

NSP FLEXIBLE POOL QUESTIONS AND ANSWERS

Posted 2/24/09; Updated 2/27/09

We are looking to apply for low income housing tax credits for a development in Carrollton. Please confirm that our single purpose entity for this development can be the NSP applicant. Per the instructions, the applicant must evidence local government support. We have a resolution of support for our proposed development. Is this what you're looking for? Do you need NSP funds specified?

For tax credit NSP applications, you will need to complete the Performance Workbook and identify a principal of an entity or the entity itself applying for the NSP funds. The entity (for profit, non-profit, etc.) or principal of an entity as set forth in the Performance Workbook that is applying for NSP funding should be a party (member, general partner, etc.) to the final ownership structure of the tax credit application submitted for tax credit funding. A resolution of support from a local government could constitute evidence of local government support. The support should be for the project proposed. The NSP email address is nsp.flexpool@dca.ga.gov.

Can NSP (Flex Pool) money be used for Bond financed projects?

Please refer to the LIHTC/NSP Term Sheet, which allows for the submittal of bond deals for flex pool funds. However, please note that there is limited funding for tax credit and bond deals under this pool.

Posted 2/27/09

We have a project site that has a building that is blighted and vacant. We plan to tear down one part of the building on the site and replace it with new construction. The remaining part will be redeveloped as an adaptive reuse of the structure. What do we choose as our eligible uses?

It appears that you would choose the eligible uses of demolish blighted structures (§2301(c)(3)(D)) and redevelop demolished structures and vacant properties (§2301(c)(3)(E)) on Part II of the NSP Flexible Pool Eligibility Form. To support these two eligible uses, you need to provide clear evidence/support documentation of how the structure is blighted and vacant for each of these eligible uses.

Posted 3/5/09

In column A (cdbgname) of the Priority Areas spreadsheet there is a Georgia State Program and then there are various cities and counties listed next to Block Groups within cities. Does the listing of a city name versus Georgia State Program have any meaning as far as where Flexible Pool funds are allocated?

The spreadsheet identifies those highest risk priority areas calculated by HUD. However, for participants in the Flexible Pool, the project's location within a block group, census

tract, zip code, etc. must correlate to those counties that have at least met the \$100,000 minimum formula allocation as determined by DCA. So, those priority areas identified on the spreadsheet must also correlate to those counties within the funding allocation threshold.

I am in the process of completing our PSHNSP Application and want to be sure that I fully understand all requirements. It is my understanding that the submission should contain Tabs A - E and 1-20. Is this correct? Is there a page limit on the project narrative/concept? I have reviewed the DCA and HUD websites but have been unable to locate necessary forms such as the Site Owner's Environmental Questionnaire or more information regarding the requirements of Core Service Providers or Specialty Service Providers. Am I overlooking these items? Any guidance that you can provide will be greatly appreciated. Thanks in advance for your assistance.

A Permanent Supportive Housing NSP proposal should contain Tabs A-E with accompanying documentation as required. Please review the PSHNSP Application checklist to identify those items specifically required for the RFP submission. An applicant's narrative should be as lengthy as necessary in order to respond sufficiently to the request.

For projects seeking to use the Permanent Supportive Housing Program for Neighborhood Stabilization Program Funds, the supportive services provided to the project's tenant profile must be primarily on-site, comprehensive and appropriate to the design of the project. In an effort to guide applicants in designing support services, the Permanent Supportive Housing Program description provides a partial description of expected services for various populations. Applicants are encouraged to contact DCA directly for help with Shelter Plus Care program requirements.

For more information on how to become a certified service provider, please review the FY2009 service provider manual located on the Georgia Department of Human Resources website at <http://mhddad.dhr.georgia.gov/DHR-MHDDAD/DHR-MHDDAD/CommonFiles/FY2009%>. Applicants are encouraged to contact DCA directly for specific questions related to the service provider requirement.

Please see the Environmental Relocation Notice and other RFP forms accessible via the NSP Flexible Pool webpage located at http://www.dca.ga.gov/communities/CDBG/programs/nsp_flex_pool.asp.

I run a non-profit and am looking for funds to rehab 27 room building. Can I use the flex-pool NSP grant and if so under what program should I look at and which app. should I feel out?

There is no clear answer to this question as the answer really depends on the type of housing you want to produce. The Permanent Supportive Housing NSP proposal is for the production of affordable housing for homeless individuals, while the Low Income Housing Tax Credit Program is not restricted in that manner. We would suggest that you review the term sheets for each program and complete the portions of the application applicable for that program that best suits your proposed project.

Posted 3/11/09

At the NSP workshop last week, there was discussion regarding the requirement in the NSP LIHTC Term Sheet that NSP projects must follow the affordability requirements for the HUD HOME program set forth in 24 CFR 92.252 for rental housing. This requirement would restrict the maximum rent to the LESSER of Fair Market Rent OR 30% of the adjusted income of the applicable median income (120% for NSP). DCA staff indicated they would reconsider this requirement to determine if they would waive this restriction. Will further guidance be issued by DCA regarding this issue prior to deadline for Flexible Pool applications?

DCA has looked at the NSP requirements to determine whether there is some flexibility involved. DCA has determined that there is not. HUD guidance states that it will consider any grantee adopting the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), which cover rental housing, and 92.254, which covers single family housing, to be in minimal compliance with this standard and expects any other standards proposed and applied by a grantee to be enforceable and longer in duration. As this is the minimum level of compliance with NSP, DCA will adopt this standard.

Please note that 24 CFR 92.252(a) states that the maximum HOME rents are the lesser of: (1) The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or (2) A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions. 24 CFR 92.252(c) applies to initial the rent schedule and utility allowances; (e) applies to the periods of affordability; and (f) applies to subsequent rents during the affordability period. Please review these minimum standards to ensure compliance.

I am still confused about the allowable rents under the NSP program. Per the guidelines we received if we have NSP funds all tax credit units are considered to be NSP units; are we restricted to the lower of the FMR rents or Tax Credit rents. If all units are restricted per this regulation it would be problematic for the financial feasibility because FMR is lower than 60% AMI.

Please see the guidance give directly above.

Please clarify whether new multifamily construction on a foreclosed site that has had no previous development is an eligible activity under Category E. The language in paragraph 2 of Section E indicates that the acquisition of "Greenfield" is not eligible, but can the funds be used for construction or other development costs?

Acquisition and redevelopment activities including new multifamily construction under Eligible Use E are limited to vacant or demolished properties including vacant land and properties with vacant structures on the land. This DOES NOT include "undeveloped" or

“greenfield” sites as described in your question. The property must have been previously developed.

Having said that, what is the definition of “developed”? Residential use could include a farm that previously existed on the site along with a tool shed. In other words, how “developed” must a property have been, and how long ago (what time frame) did it have to be developed before it reverted back to vacant land is allowable?

Please consider the word “developed” to mean any manmade change to improved or unimproved real estate including, but not limited to, buildings or other structures, mining, dredging, filling, grading, paving, excavation, or drilling operations. This change must have occurred within a reasonable time frame and be supported with sufficient evidence from property records. Thus, you need to provide documentation that shows that it was developed, i.e., that something existed on the site to show that a greenfield site is not being developed. How you do that is up to you, aerial photographs, city directories, etc...DCA will use its discretion in making the proper determination of land use.

Posted 3/18/2009

At the workshop we were told that DCA would treat NSP funds basically as HOME funds, are we required to submit all the HOME forms indicated below with our tax credit application:

- Certification for Contracts, Loans and Cooperative Agreements
- Disclosure of Lobbying Activities
- Applicant / Recipient Disclosure / Update Report
- MBE / WBE Outreach Plan Guide form
- Affirmative Fair Housing Marketing Plan?

These documents will be required at full application. Additional documentation instructions will be included in the preliminary commitment issued for NSP funds.

Part VIII - Threshold Survey of the 2009 OAH HOME and NSP Consent Application contains Section 3 - Site Zoning. The questions listed in this section include information about whether the conformance to zoning is in writing by the authorized Local Government official and whether documentation that demonstrates the site layout conforms to the various requirements is provided and if it is included on the Architectural Site Conceptual Development Plan. The NSP application instructions do not include anything related to the requirement of submitting evidence of zoning or the architectural conceptual site plan with the NSP application. Can you clarify whether these items are required in the NSP application?

Evidence of zoning and an architectural site plan are not required for either the NSP or HOME Consent Application. However, these items will be required with the full tax credit application.

Could you please clarify the annual cash flow payment for an NSP loan? For example, if you have a \$1 million NSP loan and \$10 million in total development costs, what would be the annual cash flow payment?

There is insufficient information to provide an answer as debt repayment is based on the income, expense and other debt in the project.

I'm filling out the rent schedule in my NSP consent application. In addition to having 40% of the units set aside for tenants making at or below 50% AMI, we plan to have some units set aside for tenants at higher income levels. Please confirm that the correct designation would be "NSP 120% AMI" and not "Unrestricted."

The correct designation would be NSP 120% AMI.

Posted 3/25/2009

We are unclear as to the amortization period that needs to be used for the NSP loan for LIHTCs. The Term Sheet indicates that the balloon payment is due at the end of the compliance period or the extended use period whichever comes first.

- a. If we elect to forgo the cancellation option for an additional 10 years beyond the minimum 20 year period of affordability then our compliance period is 30 years, please confirm.
- b. The funding terms are silent in respect to the amortization period, what should we be using 30, 40 years?

As of March 25, 2009, the Funding Terms section of the LIHTC/NSP term sheet has been updated to read the following: Each project will be capped at a maximum \$2.5 million NSP allocation. Minimum Loan amount is \$1 million. Loans will be structured as 0% interest, cash flow loans. Loan will be amortized over thirty years. The loan will balloon at the end of the compliance period or the period of affordability, whichever is last to occur. Payments from cash flow will be determined based on the ratio of NSP to total developments costs.

I'm preparing an updated performance workbook. Are we expected to turn in all of the Tier 1 questionnaires and financial information this Friday? Or, do we submit the Tier 1 app with other pre-application documents on April 16?

Tier One submittals are not due until 4/16.

The due date is Wednesday March 27th"...Should I assume that it is Friday?

The due date is Friday, March 27, 2009 at 5pm.