

2013 DCA Qualified Allocation Plan
General Questions & Answers
Posting #2
March 26, 2013

QAP Threshold - Exhibit A: DCA Underwriting Policies

1. Do Senior Rural Developments that are NOT requesting DCA HOME Funds, automatically qualify for state boost?

Response: Multifamily Rural projects without DCA HOME as a source are eligible to apply for the state designated basis boost. The Application must conclusively show that the boost is needed. Please see 11 of 36 in the Core for details.

QAP Threshold - 1 Project Feasibility, Viability Analysis, and Conformance With Plan

1. 5. Rents - "Applicants are encouraged to underwrite projects at less than maximum tax credit rents. However, applicants that underwrite at less than maximum tax credit rents will be required to use the reduced rent level at project completion."

Question: If an applicant underwrites rents conservatively (at less than maximum tax credit rents) at application submission and a "post construction" market analysis indicates the project can support higher rents, is DCA requiring the applicant to utilize the rents included in the application (often times determined 2 years prior to lease up)? If this is DCA's expectation, can rents be increased when the lease is renewed?

Response: The 2013 QAP requires that the reduced rent level be used at project completion. Applicants that propose rents well below limits will be subject to additional scrutiny to ensure that the proposed financial structure is justified. DCA encourages applicants to apply sound underwriting principles to ensure project financial feasibility and long-term viability. However, DCA is required to allocate the least amount of the tax credits for project feasibility and long term viability. Therefore, while DCA encourages deeper income and rent targeting, DCA will discourage any artificially low rents that result in more tax credits for the project.

QAP Threshold - 2 Cost Limits

1. Do CDBG funds from the local government qualify as funding that allows for total development costs to exceed the limit per page 9 of the Threshold Criteria?

Response: No. CDBG funds are neither from a foundation nor from a not-for-profit charitable organization. They are federal funds.

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QAP Threshold - 20 Qualifications For Project Participants (Performance)

1. If a member of a project team submitted at pre-application is removed from the project, post qualification determination but before full applications are due, and the remaining members of the project team, in their opinion, would be qualified the same without the removed member (i.e. Qualified without Conditions), what information should be submitted at full application...an updated performance workbook showing the new project team only, or an entirely new package (workbook and fee)?

Response: If there are any changes from the pre-application submission, an entirely new Qualification Determination request should be submitted in the Application. No fee for the Qualification Determination review is required at the time of Application.

QAP Scoring - 3 Desirable And Undesirable Characteristics

1. Given the Federal government continually closes USPS locations across the nation, would DCA consider changing their stance, or providing clarification that would allow 3rd party vendors, such as UPS, who offer P.O. Box and other postal services similar to USPS locations to qualify for points under the “Post Office” Desirable Activity?

Response: No. Post office refers to a location of the United States Postal Service.

QAP Scoring - 4 Community Transportation Options

1. How will DCA measure the distance to a public transportation stop that is located across the street from a proposed site?

Response: DCA will measure the walking/driving distance from the site's main entrance to the referenced public transportation stop.

QAP Scoring – 11 Nonprofit

1. For Nonprofit points, the QAP states that, “The desired outcome of this category is to meet the statutory of the 10% set aside by awarding points to strong, innovative, mission-oriented nonprofit organizations proposing projects which target at-risk populations.” Does this mean that Applications selected for these points will automatically be selected by DCA to fill the 10% nonprofit set aside?

Response: No. While the QAP does offer a competitive advantage to nonprofit organizations which best meet the listed criteria, receiving Nonprofit points will not necessarily result in the ultimate selection of the Application for funding. DCA will award Nonprofit points to Applications based on their merits in meeting the criteria established in the QAP, regardless of their position in the overall field of Applications.

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QAP Scoring - 14 Leveraging Of Resources

1. A. Grants/Loans

The QAP states that "new loans" or "new grants" from the following sources that will provide new capital funding will qualify for points under this category...

Question: Would DCA consider a "forgiven loan" as a grant source eligible for points in this category for properties that have existing debt at the time of application submission where the lender is willing to forgive the loan upon receipt of a tax credit allocation?

Response: No. An existing loan which has been forgiven or will be forgiven does not provide new capital funding to the project.

2. The Core states that applicants that appear to be requesting HOME funds for point purposes and do not show a clear need will not receive a consent (page 15 of 36). What is DCA's position if an applicant has applied for HOME consent in a particular location and another applicant has applied in that same location without HOME funds? Even if the HOME application scored higher, wouldn't the fact that the other application is financially feasible without the use of HOME funds, obligate DCA to award tax credits to the non-HOME application?

Response: The QAP Core (p.26 of 36) states that projects with HOME funds will be selected over projects without HOME funds if more than one project scores competitively in the same market area. DCA requires that recipients of HOME consents selected for a tax credit award must use the funds in order for DCA to meet its HUD commitment requirements. An Applicant must demonstrate the need for HOME funds at pre-application.

QAP Scoring - 16 Integrated Supportive Housing

1. On Section B: Target Population Preference of the XVI: Integrated Supportive Housing scoring section, what does a local public housing authority need to do in order for an application to be eligible for these points? What if DCA is the Section 8 housing choice voucher administrator for that jurisdiction?

Response: DCA, as the Section 8 Housing Choice Voucher administrator for 149 counties in Georgia, has received approval from HUD regional and national office to establish a tenant selection preference for persons with specific disabilities identified in the Settlement Agreement (see QAP Scoring, p. 20 for reference) and for persons participating in the Money Follows the Person Demonstration Program. This approval from HUD is case-specific to DCA, and cannot be extended to other jurisdictions. DCA has authorized the selection preference in its Administration Plan, which can be accessed at the link below (see Section 5-3 of the preference language). Other jurisdictions should

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contact HUD prior to pursuing similar tenant selection preferences in their administrative plans.

For point purposes in the 2013 funding round, an Application in a county where DCA administers Section 8 would need a commitment of PBRA from DCA in order to qualify for points. However, DCA does not issue any Section 8 PBRA contracts or commitments. An Application in a non-DCA administered area will need to demonstrate that the administering Public Housing Authority has received approval from HUD to establish the selection preference, has adopted the preference in its Administrative Plan, and has received a commitment of PBRA for the proposed development.

DCA Administrative Plan (see Section 5-3):

<http://www.dca.ga.gov/housing/RentalAssistions/programs/downloads/2012%20AP.pdf>

Other

1. Per Section 8 State designated basis boost, page 12 states "Requests made in category D above (extraordinary circumstances) must be made at the time of the pre-application or complete application. Please confirm basis boost request can be made at complete application.

Response: This request can be made at Application, however the Applicant is cautioned that failure to adequately demonstrate 'extraordinary circumstances' to qualify for the State Designated Boost may severely impact the feasibility of the project.

2. On page 26 of 36, the QAP states in the first tiebreaker that projects will be selected that use the least amount of DCA resources per unit. Does DCA resources include both HOME and LIHTCs?

Response: DCA resources as referenced in the tie-breaker include both LIHTC and HOME. Please note that the tiebreakers in the QAP (pp. 26-27) are not listed in any particular order.