

2020 Q&A Posting #1

February 27, 2020

QAP Core – Exhibit A: Deadlines and Fee Schedules

1. As with all ownership entities created for the purpose of doing tax credit deals, they have to be a for-profit entity. However, if the sole member of the General Partner is a non-profit entity, for DCA fees purposes, will we be considered non-profit and submit our deal paying fees under this category?

➤ DCA Response: Profit/non-profit status refers to the status of the General Partner entity, which owns an interest in the proposed project. Therefore, a non-profit General Partner would submit the applicable fees for a non-profit.

QAP Pre-Application Performance Workbook and Pre-Determination Checklist

1. This question is regarding the Pre-Application process. Per the Performance Workbook instructions, for each proposed application our project team plans to submit in May, we should complete one Performance Workbook that has separate Project Narrative tabs for each proposed site (assuming the team is the same for each application). On the Performance Questionnaire, for "Proposed Project Name," if we have multiple sites, should we enter all of them on this line? Should we also create separate organizational charts for each proposed project since there is room for only one project name? Do we need a separate Performance Workbook Certification for each proposed project? Again, this page has space for only one entity name. For the Pre-Determination Checklist, if we have multiple proposed project sites, do we list all project names on one checklist or create separate checklists for each site?

➤ DCA Response: To receive a full QD Threshold review at Pre-Application under this section, Applicant must have the project team and construction type finalized by Pre-Application. If either the Project team or construction type is different for a proposed site, a separate performance workbook is then required.

2. Please confirm the following items listed on the Pre-App submission checklist are only required if applying for HOME consent: 02 01 05 Successful HOME Loan and Other HUD-Funded Project Experience form and 02 01 08 HOME Environmental/Relocation Requirement Acknowledgement.

➤ DCA Response: The 02 01 05 Successful HOME Loan and Other HUD-Funded Project Experience form and the 02 01 08 HOME Environmental/Relocation Requirement Acknowledgement form are only needed if requesting a HOME consent at Pre-App.

3. At the meeting last week, I heard you all state that site selection was not required for a QD? The pre-application and performance workbooks still contain a lot of site-specific information such as lat./long., project address, project name, narrative, etc. Can this information just be left blank? The instructions included within the pre-app submission workbook indicate that a rent schedule and summary tab is required for all applicants, is this incorrectly stated? What all is required to receive a QD?

➤ DCA Response: To receive a full QD Threshold review at Pre-Application under this section, Applicant must have the project team and construction type finalized by Pre-Application. If either is “To Be Determined,” DCA will not conduct a team qualifications review during the Pre-Application review phase.

Information on other tabs outside of the Performance Workbook are not considered part of the qualification determination review. Project name/address/narrative in the Performance Workbook may be TBD or N/A.

QAP Threshold – 20 Eligibility for Credit Under the Nonprofit Set-Aside; 23 Required Legal Opinions

1. I do not see non-profit set aside as a dropdown option on the pre-app submission form this year. We intend to submit as non-profit to be considered for the set-aside. Is a legal opinion required at pre-application in March or is it due at full application in May?

➤ DCA Response: A legal opinion is not required at pre-application for the non-profit set aside. The legal opinion on the non-profit’s current federal tax-exempt qualification status is minimum documentation under Threshold Section XX. Eligibility for Credit Under the Non-Profit Set Aside.

QAP Threshold – 24 Occupied Developments

1. At the QAP workshop last week DCA made mention of a new requirement that applications involving relocation or displacement of tenants had to provide certain information at pre-application. Can you please clarify what forms and information is DCA requiring be submitted at pre-application?

➤ DCA Response: Permanent Displacement Waivers at Pre-App must include the following:

A. Narrative

i. why displacement must occur, including whether these reasons are due to program restrictions, Application specifics (such as change of unit mix or income designation), screening criteria, or other.

ii. What methods have been used to adjust the Application in order to minimize displacement

B. Identify which households would be displaced: Submit the Relocation and Displacement Workbook with columns A to L, P, U, and V filled out.

i. If households have been interviewed submit household data forms and complete Workbook columns M, N, P, S, and T.

ii. If household income or other documentation is available complete Workbook columns M, N, P, S, and T.

C. Tenant Selection Plan: If the reason for displacement is screening criteria.

D. Any other documentation that describes why displacement is required for this Application.

QAP Threshold - Exhibit A: DCA Underwriting Policies

1. For the pre-application submission, we anticipate submitting underwriting waivers. Can that be related to debt credit ratio? Also, if we have more than one item, for example, seeking waivers for vacancy and also debt credit ratio, is the fee \$1,500 for vacancy and an additional \$1,500 related to debt credit ratio? Or is it just \$1,500 total regardless of the number of items?

➤ DCA Response: The \$1,500 fee is one fee for any/all underwriting waivers. DCR waiver requests are an allowable request.

QAP Scoring - 1 Application Completeness

1. Is there a workshop or some other avenue that can help with a 1st time applicant to make sure all requirements is met.

➤ DCA Response: A 2020 QAP workshop was held on February 11. Slides from that workshop are posted here:

https://www.dca.ga.gov/sites/default/files/2020qapworkshopslides_2perpage.pdf

QAP Scoring - 7 Revitalization / Redevelopment Plans

1. Do you have to secure property purchase prior to the application submittal?

➤ DCA Response: All requirements for Site Control at time of application are listed in Section VIII. Site Control.

QAP Scoring - 8 Community Transformation

1. We were awarded the points on our 2019 9% application for Wimberly Manor. Would DCA consider awarding us points in this section even though we were previously awarded the point last year?

➤ DCA Response: An applicant will not be rated less competitively if they received points in previous years under this section. However, Applicants will be rated less competitively in this selection process if the development proposed is within or overlaps a Defined Neighborhood already containing a Transformational Community initiative funded in 2017, 2018, or 2019.

QAP Scoring - 16 Favorable Financing, A. Qualifying Sources for Favorable Financing

1. a) Is source 10. (Other Federal, State, or local grant funds or loans) supposed to be limited to only governmental bodies, or could a commercial bank loan below AFR qualify?

➤ DCA Response: A commercial bank is an eligible lender/grantor under scoring item #10 so long as all requirements listed under Section XVI. Favorable Financing are met.

QAP Amendments

1. Are there any planned Amendments for the QAP?

➤ DCA Response: DCA intends to amend the following language in the 2020 QAP at the April Board meeting under Section XIX. Compliance Performance:

"3. Point deductions will be made for each Project Team and Principal that were directly or indirectly involved in the General Partnership and/or Development entity of non- performing projects."

DCA intends to amend the language as follows:

"3. Point deductions will be made for each Project Team member with at least a 20% interest in the proposed Project and which held a 20% or greater interest in the General Partner and Developer entities of non-performing projects."

In the event the Amendment is not approved, the language will stand as currently written.

Set-Aside

1. I understand that DCA may or may not pick a deal for the general set-aside pool prior to application submission. On the other hand, a full application will need to be submitted in May, if a deal is selected from the pre-applications that are submitted next week. My question is when will DCA let the development community know if a deal is chosen? I am unsure of the timing, hence I'm not sure how much time, energy and cost we should incur prior to DCA's announcement. For example, any developer will need time to order a market study, phase I and other third-party items that are required in a full submission.

➤ DCA Response: DCA intends to make an announcement of the General Set Aside award by April 1, 2020. If a General Set Aside selection is not made by April 1, 2020, DCA will announce a selection during Application review, or within 45 days of the announcement of awards.

2. If we submit to be considered for general set-aside (as well as non-profit set-aside) but does not get awarded under the general set-aside, will our application still be eligible to be considered in the regular competitive pool?

➤ DCA Response: Yes. If not awarded the General Set Aside, an applicant would need to submit a full tax credit application during the Competitive Scoring Round for that property in order to be considered in the 2020 Competitive round.

DCA Manual – HOME

1. On p. 4 - p. 5 pdf of the DCA HOME manual, it states: Defining HOME-assisted units. Based on the statutory HOME requirements, twenty percent (20%) of the HOME assisted units in the project must be limited to income restrictions based on 50% of AMI and “Low HOME rents”. The balance of low-income units will be limited to rent and income restrictions based on the lesser of the published High HOME rents or 60% AMI. Can you please clarify in the last sentence, whether "low income units" is supposed to be "HOME-assisted units" instead?

➤ DCA Response: Yes. The balance of HOME assisted units will be limited to rent and income restrictions based on the lesser of the published High HOME rents or 60% AMI.