

2016 DCA Qualified Allocation Plan
General Questions & Answers
Posting #10
May 24, 2016

DCA Manual - Environmental

1. Is the Form "Owner's Environmental Questionnaire and Disclosure" used to answer Item 7.08 "Applicant / Recipient Disclosure / Update Report"?

Response: No. The Form "Owner's Environmental Questionnaire and Disclosure" must be completed by all applicants, regardless of whether they are applying for federal funds (HOME) from DCA. Item 7.08 "Applicant/Recipient Disclosure/Update Report" is HUD form 2880, and must be completed by applicants applying for assistance from HUD for a specific project or activity and have received, or expect to receive, assistance from HUD in excess of \$200,000 during the fiscal year; (2) Applicants updating a prior report to reflect substantial changes to the initial applicant disclosure reports; or (3) Applicants submitting an application for assistance to an entity other than HUD, a State or local government if the application is required by statute or regulation to be submitted to HUD for approval or for any other purpose.

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

1. On page 5 of 59 of Appendix I Threshold Criteria it states that applicable rents and utility allowances in effect as of January 1, 2016 must be utilized in the Application and market study. We have prepared our application and market study accordingly. However, on page 12 of 28 of the Revised Application Instructions, under the USDA Rural Area definition, it states that for purposes of determining applicable income and rent restrictions, applicants must use the US Dept. of Housing and Urban Development FY 2016 Income Limits Area Definitions and Fair Market Rent table. The applicable rents and utility allowances that were in effect as of January 1, 2016 differ from the most recent 2016 Income limits. Could you please clarify that for purposes of the application we are to use the 2015 Program Maximum Gross Rents posted on DCA's website which reflect the income limits as of January 1, 2016?

Response: Correct. The 2015 Program Maximum Gross Rents posted on DCA's website is the current income limits effective January 1, 2016. The US Dept. of Housing and Urban Development FY 2015 Income Limits Area Definitions and Fair Market Rent table is the applicable table.

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QAP Threshold - 7 Environmental Requirements

1. The tabs checklist includes the following documents under Environmental Requirements; HOME HUD Environmental Questionnaire, Established agreements with HUD regarding different standards of review, US Census Tract documentation, Certification for Contract, Loans, and Co-operative Agreements, Disclosure of Lobbying Activities, Applicant/Recipient Disclosure/Update Report, MBE/WBE Outreach Plan Guide Form, and HOME Site and Neighborhood Standards Certification. If your project does not have HOME funding but includes Project Based Rental Assistance from the local housing authority, which documents are required in the application submission?

2. In posting #6, Section 2, QAP Threshold - 7 Environmental Requirements, in your response it is stated that the HOME/HUD Environmental Questionnaire is only required for applicants seeking HOME funds.

However, in the QAP Threshold Section VII.B.2. It states "Additional Environmental Requirements for HOME/HUD-funded Projects, Including but not limited to PBRA". And the Environmental Questionnaire also states it is needed for all HUD/HOME-funded Projects, Including by not limited to PBRA. If we are not applying for a HOME loan, but our project will have Sec 8 PBRA, and it will have a HUD 221(d) 4 loan, is the HOME/HUD Environmental Questionnaire required as part of our Phase I, and are we required to meet the other criteria in Sec VII.B.2?

Response: These items are not required to be submitted to DCA unless the applicant is seeking Federal funds, or has been awarded Federal funds, directly from DCA.

3. Could you please confirm that items 03 through 10 under Environmental Requirements on the Checklist are required only for HOME/HUD projects?

Response: These items are not required to be submitted to DCA unless the applicant is seeking HOME funds from DCA.

QAP Threshold - 13 Local Government Support And Community Engagement

1. In the past, scoring points were awarded to application submittals that contained a Letter of Support or perhaps a Resolution of Support from the local government. Is this still the case, or has this item been deleted from the scoring list?

Response: A letter or resolution of support is an optional component of the Local Government Support and Community Engagement section of Threshold. It is no longer a scoring or required component of the QAP.

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2. Are local government letters of support required for LIHTC applications?

Response: No

QAP Threshold - 15 Rehabilitation Standards

1. Where can we locate the list of DCA-Approved Physical Needs Inspectors?

Response: DCA no longer maintains a list of DCA-Approved Physical Needs Inspectors. A Physical Needs Assessment (PNA), no more than six (6) months old as of the date of the Application Submission must be included in the Application and prepared in accordance with instructions set forth in the Rehabilitation Guide in the Architectural Manual.

Pg. 5 of the Rehabilitation Guide in the Architectural Manual explains as follows:

The Physical Needs Assessment (PNA) is required at Application for all rehabilitation, adaptive reuse, and Historic Preservation properties applications presented for potential funding by programs administered through the DCA Office of Affordable Housing. The purpose of the PNA is to provide a property description, document the existing condition of the property, to identify existing building code and program violations, identify immediate physical needs and to estimate capital needs over the long term. The PNA, including an on-site investigation, narrative report, and Fannie Mae forms must be conducted by a Qualified Consultant. A "Qualified Consultant" is any individual who meets the following experience requirements and qualifications:

- Consultant must be independent from the Applicant/Developer and have the capacity to render a high quality report in accordance with the instructions and requirements set forth in the Rehabilitation Guide in the Architectural Manual.*
- Consultant must have no less than five (5) years of experience performing physical needs assessments for affordable rental housing projects.*
- Consultant must not be presently debarred, suspended, proposed for debarment or suspension, declared ineligible or excluded from participation by any state or federal department, agency, or program.*
- Consultant must agree to comply with all applicable laws, including, but not, limited to federal, state and local laws, codes, regulations, ordinances, rules and orders, including all laws concerning fair housing and equal opportunity that protect individuals and groups against discrimination on the basis of race, color, national origin, religion, disability, familial status, or sex.*
- Consultants must agree to comply with the Immigration Reform and Control Act of 1986 (IRCA), D.L. 99-603, the Georgia Security and Immigration Compliance Act, the Illegal Immigration Reform and Enforcement Act of 2011 (O.C.G.A. §13-10- 90*

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et. seq.), and any other applicable state or federal immigration laws. Consultant must be registered with and using E-Verify.

- *Consultant must comply with Drug Free Workplace requirements:*
 - *If Consultant is an individual, he or she must not engage in the unlawful manufacture, sale distribution, dispensation, possession or use of controlled substance or marijuana during the performance of PNA services.*
 - *If Consultant is an entity other than an individual, the entity certifies that a drug-free workplace will be provided for the Consultant's employees during the performance of PNA services.*

Developers must contact the Qualified Consultant directly and contract to provide the PNA services. The report must include a certification that the report was prepared by an individual who meets the above-listed experience requirements and qualifications to be considered a Qualified Consultant.

- *The PNA must be no more than 6 (six) months old at the time the Application is submitted. The report must include a signed statement from the Consultant with the following language inserted in the Consultant's signature block: "The investigation has been completed in accordance with DCA requirements, is accurate, and can be relied upon by DCA as a true evaluation of the existing property conditions." DCA reserves the right to verify all information contained in the report with an on-site inspection of the property conducted during the application process.*

2. Is there any special form or protocol for adding a non-profit in a JV agreement after the pre-qualification submission?

Response: Any change to a Project Team, as submitted during pre-application, would require a new Qualification Determination to be made at application submission.

3. DCA requires the Rehabilitation Work Scope Form to be completed in Tab 15. For a gut historic rehab that is also an adaptive reuse, is this form still required?

Response: Yes

4. For this same kind of project, is a Capital Reserve Study required?

Response: For rehabilitation projects, a Physical Needs Assessment (PNA), no more than six (6) months old as of the date of the Application Submission, and Capital Reserve Study completed by a DCA-qualified consultant must be included in the Application and prepared in accordance with instructions set forth in the Rehabilitation Guide in the Architectural Manual. PNAs are also required for adaptive reuse projects. Per QAP 2016, Threshold Page 25 of 59 Threshold, Appendix 1, page 25 of 59.

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5. QAP Appendix II, Section XV(A)(1) ("Leveraging - Grants/Loans") states that "no Project Participant, lender, or syndicator may guarantee, fund, advance, or otherwise provide direct funding for the purpose of an Application claiming points in this category (this does not apply to AHP, RHF funds, or other HUD designated funds from a Public Housing Authority)."

Does this preclude the use of (and claiming points for) funds held and controlled by a public housing authority, that were originally program income, sales proceeds of PHA property (the disposition of which typically carries the stipulation that proceeds be used to develop affordable housing), or fees for services rendered (such as the authority's membership and participation in National Housing Compliance, formerly known as Georgia HAP Administrators)? One could conclude that all of these sources ultimately originated from HUD programs, funding, or mandates, although they may not necessarily be more recently "HUD designated" or controlled.

Response: Funds held and controlled by a PHA that originated from HUD programs, funding or mandates but are no longer "HUD designated" or controlled are not precluded from being used as a grant or loan to the project for leveraging points. However, please note that once awards are made, Applicants will generally not be allowed to make any changes to the Application, particularly if it would alter the project's original concept or score. (2016 QAP Core, Section 17 Project Reconfiguration/Application Modification, p. 30 of 44). At Final Allocation Application (8609 certification), the project will be held to the amount of grant/loan proceeds used to claim leveraging points in the Application.

QAP Threshold - 20 Qualifications for Project Participants

1. Please explain what you mean by and give examples of:
Item 20. Section G. 15: Evidence of material participation in the successful development of at least two tax credit projects during that period (Ownership interest not required)

Response: While the QAP does not define Material Participation, an applicant should provide a descriptive narrative detailing the development activities performed. The narrative should clearly show how the Applicant's activities and decisions directly contributed to the creation of a successful LIHTC development.

QAP Threshold - 25 Relocation And Displacement of Tenants

1. Our project will require the relocation of existing tenants. Under #25 Relocation and Displacement of Tenants, in the application checklist is item #11 Master relocation

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Plan(s). Please explain how the document required to be submitted here is different from the Detailed Project Relocation Plan and Budget required under item #3 of this tab. Please give a detailed answer, citing examples of how these two documents are different.

Response: The Master Relocation Plan is required for developments with multiple phases, while the Detailed Project Relocation Plan and Budget should be project specific and should contain details of how tenants will be temporarily relocated. Additional information related to Relocation and Displacement can be found in the 2016 Relocation and Displacement Manual.

QAP Scoring - 6 Sustainable Developments

1. Is an Energy Audit required for an adaptive reuse project?

Response: Yes, an energy audit is required for adaptive reuse developments. DCA recognizes that the requirements regarding unit minimums may need to be adjusted in this case, but any adjustment must still capture the intent of demonstrating the Applicant's ability to meet the selected sustainable development standard by analyzing a sufficient portion of each floor. DCA reserves the right to determine whether an Applicant has materially complied with this requirement.

QAP Scoring - 15 Leveraging

1. Section XV.4 of the Scoring Section states that in order to qualify for the points using a Conventional or Federal Loan the interest rate must be no greater than Bank prime loan, as posted on the Federal Reserve H. 15 Report on May 5, 2016, plus 200 basis points. Is that date for purposes of the commitment for application only? There is a considerable amount of time between application and closing and it will be difficult to get a Lender to lock at rate at that date today. Will the Lender be allowed to adjust that to the current prime rate plus 200 basis points as of Closing?

Response: No, DCA will require the interest rate offered in the commitment to be equal to or less than rate for a firm commitment and the final debt offering. DCA will review any points awarded under Leveraging, ensuring that applicants who claimed points fulfill their commitments. At Final Allocation Application (8609 certification), the project will be held to the amount of the grant/loan used for leveraging points at Application.

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2. Another question regarding the information provided in the HOME NOFA. Under minimum requirements, #2. States that “Generally, DCA will require that all other debt be subordinate to its loan with the exception of HUD funds and tax exempt bond debt.”

We were wondering if an exception would be made for a Freddie Mac Tax-Exempt Loan “TEL”, as those are now being used for 4% tax credit bond developments and are similar in respects to the 221(d) (4) loan program that would normally be used in conjunction with HOME funds on a bond development. We are considering proposing a Freddie Mac Tax-Exempt Loan “TEL” for the financing, because of the potential savings in financial costs. We haven’t utilized the program yet, but other companies have and were wondering if a program like the TEL meets the minimum requirement #2.

Response: Yes, an exception will also be made for a Freddie Mac Tax-Exempt Loan.

QAP Scoring - 19 Preservation Priority

1. Regarding 19G- Preservation Priority - An Application proposing rehabilitation of an existing project, where the construction hard costs are at least 45% of the Total Development Costs. When calculating Total Development Cost, should this include the Acquisition Cost?

Response: Yes, Acquisition Cost is included in Total Development Cost

2. Construction Hard Costs- Should this include construction contingency?

Response: No

3. Regarding 19G- Preservation Priority - An application that proposes to rehabilitate an existing project that has not been previously rehabilitated. Please explain what rehabilitated means?

The property has undergone the replacement of appliances, kitchen cabinets and carpet for some of the units on an as needed basis but not all have received this type of work.

Response: From information given, this would appear to be typical turnover of units, not a rehabilitation. See DCA rehabilitation manual for defined standards.

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QAP Scoring - 21 Workforce Housing Need

1. Under the analysis settings it states to use the 2013 data. Now that the 2014 data is available, should this be used as it would more accurately reflect the current workforce?

Response: The 2016 QAP will utilize Census Bureau's 2013 "OnTheMap" data for scoring purposes.