

2012 DCA Qualified Allocation Plan
Pre-Application Questions & Answers
Posting #2
February 2012

1. We are starting to review potential preservation properties for 2012 application cycle and it has quickly become apparent that there will need to be some guidance from DCA the suitability of the property for inclusion in the application process. The issue that needs to be addressed is what DCA considers an appropriate scope of work detailing factors that DCA might use to disqualify a project from the start.

A reasonably well maintained 15-year-old property just coming out of compliance will have different needs than a 25-year-old property that is showing its age in many more ways.

A newer property that has generally been well maintained is not likely to have the immediate structural or major system repairs (e. g. roof) repairs needed but could have a reasonable and justified scope of work that includes, in addition to addressing all the PNA identified repairs and deferred maintenance items, component upgrades to meet current energy and/or building codes. If the inclusion of component upgrades (e.g. installing new higher SEER HVAC units) is required to meet the \$25,000 per-unit requirement for renovation costs, will that be acceptable to DCA?

This investment will yield savings to our tenants in lower utility costs and aid in reducing the overall operating costs of the community going forward but raises a serious question: if a PNA shows 3 to 7 years remaining life on a component (e.g. low SEER HVAC unit or a non energy star appliance) would we be justified in replacing the component now to help tenants and the community realize the cost savings now?

While each potential project will be unique and require time and financial investment by the developer to complete the analysis, guidance from DCA on appropriate scopes of work would be most helpful. As an alternative DCA might want to accelerate the start of the Project Specific Question and Answer Period for preservation projects only, this might be beneficial to both DCA and developers.

Response: The Rehabilitation Guide states:

“Any item that is determined to have an Effective Remaining Life of 15 years or less must be replaced as part of the work scope. Where major systems (such as roofing) have been replaced within the last 5 years, DCA may allow for replacement in the 15 year term if the cost is clearly documented in the Capital Replacement Reserve study and the project underwriting proposes full funding of the Reserve.”

If there are extenuating or specialized circumstances under which the applicant feels that some of the components have a remaining useful life greater than that commuted when comparing of the Effective Useful Life from the DCA tables against the actual age of the component, a waiver for each component should be requested and adequately supported at pre-application.

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2. In reviewing the Rehabilitation Standards in the 2012 QAP with regards to any waivers that might be necessary, I would like to request clarification of the “major systems” that must be removed and replaced. Specifically, is sheetrock considered to be a “major system”?

The waiver process involves submission of a physical needs assessment. When will the 2012 Architecture and Rehabilitation Guide Manuals be available to determine what requirements might need to be addressed in a potential waiver request?

Response: Please see the above guidance on submitting waivers. The Architectural and Rehabilitation Manuals are now posted.

3. **QAP Core, Section 5.B.4 Special Needs Set Asides.** We have several clarification questions applicable to this section.

The QAP states that “requests for this Designation may be submitted on or before March 15, 2012” but does not state to whom or in what form the request is to be submitted.

- What are the specific submission instructions and requirements?
- How do we get more information regarding the submission requirements?

Response: This was addressed at the pre-application roundtable on March 7. If you did not attend the roundtable, please see the PowerPoint presentation under Special Needs Set-aside at the following link:
<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2012docs.asp>

4. Has DCA made a determination that a certain percentage of residents will have to be qualified as disabled under the DOJ settlement requirements in order to get the set aside?

Response: No. However, the number of residents served will be a consideration in the selection of the property that is eligible for the set aside.

5. If our application is accepted under the Special Needs set aside, would it also be eligible for HOME funds under the Permanent Supportive Housing Program rather than having to enter into the competitive OAH HOME Fund application round?

Response: The application process for the Permanent Supportive Housing Program is separate from the OAH HOME and/or tax credit application process. At this time, the DCA Permanent Supportive Housing Program is not soliciting applications. Selection for the Special Needs set-aside in and of itself does not

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automatically make the application eligible or qualify for the competitive OAH HOME (and/or tax credit) Funds. The funding source for the project for the Special Needs set aside is not limited to DCA sources.

6. We are considering the acquisition and renovation of a HUD-assisted property that was originally 100% Elderly Section 8. Over time the resident population has evolved to where it is now predominately disabled individuals (60% to 70% disabled vs Elderly) which is permitted under the Section 8 guidelines. The current owner has done a good job of providing limited support services to the property. We are considering acquiring and renovating the property and forming a new relationship with the regional CSB and providing them with designated space on the property for them to deliver more in-depth supportive services to the residents. We would also commit under HUD Section 8 and Fair Housing guidelines to allow a priority for referrals from the CSB for their clients who qualify as homeless and disabled/mentally ill and thereby qualify under the DOJ's recent settlement. Would such an arrangement allow us to qualify under the DCA Special Needs set aside?

Response: Any Supported Housing or Assisted Living project concept may be considered by DCA under the Special Needs Set Aside. For DCA's selection criteria in the event that multiple concepts are received, please refer to the QAP Core, pg 12 of 56. For pre-application submission requirements, please refer to the following link:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2012docs.asp>

7. Last year every project team had to submit a pre-application submission for qualification determination. Will all project teams need to submit a similar pre-application package to get a qualification determination? Is it necessary for experienced teams from last year's round to submit a pre-application for qualification determination or is it only necessary to send in a pre-app for determination if the project team is not sure that they are qualified?

Last year there was no fee for a pre-application qualification determination. What was the reasoning behind charging a \$1000 fee for a qualification determination this year?

Will there be additional specific instructions as last year on what to submit for pre-application qualification determination?

Response: Each Project Team should submit a separate pre-application submission for determination for each proposed project. Because Project Teams are qualified based on the proposed project, previous determinations are not considered. Participants may also submit a request to qualify a project team as part of the

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formal application. It is strongly recommended that if you did not attend the preapplication workshop, you review the Powerpoint that is posted on the DCA website. DCA believes that the preapplication fee is reasonable.

Detailed instructions for submitting a request for Determination of Project Team Qualification can also be found in the Performance workbook.

9. Can we submit scanned files as long as they have been processed by an optical character recognition program to make sure it is searchable? Some files we will have to scan, signed documents for instance.

Response: Please see #15, below.

10. The deadline to submit for a pre-determination of the Project Team's qualifications is March 15th for 9% tax credits. Does that same deadline apply for 4% tax credits given the rolling application cycle?

Response: No, the March 15 deadline is applicable to the 2012 competitive round, not 4% credit applications with tax-exempt bond financing.

11. We just want to be clear on whether or not Home funds will receive points for the 2012 round?

Response: Projects with HOME funding as a source, whether administered by DCA or by another jurisdiction, are eligible to claim points according to the point scale shown in Leveraging of Resources (Scoring, pg. 20-21 of 31).

12. Couple questions related to the ECC Site Analysis Pre-App submission:
Does the attachment represent all we have to submit for the pre-app?
Do we need to submit the preliminary scoring worksheet?
Does Southface need review and approve the Site Analysis packet before the Pre-Application Submission date?
Our site is an infill downtown renovation development and several of the items are not applicable to the site analysis. How should we show this?

Response: If you are seeking pre-approval in the EarthCraft Communities category, you need to contact Southface regarding their requirements for submittal of the Site Analysis Packet.

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The preliminary scoring sheet need not be submitted on March 15.

Southface does not need to review the Site Analysis Packet before submittal. DCA and Southface will perform at joint review after the package is submitted to DCA on March 15.

13. The Rehabilitation Standards included in the Threshold section of the QAP indicate that the Fannie Mae Expected Useful Life Tables should be used as a guide to determine the components and systems that need to be replaced in property rehabs. DCA has published, as part of the PNA forms, a document entitled 01_Fannie Mae Forms. However, the Expected Useful Life (EUL) Table included in this document differs from the Fannie Mae EUL Table in some instances. For example:

<u>Table</u>	<u>EUL Table Published by DCA</u>	<u>Fannie Mae EUL</u>
Unit Wiring	30 years	99 years
Living Area Walls	20 years	50+ years

In determining whether a property will meet the Expected Useful Life of the various components, are we able to use the Fannie Mae tables, as indicated in the QAP, or are we limited to the table published as part of the DCA Manual?

Additionally, the QAP states:

The Internal Revenue Code requires that all low-income units in a project receiving Credits remain rent-restricted and income-restricted for the 15-year Compliance Period and for 15 years after the close of the Compliance Period. Projects that propose rehabilitation must present a scope of work that will position the property to meet the entire extent of its statutory obligations.

However, the 2012 Rehabilitation Guidelines also reference an EUL of the term of the mortgage plus 2 years. If the term of the mortgage is 18 years, does the project need to demonstrate a remaining EUL of 20 years or 30 years?

Response: You are limited to the tables published by DCA.

The guidance that refers to mortgage plus 2 is taken directly from Fannie Mae. DCA-specific program requirements override. The project must reasonably demonstrate its ability to meet a 30 year program.

14. Number 5 of the required documents stats we need a release form for each project team principal. It says this form is located in the core application. I cannot locate this form, can you tell me where to find this form so that we can complete them?

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Response: The 08_2012CreditInvestigationAuthorization form is one of the HOME forms found in the online Application Manual.

15. We appreciate DCA's commitment to going green and reducing the amount of paper in the tax credit application submissions and request some guidance on the electronic format.

DCA requests that all DCA Excel files be submitted in Excel, not as pdf. This means the electronic copy would not have a signature(s) as required on the form. Is this acceptable to DCA?

DCA requests that all pdfs be created from original electronic documents, not from a scan of a paper copy. We understand that this request gives DCA the ability to use search functions within these documents. We frequently submit maps, web pages, commitment letters from lenders, letters of government support, etc where we do not have the original electronic document. In these instances, would a scanned copy of a paper copy be acceptable? In some cases, we may be able to request an original electronic document from a lender but unless electronic signatures are in place, the copy would not be signed in the electronic version. Please clarify.

Response: The paper version of the Pre-Application and Application must include documentation of all signatures where applicable. Electronic versions will not require a signature to be displayed.

DCA recognizes that applicants may not have access to all of the original electronic documents and thus cannot guarantee that all documents are in a searchable format. All 3rd party reports, however, are expected to be submitted in a searchable electronic format.

16. DCA requires a feasibility study performed by a LEED AP ND for Sustainable Communities pre-approval. The LEED ND AP designation is really a transition period to the newly expanded AP designations. Our sustainability consultant does not have the ND designation but is a LEED AP with LEED ND project experience specifically in Georgia. The low demand for ND projects in Georgia has resulted in small pool of LEED AP NDs.

I've done some research on the LEED AP ND situation and this is what I've found:

Globally:	282 LEED AP NDs
USA:	approx. 229 LEED AP NDs
GA:	9 LEED AP NDs
	2 LEED AP ND & Home

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Ultimately we will need someone with both ND and Home credentials as we will be registering/certifying under both categories. Naturally, we would want to have only one AP on the project, so in reality we will need someone with both credentials.

Will DCA accept equivalent experience to substitute for the LEED AP ND designation in performing the feasibility study for LEED ND pre-approval?

Response: DCA will consider equivalent work experience in lieu of the LEED AP ND for the feasibility study provider. In this case, resumes and qualifications of the provider must be submitted with the feasibility study.

17. Please clarify the requirements and costs of the noise waiver. Is there a form?

Response: There is no form and no cost for submitting a noise waiver. The request for a noise waiver should be submitted in narrative form, explaining the request and the overriding policy attributes of the project that may help DCA overlook the excessive levels of noise. A noise assessment and noise mitigation plan should also be submitted to demonstrate sound levels and proposed mitigation techniques.

18. If a project is one of the successive phases of a community already registered in the EarthCraft Communities program, is a Site Analysis Packet still required to be submitted at pre-application?

Response: Successive phases of communities already registered in the EarthCraft Communities program should submit at pre-application the original Memorandum of Participation for the community along with the original project concept plan and a clear indication of where the current proposed phase fits within the community.

19. Our second request, just to be clear of our understanding...we're to provide full Performance Workbooks for each project **AND** on each individual member / principal of the Owner / Developer...not just one of the members / principals of the Owner / Developer entity even if the experience is the same for all individuals / principals. So theoretically, if the underlying "Owner / Developer, LLC" entity has 4 principals who all have the same experience, we'll need to submit 4 PWs for each project, and for 3 projects that would be 12 total PWs we have to provide. Again, I just want to make sure I understand DCA's requirements precisely in this regard.

Response: A separate Performance Workbook must be submitted for each Project – not for each project team member. Within the workbook for each project are forms which require information related to the experience of each principal and/or

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entity. If the entity and principal experience is the same, you can post all names on the Compliance history form so that you do not have to duplicate information. If experience differs in any way for a principal or entity, you will need to clearly show those differences.

20. If we haven't formalized names for each of our projects, and / or filed name reservations with the Secretary of State for LP / GP names, how can we use the same name at the official application as we do at pre-app if no name at pre-app has been determined / finalized? We were hoping to submit using some unique identifier (ex: Zimmerman-City/County-Family/Elderly) at pre-app and then formalize everything with the SOS at the official application. However, the Binder Instructions require the names at pre-app to be the same name used with the official application.

Response: You can change the name of the project from preapplication to formal application, however, you will need to make sure that the no other information regarding the location of the site or the project characteristics has changed. Please reference the name that was used at preapplication in the appropriate tab of the final Application.

21. Also, we wanted to get some clarification on this specific waiver, the P&P Bond Waiver. Is anyone who will not be able to obtain / provide a P&P Bond, for whatever reason, be required to request this waiver next week? Or is this specific waiver ONLY for projects requesting HOME funds AND cannot / will not be providing the P&P Bond? We're curious as to whether or not we'd fail threshold if we didn't request since we're not seeking HOME funds but our syndicator / lender required and we didn't provide...say because there is an identify of interest between Owner / Developer and General Contractor.

Response: As you are not seeking DCA HOME funds, the DCA payment and performance bond waiver is not applicable, as such waiver is required only when DCA HOME funds are applied for and when an identity of interest exists and the contractor cannot obtain a payment and performance bond.