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**2022 Cost Increases NOFA**

**Questions and Answers**

Published July 13, 2022

The pages that follow are DCA responses to questions pertaining to the Cost Increases NOFA.

# Part I: Overview

## Submitting Questions

* **Q&A survey**: Questions must be submitted through the online 2022 Cost Increases NOFA Q&A survey ([click here](https://www.dca.ga.gov/node/7944)). If you are having issues with the survey, please email hfdround@dca.ga.gov.
* **Have a project-specific question?** There is no separate option for “project-specific” questions. All questions go through the same approval and publication process. If your question includes information that you want to ensure is confidential, please explain in your survey entry.
* **Want to add context to a previously-submitted question?** DCA updates the Q&A postings based on what has been submitted through the online survey. To ensure your comment is considered, please do not email individual DCA staff. Instead, please submit your additional context through the online survey and reference the previously-submitted question.

## Deadline to Submit Questions

* The deadline to submit questions related to scoring is **Tuesday, July 12**.
* For questions unrelated to scoring received after July 12:
	+ DCA will prioritize responding to technical application submission questions (e.g., difficulty with the Emphasys portal).
	+ DCA cannot guarantee a response to questions about NOFA policy if received after July 12.

## Q&A Document Update Process

* For Selection Criteria questions, frequently asked questions, or questions deemed of high importance, DCA will post responses on the NOFA website in this document. For all other questions received, DCA staff will respond directly to those submitting questions over email.
* DCA will update this Q&A document in small, incremental response sets. [Click here](https://DCAQAP.formstack.com/forms/cost_increases_nofa_q_a_notifications_email_list_survey) to receive an email notification each time this Q&A document is updated.

## Navigating the Q&A Table

The below table, as posted to the DCA website, is sorted in descending order by date posted. If preferred, the document can also be sorted by category (in Microsoft Word, select the full table, select “Home” à “Sort”, under the Paragraph section).

In the window that pops up, select the following:

* The **Date** **Posted** column should be sorted by “Type: Date”
* The **Category** column should be sorted by “Type: Number”

Question categories are assigned a number for purposes of table sorting. Below are the category breakdowns in the Q&A table:

* 1-DCA NOFA Requirements
* 2-HOME and NHTF Federal Requirements
* 3-Selection Criteria
* 4-Application Materials (technical questions regarding Emphasys and forms)
* 5-Other

## Log of Updates to this Q&A Document

This section provides a high-level description of changes made to the document from one version to the next.

|  |  |
| --- | --- |
| **Update** | **Changes** |
| 7/1/22 | * Initial document publication
* Posted first Q&A set
 |
| 7/13/22 | * New Q&A set posted
 |

# Part II: Question and Answer Table

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| --- | --- | --- |
| DatePosted | Category | Question and Answer |
| 7/13/22 | 1DCA NOFA Requirements | **Question ID: 980338777\_01** In terms of the payment and performance bond that will be required for selected applicants, is there flexibility to have the P&PB apply to only the site work? We have a lot of HOME experience in other states, so we are very familiar with how the program works. On many of these projects, our lender required a P&PB, but it included work only within the site work contract. If projects are awarded additional funding, could you give me a better understanding of what DCA will require in terms of the payment and performance bond?  **Answer**:  We require a 100% payment and performance bond which is the full contract value of the deal regarding the construction hard cost executed and not just the site work.  |
| 7/13/22 | 1DCA NOFA Requirements | **Question ID: 978767077\_02** Under III. Loan Terms and Requirements, Additional requirements, the NOFA states, "DCA will require all selected applicants to have a payment and performance bond."   Will the ownership entity be required to have the P&P bonds, or our selected General Contractor?  **Answer**:  The Ownership Entity is not required to have payment and performance bonds. The General Contractor is required to have payment and performance bonds.  |
| 7/13/22 | 1DCA NOFA Requirements | **Question ID: 980971995\_01** DCA notes that a complete submission includes the MBE/WBE outreach guidance form. There are direct issues of competition in asking general contractors to provide a completed form indicating their sub-contractor list now prior to contract signing. As such, we request that projects be allowed to submit a letter from the GC referencing their acknowledgement in providing MBE/WBE reporting. Is this acceptable to DCA?  **Answer**:  The NOFA incorrectly states that this form must be included with the NOFA application.   At the time of application, DCA requires applicants to agree to follow a MBE/WBE outreach plan. Applicants are not required to identify MBE/WBE contractors or subcontractors at the time of application. The MBE/WBE data form ([click here](https://www.dca.ga.gov/sites/default/files/2022_mbe_wbe_data_form_2516.xlsx)), also called the HUD form 2516: Contract Subcontract Activity Form, located on our website ([click here](https://www.dca.ga.gov/node/7818)) with the list of federal compliance manuals and forms, is not intended to be completed before award but will be required at project completion.  |
| 7/13/22 | 1DCA NOFA Requirements | **Question ID: 980971995\_02** The application requests updated relocation plans. If the relocation for the project has already occurred, is a letter clarifying results of relocation sufficient?  **Answer**:  Yes, you can submit a letter explaining the circumstances. In this case, the last bullet of relocation documentation applies, and during review “DCA may request additional documentation such as household data forms, rent rolls, and relevant HUD documentation if necessary to complete the relocation review.”  |
| 7/13/22 | 1DCA NOFA Requirements | **Question ID: 981842912** Are any of the required environmental documents eligible to be submitted by the August 1 deadline instead of the July 18 deadline? Of particular concern is whether we will be able to complete the public notification process by July 18.   **Answer**:  The required environmental documents can be submitted by August 1:  * HOME Site and Neighborhood Standards Certification (if new construction)
* HOME HUD Environmental Questionnaire\*
* 8-step process supporting documentation (if applicable)\*
* Updated environmental report\*

\* Requirements above with an asterisk may rely in part on external entities (e.g., public notice processes, historic preservation review, local government letters). For these three requirements, please submit the most complete documents possible by August 1. If any portions are unable to be completed by this date due to delays from an external party, then on August 1 please submit evidence that the development team provided all necessary information to the relevant external entit(ies) to initiate the associated review process, public notice period, etc. Please submit the complete set of documents to DCA once the external approvals and letters have been received. |
| 7/13/22 | 2HOME and NHTF Federal Requirements | **Question ID: 978767077\_01**Under E. HOME Requirements, Environmental Reviews, the NOFA states that "acquisition and commencement of construction cannot occur between the publishing of this NOFA and DCA's finalized review of all Environmental requirements." Many of us have purchase contracts that require us to purchase the property by a certain date, and the sellers are inflexible about extensions. Are we ineligible if we purchase the property prior to final HOME approval? **Answer**: The above-referenced provision from the NOFA is due to “choice-limiting actions” concerns associated with federal funding. DCA has received guidance from HUD regarding choice-limiting actions.  As the staff from HUD explained, the date of the receipt of the application for federal funds by DCA is the point at which the applicant cannot take any further choice-limiting actions including land acquisition, grading, or any other construction activities.* Applicants that acquired property before the application submission date of 7/18 can apply for HOME under this NOFA.
* Applicants with a pending sale to occur between 7/18 and early November are advised to try to extend their closing dates until after they receive the HUD Authority to Use Grant Funds from DCA which we expect to be able to provide within 90 days of award of funds.
* Applicants that cannot expect to extend their closing date on the property before early November are advised to not apply for HOME funds in this NOFA.

Please also note:* If this NOFA is non-competitive and additional resources are available after allocating awards, then DCA may publish another NOFA for the same purpose.
* Choice-limiting actions do not apply to NHTF. If the development meets all DCA and federal NHTF requirements, you may apply for NHTF and still acquire the property after submitting your application.
* The above guidance applies to those whose agreement with the seller is an option agreement. DCA is currently awaiting guidance from HUD on whether there is any additional flexibility for buyers who executed a purchase contract, not option agreement, prior to applying for HOME funding.
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| 7/13/22 | 2HOME and NHTF Federal Requirements | **Question ID: 982711722**What are the 2022 HOME subsidy limits? **Answer**:

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| --- | --- |
| Bedrooms | 2022 HOME per-unit subsidy limits for Georgia |
| 0 | 179,723 |
| 1 | 206,024 |
| 2 | 250,530 |
| 3 | 324,105 |
| 4+ | 355,766 |

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| 7/13/22 | 4Application Materials | **Question ID: 519375032**How do I indicate points I’m claiming, and is there a template for the “Selection Criteria” narrative document? **Answer**:To indicate points claimed, please submit the “NOFA Workbook” under Application Submission Requirements on the DCA website ([click here](https://www.dca.ga.gov/node/7944)). There is no template for the Selection Criteria narrative document. Any PDF submitted that includes comments explaining why the applicant qualifies for points claimed in each section is sufficient.  |
| 7/13/22 | 5Other | **Question ID: 981452208**We are assessing whether we should cover our construction costs-driven funding gap with an increased perm loan (which we are able to do given 2022 rents) or seeking DCA HOME funds. The issue is whether we will be allowed to increase hard costs. This deal was approved under the 2021 QAP, which still had cost limits in place. I understand that if asking for additional financing under the NOFA, the 2022 QAP rules apply, and there are no cost limits in that QAP. If we don’t need to apply for additional funding from DCA to make the deal work, are we held to the cost limits in the 2021 QAP?**Answer**: The cost limits published in prior QAPs did not anticipate the significant construction cost increases seen in the industry this year. Owners should not expect to be strictly held to prior-year cost limits if they are closing or undergoing construction during this volatile time.   Therefore, owners will not be held to cost limits from a prior QAP for previously-awarded developments. Developments that exceed cost limits do not need to submit any petition to DCA associated with this cost increase (e.g., a Project Concept Change).    QAP provisions relating to cost reasonableness still apply. Therefore, please include a discussion of cost increases within your Final Allocation Application (8609 submission). |
| 7/13/22 | 5Other | **Question ID: 980971995\_3** When will award notifications take place? This is critical to meeting other deadlines for closing.  **Answer**:  DCA cannot guarantee a timeline prior to receiving applications. However, below is the best estimate staff can provide at this time:

|  |  |  |
| --- | --- | --- |
| **Milestone** | **Target date** | **Notes** |
| **Receive NOFA applications** | 7/18/22  |   |
| **Finishing scoring** | 7/25/22  | Please note we will not finalize scoring selections scores prior to receiving 3rd party documents on August 1.   |
| **Receive documents by 3rd party extension deadline****(e.g., 3rd party cost reviews)** | 8/1/22  |   |
| **Finalize selections based on scoring** | Week of 8/5/22  | If NOFA is not competitive, we will publicize earlier.    |
| **Preliminary award letters with loan amount approval****(subject to final underwriting)** | Early October   | This assumes 21 applications proceed for full funding. DCA does not know whether this is an over- or underestimate.        |
| **Environmental review is completed** | Mid-October through  early November   | Environmental Reviews will take 60-90 days   |
| **DCA loan closing** | Typically, 30 days following environmental and construction review clearance  |   |

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| 7/1/22 | 1DCA NOFA Requirements | **Question ID: 978798967** In our initial Tax Credit Application, the DCA Utility Allowance schedule was utilized. Will we be required to update the Utility Allowances to the HUD Utility Schedule model for the submission on July 18th? Or will we be permitted to update these post-award and prior to lease-up?  **Answer**:  Please submit the best estimate possible regarding utility allowances for purposes of the July 18th deadline. If the utility allowances used in the NOFA application do not reflect a completed HUD Utility Schedule Model, this update will be required during the DCA underwriting process.    |
| 7/1/22 | 1DCA NOFA Requirements | **Question ID: 978344779** From my read of the application requirements, DCA is expecting certain 3rd party documents that cannot be secured by the July 18deadline.   Is DCA looking for all 3rd party documents to be submitted with the application? Or is evidence that we have engaged these 3rd parties sufficient, while the actual reports can be submitted later once received?   **Answer**:  The below 3rd party documents must be submitted by August 1:   * Updated construction bids
* Third-Party Front-end analysis of construction costs

 DCA will post submission instructions soon for any documents finalized after the NOFA application deadline.   |
| 7/1/22 | 1DCA NOFA Requirements | **Question ID: 978199042** With the NOFA and providing an updated proforma to the DCA, should we use current rents as proposed rents at date of submission are no longer valid for these deals?  **Answer**:  Please use the most up-to-date information possible for this application, including the most current rent information.  |
| 7/1/22 | 1DCA NOFA Requirements | **Question ID: 978668122** Is the funding available for those 2020 PAB allocations where the LOD is received but construction has not yet begun because of construction cost increases?  **Answer**:  The development described in this question has received 4% credits (based on receiving an LOD), has not yet started construction, and the question implies a funding gap due to construction cost increases. Therefore, the development is eligible for this NOFA. From the NOFA:   *“Eligible developments must meet all the following requirements:* * *Developments previously awarded Housing Credits (9% or 4%)*
* *Developments that have not yet started construction*
* *Developments that have already started construction are eligible under this NOFA if HOME or NHTF was already a source of funds for the development.*
* *Developments that are facing a funding gap due to construction cost increases”*
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| 7/1/22 | 1DCA NOFA Requirements | **Question ID: 980211951\_02** Is there a limit to how many applications can be submitted for one company?  **Answer**:  No, there is no per-company application limit.   |
| 7/1/22 | 1DCA NOFA Requirements | **Question ID: 980993158** Our development cannot afford to take on more debt, but we do need gap financing. How much leniency will DCA have regarding the default loan terms listed in the NOFA?   **Answer**:  If the development cannot afford fixed loan repayment, then please request cash-flow contingent repayment and have the Core Application reflect this. As stated in the NOFA, “Applications reflect the Project Team’s initial proposal for the DCA loan and may reflect less stringent loan repayment terms than the [default terms] for either HOME or NHTF (e.g., a lower interest rate, cash-flow contingent repayment).”   If DCA disagrees with the proposal, then DCA underwriters will reach out to the development team to discuss during application review before making a final determination.   The default loan terms in the NOFA are not a mandate but represent the ceiling for periodic payment, interest rate, etc. that DCA would impose.   |
| 7/1/22 | 3Selection Criteria  | **Question ID: 980211951\_01** I saw where there was a mention of choosing one application for "top priority". How would we go about making this selection?  **Answer**:  Development teams submitting multiple applications are free to assign the Priority Point to whichever application they choose. DCA does not have guidelines about which types of applications should be prioritized.   DCA’s only role will be to confirm that the applicant with effective control did not assign this point to multiple applications under the NOFA. Please review the Priority Point scoring section in the NOFA and QAP definition of “effective control” to understand how DCA will assess whether an application will be associated with a particular development entity for purposes of this section.   |
| 7/1/22 | 4Application Materials | **Question ID: 980211951\_03** If the project we are wanting to submit a NOFA application for is a 2020 application, do we use the 2020 core app spreadsheet to submit the revised/updated information, or would we use the current (2022) core app spreadsheet?  **Answer**:  Applicants do not need to start a new Core Application. Please use the original Core Application from the previous 9% or 4% credit application, updated for purposes of this NOFA.   |