for any reason.**
- September 9** **Preliminary Scoring Results** - DCA will provide preliminary scoring results to Applicants by facsimile.
- September 11** **Applicant Comments Deadline** – Applicants written comments regarding the DCA Preliminary Scoring Results must be received by DCA no later than 5:00 p.m.
- September 30** **(Tentative) Announcement of 2003 HOME and Tax Credit reservations.**

Applicants are advised to visit the DCA website <http://www.dca.state.ga.us/housing/rentalfin.html> prior to application submission to insure that they have obtained all updated information and have utilized the appropriate documentation and forms for the preparation and submission of their application. No further notices or correspondence will be sent prior to application submission date.

Written general questions regarding Application submission, as well as project specific questions, may be mailed to Christie Shafer, Georgia Department of Community Affairs, 60 Executive Park South, N.E., Atlanta, Georgia 30329-2231; emailed to cshafer@dca.state.ga.us or facsimile attention: Christie Shafer, 404-327-6849.

2003 General Questions and Answers

- Q1. Under the "Government Financial Assistance" section, a maximum of 15 points can be awarded if a project receives assistance from the local government in the amount of 7% of project costs. Would it be sufficient to provide a firm commitment of funding contingent upon the receipt of tax credits as requested or would it be required that the Applicant submit an executed loan agreement with the Application?
- A. Pursuant to the 2003 Qualified Allocation Plan, DCA will accept a firm commitment letter from the chief executive officer of the local government that meets the criteria set forth in the 2003 QAP Appendix II Section 6B, Government Financial Assistance.
- Q2. Is there a minimum dollar amount or percentage of cost that is required for the PHA's "investment in the project's physical plant and/or contribution to the long-term economic feasibility of the project via operating cost contributions or tenant rent subsidies as outlined in Appendix II, Section 4A, Public Housing Authority and Rental Subsidy?
- A. Points awarded in accordance with Appendix II, Section 4A, Public Housing Authority and Rental Subsidy will be based solely on the percentage of units reserved and rented to public housing tenants. There is not a minimum dollar amount or percentage of cost for this category.
- Q3. Is there any reason HOME funds cannot be used for rehab purposes, along with tax credits.
- A. HOME Rental Housing Loan funds may be utilized for the development of newly constructed or rehabilitated rental housing and may be combined with Low Income Housing Tax Credit Financing.
- Q4. A proposed application consist of a Section 515 project that needs rehab in a town and the town also needs a new construction project, (projects 1 and 2) to be combined under one application as scattered sites. Under the scattered site portion of the QAP can this work as one project (project #1 has Section 515 funds to be assumed and rental assistance and will use some HOME funds and tax credits; project #2 which will be new construction, has no USDA funds but will use HOME and Tax Credits)
- A. Yes, pursuant to the Scattered site requirements set forth in the 2003 QAP, all buildings in the project must be developed under one plan of financing. DCA would consider the proposed project in this question to meet the requirements of the QAP provided that all buildings in the project are funded under one plan of financing through the HOME Rental Housing Loan Program, the Low Income Housing Tax Credit Program and Section 515 even though all sources are not utilized for each property.

Q5. A proposed application consist of a Section 515 project that needs rehab and is financed with Section 515, HOME and Tax Credits and a new construction project that is financed with HOME, Tax Credits and Section 538 funds. Can these two projects be considered as one under scattered sites definition in the 2003 QAP?

A. No, pursuant to the Scattered site requirements set forth in the 2003 QAP, all buildings in the project must be developed under one plan of financing. DCA would not consider the proposed project in this question to meet the requirements of the QAP. If more than one site in the scattered site project will be funded by a government funding program, then all sites must be funded under that same program, (i.e. Site A is funded under the USDA 515 program then Site B must either be funded by USDA 515 or not have any USDA funding.)

Q6. Section 9. Policies, page 12 of the 2003 Core Plan says the following: "Annual Operating Expenses" Annual budgeted operating costs, excluding reserve contributions must be no less than \$3,000 per unit for urban projects, \$2,600 for Rural County projects and \$2,000 for Rural County projects that include USDA loans as a funding source". There are two questions (1) Does DCA count Section 538 and Section 515 in the same category for this policy, that is does Section 538 funding allow a lower annual operating expense than \$2,600 and (2) since there is a difference between the definition of "rural county" between USDA and DCA can the USDA definition apply. That is, if a Section 538 is located in an USDA rural area, but in a DCA "urban area" can the annual operating expense be lower than \$2,600 per unit.

A. DCA considers all USDA programs eligible for the lower annual operating expense allowance. Additionally, for applications submitted pursuant to the 2003 QAP, the DCA determination of rural or urban area will govern the requirement for the minimum annual operating expenses for a proposed project.

Q7. Can Section 515 family and 515 elderly be included in the same tax credit package?

A. No, pursuant to the 2003 QAP, all scattered site properties must fall exclusively within one of the tenancy characteristics as defined in Appendix II, Scoring Criteria, and Section 3.

Q8. When scoring a Scattered Sites Application for the previous projects within a local government, if you have two sites, one which scores 0 because it had a project funded last year, and one that scores 6 points with no previous funding, is the combined score a 6 since you did not exceed the maximum?

A. For purposes of determining the scoring for scattered sites in a previous projects within a local government, DCA will determine the score for each site, add the scores together and award points totaling the sum of these scores, not to exceed 6 points total for this category.

- Q9. According to Section 9, Policies, Distribution across bedroom sizes, if the market data indicates a need for a different distribution of bedroom sizes in the market rate component, will this be allowed? Does this restriction apply by bedroom size only, or by unit type (e.g. 2/1 vs. 2/2?? 2Br garden vs. 2Br T/H).
- A. Pursuant to Section 9, Policies, Distribution Across Unit/Bedroom Sizes is not applicable to the market rate component of a proposed project.
- Q10. In Section 9, Policies, Replacement Plan, is it intended that a Replacement Plan be included in the application for all projects, or only those requesting HOME funding??
- A. The Replacement Plan requirement in Section 9 of the Core Plan is applicable to Applications for both HOME and Credit funding. However, the Replacement Plan documentation is not required at the time of application submission.
- Q11. Section 11 of the Core Plan, Pre- Application Submissions, appears to require submission by 2/1, but the Fee Schedule appears to stipulate 3/15 for ownership waivers??
- A. Pursuant to the 2003 QAP, Pre-Application Submissions were due on February 1, 2003. All request for waivers, including ownership experience waivers are due to DCA no later than March 15, 2003.
- Q12. In order to determine the status of a proposed project in accordance with Competitive Scoring, Section 2D, will a list of allocations and jurisdictions be made available?
- A. The list of projects awarded DCA Affordable Rental Housing Funding for 2000, 2001 and 2002 has been posted on the DCA website at <http://www.dca.state.ga.us/housing/rentalfin.html>.
- Q13. According to Competitive Scoring Section 6B, Government Financial Assistance, must the final official Governmental approval (e.g. City Commission approval) have occurred by the submission date, or can final governmental approval occur sometime after the application submission date?
- A. Section 6B of Appendix II Scoring Criteria states that in the case of USDA, FHLP_AHP, CDBG, HOME or other governmental assistance/funding that has not been awarded at the time of Application Submission but be awarded on or before July 28, 2003. At the time of application submission, Applicants must submit documentation indicating that the project is under final consideration for such funding.

- Q14. If there is a reduction on operating costs, must this reduction meet the percentage requirements (e.g. 7% reduction for 15 points) each year of the 10 year required period, or just average 7% over the full 10 year period, or just meet the 7% requirement for the majority of the 10 year required period required in Competitive Scoring Section 6B Government Financial Assistance?
- A. Governmental Financial Assistance must provide a reduction of annual operating cost in each year for the first ten years of the period of affordability. This reduction does not have to be the same each year. The total reduction will be utilized to determine the total percentage reduction for the project. Points will be awarded based on the total percentage reduction as determined for this category.
- Q14. If the Applicant chooses to have the project reviewed by an accessibility consultant, does this then not require any further accessibility beyond the Threshold requirements (assuming such is not required by any Federal, State, or local code)?
- A. DCA encourages the utilization of an accessibility consultant. However, the review of a project by an accessibility consultant does not satisfy the 2003 Threshold requirements for Applications for funding nor does it insure that the project will be in compliance with accessibility laws and regulations.
- Q15. Does the rule about larger parcels involving redevelopment plans (second paragraph of Appendix II, Section 2[A]) also apply to the infill points (Appendix II, Section 2[C])?
- A. Applications which contain a project site that is part of a larger parcel for which there is a redevelopment plan will be awarded points according to Appendix II, Scoring Criteria, Section 2C if the entire parcel is adjacent to (or directly across the street from stable occupied residential development. Documentation evidencing the redevelopment plan for the entire parcel must be attached to Site Information Form A.
- Q16. What does the third bullet in Appendix II, Section 2(C) mean when it says that scattered single family housing does not constitute "established residential development"? Does that mean that only a subdivision, apartment complex, or trailer park would count as "established residential development", but that a couple of individual houses would not?
- A. Pursuant to Appendix II, Scoring Criteria, Section 2C, and several established individual houses that are part of an established neighborhood (although not contiguous) and in close proximity to the project site would be defined as established residential development.

- Q17. In the QAP - Fee Schedule - Front End Analysis (applicable when Identity of Interest exists between the Developer or Owner and the General Contractor) the fee is \$1,800.00. What does this analysis determine and why is it needed? Is it mandatory if the identity exists?
- A. Pursuant to Section 9 of the Plan, a Front End Analysis is required when there is an identity of interest between the Owner and contractor or the Developer and the contractor. This analysis is conducted to review the feasibility and viability of the proposed projects construction cost and to determine the reasonableness of the Owner-provided construction service in comparison to industry standards.
- Q18. How will DCA score “Local Financial Assistance” that consists of both: a) Operating Subsidies (such as property tax relief) and b) grant or loan contributions to the project’s Development Cost?
- A. Points will be awarded under Appendix II, Scoring Criteria, Section 6A, Local Government Support for the aggregate total of percentage reduction of project development cost and /or project operating cost subsidies in this section.
- Q19. Under Optional Services listed for Family projects, “Transportation to facilitate access to social services, doctors, shopping” is an eligible service. Can a project located on a public bus line would count as a service under this definition?
- A. Points will be awarded for transportation optional services for family projects only if the transportation is provide by the Owner or arranged by the Owner specifically for the residents of the proposed project.
- Q20. In a downtown project, would residential units located over retail space count as “adjacent residential”? How many residential units would be required to meet this criteria?
- A. Adjacent Residential Development points will be awarded to an application that consist of a proposed project site where residential units are located over retail space as long as the project site is adjacent to or directly across the street form stable occupied residential development. There is not a minimum number of residential units required to meet this criteria.

- Q21. Under Section 11 "Submission Requirements", B "Application Submissions", please clarify the following. Under "Maximum Ownership Interests" the last sentence of the 2nd paragraph reads: "Inexperienced nonprofit Developers and inexperienced for profit Developers are limited to one project." Please clarify the maximum number of projects that an inexperienced developer/owner may participate in, assuming that they will partner with an experienced developer on every project in order to meet threshold criteria.
- A. Section 11 of the Core Plan provides the limitations for Applicants (owners). Project submittals are limited to six submittals per Applicant. Inexperienced Applicants may submit up to six applications for the 2003 Funding Round. However, an inexperienced Applicant is limited to receiving only one award of funding for a project in which they have ownership interest. An experienced Applicant may receive up to three awards for which they have an ownership interest and up to two additional awards for projects in which they may partner with inexperienced Applicant. These limitations apply only to ownership interest of all proposed Project participants, except syndicators.
- Q22. In the "Competitive Scoring" section of the QAP, under #2."Project Locational Characteristics", section D "Previous Projects w/in a Local Govt., in a scattered site project, one of the two sites is in a location which qualifies for 6 points, but the other site does not qualify for any points, how many points would we get under this category for the whole project?
- A. The maximum points awarded in this section will be 6 points. DCA will add the scores for each site and award a maximum of 6 points in this category.
- Q23. Please clarify the "Housing for Older Persons" definition from the 2003 Qualified Allocation Plan. "Housing for Older" persons means housing intended and operated for occupancy by persons 55 years of age or older ("Older Persons"). According to Georgia law, such housing must also have significant facilities and service serving the Older Persons population even though the requirement has been eliminated from the federal definition of an elderly project. At least 80% of the total occupied units in such a housing project must be occupied by at least one Older Person. Up to 20% of the units may be occupied by others, including the landlord's employees, the surviving spouses or children of residents who were Older Persons when they died, and caregivers. DCA will monitor the required facilities and services during the applicable compliance period or the Period of Affordability whichever is longer." Does this mean that up to 20% of the total units can be occupied by any individual or family, regardless of age, so long as all applicable set-asides and income restrictions are honored. Is this assumption correct?
- A. Yes.

- Q24. If we partner with an inexperienced nonprofit, and they are the sole owners, as developer, are we limited to 20% of the developer fee? Or is the ownership percentage a different issue. We plan to be joint venture partners in the development.
- A. Pursuant to the 2003 QAP, the consultant fee limitation to 20% of the Developers fee applies only to those consultants that are acting in the capacity of developer or construction manager or providing technical assistance to the developer or construction manager.
- Q25. Please clarify DCA's position on the language pertaining to Threshold Section 18(D) "Inexperienced CHDOs and Non profits Exceptions." If an Applicant forms a partnership with an inexperienced nonprofit for the development of the project but is not interested in submitting/competing in the Nonprofit Set-Aside, is the Applicant required to submit the application under the Non-Profit Set Aside category?
- A. No, the Applicant is not required to submit the application under the Non-Profit Set Aside Category.
- Q26. In Section 7 of the Scoring Criteria, Project Characteristics, A. Neighborhood Redevelopment, reference is made in Item (2) to a proposed development site location in an enterprise community or an empowerment zone. Does this include state enterprise zones as well as federal zones?
- A. Yes, however, Applicants are required to submit documentation from the state or federal government that certifies that the project site is in the enterprise community or empowerment zone.
- Q27. Can the same appraisal that is required now at application be turned in with the final cost certification?
- A. Yes.
- Q28. For scoring scattered sites in the following categories: Very Low Income Very Very Low Income, Rental Assistance, DCA Project Based Special Needs, does each site have to meet the required percentages or is this calculated on a total unit basis?
- A. In order to receive points in the very low income, very very low income, rental assistance, and/or DCA project based special needs categories in Section 4 of Appendix II Scoring Criteria, each site of the scattered site application must meet the required percentages.

- Q29. Does the submission of a project under the Non-Profit Set-Aside category automatically enable that project to be considered in the general pool, as well? For example, if the project did not rank high enough to score “in the money” in the limited non-profit set-aside pool, but scored high enough to be “in the money” in the broader pool, would its inclusion in that pool be automatic, thereby resulting in an award?
- A. The submission of an application requesting funding from the Non-Profit Set Aside Category is also included in the general pool. In general, the highest scoring Applications with favorable market studies will be allocated resources without regard to resource type requested or geographic location except as noted in the 2003 QAP. The selection of applications for funding awards is at DCA’s discretion and may prevent a project from receiving a funding award.
- Q30. Can a nonprofit (experienced or inexperienced) participate in a transaction without being in the nonprofit set-aside?
- A. Yes.
- Q31. If we need an appraiser for the property, do we have to use one from DCA's list or can we use any appraiser? Does DCA have an appraiser list?
- A. For Applicant commissioned Appraisals, the Applicant is required to provide an appraisal that was prepared in accordance with the DCA Appraisal guidelines set forth in the 2003 Application Manual. DCA does not provide a list of approved Appraisers.