

2014 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 12, 2014

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

1. Section A 9 a) xiii. of Threshold (pg. 7 of 58) requires projects proposing to use Historic Tax Credits provide documentation of the National Historic designation for the subject project on or before the deadline noted on Exhibit A DCA Pre-Application and Pre-Award Deadlines and Fee Schedules. When reviewing this particular Exhibit A, I do not read anything that specifically pertains to Historic Tax Credits. Other than the documentation noted in Scoring Section XVIII, could you please clarify what exactly is needed at Pre-Application and Pre-Award?

Response: Documentation substantiating eligibility for Historic Preservation points should be submitted at Application submission (June 5, 2014 deadline).

2. Are Applicants required to submit a Pre-Application for purposes of receiving a Qualification Determination? Or can this be submitted at the time the complete Application is due in June 2014?

Response: Those seeking a DCA HOME consent must submit a request for Qualification Determination at Pre-Application. DCA strongly recommends that applicants submit a Request for Qualification Determination that a proposed Project Team is qualified during Pre-Application. For tax credit only projects, your request for Qualification Determination can be submitted with your complete tax credit application.

QAP Threshold - 20 Qualifications For Project Team (Performance)

1. At the 2014 QAP workshop, there was some discussion about whether or not audited financial statements would be required for all qualification determinations. The 2014 QAP does not appear to require audited financial statements, and the 2013 Qualification / Performance workbook specifically stated they were not required. We have discussed this issue with our accountants at both Cohn Reznick and Henderson & Godbee, and given the complexity of many general partners' and developers' financial statements, they indicate that it will be impossible to meet the March 12th pre-application deadline. If audited financial statements are a requirement, we must drastically change our business model. The discussion at the QAP Workshop never clearly settled the issue, so could DCA please confirm if audited financial statements will be required for qualification determinations?

Response: For the purposes of 2014 qualification determinations, DCA will prefer but not require audited financial statements for Project Team members/entities

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(not those of project principals). For additional information, please see the 2014 Performance Workbook posted at DCA's website. Please note that the pre-application submission deadline has been extended by a week to March 19.

QAP Scoring - 4 Community Transportation Options

1. Many transportation authorities have routes that run either near or by a potential site but, may not have a stop close enough to the site to score under the Community Transportation Options. In speaking with transit authority officials I have been told that, once a request is made, a stop could be placed at the new development site. However, they would not commit to altering a route or place a new stop until they actually see evidence of construction so that they know the proposed development is being built. Sort of a "if you build it, we will come" attitude.

My question is could an applicant receive points under this section if the local transit authority provided a letter stating that if the proposed development is built they will provide service at/to the site?

Response: No, for both the Flexible Pool and Rural Pool, the transportation stop must already be established.

QAP Scoring - 15 Leveraging Of Public Resources

1. Scoring Page 17 of 30. Please look at the heading for this section in the 2014 QAP; can a nonprofit lease the ground to the Tax Credit Partnership?

B. Local Government/Nonprofit Contribution 1 Point

One (1) point will be awarded for projects receiving a long-term ground lease (no less than 45-year) from a local public housing authority or government entity for nominal consideration and no other land costs

Documentation:

- A copy of the ground-lease agreement

Response: No, the 2014 QAP requires the long-term lease to be issued by a local PHA or government entity (Scoring, p. 17 of 30).

2. Under Section XV of the Competitive Scoring Criteria, the QAP states that 1 point will be awarded to projects receiving a long-term ground lease from a local PHA or government entity. Section VIII of the Threshold Criteria defines site control, in part, as a long-term ground lease or an option for a binding long-term

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ground lease. If the Applicant submits an option for a long-term ground lease as documentation of site control, will this satisfy the scoring criteria for Local Government/Nonprofit Contribution, or does it have to be the actual executed ground lease from the local PHA?

Response: Threshold Section VII. Site Control (p.17-18 of 58) states: Site control must be in the form of...(3) a binding long-term ground lease or an option for a binding long term ground lease, with a minimum term of forty-five (45) years. For competitive applications, contracts must be executed prior to Application Submission deadline...and must provide legal control of the site to the proposed General partner or proposed LP at least through November 30, 2014.

An option for ground lease is acceptable evidence of site control as long as the option period extends through November 30, 2014. The actual executed ground lease is not necessary at time of Application.

Scoring Section XV.B Local Government/Nonprofit Contribution (p. 17 of 30) states: One (1) point will be awarded for projects receiving a long term ground lease (no less than 45-year) from a local public housing authority or government entity for nominal consideration and no other and costs.

An option that extends at least through November 30, 2014 for a binding long term ground lease from a government entity or PHA and is for a nominal cost will be eligible for 1 point.

QAP Scoring - 20 High Performing School Zones

1. The School Report Card website only has data to 2011. Do you know when it's expected to be updated, and if it's before June 5, do we use the most recent data?

Response: The Department of Education has not announced when it will release school year 2011-2012 report card data. Applicants for these points should include documentation for the most recent data available. DCA will not use data that is updated after Application submission to determine eligibility for these points.

Other Questions

New HOME Rule

1. Could tell me DCA's interpretation of the new HOME rule regarding CHDO sponsorship in a LIHTC deal. What I essentially want to know is if there is any

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way possible for me as a developer to participate in the ownership of a project at any level or if the rule is stating that 1) the CHDO has to make up the entire GP entity and 2) that the tax credit investor is the only other participant in the partnership. I assume I could be a developer but we only get experience points, as defined by other state agencies, if we can be part of the GP entity along with the CHDO if we want to participate in the various CHDO set asides. I don't think this rule will affect us in Georgia this year but I am just curious how DCA is interpreting.

Response: CHDOs may sponsor rental housing in 2 ways: 1) the CHDO develops the rental housing on behalf of another non-profit (which cannot be owned by a for profit or government entity) or CHDO, and transfers title after completion. Title must be conveyed at a pre-determined time to pre-identified nonprofit/CHDO; or 2) the project is owned and developed by a) a for profit or nonprofit that is a wholly-owned subsidiary of the CHDO, or b) a limited partnership (LP) of which the CHDO or its subsidiary is the sole general partner, or limited liability company (LLC) of which the CHDO or its subsidiary is the sole managing member. The CHDO must have 'effective control'. If the partnership agreement permits removal of the CHDO as sole managing member or partner, removal can only be permitted for cause, and the partnership agreement must specify that the CHDO must be replaced with another CHDO.

QAP Core: Exhibit A – Historic Tax Credits

2. Please find our question below as it relates to the requirements for pre-application.

xiii. Projects proposing the utilization of Historic Tax Credits must provide documentation of the National Historic designation for the subject project on or before the deadline noted on Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule.

If you look at the DCA Pre-application deadlines and fee schedule there is no mention of historic tax credits. We are trying to confirm that nothing is due until the final applications go in on June 5, 2014.

Response: See response to question 1 under QAP Threshold – 1 Project Feasibility, Viability Analysis, and Conformance With Plan.

Pre-Approvals

3. The QAP talks about the submission of additional amenities pre-approvals although it is not listed in QAP Core Exhibit A, is the intent to allow a request for pre-approval?

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Response: Yes, the 2014 QAP allows Applicants to request approval for additional amenities at Pre-Application (Threshold, p. 22 of 58). The QAP Core Exhibit A should have listed the amenities pre-approval as well as the architectural standards and design options. The form for the optional amenities pre-approval is located on DCA's webpage (2014 forms can be found [here](#)) along with the other waiver forms. The fee requirement is included in the form instructions.

4. Is there a form for requesting a cost limit waiver?

Response: No, DCA does not provide a form for this waiver request. However, DCA will only approve cost limit requests in limited circumstances for projects involving a significant economic barrier not typically seen in Georgia (see Threshold p. 10). Therefore, Applicants must substantiate the basis for the cost limit waiver with, at minimum, a detailed narrative and supporting documentation.