

## 2017 Q&A Posting #3

*April 21, 2017*

### **QAP Core - 19 Evaluation of Competitive Applications**

1. In the flexible pool, DCA will select up to two applications in the same Local Government area. If there are 2 family applications that score higher than a HFOP or elderly project in the same Flexible Pool Local Government area, will DCA award credits to the 2 family projects?
  - DCA may select two family properties. As stated on p. 33 of 45 (Core), "DCA will select up to two flexible pool Applications located in the same Local Government Area." The higher scoring applications that meet all DCA requirements and set-asides will be selected, regardless of tenancy. DCA will review market information before making selections. This policy reflects DCA's State Priority of "Geographic Distribution of Resources" as described on p. 14 of 45 (Core).

### **QAP Scoring - 6 Sustainable Developments**

1. In Section D, Paragraph 2, High Performance Building Design, the QAP requires the energy model report to be included in the application. This requires us to do a complete e-QUEST model, at significant cost. We would like DCA to consider accepting an opinion letter from the green building engineer in lieu of the model report application submission. The letter will be accompanied with a list of building specs necessary to meet the high performance building threshold.

We have significant experience with e-QUEST modeling and are confident that we can provide an opinion letter from a licensed PE that a building will meet the energy efficiency requirements based on agreed upon building specs without preparing the complete energy model. If the project is awarded funding, as a post-award requirement, we will prepare the model during the design development phase, advising the design and engineering team of any improvements required to meet the energy efficiency threshold. We request that a signed letter from the PE be accepted in lieu of the complete energy model report to meet the requirements of the QAP scoring section.

- DCA will not accept an opinion letter from the green building engineer in lieu of the model report at application submission. Only an energy analysis will sufficiently demonstrate high performance. Applicants may refer to minimum documentation requirements of Section D, High Performance Building Design.
- 2. In order to qualify for points in the Sustainable Developments section, the applicant must include a Certificate of Participation in DCA's Green Building for Affordable Housing Training Course. Is an applicant allowed to use the certificate from 2016 if the employee is still with the company? If not, when is the next training course?
  - The 2017 Green Building for Affordable Housing Training Course is specific to the 2017 QAP. Several courses were held in February and March 2017. Please contact Southface to schedule a make-up course. This information may be found at <http://www.southface.org/contact-us/>.

### **QAP Scoring - 8 Transformational Communities**

1. According to the Scoring Guidance on Transformational Communities that was published by DCA, a Community Organization is not a government entity. Please verify that this is not the case for Transformational Partners. Also, please give examples of a local k-12 school district representative. Would that be a teacher? Someone with the school district's GED program? We want to make sure our partner will be acceptable to DCA.
  - Though a City or County itself may not serve as a Transformation Partner, a mission-specific governmental entity could serve as a Transformation Partner. The Transformation Partner must be able to speak to the provision of services to the Defined Neighborhood. For example, a satisfactory K-12 school district representative would be an administrator of the school district, such as the superintendent.
2. In previous year QAPs, DCA has defined nominal as "at or below ten (10) dollars per year" in regards to the Long-term Ground Lease requirements. The 2017 QAP does not provide a clear definition of "nominal consideration." Does DCA consider a ground lease payment of \$1000/year which represents a nominal payment substantially below market value as meeting the intent of "nominal consideration"?

- DCA defines nominal as a “token” or minimal payment. A ground lease payment of \$1,000/year or less would generally be considered a safe harbor for “nominal consideration.”

### **QAP Scoring - 15 Leveraging**

1. For points associated with Leveraging, what specific documentation will DCA expect to see if the applicant is using a 221(d)(4) loan?
  - Scoring Section XV: Leveraging clearly allows HUD 221(d)4 loans that meet all scoring requirements, which includes meeting requirements listed in Threshold (p. 7 of 61)—a letter showing serious consideration from HUD Multifamily Housing and a Preliminary Commitment from the lender. HUD now refers to this letter showing serious consideration as a Letter of Encouragement to apply. HUD has agreed to provide this letter post Concept Meeting providing; that a complete and comprehensive Concept Package is submitted, that the meeting affirms that there are no significant marketing issues, no serious environmental issues, or any other unforeseen areas of concern. A Preliminary Market Study was strongly recommended to be included in the Concept Package. Additional documentation such as the Lender’s commitment is still required to be submitted with the Application.

Further, a HUD invitation letter is listed as due on July 7, 2017 in Exhibit A on Core (p. 43 of 45). As HUD has transitioned to a Direct to Firm lending process, this Invitation to Apply is no longer a necessary component of a loan. If Applicant is applying Direct to Firm, then a HUD Invitation Letter is not required, only the Letter of Encouragement submitted with the application. Firm Commitments for loans are still due 75 days after the issuance of the carryover allocation, as noted in Exhibit A on Core (p. 45 of 45). Failure to attain a 221(d)4 loan used to claim leveraging points may result in the loss of applicant’s Housing Credit award.

HUD will require at least 60 days of processing time to issue a Firm Commitment, so it is important for the Lender to submit their direct to firm application as soon as possible upon award date.

As an additional note, Lenders should schedule their Concept Meeting date well in advance of the May 25 DCA application submittal date. HUD needs time to discuss any significant issues or areas of concern, in order, to issue the “Letter of Serious Consideration.” HUD has reserved the right to not issue a letter, if significant deficiencies or concerns are revealed from the Concept

Meeting. Generally, HUD will require that the Concept Meeting be scheduled no later than two weeks in advance of the May 25 DCA deadline.

2. We are working on equity underwriting our developers' deals on new apps due in May, and equity commitments (amounts) are due with developers' 221d financing packets. There is some confusion on 221d4 and will 231 debt be allowed? Can you help me on this, just need to be able to let them know early for their financing packets, but the above debt comments factors into our discussions with them and their ability to submit the packets...Thanks for your help, and I will be back in GA next week if you have time to connect again?
- Section 231 debt will not be allowed to qualify for leveraging points.

### **QAP Scoring - 19 Healthy Housing Priority**

1. Under Healthy Housing Initiatives, for the MOU or letter of intent with a service provider, the applicant can choose to collaborate with an existing organization already addressing preventative health screening preventative health screenings. Will DCA award points if the applicant obtains an MOU or letter of intent from an individual, such as a Registered Nurse to provide services?
- A registered Nurse or an individual is not sufficient for points under sub-section A. DCA's intent is for an existing organization to provide preventive health screenings to residents by collaborating with a medical clinic, university, or healthcare organization to provide screening services at the property.