

2009 DCA Qualified Allocation Plan General Questions and Answers Posting #6

1. I am looking for the weekly update as shown in the workbook instructions (see below):

A weekly update that will include a list of applicants and the agencies that have returned the form will be posted on the DCA site. It is the applicant's responsibility to monitor this list and to make sure all forms are received by DCA no later than April 16, 2009. A Pre-Application Compliance Score will not be issued until all forms are returned to DCA.

Response: This weekly update will not start until after the pre-application period starts (April 16th).

2. If we have a site located within a ¼ mile of the beltline project here in Atlanta can we receive the points for community transportation?

Response: DCA does not typically answer scoring questions in Q&A. However, the scoring criterion to which your question refers requires that projects be located within ¼ mile walking distance of an operating rapid rail transit station along paved roads, sidewalks, established pedestrian walkways or bike trails.

3. My question relates to sampling for lead in drinking water as required by the DCA Environmental Manual. Page 26 of the manual (attached) indicates that sampling should be conducted in accordance with the EPA publication *Lead in Drinking Water in Schools and Non-Residential Buildings* (<http://www.epa.gov/dclead/leadinschools.pdf>). Page 29 of the EPA document indicates that follow-up testing is required if test results reveal lead concentrations greater than 20 parts per billion (ppb). I am wondering if 20 ppb is also the standard that DCA applies to lead in drinking water samples. If sample results indicate detections at concentrations below 20 ppb is any follow up testing and/or remediation required?

Response: The 2009 Environmental Manual stipulates that if the buildings are more than 25 years old (built prior to 1984), the plumbing systems must be tested for lead in drinking water in accordance with the EPA publication *Lead in Drinking Water in Schools and Non-Residential Buildings*, regardless of the results of the review or visual assessment. While EPA may not require follow up testing or remediation for samples that are less than 20 ppb, DCA's requirements are more stringent and states: If lead is detected in the drinking water, remediation is required in accordance with all applicable federal, state and local laws and regulations or if all the plumbing is removed and replaced with pipes in accordance with Section 1417(e) of the Safe Drinking Water Act, then lead testing is not required (please refer to the 2009 Environmental Manual, Section 10 (a)(b).)

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4. The Tier One Entity requirements include a requirement to submit current financials. For individuals, the requirement is that they be dated within 30 days of the submission date. For corporations, they must be from the month immediately preceding the submission date. With the Tier One documentation due on April 16, it will be difficult to get March financials closed out in time to submit with the applications. Will February financials suffice for both personal financial statements and corporate year-to-date financials?

Response: For pre-application we will accept corporate financial statements as of the end of February in lieu of the end of March considering the relatively tight time frame. However, we would expect it updated with March statements within 30 days of submitting the pre-application. With respect to personal financial statements, we will not accept statements dated any later than 30 days from the date of submission.

5. Last year our environmental consultant was given a waiver or exception of the insurance requirement. Their firm does other work for the State which requires them to carry a \$4M policy for the underground storage tank inspection program leaving only \$1M coverage for the Phase 1 Report. Does our environmental consultant need a new waiver of the insurance requirement for this year's update?

Response: Yes, the firm must request a new waiver consisting of a letter explaining the request and a copy of the insurance certificate.

6. We have a project that we are submitting this year in the 2009 9% round. We will be seeking a LEED silver designation on this site. My question is on the April 16th submission what exactly do we need to submit to receive the 20 dev for highly sustainable projects? Is it just a narrative or do you need more information that that.

Response: To be eligible for up to a 20% developer fee, the pre-application submission must include all documentation that supports the claim of a high degree of sustainability. This might include but are not limited to:

- memorandum of participation or proof of acceptance into a green communities program
- a program orientation and recommendations related to a green communities program
- draft scoring worksheets pertaining to a green building program
- specifications, schematic drawings for proposed advanced and creative green building technologies such as solar hot water heater, solar electric panels, green roofs, etc.
- a conceptual site development plan
- narrative that includes specific explanations of the sustainable features

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- **detailed hard and soft costs that are projected will be incurred in order to implement the stated high degree of sustainability**

Accurate cost documentation is crucial for DCA to determine the amount of boost or developer fee that will be awarded. At pre-application, projects that are determined to have a high degree of sustainability will become eligible for the financial incentives (up to a 30% boost or up to a 20% developer fee) and a preliminary determination of the amount of the incentive will be made based on the cost information submitted. All determinations will be subject to review and adjustment upon receipt of the Application on May 21.

7. Threshold and the Performance Workbook indicate that we must provide written authorization in the DCA prescribed format to allow DCA to obtain credit reports, there is not a DCA form on the workbook or on the website, do we just need to create our own form and not use a DCA form?

Response: The required credit form will be posted to the DCA website next week.

8. Can you please confirm that an Environmental Phase I report, Market Study, and Site and Neighborhood Standards are not required for the HOME Consent Pre-Application submission?

Response: The Environmental Phase I report, Market Study, and Site and Neighborhood Standards are not required for the HOME Loan Pre-Application.

9. Does DCA require any documentation for the threshold criteria for Required Services (#3 in Appendix I)? There is no reference to documentation in the application checklist and the QAP appears to only require an identification of the services to be provided in the Threshold tab of the Core Application. Please clarify.

Response: An applicant must identify specific services in the Threshold Criteria Tab on the Core Application Form, as required in the QAP. At the time of application submission, no commitment letters for such services need to be included.

10. Does the payment and performance bond waiver only apply to deals applying for HOME funds? We are applying for acq/rehab credits (not HOME funds) and most of the work can be considered deferred maintenance rather than major construction. Is there a way to waive the payment and performance bonds and letter of credit requirement?

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Response: If you are applying for acquisition/rehabilitation credits only then the payment and performance bond waiver will not apply to your application. A Payment and Performance Waiver request can be submitted by April 16, 2009.

11. Regarding the Experience criteria in sections 18b and c of the Threshold criteria - please confirm that this experience is not specific to GA ownership and/or developments.

Response: Experience is not specific to Georgia ownership and/or development of properties.

12. We plan to apply for 2, possibly 3 waivers under the Architectural Standards. Would you confirm that we are to include all of our Arch. Stds waivers requests on one form? And that we are to make only one \$1,500 payment for this waiver request? I will follow with some questions related to the QAP, not the pre-app.

Response: If the waiver requests are for the one project, they may all be included on one form and are cover under the one-time fee of \$1,500.

13. Can you confirm whether it is necessary to seek pre-approval from DCA to be certified as a Sustainable Community or do we just need to submit the executed EarthCraft Communities Memorandum of Participation and draft scoring sheet at Final Application?

Response: You do not need to seek pre-approval from DCA to be certified as a Sustainable Community. DCA will not perform its own feasibility analysis. However, in order to be eligible for points, you must provide proper documentation to DCA that a recognized third-party certification program (LEED ND or EarthCraft Communities) has reviewed your project concept and determined that it has a high probability of completing the path to the certification. This is evidenced by the EarthCraft Communities Memorandum of Participation or an acceptance letter from LEED ND Pilot Program.

14. The Amenities Guidebook does not include "Complete built-in fire sprinkler system in every unit and the community building, including an exterior audio and visual alarm system" under the list of Optional Amenities, but it is included in Section 12.B. Additional Site Amenities in Appendix I of the QAP. Can you confirm whether fire sprinkler systems are still eligible to count towards the site amenities?

Response: Fire sprinkler systems are eligible to count towards the site amenities. This was not included in the Guidebook since these systems are generally governed by Georgia building codes.

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15. We would like some guidance on the Rent-Up Reserve Requirement. The QAP states that a reasonable rent-up reserve is required for all projects based on the estimated projected lease up deficit. Absent information to the contrary, DCA will assume that three months of projected operating expenses constitutes a reasonable reserve.

With respect to rehabilitation projects for stabilized properties, where there is the expectation of minimal tenant disruption, there would be no lease up deficit. Additionally, we have allocated \$500 per unit for Relocation Expenses. Also, the rent increases, post rehab, would be modest and would not be expected to adversely affect the occupancy of the properties.

Therefore, as there is no projected lease up deficit, would DCA consider a waiver of the rent up reserve requirement? And, what information would you require (with such a waiver request) to satisfy the term "information to the contrary" as stated above where you would not default to three months of projected operating expenses? If our information to the contrary supports no rent-up reserve it would be logical for DCA to not require one.

Additionally, there will be three 9% applications for which we are seeking this guidance, one of which will be seeking HOME funds (if this has any impact on the guidance).

Your feedback is most appreciated in the matter.

Response: The QAP requires every applicant's budget to contain a reasonable rent up reserve based on the estimated projected lease up deficit. However, it is up to the developer to determine the appropriate amount. An occupied rehab property should budget for lease up expenses. The fact that a project is stabilized prior to rehabilitation is not a guarantee that it will remain leased at that level post rehabilitation.

Applicants should account for a rent up reserve based on their estimate of what is needed. To assume a rent up reserve is not needed simply because a property is stabilized is not acceptable and DCA would not consider a waiver of our policy simply because a property is stabilized prior to beginning rehabilitation. All applicants are expected to budget for future unexpected lease up issues regardless of the occupancy level prior to beginning rehabilitation.

16. Per the QAP, applicants are able to submit pre-approval requests to DCA allowing them to realize the State-Designated 30% Basis Boost. Can someone explain what form or documents are required for this pre-application submittal? We assume it's a detail of Sources & Uses, and a narrative explaining the rationale behind the request at a minimum. Anything else? We can't seem to find on the website or in the QAP an explanation of what's required.

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Response: The State designated boost is discussed in the QAP Core at Section 5- Financing Resources E (pages 14 &15 of 57). The QAP does not specify a particular form for use however; a narrative and supportive documents must be submitted to meet the requirements in the QAP.