

**2017 Q&A Posting #6
May 11, 2017**

DCA Manual - Architectural Standards

1. In Appendix II of the Architectural Manual, "Submission Requirements", Section B (1) discusses the requirements for the Conceptual Site Development Plan. Items b (Sheet 02 - Existing Conditions Site Plan) and c (Sheet 03 - Conceptual Site Plan) require a color "aerial overlay" that extends a minimum of 100 feet past the boundary of the subject property. What exactly does DCA mean by an "aerial overlay"? Is this something on the order of an aerial photograph or Google Earth/Maps screenshot layered over the site plan? Or is this something different? Please advise.
 - The requirement for an aerial overlay for the Conceptual Site Development Plan-Sheet 03 can be met by overlaying a color aerial photograph or Google Earth/Maps screenshot over the conceptual site plan. Please note that this overlay must incorporate adjacent structures within 100' of the subject property boundary.

Electronic Core Application - Tabs Checklist

1. Will there be a tabs checklist this year and when will it be posted on the website?
 - DCA has published the 2017 Application Tabs Checklist. It can be found at <http://www.dca.state.ga.us/housing/housingdevelopment/programs/QAP2017docs.asp>.

Electronic Core Application - 1 Project Information

1. Can you tell me where to find the 2017 MBE/WBE outreach plan? Also, are you going to be putting the 2017 checklist out soon?
 - Both the HOME Manual MBE/WBE Outreach Plan and the 2017 Application Tabs Checklist have been uploaded to DCA's website (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2017docs.asp>). The HOME Manual MBE/WBE Outreach Plan is under the header "Application Process to Construction Completion." It is in folder E.

HOME. The 2017 Application Tabs Checklist is available under the header 2017 Core Application and Instructions.

Electronic Core Application – 6 Revenues and Expenses

1. For applications that are applying for points in the Healthy Housing Initiative and are incorporating the service provider costs in their operating expense budget. Will DCA deduct these costs when evaluating the operating expense thresholds? For example, is a \$4,025/unit assumption acceptable if the service provider costs are \$50/unit?
 - DCA's operating expense requirements are a minimum threshold for standard operational costs of a multifamily property. Costs for additional services and activities associated with the Healthy Housing Initiative will be deducted when DCA evaluates the minimum operating expense threshold.

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

1. 2017 GA QAP Appendix I Threshold Criteria Section I.4 Reasonableness of Federal and State Equity Pricing notes that DCA will underwrite all 9% applications at no less than 90% of the median price. Will there be any points subtracted from an application that DCA adjusts in accordance with this section?
 - DCA will not subtract points from an application only for adjusting the credit pricing. However, DCA retains the ability to deduct points for any errors as set forth in p. 2-3 of 44, Scoring Section 5, Application Completeness.
2. The Utility Allowance guidance in Threshold section 1 indicates that HOME assisted properties must have a utility allowance determined using the HUD Utility Schedule Model, or other model(s) approved by HUD. If a HOME project is located in a jurisdiction where the DCA utility allowance schedule is applicable, is the DCA utility allowance schedule considered a "model approved by HUD" or would that project still be required to use the HUSM?
 - Under the 2013 Final HOME Rule, the utility allowance for HOME projects committed on or after August 23, 2013 must be determined based upon a project specific methodology. DCA's published utilities are based on areas of the state, and therefore don't qualify. Refer to CPD HOME fires Vol. 13 No. 2, May 2016 and revised August 2016

<https://www.hudexchange.info/resources/documents/HOMEfires-Vol13-No2-Guidance-on-How-to-Establish-Utility-Allowances-for-HOME-Assisted-Rental-Units.pdf>).

3. On page 53 of 61 of the Threshold section, it states: 22. Tax Credit Percentages. During the competitive round, for the purpose of the application review, the Applicable Credit Percentage for the month preceding the Application Submission deadline should be utilized. DCA will issue further guidance in the event that a credit percentage floor is authorized. What does this mean? Wasn't the applicable credit percentage was permanently extended to 9%?
 - The QAP's statement on p. 53 of 61 (Threshold) that "During the competitive round, for the purpose of the application review, the Applicable Credit Percentage for the month preceding the Application Submission deadline should be utilized" only refers to 4% Credits. At this time, the 9% applicable credit percentage is fixed and the 4% applicable credit percentage is floating. Only Applicants pursuing bond projects should utilize the applicable credit percentage for the month before application.

4. In Q&A #4, DCA allowed the USDA RD 538 Notice to Proceed (or equivalent) Letters to be submitted after Application Submission but no later than July 7, 2017. It would be very fair to also extend the receipt of the "Letter of Encouragement" from HUD that is needed in regards to the FHA/HUD 221d4 program. This will give applicants the same amount of time to benefit from both of these programs and receive the necessary points. Can the Letter of Encouragement from HUD deadline be extended to match the Notice to Proceed (or equivalent) Letters from USDA deadline?
 - No. DCA has not extended the submission date for the "Letter of Encouragement" for the FHA/HUD 221(d)(4) program.

QAP Threshold - 7 Environmental Requirements

1. All developments utilizing HOME or HUD funds are required to assess the environmental effects of that activity in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and HUD regulations at 24 CFR Part 58. DCA requires applicants to conduct various activities required for the environmental review process, including a Phase I Environmental Assessment (EA), as outlined in the Environmental Manual. The Applicant, as

outlined in the HOME/HUD Environmental Questionnaire, must complete additional requirements for HOME/HUD-funded projects, including, but not limited to, the 8-Step Process and HUD publication procedures. If applicable, evidence of the commencement of the 8-Step Process must be submitted no later than the date noted in Exhibit A DCA Pre-Application Deadlines and Fee Schedule.

The recently published DCA 2017 Checklist requires all applicants submit the following:

- Established agreements with HUD regarding different standards of review
- US Census Tract documentation,
- Certification for Contract, Loans and Co-operative Agreements
- Disclosure of Lobbying Activities
- Applicant / Recipient Disclosure / Update Report.

Can DCA confirm if all applicants are required to submit the documents listed on the 2017 Checklist or only applicants utilizing HOME or HUD funds? If also required for non-HOME HUD funds, can DCA clarify which HUD programs also require these forms to be submitted to DCA in the LIHTC application?

- The documents referenced in this question are only required for HOME applicants.

QAP Threshold - 8 Site Control

1. The QAP states that site control must be through at least November 30, 2017. It also states that if in the event the contract provides the Applicant with the option to renew the contract for specific periods of time, with the initial period ending prior to November 30, 2017, the renewal option in such contract must be enforceable by the Applicant until November 30, 2018. Shouldn't this be November 30, 2017 (not 2018)?

- Yes. The QAP should read, "In the event the contract provides the Applicant with the option to renew the contract for specific periods of time, with the initial period ending prior to November 30, 2017, the renewal option in such contract must be enforceable by the Applicant until November 30, 2017."

QAP Threshold - 20 Compliance History Summary

1. We are requesting letters from state agencies to satisfy threshold requirements for the Compliance History Form. However, some agencies are requesting to forward the good standing letters directly to your agency. Is there an email address for them for send these letters to?
 - The email address for all correspondence related to the 9% round is HFDround@dca.ga.gov.

2. Item 20 on the Tabs Checklist says to provide IRS Form 8821 for any project participant on the Experience Summary or Organizational Chart. On page 40 of 61 of Appendix I it states that IRS Form 8821 may be requested by DCA for any Project Participant listed on the Experience Summary or Organizational Chart at any time during DCA's review of a Project Participant's compliance history. Could you confirm if this document is required to be included with the Application?
 - Form 8821 is not required with the application submission. However, Internal Revenue Service Form 8821 may be requested by DCA for any Project Participant listed on the Experience Summary or Organizational Chart at any time during DCA's review of a Project Participant's compliance history.

QAP Scoring - 3 Desirable Activities/Undesirable

1. For developments with two entrance/exits options for vehicular and pedestrian traffic, when both are used as points of exit for reaching desirables within the 1 and 2 miles' distance (general desirables, and bonus), how does DCA suggest this be accounted for in the Desirable/Undesirable Certification form, which has only one space each for the geo coordinates for vehicular and pedestrian site entrances?
 - It is up to the Applicant to select the entrance/exits options that would best meet the QAP requirement.

QAP Scoring - 8 Transformational Communities

1. In the DCA "Scoring guidance" (p. 10) and the 2017 Community Transformation Plan Certificate, there is a reference to a "Challenge Worksheet" that must be completed annually by the Community Quarterback (CQB). Where is this "Worksheet" located so our CQB can review those requirements?

- This Challenge Worksheet is located in the second tab (entitled "Worksheet") of the Community Transformation Plan Certificate, which can be found in the DCA website "Qualified Allocation Plan Documents 2017" (<http://www.dca.state.ga.us/housing/housingdevelopment/programs/QAP2017docs.asp>).
2. Is a project eligible to receive the Community Quarterback point if DCA does not award points for the Transformation Plan, for whatever reason, with or without all stated plan requirements having been met? Also, if points are not awarded for the Transformation Plan, is the project still eligible for the Community Investment point?
- The two (2) points available for Section 8, Sub-Section A. Community-Based Team are scored separately from the four (4) points available for Sub-Section B. Quality Transformation Plan. An Applicant may receive two (2) points in Community-Based Team and no points in Quality Transformation Plan. Applicants must receive at least one point in either Section A Community Revitalization or Section B. Community Transformation Plan to score in Section C Community Investment.

QAP Scoring – 11 Extended Affordability Commitment

1. There are two questions under XIII Additional Project Information that I would like to have clarified:
- B. Existing Properties: currently an Extension of Cancellation Option?
New Properties: to exercise an Extension of Cancellation Option?

Please explain more completely the reason for these questions and meaning of a Cancellation Option.

- Cancellation option refers to the Qualified Contract (QC) process. Existing properties may have elected to forgo QC process in the regulatory documents and new properties selected for funding may elect to exercise an Extension of the QC cancellation Option. Refer to the 2017 QAP Scoring Section XI., p. 26-27 of 44 and Section 42(h)(6)(E)(i)(ii) of the Internal Revenue Code for information on the termination of the extended use period and the Qualified Contract process.

QAP Scoring - 15 Leveraging

1. The second response in Q&A #4 states, “The Leveraging point section specifically states that points will only be awarded if USDA obligates funds on or before September 30, 2017.” For a reasonable chance to receive a conditional commitment by September 30th, the developer must submit a full application (attached) by June to allow USDA the standard 60-90 days of review and commitment. Attached is an example of the Due Diligence checklist of the full application for the 538 loan. This includes full plans and specs, building permits and cost estimate for the project. Additionally, USDA has implanted a new rule this year with the Environmental Phase I report, which the applicant must send out notice letters to all state and federal agencies and then wait 30 days for their responses before moving forward. We strongly believe that the timing is not feasible and the associated costs may not be justifiable without tax credit award. Rushing through an application to USDA does not seem to be the highest and best use, as the plans will change post award, and could get very confusing. It is worth noting that the full \$230 MM in the recently passed budget for the remainder of 2017. We have not heard of any discussions regarding any intentions of defunding or removing the USDA RD program in 2018. It should be expected that the program will continue going forward. Will DCA waive the requirement that an Applicant produce documentation that USDA has obligated funds to the property by September 30, 2017? We are confused by this request; ALSO, this is counterproductive for USDA, because if the “commit” the funds per your requirement and the deal is not funded an award of credits, the USDA funds cannot be utilized. Please clarify that this is the real intent of DCA, as this all seems backwards in the development world.
 - No, DCA will not waive the requirement that USDA 538 loans be obligated by September 30, 2017, in order to receive Leveraging points.
2. Question 538 loan question: We want to be clear that the intent of DCA is to have a full USDA commitment by September. That would require for full plans and specs, construction bids and pricing, etc. We are just unclear as to the intent of that request. Can DCA please clarify? USDA typically does not like to commit the funds prior to an award of tax credits just because of the fact it is not guaranteed that Development would receive the tax
 - DCA requires 538 loans to be obligated by September 30, 2017, in order for the Applicant to receive points under Scoring Section XV, Leveraging.

3. In General Q and A Posting 3, on 4/20/17, DCA indicated the HUD 231 program is not eligible for Leveraging points. We are writing to ask DCA's reconsideration of this. In fact, we wonder if there may be some confusion about the 231. On page 30 of 44 of the QAP Scoring Guide, Item J in the list of Qualifying Sources for Leveraging points is "Other Federal Government grant funds or loans". The HUD 221(d)4 program, though not specifically included in the list of "Qualifying Sources," is specifically named in this section of the QAP, so it obviously qualifies under this category of "Other Federal Government grant funds or loans." The HUD Section 231 program is essentially identical to the 221d4 program, except that HUD uses it for age-restricted, 62+ properties. They do not currently use the 221(d)4 program for Elderly developments, so anyone seeking 221d (4) financing for these type of projects will be directed to the 231 program, by HUD and HUD lenders. So, if the 221(d)4 program qualifies for leveraging points, as "Other Federal Government grant fund or loans," it seems it's identical twin, the HUD 231 loan program, should also qualify. 231 provides the exact same type of financing and leveraging as 221(d)4, and it meets all the criteria outlined by DCA on pages 29-30 of the Scoring section of the QAP, so why would it not qualify for Leveraging points in the same way? Therefore, will DCA reconsider its previous response and consider the HUD 231 loan program as eligible for leveraging points in the 2017 competitive round? Credit award and move forward. That date does not seem realistic given the applications are due the end of May. Can DCA please elaborate on this?

- DCA allows Federal Government loans to qualify for points under Scoring Section XV. Leveraging, provided the finance source meets the interest rate and other requirements listed in the QAP. The 231 program may qualify under these circumstances, but the 231 program is not included in the exception for HUD 221(d)4 and USDA 538 loans listed in the Scoring Section XV. Leveraging, item d) "Loans must be for a minimum period of 10 years and reflect interest rates at or below AFR, with the exception that HUD 221(d)4 loans and USDA 538 loans must reflect interest rates at or below Bank prime loan, as posted on the Federal Reserve H. 15 Report on April 20, 2017, plus 100 basis points."

4. The 4/20/17 bank prime rate was 4% which puts the maximum allowed interest rate for a HUD 221(d)(4) loan at 5%. The QAP says that DCA may include any fees in the calculation of the overall interest rate for HUD 221(d)(4) loans. Could you please clarify which HUD fees DCA will include so that we can underwrite the project in the same way as DCA?

- DCA will not include one-time fees in the interest calculation. Applicants should ensure that they have listed all one-time fees as well as re-occurring fees in the application.

QAP Scoring - 19 Healthy Housing Priority

1. In Section XIX (Healthy Housing Indicatives) option A (Preventative Health Screening/Wellness Program for Residents) states that a description of the designated on-site screening space must be provided "unless services are provided through a partnership with a mobile health care provider." Please confirm that mobile health care providers are acceptable and if there are any specific requirements around the mobile facility.
 - Mobile health care providers are acceptable under sub-section A of Section XIX - Healthy Housing Initiatives. Applicants must provide services at least monthly and be offered at minimal or no cost to the residents. The preventive health initiative should include wellness and preventive health care education and information for the residents.
2. Could you provide the link to the Georgia Healthy Housing Initiative summary located on the DCA website referenced in XIX? Healthy Housing Initiatives?
 - This document is available on the "Qualified Allocation Plan Documents 2017" page of the Georgia Department of Community Affairs website (<http://www.dca.state.ga.us/housing/housingdevelopment/programs/QAP2017docs.asp>).