

2016 DCA Qualified Allocation Plan
General Questions & Answers
Posting #2
March 17, 2016

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

1. USDA-RD typically gives “Notice to Proceed” in 538 program through what is called the “Notice of Funds Available Selection Letter”. The NOFA selection letter is a notice to the USDA-RD 538 Lender that they have put aside available funds to be obligated to the specific project and proceed in the process. Does the Notice of Funds Available Selection Letter, along with a Commitment Letter from the USDA-RD 538 Approved Lender, acceptable to meet Threshold?

Response: Yes, the Notice of Funds Available Selection Letter and the related lender commitment are appropriate documentation of Commitments under Threshold.

2. Question for Clarification on Applicable Sec 8 Rents. Addendum I.8 PBRA/RAD. For projects that have qualifying Sec 8 PBRA, must the underwriting use the rents as of Jan 1, 2016, or, if the project receives its regular OCAF increase after Jan 1, 2016, but prior to the application deadline of June 9, can the application use the increased Sec 8 rents in its underwriting.

Response: The Application would use the Section 8 rents in place as of January 1, 2016. DCA will not allow the OCAF adjusted amounts as these were not in effect as of January 1, 2016.

3. We are exploring submitting a rural project in Hiawassee. In Threshold criteria, I. Project Feasibility, 7. Operating Utility Allowance (UA), d), it states the applicant must use the UA established by the Public Housing Authority (PHA) that administers the Section 8 Program in the locality where the property is located. The Athens office administers the Section 8 program for Hiawassee and Glenda Wiley, GA DCA Field Operations Manager told us they use the standard statewide allowance. We noticed that the wording for this threshold section has not changed since the 2015 QAP and numerous 2015 projects were awarded using the DCA published allowance. Our market study provider has indicated that this is an acceptable alternative also. However, out of an abundance of caution, we are asking to use the DCA published allowance as an alternative to the statewide Section 8 allowance that is required under the above mentioned section. Is the DCA published UA acceptable for a tax credit building with no HOME?

Response: The project is located in Towns County and DCA administers the Section 8 Program in the locality where the property is located. The Applicant should use the 2015 Georgia Department of Community Affairs Utility Allowances, for the Northern Region, as they were in effect January 1, 2016.

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QAP Scoring – 6 Sustainable Developments

1. 2015 QAP rules stated the classes for Certificate of Participation in DCA's Green Building for Affordable Housing Training Course will come after the award notice. The 2016 requires the certificate with the application under Sustainable Building Cert. Are the classes being offered prior to the application deadline?

Response: Yes. DCA is in the process of finalizing the details of the course with Southface and will send out dates and registration links this week.

QAP Scoring - 15 Leveraging

1. USDA-RD 538 Option 3 Construction Advancement Loan is a Construction Loan that converts to a permanent loan upon 90% occupancy for 90 days. Can you please confirm if that the USDA-RD 538 Option 3 Construction Advancement loan satisfy this requirement?

Response: A USDA-RD 538 Option 3 Construction to Perm loan could be considered a leveraging source. The loan terms must meet the QAP standards as set forth on Scoring page (20 of 37).

2. Will a Conventional Construction Loan with a USDA-RD 538 Option 1 Permanent Loan ONLY satisfy this requirement?

Response: No. Only loans that are for both construction and permanent financing phases will be considered for points in this section.

3. At the QAP Workshop, it was stated that the 221(D)4 qualifies. Does the USDA-RD 538 loan program qualify?

Response: Yes. So long as the loan meets the requirements listed in QAP section XV. Leveraging.

QAP Scoring - 20 Quality Education Area

1. Quality Education points are awarded for Family projects giving family projects a 2 point advantage over senior projects. I don't think there is a separate set aside for senior projects so is there something that I am missing to make senior projects competitive against family projects?

Response: Quality Education will be awarded to an Application proposing to develop a Family property which is located in the attendance zone of a high performing school. These points were awarded in the same manner under the 2015 QAP.

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Other

1. Based on the following language from HUD's website, we would assume an application for this upcoming 2016 round should utilize 2016 QCT/DDA as those are already posted and from what HUD states will be effective in all future years. Can you please clarify?

"Effective date: The effective date of the 2016 QCTs and DDAs is July 1, 2016. The 2015 DDA designations remain in effect through June 30, 2016. The 2016 Notice also extends from 365 days to 730 days the period for which the 2016 lists of QCTs and DDAs are effective for projects located in areas not on a subsequent list of DDAs or QCTs but having submitted applications while the area was a 2016 QCT or DDA. The same extension applicable to the 2015 QCTs and DDAs will be published in separate notice."

Additionally, the excerpt below from an article by NCSHA notes this change in the QCT/DDA effective date plans to be a one-time event.

Response: Yes, QCTs and DDAs in the 2016 DCA competitive round will be determined using the 2016 lists published on the HUD website, as credits will be allocated after the effective date of June 30, 2016 per the update to the Federal Register (80 FR 73201). Further, the submission will be made before the effective date of the subsequent lists (December 31, 2016), and the allocation of credits to the applicant is expected to be made no later than the end of the 730-day period after the applicant submits a complete application to the Housing Credit-allocating agency. Non-competitive 4% bond Applications will follow the new designations if the bonds are issued and the building is placed in service after June 30, 2016 and within 730 days after the Applicant submits its completed Application.

Since HUD is postponing the effective date of both 2016 QCTs and DDAs because of a change in DDA methodology, it is expected that this change in effective dates is a one-time event. As a note, the notice also includes specific explanations for how designations will apply to multiphase developments.

2. The HUD notice also extends the period during which the 2016 DDAs will be effective from 365 days to 730 days. For example, if a project is located in a 2016 DDA that loses its DDA status in 2017, the project will be eligible for the basis boost so long as the complete application is filed by December 31, 2016 and the state agency allocates Credits to the project within 730 days from the date the applicant submitted the application or, in the case of Housing Credit properties financed with bonds, the state agency issues bonds and the project is placed in service within 730 days after the applicant submits its completed application. The HUD notice provides various example scenarios illustrating when the 2016 DDAs

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are applicable to better explain how this will work in practice. HUD has told NCSHA that it expects to return to a January 1 effective date in 2017 and future years.”

Response: See answer above