

2010 DCA Qualified Allocation Plan  
General Questions & Answers  
Posting #7  
June 2, 2010

1. The Core of the QAP provides criteria for determining projects that are eligible for the state designated basis boost. For a project that meets one of those criteria, what documentation needs to be submitted with the application in order for DCA to award the boost? Can you confirm that there is no Pre-Application process for applying for the boost in 2010?

**Response: There is no Pre-application process for applying for the state designated basis boost in 2010. An applicant who applies for such basis boost for the 2010 round will need to include documentation in the application explaining why the boost is needed and which eligibility criteria (see the QAP) the application meets for such basis boost. DCA would also recommend that you provide an alternative financing source in the event the request for the boost is denied.**

2. If a project is located within an area that is deemed to meet the USDA determination of rural, can you confirm that the non-metropolitan rent and income limits still apply and that the minimum annual operating expenses would be \$3,000, even if the county that the project is located in is considered to be part of an MSA?

**Response: Rent and income limits are governed by HUD and designated by county. If the county is considered Rural as defined by USDA, then the per-unit minimum operating expense is governed by the DCA Rural minimum, \$3,000. It is possible to have rent/income limits that are from an MSA, and expenses that are applicable to rural properties.**

3. In Tab III of the Relocation Manual under Section H: Required Application Documents, #7 lists “Copies of physical inspection of all replacement housing.” DCA requires applicants to identify comparable housing projects in the community to which residents could relocate as part of the Displacement Plan. The specific units that a resident would move to will not be identified and inspected until prior to the actual move, which will not be for at least another year. Is DCA requiring that inspections be conducted on units that are identified as comparable units in the Plan? Can you please clarify specifically what is to be submitted to DCA by July 22nd?

**Response: Inspections are not required on units that are identified as comparables submitted at the time of application. However, DCA require inspections to be conducted on units and/or replacement housing prior to the tenants relocation. Copies of physical inspections of all replacement housing must be submitted to DCA. Relocating tenants cannot be moved into replacement housing or units which do not meet local housing and occupancy codes in addition to being decent, safe and sanitary.**

4. If we are at our LIHTC cap of \$1,750,000 on two projects and wish to partner with an inexperienced non profit on a third project, can this third project seek up to \$1,750,000 in LIHTC as well?

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**Response:** The LIHTC cap is \$1,700,000. Technically, you are correct. However, any inexperienced entity that submits an application for a complex project with a large credit request will be closely scrutinized to determine whether the development team has adequate capacity. The QAP states that the selection decision will consider the experience of the developers of each project, the number of projects already awarded to participants and applicant capacity. In making final selections, DCA will look at projects awarded and not started, projects under construction and projects in the pipeline in determining whether the experienced partner and the inexperienced entity has the capacity to receive this type of award. An experienced entity that is requesting the maximum of credits in a funding round will have the burden of providing documentation that it has sufficient capacity to also act as the experiencing partner in additional projects.

5. If an inexperienced Owner partners with an experienced owner for the purpose of gaining experience and meeting DCA's threshold experience requirements will DCA require the inexperience owner to be a guarantor on any loan(s) or syndication?

**Response:** DCA will require both the experienced and inexperienced owners to be guarantors on the HOME loan during construction. Additionally, DCA may require that both the inexperienced and experience participants have the ability to be bonded. It does not require guarantees on syndication agreements. The 2010 QAP requires complete disclosure of all entities and individuals in the Owner and Developer organizational structures. Further all Development sharing fee arrangements must be disclosed. DCA considers all individuals or entities that receive a portion of the Development fee to be part of the Development structure. For more disclosure requirements, please refer to the 2010 QAP threshold section for experience capacity.

In addition, per the 2010 QAP in the threshold section and under Options for Inexperienced Owners and Developers in the Owner category, DCA requires an executed partnership agreement with a partner that meets DCA Owner experience requirements. The inexperienced partner must be part of the General Partnership entity for the Project and the agreement must describe in detail the responsibilities of both the experienced and inexperienced partner. Both the experienced and inexperienced partner must actively participate in the Ownership responsibilities.

6. In Posting # 3, question 10, DCA responded that the applicant would need to comply with URA relocation requirements if the use of federal funds is proposed. We would like to get further clarification on this issue since circumstances from the original question have changed. The owner of the poultry farm, who is also the Seller of the property, is selling the property as he wants to shut down his business. No relocation will occur in terms of this business, by choice of the seller. The intent after purchase and receipt of a

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tax credit award would be to demolish the poultry facility and include this cost in the project budget. With this new information, is URA still applicable?

**Response: In situations where no Federal (DCA or any other source) funding is involved URA will not be applicable. DCA relocation policy is not applicable to business relocations for Tax Credit only projects.**

7. On page 5 in the Amenities Guidebook there is a requirement for laundry facilities within units of have adequate exterior ventilation. Is this exterior ventilation in addition to the standard exterior vent for the exhaust from the dryer? If so, could you elaborate on what is expected?

**Response: The requirement for laundry equipment within units refers to standard industry practice and code requirements for venting exhaust from the dryer.**

8. The following paragraph appears in the 2010 QAP that is online. It says “2006 and 2008”. Was it supposed to say 2007 to 2009? I am sure 2009 allocations were intended to be included in this.

“In order to ensure that projects can achieve lease up quickly, DCA will not generally select a proposed Application for an allocation if a project awarded an initial allocation of credits between 2006 and 2008 is located in close proximity to the proposed site and serving the same population (Family and Senior). “Close proximity” shall be defined in rural areas as the local government jurisdiction or ten miles, whichever is greater. Close proximity shall be defined in urban areas as a two mile radius. (Phased projects are excluded).”

**Response: You are correct. The QAP should reference projects awarded an initial allocation of credits between 2007 and 2009.**

9. After attending the Design & Construction Workshop, many attendees came away with the feeling that are additional drawings are required at initial submittal for rehabs based on this item in the handout?

“All projects that propose rehabilitation must submit drawings.”

I interpret that to be that DCA requires construction documents not just a written scope to actually do the rehab. Not that drawings, beyond the submittal requirements, are required at application. That would be consistent with the manual statements. Are additional drawings required at app for rehabs?

**Response: The handout was meant to reiterate that drawings are required for rehabilitation projects if funded in accordance with schedule set forth in the Architectural Submittal Manual.**

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10. The application checklist indicates applicants need to include “Documentation of Applicable Index Rate (for interest rates tied to an index)” – what will DCA consider an acceptable form(s) of documentation?

**Response: Documentation of the applicable index rate should be from an independent source, should be in hard copy and should be “as of” the effective date prescribed in the 2010 QAP and any modifications and clarifications. For example, if the index is the ten–year Treasury rate, it should be supported by verification from an independent reporting source such as Bloomberg or the Federal Reserve as of the applicable date. This can be as simple as a copy of the Bloomberg web page, of the Fed’s Publication H.15 for the applicable date. Other “index” rates, if applicable, that would need verification include, but are not limited to, LIBOR, prime rate (based upon which prime rate is prescribed in the lender’s commitment – WSJ prime, specific Bank’s prime), Applicable Federal Rate, LIBOR Swap rate, SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index.**

11. What is the “Legal Opinion for Assisted Living” found under the Required Legal Opinions section of the application attachment checklist and is this only applicable to properties providing assisted living services?

**Response: A legal opinion regarding Credit eligibility is required for any projects to be operated as assisted living facilities. Such legal opinion is only applicable to an Application with the project proposing to be operated as an assisted living facility.**

12. Some of our clients are in the process of preparing applications and we are getting a couple of questions about the qualified non-profit opinion that we provide and the need to get an IRS determination letter to participate in the non-profit set aside pool and/or get the non-profit points. One portion of the 2010 QAP actually lists out the determination letter as a requirement. Can you clarify that getting a determination letter would only be required for the 501(c)(3) entities? It is still our opinion that a 501(c)(4) does not need to have a determination letter to have tax-exempt status, and we would be willing to give the same opinions we have given DCA in the past (assuming other requirements are met), but we want to confirm you all are okay before going forward.

**Response: To qualify for the non-profit set-aside and/or non-profit points, the non-profit must be tax-exempt under Sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code, among other requirements. An IRS tax-exempt status determination is required for 501(c)(3) organizations, but not for 501(c)(4), assuming all other requirements as stated in the QAP are met.**

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13. We are submitting an application for a historic preservation project. Please confirm that documentation of the national historic designation is all that is required for the application at this time.

**Response: For threshold purposes, the application must include a preliminary equity commitment for the historic credit; for scoring purposes, if the project is listed on the National Register of Historic Places, documentation of the national historic designation is all that's required at the time of the application submission.**