

QUESTIONS AND ANSWERS

March 14, 2022 (FINAL)

Q90. On page # 23 of the QAP, under the Local Gap Financing, there is “other sources from governmental agencies” listed as eligible for 10 points. The project that we are applying for, has received the HUD Section 202 award. We anticipate this funding to come to the sponsor/developer and loaned to the project. Would this qualify for the 10 Local Gap Financing points?

A90. *HUD 202 qualifies as “Other sources from governmental agencies” under Section V(D)(7). The application will earn points if it meets all applicable requirements.*

Q91. Under Exhibit A, Mandatory Design Guidelines, the QAP notes New Construction buildings must achieve a HERS index of sixty-five (65) and to see more information in Section 2.9(N). I do not see a Section 2.9(N), can you clarify? Does this also only apply to 9% New Construction? In addition, Under V. Selection Criteria, D. 9% LIHTC New Construction, 12. Energy Efficiency – it notes a HERS rating of 55 or better. Can you clarify if 55 or 65 is the threshold for New Construction?

A91. *New Construction projects must meet a HERS rating of 65.*

Q92. Can an existing project be exempt from the minimum RFA requirements in the Design Standards exhibit to the QAP typically required for new construction projects, as in this case it is impossible to increase the RFA in these units from ~850 sq feet to the 1,050 sq feet 3BDR requirement? If not possible due to space restraints, can a 9% application for an existing project have 1.5 BA instead of the 1.75 BA as required in the design standards?

A92. *Applicants have the ability to submit a request for waiver with supporting documentation.*

Q93. The project is located on scattered sites, 25 units in one city and 5 units in another. The sites are approximately 1 mile apart. We will be including Community/Office space on the 25 unit site. However, will we be required to submit a waiver for the other site, as it will contain 5 units? Or are we exempt from having to submit a waiver due to having less than 20 residential dwelling units on the second site?

A93. *The community space requirement takes into account the total number of units. Applicants have the ability to submit a request for waiver with supporting documentation.*

Q94. We would like to question the responses to Q&A21 and Q&A84, both of which indicate that Supportive Housing units must be set aside as 30% AMI units. The response to these questions are very specific to certain types of rental assistance (Section 811, federal based vouchers, etc.). Other types of rental assistance (Tribal Housing Assistance Payment Agreements) do not include a 30% AMI restriction. Can ADOH identify where in the QAP, the QAP Definitions, or the application forms where it's stated that Supportive Housing units must be set aside as 30% AMI units?

A94. *Limiting to 30% AMI is a well-established standard practice for supportive housing across the country. However, ADOH may consider a higher limit in counties with extraordinarily low AMIs relative to the rest of the State, particularly if it corresponds with federal disability income payments.*

Q95. The QAP is silent on the allowed methods for calculating Utility Allowances. Can ADOH confirm that they will accept all approved methods under Section 42 including the applicable PHA UA method?

A95. *ADOH will accept any allowable method for which the project would be eligible and is adequately supported by submitted documentation.*

Q96. The QAP calls out the fixture maximum flow rate for bathroom faucets to be 0.5 GPM. Anything 1.5-0.5 is considered ultra low flow faucets. Was this meant to be 0.5 or 1.5?

A96. *The listed standard (0.5 GPM) was intended.*

Q97. The 2012 QAP provided that "ADOH will underwrite to a Vacancy Rate of 10%" (see 2012 QAP Section 7(C)(2)(c); page 65 attached). In 2012, Arizona and Metro Phoenix were still in the Great Recession (with high apartment Vacancy). So the 2012 Phase 1 project was underwritten by ADOH at a 10% vacancy; with a 2012 Market Study Vacancy Rate at less than seven percent. The actual performance of Phase 1 has had a Vacancy Rate under 5% for many, many years. With this situation, what information does ADOH need in our Application to show that we can demonstrate a Vacancy Rate on Phase 1 of less than 5%?

A97. *For the situation described ADOH would accept documentation demonstrating the vacancy rate (below 5%) for the actual occupancy of the earlier phase.*

Q98. Do we submit the HUD 811 application with the LIHTC application? Or does that happen after a LIHTC award to the Project?

A98. *There are not any remaining Section 811 PRAs available under the existing NOFA. However, applicants may still elect to participate and receive points through their selection and certification on the self-score application form.*

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Q99. Is the HUD 811 contract for 30% AMI?

A99. **Yes.**

Q100. Lease-up after 60 days with NO 811 contract the unit is available for rent to the next available qualified tenant on our waiting list? And how do we document this?

A100. **Yes. ADOH will work with awarded applicants to document this process in the event of this occurrence.**

Q101. Form 2, there is not a box to check "CNI Set-Aside"

A101. **Choice Neighborhoods is not a set-aside, therefore it is not listed on Form 2. Eligible Choice Neighborhoods projects are identified in the 2022-2023 QAP as subject to an adjustment process.**

Q102. Regarding LIHTC pricing guidance, do you know when the urban and rural guidance will be out?

A102. **ADOH will release an information bulletin next week with federal pricing guidance.**

Q103. Can ADOH NHTF these funds result in both receiving points for Local Gap Financing and Local Government RFP? Do we need some type of commitment letter from ADOH to claim these points?

A103. **ADOH NHTF may result in points for rural projects under the local gap financing criteria; an award letter will not be required. ADOH NHTF will not qualify for points under the Local Government RFP.**

Q104. Under IV. Interior Design, it lists the units RFA requirements for min and max s.f. of unit sizes. Then it lists the max s.f. for garages. Is it safe to say that attached garages to a unit are not part of the residential floor area?

A104. **Yes, garages are not included in Residential Floor Area (RFA) calculation.**

Q105. Tab 12 is still asking for us to meet or exceed the Mandatory Design Guidelines for Multi-family Rental Housing (Exhibit D). Shouldn't this say Exhibit A?

A105. **Yes.**

Q106. Are the Arizona State Tax Credits Allocated Credits where the State Tax Credits can only be used by partners in the Ownership entity or, are the State Tax Credits Certificated Credits whereby an entity outside of the Ownership entity may purchase and use the credits?

A106. The Arizona State Tax Credits are allocated credits. Please note, the Department of Revenue oversees this aspect of State Tax Credit process.

Q107. Would the department please confirm the following with regard to hardship credit requests as outlined in the 2022-23 QAP?: The "ADOH [reduction of] the Applicant's current year's allowable 9% LIHTC maximums by 150% of the approved adjustment request" is a reduction from the \$3,500,000 allowable maximums eligible per principal regardless if one or two applications are submitted (because it is a cutback on what is allowable i.e. \$3,500,000 and not what is awarded) in the 2022 9% round and not a reduction of awarded credits (allowable maximums (plural) means \$3,500,000 not \$2,500,000, and allowable does not mean submitted or awarded. In other words, **an applicant/principal's maximums allowable is \$3,500,000.**

A107. If the applicant chooses to submit two applications the reduction would be taken from the maximum allowable of \$3,500,000. If the applicant chooses to submit one application, the reduction would be taken from the maximum allowable of \$2,500,000.

The following is an expanded clarification to the previously provided answer (A107). The 2022-2023 QAP includes an allowance for additional hardship credits to assist projects affected by unforeseen cost overruns. To ensure this finite resource (9% LIHTCs) are requested only when absolutely necessary, the 2022-2023 QAP requires Applicant's to reduce their current year's allowable 9% LIHTC maximums by 150% of the approved request amount. ADOH would like to provide further clarification regarding how this reduction will be applied.

The reduction will be applied to awarded projects only. If an applicant plans to submit two projects, then they must ensure that the sources of each can support the project through all reduction scenarios. For example, if the Applicant's intended reduced project is not awarded, then the other would need to absorb the reduction (if awarded).

Examples may further assist with understanding. A typical amount requested among the four (4) hardship requests was \$150,000, resulting in \$225,000 with the 150% increase. For those affected, the limits would operate as follows:

- \$2,275,000 for a single award (91% of the maximum)***
- \$3,275,000 among multiple awards (94% of the maximum)***

All developers make choices on how to structure their application(s) within the QAP maximums. These choices are the same for those affected by the hardship reductions, only within lower amounts.