General Questions and Answers
February 27, 2004

1. Clarification: The 2004 QAP, Appendix II, Section 5.1 is clarified as follows: 5 points will be awarded for an application that proposes the preservation of an affordable housing project which received a tax credit allocation in 1987, 1988 or 1989 wherein the compliance period for all buildings ended on or before 12/31/03.

2. If a 40/60 tax credit minimum set aside deal has 41% of the units at 50% AMI (6 points), 11% percent at 30% AMI (6 points) and 28% at market rate (4 points), Can the remaining 30% of the units be PBRA at the 60% AMI level for 7 points?

A. The remaining 20% of the units may receive points for PBRA irrespective of the percentage of AMI set for rent.

3. Also is there a minimum amount of PBRA that must be received per unit?

A. Yes, please see the QAP for non governmental PBRA rental assistance under Appendix II, Section 4 (c) for the minimum amount of PBRA which must be received per unit. For governmental PBRA, DCA accepts the governmental payment standard for governmental PBRA.

4. We are pursuing a site that would meet all of the market feasibility threshold requirements for an elderly project, most notably a market capture rate of less than 30% (1 br and 2 BR). There are 2 tax credit projects, (1) 9% and (1) 4% within 1.5 miles of this site. The 9% project is stabilized with a two year waiting list and the 4% project is in lease up and will be stabilized by the end of 2004. Our rents will be lower (probably by $50) than the other two projects. The question is if the market feasibility shows that we meet all of the threshold requirements, is there any subjective or objective requirements where the close proximity of these other projects may negatively affect us in scoring or meeting threshold?

A. Yes, in addition to the threshold requirements related to capture rates, absorption and stabilization, there is a requirement related to the close proximity of projects. The threshold market feasibility factors include that there be no adverse impact to the market and to the financial health of existing assisted rental housing projects in the market area.

5. If we know all of the project information that is required for the unit cost limitation waiver form, can we request a waiver if we do not have a site identified?

A. The unit cost limitation waiver is based on total development cost. Total development cost includes land cost. If you don't know your land cost, you don't know your total development cost, nor can you finalize your construction cost without knowing your site development cost. Therefore, we don't see how a cost limitation waiver can be submitted at this time under these circumstances.

6. The QAP recommends that a market study be obtained by the applicants. How old can the market study be? We have one for one of our projects dated May 12, 2003? Should we update this?

A. While DCA recommends that a market study be obtained prior to submitting applications, we clearly indicate that the basis for doing so is to satisfy your own concerns as to market viability as outlined in the 2004 Application Manual. You will have to make an independent decision as to whether the study that you have is outdated and needs to be updated due to its age.

7. A non profit sponsor has received an AHP loan @ 1% interest. The non profit will loan the funds to the project at the 1% interest rate. The property is in a QTC. Does it qualify for tax credits at 130%? Also is it eligible for the 15 points for Governmental Financial Assistance?

A. Projects in a QTC will typically qualify for a 30% boost in tax credits. However, there are limitations to such boosts based on the terms of the financings. You will need to consult with your own accountants to establish whether the project qualifies. If the AHP loan equates to 7% or more of the total development cost and/or operating cost, then it would qualify for 15 points unless the AHP loan is for construction financing only. In such case it would not qualify for any points.

8. I have attempted to search the DCA website to find what cities/counties would be included in an enterprise, empowerment, or renewal community, but have not had any luck? Could you please provide some direction on how to go about finding those communities?

A. Enterprise, Empowerment and Renewal communities are not listed on the DCA website. I would suggest that you go to HUDUSER.ORG/DATASETS or a search engine to locate the appropriate website or check with the local jurisdiction where the project is to be located.

9. Can additional monies above per unit limitations be spent on market rate units as long as that amount is not calculated in the basis for determining the tax credit amount? For example can garages be made available for market rate units only?

A. Per Unit limitations are applicable project wide.

10. If a project is new construction and we are attempting to replicate historical design and to use all brick construction that would qualify for a cost waiver?

A. We do allow a cost waiver for projects receiving Historic Tax Credits. If this would qualify under that category then the answer would be yes.

11. On proximity, where do you begin marketing the distance from the site? Is it at the beginning of the entrance to the site? Or are there more than one way to calculable this?

A. The distance to desirable/undesireable characteristics is measured from the property line or corner of the intersecting property lines, nearest to the characteristic that is in question.

12. We would like to obtain some more information as to what is involved in the EPA's Energy Star program and the certification that will be required to meet the points under the Energy Efficiency Category.

A. The Energystar program is an EPA nationally administered program. The EPA website gives a huge amount of information on building techniques and certification requirements. Your architect can also guide you through the requirements.
Locally, Southface Energy Institute can assist with additional information along with contractors who are qualified to complete the energystar certification process. There are building contractors who have successfully completed properties using the techniques required to meet the certification requirements.

13. We understand that when we have a HOME and LIHTC project we need to set 40% of AMI. We also intend for 30% of our units to be designated as PHA; based on our understanding from the tax credit workshop those Public Housing units can be within the 40% at 50% of AMI HOME requirement and still claim 15 points under the Public Housing Authority Development and Rental Subsidy category. Please verify.

A. Yes, we are interpreting your question to mean whether or not the PHA units that points are being claimed for under the PHA section can count towards your minimum set aside for the 40/50 HOME Program Requirements. The answer is that they can so long as those PHA units have rents set at 50% of AMI and are reserved for occupancy to tenants with incomes at or greater than 30 or less than or equal to 50% AMI.

14. If we are receiving PBRA for this Public Housing unit and we do not claim points under the Project Based Rental Assistance or the Very Low Income categories, it is our understanding that we can set our rents as high as the payment Standards given by the Housing Authority, even though the payment standard exceeds the 50% of AMI rent. Please confirm.

A. Yes, but they still need to meet the 40/50 set aside with other units.

15. I s the construction contingency to be included in Builder's Profit?

A. No.