

2015 DCA Qualified Allocation Plan
General Questions & Answers
Posting #11
May 28, 2015

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

The QAP states the following for Tax Credit projects with no HOME..."For Application purposes, the applicant must use the utility allowance established by the Public Housing Agency (PHA) that administers the Section 8 Program in the locality where the property is located." We have tried unsuccessfully to obtain a copy of the utility allowances from the PHA. If we are not able to obtain the utility allowances from them, are we allowed to use the DCA utility allowances for the Region in our application or is there some other way we can obtain the PHA allowances?

Response: If the local PHA is appropriate source for the utility allowances, DCA Utility Allowances for the region may be used ONLY if evidence of an unsuccessful attempt to obtain the utility allowances from a local PHA (such as confirmation from the PHA that it refuses or is unable to provide such info) is provided in the application – this assumes the utility allowance information is not available on the website of the PHA that administers the Sec. 8 program.

2. Can you please clarify the following from the market study guide, page 10: "Project feasibility will be based on market capture rates less than 30% for all efficiency, one (1) and two (2) bedroom units, less than 40% for all three (3) bedroom units, and less than 50% for all four (4) bedroom units in the project." Does this mean, for example, that the capture rates for all one bedroom units combined (regardless of AMI targeting, should be below 30% or that all one bedrooms at 50% should be below 30% capture, all one bedrooms at 60% should be below 30% capture, etc.?

Response: Demand and capture rate analysis must be completed for each targeted income group and each bedroom size proposed. Capture rates will be considered across each of the bedroom unit mix categories (0BR-4BR, if applicable) regardless of the AMI market segment. In addition, an overall capture rate for all proposed units for the project will be considered based on the project's location (Urban vs. Rural). Market capture rates for each AMI market segment type (i.e. 30%, 50%, 60% & market) shall not exceed 70%.

QAP Threshold - 4 Required Services

1. In regards to the required services, page 13 of Appendix I states, "For very small Rural projects, Applicants may request a waiver of service requirements if there is insufficient participation in a service". Can DCA please define (in number of units) what constitutes a "very small" project?

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Response: DCA will evaluate each project on a case by case basis to determine if a project will be considered "very small." However, new construction projects will not be eligible for this waiver.

QAP Threshold - 7 Environmental Requirements

1. The term used in the checklist for the Core Application under Tab #7 Environmental is:

09 MBE/WBE Outreach Plan Guide form

Please clarify what DCA expects here. On the website there is 2015 MBEWBE Data Form. Is that what should be included? Or, should we include our MBE/WBE Outreach Plan?

Response: Please complete the 2015 MBE/WBE Data Form as well as the MBE/WBE Outreach Plan. The Outreach Plan can be found at the following link from the DCA website.

http://www.dca.ga.gov/housing/HousingDevelopment/programs/downloads/2015QAPDocs/Manual/E.%20HOME/06_2015HOMEManualIMBEWBEOutreachPlan.docx

QAP Threshold - 10 Site Zoning

1. The QAP says "It is the responsibility of the Applicant to ensure that all issues and questions surrounding the zoning and land use classification of a proposed site are clearly defined prior to Application Submission. Any unclear or unresolved issues of zoning and land use could result in Threshold failure of the Application." Unfortunately our jurisdiction has agreed to rezone to a new category not now authorized in the Zoning Ordinance. What will the impact be on our application?

Response: We cannot determine the impact to your application based on the information provided. If the Application is submitted, it is incumbent on the Applicant to provide sufficient documentation to meet the DCA requirements. If applicable, please provide any necessary documentation of third-party confirmation.

QAP Threshold - 20 Qualifications For Project Participants (Performance)

1. What are listed application consultants required to provide in the application? Is it just the copy of the consulting contract?

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Response: DCA requires full disclosure of all entities and individuals involved in a proposed tax credit development. For additional information, please see 2015 QAP, Page 32 of 60, for documentation requirements.

2. Our Project Team received a Qualified Without Conditions determination. The Project Team consists of multiple organizations. An organization with a small minority interest may not remain as a team member. The other organizations would remain as Project Team Members. Since the majority members will remain and have been determined to be Qualified Without Conditions, would the determination stand or would the remaining members be required to submit new performance workbooks with the application?

Response: In the event that any member of the proposed Project Team changes prior to submission of the Application, the determination provided will be null and void and the Application will need to submit an updated request for a qualification determination in the Application to be submitted by June 11, 2015.

QAP Threshold - 25 Relocation And Displacement Of Tenants

1. Will an application submitted as a second phase of a phased development be required to provide a new relocation plan if all of the required relocation activities will be completed as part of Phase I of the development and will be completed based on the Relocation Plan that was submitted with the Phase I application, which has commenced construction.

Response: Yes.

2. In regards to the relocation documentation in the tabs checklist (tab 24 for 2015), Items 03 and 06 appear to be the same thing. In the previous years this was a combined "plan" with a budget covering all aspects of the proposed relocation plan. It is DCA's intent to have these plans separated into a "Relocation Plan" and a "Displacement Plan" with each having a separate budget?

Response: Yes, there are two separate plans. Relocation would indicate a temporary stay off-site; displacement would indicate that the residents would be moved permanently off-site until the construction or rehab is completed.

QAP Threshold - 26 Affirmatively Furthering Fair Housing

1. This question is for a clarification of the question asked posting #9 concerning the Affirmatively Furthering Fair Housing Marketing Plan. DCA's response to that question said that all applications required the AFFHMP regardless of whether the application included HOME or HUD funds. My question is whether the

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AFFHMP is required to be submitted with the application for a tax credit only application? The QAP indicates in Appendix I Threshold Criteria XXVI Affirmative Furthering Fair Housing on page 42 of 60 that the AFFHMP must be prepared and submitted after a project has been selected for an award and prior to the start of lease up. Does the plan have to be submitted with the application?

Response: No. The Affirmative Furthering Fair Housing Marketing Plan must be submitted and approved by DCA after a project has been selected for an award and prior to the start of lease up.

QAP Scoring - 3 Desirable Activities/Undesirable

1. If a Community/Recreation Facility is a public pool, is it still eligible for points even though it is not open all year?

Response: DCA does not consider a public pool to be a multipurpose facility.

QAP Scoring - 6 Sustainable Developments

1. I am seeking further confirmation that the 4 points noted to be available in this scoring section for Sustainable Developments are not all available and that the new maximum point total in this category is only 3 points.

Response: Section VI Sustainable Developments incorrectly states the maximum points received under this section are four (4). The maximum number of allowed points under this section is three (3).

2. I want to confirm that stable communities points are only available to developments under the flexible set-aside for the 2015 QAP. For a project submitted under Rural, only 2 points are available. Does the draft scoring form require Southface's signature for the 2 point item?

Response: It appears that you were asking about Sustainable (not Stable) Developments. Three (3) Sustainable Communities points are available only to Flexible pool. Two Sustainable Building points are available to projects in the Rural or Flexible pool. Southface will directly provide DCA with the draft scoring form, which does not require Southface's signature.

3. I am writing you to discuss the recent decision to change the point structure within the Sustainable Developments category. In a review of the 2015 QAP as approved by the Governor of the State of Georgia, the Sustainable Developments section clearly indicates that there are 4 points available. It clearly indicates that 3 points will be awarded for A. Sustainable Communities, 2 points for B. Sustainable Buildings, and an additional point for C. Integrated Design

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Review Charrette. In addition, the QAP states that points may be awarded under either A or B, but not both. The QAP does not state that Item C., is only available as an addition to the B. Sustainable Buildings Certification category. With the new decision to cap the Sustainable Development category at 3 points the advantage of committing to such a certification has been lost. The new decision allows a project only submitting for a Sustainable Building Certification to earn the same number of credits if they also agree to complete an Integrated Design Review Charrette. It should be noted that the community charrette is not a requirement of the Sustainable Communities Certifications (ECC or LEED ND). In both LEED-ND and ECC the community charrette is a voluntary credit. By losing the advantage of locating a Sustainable Communities site, future developments will be less connected for residents and less impactful for community revitalization efforts. In addition, there are several sustainable advantages of the Sustainable Communities programs which are not found within the focus of a Sustainable Building program (LEED for Homes, EarthCraft, ENERGY STAR, NAHB). Some of the additional community wide elements include site planning and design to enhance efficient exterior water use, advanced stormwater management, efficient site lighting, low impact designs and landscaping, pedestrian connectivity, traffic calming devices, greenspace preservation, community engagement, and other critical sustainable designs. In general, a Building level program will not require a design meeting to include a community official, site planner, civil engineer, or landscape architect-professionals that have a positive impact on the overall design of sites. These design experts are generally not at the table for Building level programs which focus on the Architecture and MEP designs. By losing the 1 point advantage of a Sustainable Communities Certification there is no longer any reason for a developer to commit further than the Sustainable Building Certification. There is no longer any need to search for better sites, more connected, walkable, and infill locations if the advantage is lost. In addition, many GA tax credit developers have focused an extensive site search on finding sites that would qualify for the Sustainable Communities Certification (in terms of location). These sites are generally harder to locate and more competitive and often times require an extensive rezoning processes from commercially zoned parcels. Without the 1 point credit advantage the effort placed on locating the better located/infill sites has been a wasted effort for these developers. We respectfully request that the DCA reconsiders the clarification for the Sustainable Developments section issued on April 14, 2015 and returns the interpretation to the previously approved 2015 QAP

Response: DCA did not modify the provisions of the 2015 QAP, Appendix II, Section VI, paragraph C which states that an Applicant may claim "One (1) point for properties seeking a Sustainable Building Certification, where the Applicant agrees to implement an integrated Design Review Charrette during the design stage of the development process." This provision is being implemented exactly

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as written. An Applicant who is not seeking the Sustainable Building Certification under paragraph B is not eligible for the 1-point under paragraph C. A maximum of 3 points (not 4 points) can be awarded in this section, since the additional point is not eligible to applicants seeking the Sustainable Community Certification.

4. DCA has issued guidance and changed the QAP and core application to indicate that a maximum of 3 points can be obtained in the sustainable developments category. We believe that this was a significant change in the QAP, rather than a clarification, and therefore we believe that the QAP should not have been amended. The QAP, in its original unamended form, allowed for a maximum of four points in this scoring section. Those four points could be obtained by a property qualifying for a Sustainable Communities Certification (3 points) (which also requires you to obtain a sustainable building certification) and then agreeing to an integrated design review charrette (1 point). The language in the original QAP was clear and did not need a clarification, but DCA's clarification and modification essentially changed the QAP. Furthermore, the original QAP encouraged developers to utilize a property's ability to qualify for a sustainable communities designation in their site selection. The amended QAP removes any competitive benefit from the sites that were selected on this basis and that qualify as a sustainable community. Therefore many sites that were previously selected while relying on the unmodified QAP, may now be uncompetitive, because the QAP was modified. We request that the modifications made to the QAP be removed and that the original version of the QAP regarding sustainable developments govern this scoring section.

Response: DCA did not modify the provisions of the 2015 QAP, Appendix II, Section VI, paragraph C which states that an Applicant may claim "One (1) point for properties seeking a Sustainable Building Certification, where the Applicant agrees to implement an integrated Design Review Charrette during the design stage of the development process." This provision is being implemented exactly as written. An Applicant who is not seeking the Sustainable Building Certification under paragraph B is not eligible for the 1-point under paragraph C. A maximum of 3 points (not 4 points) can be awarded in this section, since the additional point is not eligible to applicants seeking the Sustainable Community Certification.

QAP Scoring - 15 Leveraging Of Public Resources

1. This is a question concerning off site improvements by a local government entity. An applicant is purchasing a site for a development from a rural county government and the tract is part of a larger parcel owned by the county government. The applicant is also requesting that the county government either donate some additional land as green space or construct an access road that

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would be used for access to the site and potentially for a second phase. The access road isn't needed for the current development because it currently has road frontage access. These are being requested in order to obtain points for off site improvements. According to the QAP, the government entity must be an unrelated third party. Is the county government considered an unrelated third party since they are the sellers of the land for the development?

Response: The land seller is an unrelated third party if there is no familial relationship or other affiliated business relationship between the buyer and the seller, and the land seller is not a Project Participant. In addition, no financial consideration should be given to the county, present or in the future, (such as a higher land cost for the proposed project site) for the county to donate additional land as green space or construct an access road.

2. Under Appendix II, Section XV(A)(1), a clear reading of the paragraph after the list of Qualifying Sources (a through j), the disqualifying language contained therein appears to preclude any situation where a funding entity was supplying these resources. In each case, the funding entity, be it a housing authority, a local government, or in the case of HOME funds, even DCA itself, would be, by definition, serving as a Project Participant or lender (likely not a syndicator), and as such would be ineligible for these points, and if the applicant tried to claim them, disqualified from the 2015 funding round altogether. Is that DCA's intent in this case?

Response: Under Appendix II, Section XV(A)(1), for the specific qualifying sources listed under a) thru h) the disqualifying language does not apply as the listed funds are specifically for affordable housing and they are not considered "pass-through" funds, loans, or grants from conventional lenders. HOME funds, ultimately from HUD, not from a conventional lender, are eligible for points in the category.

QAP Scoring - 19 Preservation Priority Points

1. The Tabs checklist appears to list items from an expired LIHTC project; however, the QAP provides two pathways to Preservation points, expired LIHTC or HUD/USDA. Can the agency provide a detailed tabs checklist of the required order of documents if we are HAP/USDA rather than LIHTC? For example, the Attorney's opinion letter seems to target LIHTC expiration rather than HUD/USDA preservation projects.

Response: It is incumbent on the Applicant to provide sufficient documentation to support the points it is claiming. For any documentation to support the points claimed that is not specifically listed on the tab checklist, please use Section 43

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(Additional Documentation) of the tab checklist and reference the applicable points category.

QAP Scoring - 20 Quality Education Area

1. We are not claiming points under the Quality Education Area section of the application. We have compiled almost all the info, but are having difficulty getting a response from the school district in writing confirming our location is within the attendance zones. We do know that we are per the county's school board website which has a printout showing our address is within the three specific schools. In an effort to not have our application considered incomplete, will that print out from the web site be sufficient, considering we are not claiming the points?

Response: If an applicant is not claiming points for Quality Education Area, no documentation for this scoring category is required.

Other

1. The QAP Core states on page 18, "Third party reports that have been finalized, and accepted by the federal agency may be provided with a letter from the third party analyst providing DCA the ability to rely on such reports and the reports are generally in compliance with DCA requirements. Documented acceptance of the conclusions related thereto, directly from the federal agency will generally be accepted by DCA". Does this indicate that if the third party reports are RD-approved when LIHTC applications are submitted that DCA will accept them and the reports will not be subject to further review?

Response: The quote above relates specifically to 2015 QAP, Section 12. 4% Federal Credit- Bond Financed Projects. If you still have questions related to bond financed transactions, please contact DCA directly.

2. The QAP states on page 26, "Owners of projects receiving Credits or Letters of Determination in accordance with this QAP for the new construction and/or rehabilitation of an existing property must perform 100% of the DCA approved work scope no later than December 31, 2017." There is no asterisk next to this section; can DCA please confirm that this requirement is for the competitive round only? For non-competitive applications, is there a specified time frame in which the construction must be completed?

Response: Please refer to Exhibit A, pg. 39 of 40 in the Core section of the 2015 QAP for 4% credit deadlines. For 4% credit projects, DCA will consider extension of such deadline when necessary.

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3. The QAP states on page 25, "The term sheet for both the Federal and State Equity Commitments must be sent to DCA by April 30th, 2016." There is no asterisk next to this section, can DCA please confirm that this requirement is for the competitive round only?

Response: The term sheet is required for 9% credit projects only, not 4% credit projects.