

2017 Q&A Posting #5

May 5, 2017

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

1. The question submitted addresses posting dates after January 1 but with retroactive effective dates in regards to income limits, rent limits, HUD FMRs, and cost limits. The DCA response was "Applicants must use standards that were in effect [and available] on January 1, 2017" This is in conflict with QAP language that states "Rent Standards derived from AMI, HUD published rent, and applicable underwriting utility allowance, in effect as of January 1, 2017, must be used to determine project rents and rent restrictions. Please note that for purposes of determining the maximum allowable rent limits, regardless whether a property is considered Rural, the applicable HUD program rent limits and utility allowances, in effect as of January 1, 2017, must be used (Page 4 of 61, Threshold); and "Applicable rents and utility allowances, in effect as of January 1, 2017, must be utilized in the Application and market study (Page 5 of 61, Threshold). As of January 1, 2017, what is effective to applicants to use are the FY 2016 Income Limits and the DCA 2017 Utility Allowances. There was a tremendous overhaul of the utility allowances and by adding the term ""available,"" contradicts the QAP language and makes the 2017 Utility Allowances unavailable for use in 2017 applications.
 - The QAP instructs Applicants to use the income limits and utility allowances "in effect as of January 1, 2017" (p. 4 of 61). Typically, this would mean that these documents are "available" that day as well, with the exception of the 2017 utility allowances, which should be used despite being posted subsequent to January 1, 2017. The 2017 utility allowances are available, posted here: <http://www.dca.ga.gov/housing/HousingDevelopment/programs/utility.asp>.
2. For 2017 application purposes, if the applicant chooses to use DCA's utility allowance, do we use the utility allowance effective 7/1/2015 or 1/1/2017?

- The DCA utility allowance effective 1/1/17 must be used for applications submitted in the 2017 Round.

QAP Threshold - 2 Cost Limits

1. HUD has released the 2017 total development cost limits. Will DCA allow these limits to be used in the application?
 - No. The QAP clearly requires Applicants to use the HUD 2016 Unit Total Development Cost Limits document (Threshold, p. 10 of 61).
2. Hall County is part of the Gainesville, MSA, which is comprised entirely of Hall County. Because HUD does not publish Cost Limits for the Gainesville MSA, per DCA QAP requirements, Valdosta MSA Cost Limits must be used. The Atlanta MSA consists of 29 counties and its outer limits -- as measured from the furthest county seat to downtown Atlanta -- is about 61 miles. In comparison, Hall County is closer to downtown Atlanta and many Atlanta MSA county seats. Hall County is adjacent to Gwinnett County, which is in the Atlanta MSA, and the City of Gainesville (the county seat) is about 54 miles from downtown Atlanta. Finally, most of Hall County is not rural by USDA standards.

The Project Cost Limits for a 2BR unit in the Atlanta MSA is \$190,725 and the Valdosta MSA is \$159,553, which is \$31,172 higher in the Atlanta MSA. We are finding that projects in the Gainesville MSA have a similar land cost, construction cost, and local government fees as other projects in the Atlanta MSA.

When comparing TDC Cost Limits for the Georgia MSA's, Valdosta is considerably lower than all of the other MSA's. While Valdosta's Cost Limits may be applicable and reasonable for "rural," non MSA counties in Georgia, Valdosta's Cost Limits are too low for the typical MSA county in Georgia.

If a project is located in an MSA where HUD does not publish Cost Limits (Brunswick, Dalton, Floyd, Hall, and Hinesville), will DCA allow the use of the greater of the 1) closest MSA with published HUD Cost Limits or 2) average HUD Cost Limits for all of the published MSAs? Or, if a project is located in a non MSA county and is not "rural" by USDA standards, will DCA approve the same standard (Troup County is adjacent to the Atlanta MSA and portions are not rural)?

- No. "Any properties not located in an MSA or located in an MSA not listed must use the cost limits per development type for the Valdosta MSA" (p. 11 of 61, Threshold).

QAP Threshold - 14 Rehabilitation Standards

1. An adaptive reuse project is required to have a PNA with an Energy Audit for rehabs only. Please specify if an adaptive reuse project is required to have a completed Rehabilitation Work Scope Form. Per Threshold 16 Building Sustainability adaptive reuse will be considered under new construction standards and new construction projects are not required to complete the form.
 - PNAs and DCA Rehabilitation Work Scope are both required for adaptive reuse projects. Both items are required to meet the minimum documentation requirements under this Threshold section.

QAP Threshold - 19 Qualifications for Project Participants

1. If a certifying entity was deemed to meet the experience requirements in 2016, can the Experience Summary in the 2017 Performance Workbook be left blank?
 - Per Section XIX. Qualifications for Project Participants, Section D (Threshold, p. 36 of 61), the Certifying Entity that was deemed to meet experience requirements in 2016 does not need to submit documentation of experience for the 2017. The Experience information in the Performance Experience Compliance History Summary Workbook is also not required.

QAP Scoring - 3 Desirable Activities/Undesirable

1. If the Applicant is undertaking a phased project, and the first phase includes approved sidewalks that will service the new phase of the project, will the sidewalks that have started construction by application submission and be completed during application review be eligible for points in the 2017 funding round?
 - Such PPW that have started construction by application submission will be eligible for consideration provided that they are completed by September 1, 2017. The project application should be submitted with all items outlined in the QAP inclusive of a timeline for completion of the PPW in all Phases of

the project, and a commitment of all sources of funds for the construction of the PPW.

QAP Scoring - 6 Sustainable Developments

1. In regard to VI. D. High Performance Building Design, there are three separate options for achieving these points. For the minimum documentation is it correct to assume that the first two bullets relate to Option 1, which both reference HERS index requirements. The third bullet relates to Option 2, which requires 10% improvement over baseline and the other bullets relate to Option 3 which is only applicable to renovation and rehab projects?

- For Option #1, the following Minimum Documentation is required:
 - Preliminary energy modeling report showing that the design will meet criteria.
 - When using an approved HERS Rating software, submit ENERGY STAR v3 Home Report. Draft Report without print permissions enabled is acceptable.

For Option #2, the following minimum documentation is required:

- Preliminary energy modeling report showing that the design will meet criteria.
- When using an approved HERS Rating software, submit ENERGY STAR v3 Home Report. Draft Report without print permissions enabled is acceptable.
- When performing a whole building model, submit a signed letter from the qualified energy modeler stating that the project, as designed, demonstrates a 10% improvement over the baseline building and that the baseline building complies with the mandatory provisions of ASHRAE 90.1 2010 (with errata) and ENERGY STAR Multifamily Simulation Guidelines.

For Option #3, the following Minimum Documentation is required:

For renovation and rehabilitation projects:

- When using an approved HERS rating software submit Home Energy Rating Certificate for both the existing and as-designed worst case unit. Draft Report without print permissions enabled is acceptable.
- When performing a whole building model, submit a signed letter from the qualified energy modeler stating that the project, as designed, demonstrates greater than or equal to 30% reduction in energy

consumption when compared to the baseline building and that the baseline building reflects existing conditions.

QAP Scoring - 8 Transformational Communities

1. Question b) under Long-term Ground Lease asks "No funds other than what is disclosed in the Application have been or will be paid for the lease either directly or indirectly?" What is the correct answer in the case that no funds for the long-term ground lease have been or will be paid for the lease either directly or indirectly?
 - Question b) under 2. Long-Term Ground Lease on the Core Application allows Applicants to select Yes, No, or NA to the statement "No funds other than what is disclosed on the Application have been or will be paid for the lease either directly or indirectly." If no funds for the long-term ground lease have been or will be paid either directly or indirectly, the correct answer is "Yes."
2. The 2017 application form asks for the website for the Community Transformation Plan; however, I do not see a website listed in the QAP in the minimum documentation. Is a website for a Community Transformation Plan a requirement, or is it meant to be if available?
 - The 2017 Community Transformation Plan Certificate asks Applicants to provide the website address where information regarding the Community Transformation Plan (CTP) can be located. Minimum Documentation includes "a copy of the full Community Transformation Plan that meets DCA requirements." The Applicant is not expected to create a website for the Plan, but the Applicant should be able to provide the address (URL) where a copy of the full Community Transformation Plan may be accessed online.
3. We are in the process of developing a Transformational Plan focusing on senior housing. In the "Scoring Guidance for Transformational Communities", Section IV. Community Transformation Plan Requirements, A, 2. Community Quarterback, it references "The CQB must have demonstrated record of increasing Defined Neighborhood residents' access to resources such as employment, education, transportation, and/or health". This phrase has "and/or" suggesting any combination of the qualifiers would be applicable. Immediately following this, there is a box referencing expectations for the CQB: "QAP Expectation: Drives

the revitalization initiative to make sure the housing, education, and community wellness components are successful and sustainable". As this phrase states "and", does this imply that the Transformation Plan must include an "education" component? As we are targeting senior, we are focusing on housing, physical wellness, and transportation. While we can construe our efforts as learning and growth experiences, specifically requiring a separate "education" component seems more applicable to family tenancy rather than seniors.

- The referenced expectation for the CQB ("Drives the revitalization initiative to make sure the housing, education, and community wellness components are successful and sustainable") refers to any combination of the components that the Community Transformation Plan may contain. That phrase refers broadly to the Plan's strategies to increase "Defined Neighborhood residents' access to resources, such as employment, education, transportation, and/or health." While DCA does not explicitly require the Community Transformation Plan to include components specifically related to any type of resource, the Plan should directly reflect the undertaken Community Engagement and Outreach. Senior Applicants must only engage at least one Transformation Partner (a local K-12 school district representative, a local health provider, an employment services provider, and/or a transportation services provider).
4. Is the applicant permitted to reduce the Developer Fee by the amount of the Community Improvement Fund (no less than \$50K), and show a Community Improvement Reserve account as a line item in the development budget, which equals the amount reduced from the Developer Fee? Would this, along with the narrative of how the secured funds support the CRP or CTP meet the requirements of this scoring item?
- As the QAP states that the commitment of funds for the Community Improvement Fund may be from the Applicant itself, the Applicant may reduce the Developer Fee by the amount of the Community Improvement Fund (no less than \$50,000), and show that as a line-item in the development budget. The development budget may include a comment box identifying this line-item as an expenditure dedicated to the Community Improvement Fund. The itemized budget would satisfy the Minimum Documentation requirements for "Commitment of funds" and "Detailed source of funds," but the Applicant must still include the "Detailed use of funds" and the "Narrative of how the secured funds support the Community

Revitalization Plan or the Community Transformation Plan" (Scoring, p. 23 of 44).

5. The Neighborhood Redevelopment Form seeks page and content references for the precedent Community Revitalization Plan for the targeted neighborhood area. Please confirm this is or is not referencing the Community Transformation Plan content and page numbers.
 - The 2017 DCA Neighborhood Redevelopment Certification only references the Community Revitalization Plan. If an Applicant is submitting a Community Transformation Plan, the Applicant should utilize only the 2017 Community Transformation Plan Certificate. If an Applicant is submitting a Community Revitalization Plan, not a Community Transformation Plan, the Applicant should utilize only the 2017 DCA Neighborhood Redevelopment Certification.
6. In the DCA Scoring Guidance on Scoring Section VIII, item number III Transformational Communities, Section III Community Revitalization Plan Requirements lists the following requirements:
 - A. Clearly delineated Targeted Area
 - B. Public input and engagement
 - C. Call for rehabilitation or production of affordable rental housing
 - D. Discuss implementation measures with specific timeframes
 - E. Adopted by a local government (less than 3 years old)

When a Community Revitalization Plan as defined does not exist, Item number IV. in the Scoring Guidance states that the Applicant should note that the Community Transformation Plan must still contain an assessment of other existing and/or past strategies directly affecting the Defined Neighborhood.

Question a. Can this assessment be a combination of more than one past report or plan?

Question b. Do the similar plan/plans have to be less than 3 years old?

Question c. Does the Neighborhood Redevelopment Form still need to be filled out with these other plans' information and page numbers?

Question d. Do full copies of these previous plans/reports need to be included in the application?

- The Scoring Guidance states, "If there is no Community Revitalization Plan ...the Community Transformation Plan must still contain an assessment of other existing and/or past strategies directly affecting the Defined Neighborhood."

This assessment must include at least one existing or past strategy directly affecting the Defined Neighborhood. DCA encourages Applicants to discuss more than one existing or past strategy in this assessment.

If no Community Revitalization Plan is available, Applicants may include any existing and/or past strategies that directly affect the Defined Neighborhood. DCA does not set an age threshold for these strategies but encourages Applicants to select only currently relevant strategies to be included in the Assessment.

An Applicant submitting a Community Transformation Plan should not fill out a 2017 DCA Neighborhood Redevelopment Certification. The Applicant should instead fill out the 2017 Community Transformation Plan Certificate, which includes space for the Applicant to list the other plans' information and page numbers.

The 2017 Community Transformation Plan Certificate asks Applicants to "list the page number(s) where (specific) components may be found in all Existing/Past Strategies." Applicants must provide a full copy of each referenced Existing/Past Strategy or a link at which DCA may access a full copy of each referenced Existing/Past Strategy.

QAP Scoring - 15 Leveraging

1. The HUD MAP Lender says that only a "letter of encouragement" is available for the DCA application. Will this be suitable for the application, to be followed by formal HUD underwriting and approval after the DCA awards.

- Yes. DCA's threshold requirement will be met if a HUD confirmation is evident, according to the Minimum Documentation standards articulated in the QAP.

QAP Scoring- 19 Healthy Housing Priority

1. Within the Preventive Health Screening/Wellness Program for Residents, the QAP states that the services “be offered at minimal or no cost to residents”. At what monthly or annual fee charged per resident would DCA consider too high? Also, is the applicant required to include these additional costs in the operating budget, or are they permitted to account for these supportive services as an additional fee paid after debt service in full for the 15 year compliance period? Is there an option of capitalizing the healthy housing initiative costs in the development budget?
- The following assumptions will be applied in reviewing the funding the Preventive Health Screening/Wellness Program for Residents in Submitted Applications:
 - DCA would consider \$10 per service as the “minimal or no cost” safe harbor.
 - Residents cannot be charged a mandatory monthly or annual fee for these services.
 - Services fees are operational and should not be considered part of development costs.
 - Applicants should address the source of funds for services. These costs may be paid for by a reserve account established with earned developer fee, a partnership with a nonprofit, or through the operating cash flow of the property.
 - It is expected that the property maintains this service during affordability period (15 year compliance period) if it received points for this service in a competitive funding round.

QAP Scoring - 20 Quality Education Areas

1. The School District has Primary (Pre-K to Grade 1) and Elementary (grades 2-5). Can we average the CCRPI scores for the Primary and Elementary schools?
 - An average of the CCRPI scores for the elementary and primary schools may be accepted if the school district map shows that the proposed project is in the attendance zone for both the primary and elementary schools.