

## **2009 DCA Qualified Allocation Plan General Questions and Answers Posting #7**

1. Tab 36 of the application checklist requests a "Letter from elected official in the DCA format". I cannot find the form in the 2009 forms on the web. Is the 2008 form acceptable or do you plan to add the form to the 2009 list of forms?

**Response: There is no DCA form. The required format is outlined on page 18 of 26 in the Scoring section.**

2. According to the 2009 QAP, 2 points are awarded for a "Proposed Development site within the boundaries of a Local Government in which a 9% Credit, 4% Credit and/or HOME project has not been awarded within the last three (3) DCA funding cycles." We currently have a site located in East Point, GA. A deal has not been awarded there since 2006. Since this cycle is 4 years removed from that time, are we able to take the 2 points under this section?

**Response: DCA will not answer questions which relate to the preliminary scoring of an Application**

3. We have a project that we will be submitting for an Earthcraft Multifamily/Renovation designation. Under this designation would we qualify for the 30% boost?

**Response: See the guidance for sustainability financial incentives posted on the DCA website April 15, 2009:**

**<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/documents/GuidanceonFinancialIncentivesforSustainability.pdf>**

4. Does the Organizational Chart in the Performance Workbook need to be included in the pre-application submission? We will be submitting several projects and the org chart is very project specific. We do understand that the Organizational Chart will be included in the Performance Workbook submitted with the tax credit application.

**Response: Yes, the organizational chart should be included at pre-application. All known information at the time of pre-application should be included at pre-application. A final version of the organizational chart should be included in the final application.**

5. If a project will be financed with only tax credits and conventional debt but will include a PBRA contract from a local PHA, is that applicant required to submit the "Additional HOME/HUD Requirements" outlined in Threshold Documentation section under Tab 18 of the DCA checklist?

**Response:**

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Threshold Section 23, Additional HUD Requirements, addresses application documentation requirements for projects that use PBRA. Specifically, it states that Site and Neighborhood Standards (24 CFR 92.202 and 24 CFR 983.6) and Environmental Requirements must be met. Therefore with respect to Tab 18 only Site and Neighborhood Standards documentation and US Census Tract documentation must be submitted in Tab 18. If established agreements with HUD are in place and there are different standards of review for site and neighborhood those established standards must be met. A copy of all documents relating to the different standards of review must be included with the application. For Scattered Site projects, each non-contiguous parcel must meet the aforesaid requirements.

6. Is the DCA Site and Neighborhood Standards Certification Form required for all projects, or only those for which environmental justice may be an issue? How do we obtain this form?

**Response:**

**Site and Neighborhood Standards are required for projects that have HUD funding such as HOME, 221 D (3) or (4), HOPE VI, etc. The forms are located on the DCA web site (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2009docs.asp>) in the HOME and NSP Forms section.**

7. We've contacted the electric service provider for a proposed project who gave us verbal confirmation of electric availability to our proposed site; however, when we requested a written confirmation of electric availability we were told that they would not provide anything in writing – only a verbal confirmation. A supervisor was consulted who gave us the same information. How can we satisfy the requirement of a written confirmation on company letterhead if the provider refuses to issue the confirmation?

**Response: DCA requires written confirmation of electric availability at Application Submission. You may want to discuss this issue with your local government to determine if there is another method for verifying electric availability in writing.**

8. Do the Supplemental Tier 1 "Owner Performance" questions pertain only to multifamily real estate developments or to any business venture in which an applicant has participated, directly or indirectly? We would like to apply for the 20% developer fee for sustainable developments. I can't find any clear guidance on what to submit. Are you looking for a sustainable building certification and narrative? I was unable to make the feasibility workshop. Will the presentation slide be posted on DCA's website?

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**Response:** It is unclear what “questions” are referred to relating to Tier one. If the Questioner is referring to the “Tier One Applicant Performance Questionnaire”, which is part of the Performance Workbook, the answer is that all questions should be responded to with respect to all “business ventures” of the party completing the questionnaire, not just “multifamily real estate developments”

See the guidance for sustainability financial incentives posted on the DCA website April 15, 2009:

<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/documents/GuidanceonFinancialIncentivesforSustainability.pdf>

9. We are seeking Tier One pre-approval through one of our principals and will submit all of his information. Do we also need to submit the Tier One Real Estate schedule, liquidity calc-cert, PFS cover and balance sheet for the other principals?

**Response:** If the Tier One applicant is an individual, the required information for Tier One determination needs to be submitted only on the individual. However, if the Tier One applicant is not an individual (corporation, LLC, etc.) each principal of the applicant, in addition to the actual applicant, will have to submit the required information. This question appears to involve a development firm which has multiple principals. Keep in mind that in order to claim points for one project, the Tier One entity/person must own 100% of the general partner and the developer. If there are multiple principals and each principal owns a percentage of the general partner and/or the developer and the Tier One entity is one of the principals, the project will not qualify for points as the general partner and/or developer will not be wholly owner by a Tier One entity. The rule to follow is that the general partner and the developer must be wholly owned by one or more Tier One entities.

10. In question number 5 of your Q&A #5, you state that Tier One is not relevant to 4% applications as they are not scored. But it seems as though Tier One is relevant to 4% applications due to language on page 16 of 57 of the QAP CORE.

Here it states that DCA requires that all bond applicants submit those documents set out in the Tier One developer determination in determining whether capacity exists. Could you clarify if all documentation, forms, authorizations, reports, etc.

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listed on page 42 of 49 of Appendix 1 are required when submitting a 4% application?

**Response:** Yes, all documentation, forms, authorizations, reports, etc. listed on page 42 of 49 of Appendix 1 are required. In addition, the bond applicant should comply with the supplemental instructions and requirements contained in the Performance Workbook that are applicable to Tier One.

11. On March 24<sup>th</sup>, we asked for further clarification about Item #2 under *Non-Profit Entities*, in the Tier One section of the Performance Workbook. We couldn't tell if the unaudited financial statements for fiscal year 2008 pertained to the *Tier One entity* or for *the developments* which we listed in the Real Estate Schedule. The response was that this would be answered in General Q&A posting #6.

However, in the Threshold section (page 41, #10) of the QAP it asks for audited financial statements *for projects* that the entity is utilizing to establish experience.

Our new question is: does DCA want to see financials for *both* the entity and the developments listed in the Real Estate Schedule?

**Response:** The requirement contained in Item #2 under Non-Profit Entities for unaudited financial statements for fiscal year 2008 pertains to the Tier One Applicant, which in your case we presume will be the non-profit. The requirement for unaudited financial statements for fiscal 2008 was based on the presumption that audited financial statements would not be completed by the required submission date. If audited financial statements for 2008 are available, they should be submitted in lieu of un-audited statements.

With respect to the Threshold Section (page 43, #10) referred to in your question the requirement for “audited financial statements for projects” refers to the projects that were used to meet the “successful ownership and development” requirement found in Appendix I, page 41 of the QAP and also on page 1 of 2 of the Tier One Applicant Performance Questionnaire, which is part of the Performance workbook. DCA does not expect to receive audited financial statements on projects listed in the Schedule of Real Estate unless used to comply with the “successful ownership and development” requirement.

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12. In Tab 1 of the checklist for Core QAP Documentation there is a line item for "Master Planned Community Documentation". Can you please clarify what documentation is required in this tab to satisfy the requirements for Master Planned Community documentation?

**Response: This refers to Appendix II VII. A. Phased Developments of the QAP, and requires a common planning document that may include parks, greenspace and shared amenities between different phases of a development, site control and total project concept. To claim points it is important to note that the proposed project must be part of a Phased Development in which one or more phases received an allocation of 9% tax credits and at least one phase has commenced construction.**

13. We are working on an application where there is an Identity of Interest between the land owner and the applicant and site control at this project will be perfected through a long-term ground lease. Section 5A of Appendix I states that DCA requires that the Applicant obtain an appraisal of the value of a property when there is an identity of interest so that DCA can ensure that the value of the property has not been inflated. In our case the long-term ground lease will be for an amount far below the fair market value for a site in this location. In this type of case where there is a below market rate long-term ground lease does DCA still require the Applicant to obtain an appraisal of the value of the property?

**Response: Yes, an appraisal would need to be submitted. Only Ground leases that are for a Nominal Amount would be exempt from the appraisal requirements.**

14. Page 43 of Appendix I

#7 Written authorization on the *DCA prescribed format* to allow DCA to obtain a D&B report and / or a report of public record filings.

Where can I find the DCA prescribed format for the requested authorization?

**Response:**

**This release form will be posted in the next 10 days.**

15. Appendix 1, Threshold Criteria, Section 21. Eligibility for Credit Under the Nonprofit Set-Aside. On page 45 of 49, it is stated that, "If the non-profit is also a developer of the project, the nonprofit must receive a percentage of the Developer Fee greater than or equal to its percentage of its ownership interest".

In the case where the Non-Profit is the 100% owner of the project and is Managing GP of the ownership entity, and does materially participate in the project (by virtue of providing direct oversight, input and direction to the

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Developer, and staff support to the Developer); however, the Non-Profit has contracted with a 3<sup>rd</sup> party to act as "Developer" of the project, and therefore the non-profit does not receive any of the Developer Fee, would the project be eligible for the Non-profit set aside?

**Response: YES.**

16. I have a client who is submitting an application for a project that is a scattered site. This is the first time I have been asked to draft a scattered site opinion. The QAP states that a legal opinion is required, but no form of opinion has been provided on DCA's website.

My current intent is to draft an opinion that states that the site as depicted on the proposed site plan meets the requirements of IRC Section 42(g)(7) and that the project meets the requirements set forth in the QAP for a scattered site. Is this sufficient? Is there anything else that DCA is looking for in this opinion?

**Response: In addition to what is listed above, please attach any maps or other documentation relied upon to reach the opinion.**

17. Appendix One, Threshold Criteria, of the 2009 QAP states that "Tier One determination may be requested by any legally organized entity", and that the Tier One requirements may be met either through the entity or through the experience "of one of the entity's principals".

In Q&A posting number 5 that DCA recently placed on its website, DCA stated in its response to question 17 that for entities with multiple owners, each owner had to qualify as Tier One.

This is contrary to the aforementioned Threshold language in the QAP. We are requesting clarification of this point.

**Response: For Tier One Applicants, the general partner and the developer for the project for which Tier One points are being applied must be wholly owned by a Tier One entity, or entities. In other words, in order for a project to utilize the Tier One points the general partner and the developer must be wholly owned by one or more Tier One entities. In the case where there are multiple principals and the principals each own a portion of the general partner and the developer, each principal must be Tier One. An alternative structure would be for the principals to wholly own a Tier One corporate or LLC entity which would wholly own both the developer and the general partner. In this last case the principals would not have to be Tier One; however, they would have to submit the documentation required by the QAP and the**

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**Tier One instructions in the Tier One section of the Performance Workbook.**

18. Would a fee being paid to Southface Energy Institute to certify and supervise the installation of Sustainable Communities/Sustainable Buildings be considered a “consulting fee” that would be subject to DCA’s overall developer fee/consulting fee limitations?

**Response: No. They would be considered an inspection fee.**

19. I searched the FAQ and it states that you qualify if you developed and owned 600 or more units in at least 6 projects in multiple states. Would you still qualify if all of your projects are in 1 state, that state not being Georgia?

**Response: It appears that you are asking about Tier One status. The Tier One designation requires that the Entity (or its principal) demonstrate successful ownership and development of no less than either 400 Georgia affordable housing units located in a minimum of four projects or 600 affordable housing units located in a minimum of six projects. These projects must have been awarded credits in the last seven years. All units must have been placed in service by January 1, 2008 and be currently owned. Therefore, if you have 600 or more units in six projects in one state other than the State of Georgia, you are not barred from applying for Tier One status.**