

**2021 QAP:
Proposal for 4% Application Processing**

The text that follows is an alternative proposal to the scoring structure currently proposed in the 2021 QAP draft. The excerpt does not appear in either the first or second 2021 QAP drafts currently posted. This document is intended solely to support discussion in public hearings.

CORE PLAN, SECTION 12. 4% FEDERAL CREDIT – BOND FINANCED PROJECTS

As of the approval of the Plan, tax-exempt bond allocation is not available to support new applications for 4% Tax Credits. If Bond Allocation becomes available while the Plan is in effect, DCA will conduct a process for receiving, reviewing, and approving 4% Credit Applications in accordance with the rules and procedures below.

Maximum Number of Applications

DCA will assign sequential project numbers to all Applications in the order they are received and prior to Application review.

Application limitations will be applied as follows:

- No more than one (1) pre-application and corresponding Full Tax Credit application per Developer.

Principals within the same development entity or an affiliated entity may not submit more than one (1) pre-application and corresponding Full Tax Credit application. The Certifying Entity must own a minimum 20% interest in the General Partner and Developer entities for each property claimed.

It is DCA's intent to fund every application submitted, should Applications must meet all requirements in *Core Plan* and *Appendix I Threshold*. Applications that rank at the bottom of the Ranking Order as described below may have to wait more than 9 months for available bond allocation.

Excerpt from Core Plan

A. 4% Credit Review Process

DCA will announce a deadline to submit the pre-application and associated waivers, Full Tax Credit Application, and any associated administrative procedures once tax-exempt bond financing becomes available.

Ranking Order

DCA will issue Letters of Determination (LODs) to Applicants in a sequential order based on the following:

- DCA may first issue LODs to Applications awarded HOME, NHTF, or TCAP administered by DCA.
 - DCA may publish a separate Notice of Funding Availability (NOFA) to award available HOME, NHTF, or TCAP.
- Applications not utilizing HOME, NHTF, or TCAP:
 - Applications will be scored in accordance with the Scoring Section Readiness to Proceed in *Appendix II: Scoring*
 - Higher scoring New Construction Applications and higher scoring Rehab Application will receive LODs first.
 - DCA will issue LODs in an order that ensures a one to one ratio of New Supply Applications to Rehabilitation Applications.

B. Application Restrictions

- Each 4% Credit Application must be associated with one bond issuance.
- Scattered site applications are only eligible for consideration if proposing rehabilitation of properties funded by USDA or of public housing undergoing the HUD Rental Assistance Demonstration Program. All other scattered site applications must receive approval during the Pre-Application process.

C. Additional Requirements for 4% Credit Applications

- An Application for Credits for Bond Financed Projects must satisfy all applicable requirements in Appendix I, Threshold Criteria, of the Plan and all applicable requirements in the Plan.
- Proposed Bond Financed Projects that are financed by HUD or USDA and include a commitment for at least 15-year project based rental assistance for the majority of project units from HUD or USDA may request waivers of certain QAP requirements in accordance with written confirmation from the federal agency that the conditions requiring a waiver of QAP requirements have been approved.
- 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 demonstrating that the reports are generally in compliance with DCA requirements.
- New Supply Applications must submit documentation evidencing the Application would have scored at least 20 points through any combination of points from the following sections in *Appendix II, Scoring*:
 - Desirable/Undesirable Activities
 - Community Transportation Options
 - Quality Education Areas
 - Revitalization/Redevelopment Plans
 - Stable Communities
 - Opportunity Zone
 - New Market Tax Credits
- Rehabilitation Applications must submit documentation evidencing the property:
 - Exhibited average occupancy of at least 85% over 24 months

- Placed in service at least 18 years ago, if not an existing Housing Tax Credit property
- Tax Credit unit restrictions expire within 13 years, if an existing Housing Tax Credit property
- All Applications must agree to the commitments to receive 4 points under Extended Affordability Commitment

Excerpt from Appendix II Scoring

XX. Readiness to Proceed

New Construction and Rehabilitation Applications will be competitively ordered based on their readiness to proceed, based upon complete and accurate DCA Architectural documentation outlined below:

One (1) Point will be assigned for each complete and accurate document below:

- ALTA/ACSM Land Title Survey
- Geotechnical Report (new construction only)
- Contractor Approval Package
- Accessibility Consultant DCA Qualifications Package (see Accessibility manual for requirements)
- Associability consultant agreement
- Accessibility consultants training sessions action plan
- Green Building Consultant Agreement/Proposal (as applicable)
- HERS Rater Consultant Agreement/Proposal
- Third Party Cost Reviewing DCA Qualification's package
- DCA Schedule of Values Form
- Executed Owner/Architect Agreement
- Draft Owner/Contractor Agreement – (Current A101 Stipulated Sum or A102 Cost of Work Plus Fee with a guaranteed Maximum Price Forms)

Two (2) Points will be assigned for each complete and accurate document below:

- DCA "Review Set" of Drawings/Plans/Project Manual
- Third Party Front-End Cost Review