

2017 Q&A Posting #4

May 2, 2017

QAP Threshold – 1 Project Feasibility, Viability Analysis, and Conformance with Plan

1. HUD letters by an authorized official from the Multifamily Housing Division stating that the application is under serious consideration and Lender Preliminary Commitments for HUD assisted projects under 221d3 or 221d4 program may be submitted with the Application, but final MAP Invitations must be submitted by the deadline noted on Exhibit A DCA Pre-Application and Pre-Award Deadlines and Fee Schedule. Question: The deadline noted on Exhibit A DCA Pre Application and Pre-Award deadlines and Fee Schedule states the deadline is 7/7/17 to receive MAP Invitation. However, when a deal is LIHTC and you go through the 221d4 program, the lender will get the approval from HUD to submit application directly to firm application stage and bypass the pre-application stage after the CONCEPT MEETING. ONLY under the pre-application stage is when the lender will receive a formal MAP Invitation. The pre-application stage on a LIHTC deal is an unnecessary step that adds to the overall timeline of the deal and adds unnecessary costs to the project and developer. Therefore, this is rarely ever done on LIHTC deals. If the HUD Approved lender is able to get confirmation from HUD after a CONCEPT MEETING to submit directly to firm application and bypass the pre-application stage (which is almost 100% of the time) and provides a lender Commitment, would this satisfy DCA's threshold requirement?
 - Yes. DCA's threshold requirement will be met if a HUD confirmation is evident, according to the Minimum Documentation standards articulated in the QAP.

QAP Threshold – 1 Project Feasibility, Viability Analysis, and Conformance with Plan

QAP Scoring – 15 Leveraging

1. USDA Notice to Proceed (or equivalent) with application processing and lender preliminary commitment are required for loans to be guaranteed under the USDA

Section 538 Guaranteed Rural Rental Housing Program. Question: USDA-RD typically gives "Notice to Proceed" in 538 program through what is called the "Notice of Solicitation Application Selection Letter". The "NOSA" selection letter is a notice to the USDA-RD 538 Lender that they have put aside available funds to be obligated to the specific project and proceed in the process. Does the Notice of Solicitation Application Selection Letter, along with a Commitment Letter from the USDA-RD 538 Approved Lender, acceptable to meet Threshold?

2. USDA-RD typically gives "Notice to Proceed" in 538 program through what is called the "Notice of Funds Available Selection Letter". The NOFA selection letter is a notice to the USDA-RD 538 Lender that they have put aside available funds to be obligated to the specific project and proceed in the process. Does the Notice of Funds Available Selection Letter, along with a Commitment Letter from the USDA-RD 538 Approved Lender, acceptable to meet Threshold and under XV Leveraging subparagraph f)?
 3. QAP VI says "f) 538 loans may only be considered if the funds are obligated by USDA by September 30, 2017." The USDA lender said that NOSA approval is likely before September 30 but that it will take 4+ months after DCA award to obtain all USDA commitments and close the loan. How will DCA deal with the words "...obligated by September 30..."
- DCA has received multiple questions related to DCA requirements for documenting USDA 538 loan commitments both to meet Threshold requirements for Section I, Appendix I and for leveraging points under Section XV of Appendix II of the 2017 Qualified Allocation Plan. In the 2017 QAP, Threshold I states that Submitted Application must include a USDA Notice to Proceed or equivalent document with Application processing and a Lender preliminary commitment. This means that the pre-application package, known as Notice of Solicitation Applications (NOSA) must be submitted and USDA must have issued an invitation letter to submit an application for loan guarantee to lender and borrower. This Invitation Letter satisfies the Threshold requirement. The Leveraging point section specifically states that points will only be awarded if USDA obligates funds on or before September 30, 2017.

Because of the current budget Appropriations process, DCA will allow the Notice to Proceed (or equivalent) Letters to be submitted after Application Submission but no later than July 7, 2017.

At this time, DCA will not waive the requirement that an Applicant produce documentation that USDA has obligated funds to the property by September 30, 2017 in order for leveraging points to be awarded. While DCA understands that the current appropriations process has delayed the processing of Applications, the selection of an Application based on an award of leveraging points without a commitment would create an unfair advantage for properties not eligible for this program. Documentation for points should be in the form of a preliminary Commitment issued by USDA that is not conditional on budget appropriations. Applicants that submit commitments subject to 2018 appropriations will not receive these points.

Applicants that make the decision to apply for the 2017 USDA 538 program should be mindful of the fact that USDA is currently processing applications that will utilize the majority of their 2017 appropriated funds. The uncertainty of appropriated funds for 2018 should be a consideration for any Applicant submitting an Application.

QAP Threshold – 7 Environmental Requirements

1. We are proposing the development of a wooded lot and would like to know if we will be required to conduct a Cultural Resources Field Study. Our environmental consultant believes that this is necessary because no CR field study has been recorded for the site. There is no evidence that leads us to believe there is any historical/cultural significance to the site. A CR field study will increase our costs. Are we required to conduct this study?
 - Yes, the study is required. A Cultural Resources Records Review and Reconnaissance is required as part of the Historic Preservation documentation. We do not require you send the HPD review form to SHPO unless there are structures or something of significant archeological concern on the property (i.e. a battlefield or cemetery).

2. The previous question asked if it was necessary to complete a Literature Review and full Culture Resource Survey if the project received a No Effect letter from HPD in a previous year. The response stated that for HOME applicants, "an up-to-date 106 clearances, detailed literature review, and Cultural Response Survey will be accepted in place of new documentation." Is this saying that if a detailed literature review is done and a culture resources survey is done, submittal to HPD is not required? This did not address the question. The question pertained to all 9% applicants, regardless of the funding source. According to the manual,

submission to HPD isn't required if the survey does not indicate effects on historic properties. The manual indicates that all projects must do a detailed literature review, and if not previously surveyed, must complete a cultural resource survey. This requirement adds a significant increase in the cost of the environmental report (in most cases, double or triple the cost) and increases the amount of time to complete the report (4 weeks to complete the survey). Please clarify if the intent of the manual is for every applicant (not just HOME applicants) to complete a full cultural resource survey if a previous survey has not been done.

- All applicants are required to meet the historic preservation requirements outlined in the 2017 Environmental Manual (not just federal—HOME—applicants). A Cultural Resources Records Review and Reconnaissance is required as part of the Historic Preservation documentation. We do not require you send the HPD review form to SHPO unless there are structures or something of significant archeological concern on the property (i.e. a battlefield or cemetery), or the property is seeking federal (HOME) funding.
3. The 2017 Environmental Manual says applicants must do a full Cultural Resource Survey if one has not been completed previously. Question 6 of Q&A #2 states this requirement applies to HOME funded deals. Could you please clarify if this requirement applies to all applications as the Manual implies? This new requirement adds about 4 weeks to complete and an additional \$8-10,000 to the cost of the Phase I Report. If this is not the intent, could you please confirm, so that we do not have to spend the additional money?
- All applicants are required to meet the historic preservation requirements outlined in the 2017 Environmental Manual (not just federal--HOME--applicants). A Cultural Resources Records Review and Reconnaissance is required as part of the Historic Preservation documentation. DCA does not require the Applicant to send the HPD review form to SHPO unless there are structures or something of significant archeological concern on the property (i.e. a battlefield or cemetery).

QAP Threshold – 10 Site Zoning

1. If a site is zoned correctly, is a public meeting, and the evidence required in previous rounds, necessary for this year? Please verify that an application for a currently properly zoned site will still be complete without a public meeting, evidence of that meeting, the newspaper ad, and presentation conducted and submitted with the application documents. If a property needs to be rezoned, will the rezoning meeting, if a public meeting, meet the public meeting requirement, if

a public meeting is required. In addition, if a rezoning is to occur prior to application in order to be in compliance with QAP requirements, will the rezoning meeting information, and any subsequent documentation, be required with the application documents?

- Minimum Documentation for Threshold Section X. Site Zoning does not include proof of the occurrence of a public meeting (p. 21 of 61). DCA advises the Applicant to follow any applicable local zoning laws and regulations necessary in the process of ensuring that the development site is zoned appropriately by Application Submission deadline.

QAP Threshold – 12 Public Water/Sanitary Sewer/Storm Sewer

1. Under Threshold 11 - Operating Utilities, DCA clearly prohibits the use of funds to extend off-site operating utilities (gas/electric), "Any charges for the off-site extension of utility services are not eligible for funding as project costs under the funding resources in the Plan." Can DCA confirm that funds for the off-site extension of water and sewer are eligible to be included for funding as project costs?
- Funds for the off-site extension of water and sewer are eligible to be included for funding as project costs.

QAP Threshold – 15 Site Information and Conceptual Site Development Plan

1. New language has been added to the application form regarding the aerial photos to be submitted with the application. The wording says that "high enough resolution to clearly identify existing property & adjacent uses, and delineate property boundaries". To be clear, is DCA expecting the adjacent properties to be labeled with text and the property boundary to be shown with a line added to the photo?
- The aerial photos must show the proposed project property boundaries delineated with lines. The adjacent properties only need to be labeled with text on the aerial photos.

QAP Threshold – 18 Architectural Design & Quality Standards

1. My question relates to Exterior Wall finishes, as described on page 32 of the Threshold section. We build a town home style development that would be

classified as multi-family apartments. Similar to town homes, no unit is on top of another; however, the development sits on one parcel with operations and management identical to an apartment. Each 4 plex building is designed to look like a traditional home, with differing front elevations and building materials. As part of our efforts to create a traditional neighborhood feel, we use a combination of cement fiber and brick exterior finishes. The Threshold requirements state that 40% of exterior wall faces must have brick or stone siding. There is an alternative for single family developments, but our development will be considered multifamily. With this requirement, it appears that we will need to revise our plans, as some buildings will be 100% brick, while others will be 100% fiber cement/hardy board. Is that correct, or are we able to construct a mix of hardy board exterior and brick buildings, similar to a traditional neighborhood? I can attach pictures of what we've built in the past, if needed.

- Yes. For all multifamily buildings, including townhome multifamily buildings, each building's "exterior wall faces must have an excess of 40% brick or natural or manufactured stone on each of the exterior wall surfaces. This is applicable to all sides of the buildings including the front wall face, each side's wall face and the rear wall face of the buildings" (Threshold, p. 32 of 61).

QAP Scoring – 8 Transformational Communities

1. For the purposes of the Defined Neighborhood, the CTP scoring guidance indicates that
 - The Defined Neighborhood is a "targeted area" that "includes the proposed site but does not include the entire surrounding city, municipality, or county"
 - The Defined Neighborhood is not to be smaller than one census tractWe are working with a community that falls within a county consisting of 3 census tracts. We are considering including 3 block groups from two separate census tracts (but not encompassing the entire census tract) centered around the community for the Defined Neighborhood. Will this meet the definition of Defined Neighborhood?
 - This question does not provide enough information to answer this question. DCA also will not score Applications through the Q&A process.

QAP Scoring – 19 Healthy Housing Priority

1. On page 35 of 44 of the Scoring Section of the QAP, there is a reference to the Georgia Healthy Housing Initiative summary found on the DCA website. I searched, but could not find this. Please provide a specific link to this document.
 - This document will be made available on the “Qualified Allocation Plan Documents 2017” page of the Georgia Department of Community Affairs website. The link to this page is <http://www.dca.state.ga.us/housing/housingdevelopment/programs/QAP2017docs.asp>.

QAP – Other

1. Good afternoon, I've been approached by a developer interested in applying for the 9% tax credit in this year's cycle. I know the Application deadline is May 25th. I also know that there was a pre-application deadline of March 9th. If the developer is using traditional financing, and does not have any pre-determination or waiver requests, is the pre-application mandatory? Or can he still try and put together an application for the May 25th deadline having not submitted a pre-application? I've reviewed the QAP and other documents, and I don't see this explicitly stated anywhere. Any guidance you can provide will be greatly appreciated. Thank you.
 - A pre-application is not mandatory.