

2011 DCA Qualified Allocation Plan
General Questions & Answers
Posting #5
May 13, 2011

1. The 2011 Environmental Assessment Standards Manual asserts that "HUD requires noise levels to be documented using the Site DNL Calculator that is located on their website rather than the previously preferred traditional "workcharts & worksheets" from the HUD Noise Assessment Guidelines" and requires printouts of the DNL site calculator as part of the noise assessment. However, Mr. James Potter of HUD HQ indicated that HUD does NOT require the use of the DNL calculator. Further, HUD's on-line DNL calculator has numerous errors and deficiencies, such that its use is of questionable utility. And, there are numerous site configurations for which the DNL calculator cannot be used alone, which would require resorting to some combination of the calculator and hand computations. Please advise as to the acceptability of using tools other than the DNL calculator.

Response: DCA requires use of the HUD calculator as part of its noise assessment. However, Applicants are not precluded from submitting additional analyses or more detailed studies in areas where the HUD NAG methodology has difficulty considering specific site conditions. DCA will look at all of the submitted technical data in order to make a determination on this issue. However, Mr. Potter has stated that HUD's testing results from the Site DNL Calculator findings matched perfectly with the manual method.

Furthermore, DCA has received technical assistance from our HUD Regional Environmental Officer who has advised us to use the Site DNL Calculator and the Barrier Performance Module. Moreover, DCA has always reserved the option to have more stringent requirements than HUD.

2. Can a project receive a tax credit allocation if it is located within a Primary Market Area that has an existing 9% tax credit allocation with the same tenant profile (e.g. seniors) if that other project has not yet been built or has not yet reached stabilization?

Response: The application will generally not be selected for funding if the existing 9% tax credit project received an initial tax credit award during 2008, 2009 or 2010 round and the existing tax credit project is located in close proximity (greater of the local government jurisdiction or ten miles in rural areas, or a two mile radius in urban areas) to the proposed site and serving the same population. For additional information on non-selection for market reasons, please refer to pp. 45-46 of 2011 QAP Core.

3. One other item that came up is regarding copies of previous reports for the Appendix. If we have a DCA Phase I report from last year, do we need to include ALL of the appendix items from the previous year in this years' report, or can we just include the text? Several of the appendix items will be duplicated, such as asbestos, LBP, lead in soil testing, etc., that would be included in the current year report. Seems like a waste to include them twice, or to include items that have been updated with the current report, such as the insurance cert., and all the questionnaires, and other documents. Please advise.

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Response: Yes, DCA will accept a text discussion of previous Phase I Report Appendix items. However, a copy of the current Phase I Report, including a complete copy of a previous report (including appendices), must be loaded on a flash drive and submitted with the tax credit application.

4. During the QAP Workshop, we were told that the environmental report could be provided on a flash drive; however, that was not made clear during the Consultants Workshop. Could you please confirm whether the environmental report needs to be provided only on a flash drive, or do hard copies also need to be provided and if so, how many?

Response: As stated in the 2011 Application Instructions, the Environmental Report should be included in the original application placed in the 3-ring binder, a copy with the application placed in the banker box, and an electronic copy on a flash drive/thumb drive.

5. I have been unable to find the 2011 version of these two forms;

Payment & Performance Bond Waiver
Probationary Participation Approval

Could you tell me where to find them.

Response: The Payment and Performance Bond Waiver is provided in the attached link:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2011docs.asp>

under Other Documents. The Probationary Participation Approval Form does not exist. The Project Participant Team will need to provide documentation from DCA of the Qualification Determination from the pre-application review or the required documentation for DCA to complete the review during the round.

6. Our market analyst is working to complete our market studies to submit with our application. If the new utility allowances are not released in early June incorporating them into the market study may be difficult. Will there be a cut-off date in which the 2010 utility allowance and the 2010 Income Limits and Fair Market Rents will be acceptable for applications if they are not published before that date?

Response: The 2011 DCA Utility Allowances have been released and are now posted on our OAH website. The 2011 Utility allowances may be found at the following link.

http://www.dca.ga.gov/housing/HousingDevelopment/programs/documents/2011_DCA_Utility_Allowances.pdf

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7. A development site is partially within the city limits of a city that is identified as a Community Initiative Area. The remainder of the site is outside the city limits and within a county where the unincorporated portion of the county has not received a 9% Credit, 4% Credit and/or HOME project has not been awarded within the last four (4) DCA funding cycles. For the purpose of determining land use, the county has jurisdiction because a majority of the development site lies within the county.

Can this development receive points for Community Initiative Areas by virtue of being partially located in the city that is on DCA's list, and also receive points for being located in the unincorporated portion of a county that has not received a DCA award in the past 4 funding cycles?

Response: In this case, we need to know where the tax credit buildings (any residential building with at least one low income unit) will be. If all of the tax credit buildings are within the city limits, the project will be considered to be in the city; if all of the tax credit buildings are located beyond the city limits, then the project will be considered to be in the county.

8. Do fast food restaurants and private schools count as desirables?

Response: Fast food restaurants are considered desirable, a private school chartered by the state of Georgia would also be considered as a desirable activity/characteristic.

9. Does DCA publish a standard tax credit price that it uses for underwriting purposes that applicants should use when preparing the Core Application proforma? If so, where can this price be found in the QAP?

Response: DCA does not and will not publish a standard tax credit price for the 2011 round. A preliminary equity commitment letter (for federal and state credit) must be included in the tax credit Application.

10. On page 20, of the scoring section, under "XV. Rural" it states, "Each applicant will be limited to claiming three points for one project in which they have a direct interest and two points for a second project in which they have a direct interest." If an applicant is considering a third project that is also rural will they also receive 2 points for the proposed third project?

Response: The third project would not receive 2 points.

11. In 2010 an award was given to Magnolia Trace, located in Martinez, GA. Martinez, GA is a Census Designated Place (CDP), but was classified in Exhibit A to Appendix II as "In Unincorporated Portion of Columbia County". As an example, if a project was proposed in a separate CDP and market located within Columbia County, would it receive the three points for no previous projects or would it be classified as "In Unincorporated Portion of Columbia County" and not qualify for the three points?

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Response: Eligibility for these points is determined by the project's location within the boundaries of a Local Government. See IX B of Appendix II.

12. The QAP states that “Undesirable activities/characteristics may include but are not limited to: Noise (regardless of mitigation) that is 70 decibels or more at the time of Application Submission”

If the only portion of a site that exceeds 70 decibels is within an unbuildable area, more specifically within a mandated undisturbed buffer, would this be considered an undesirable characteristic?

Response: Yes.

13. In regards to the 2011 Architectural Manual, Section V-E. Room Sizes: The ‘Minimum Room Sizes’ table shows a Living/Dining room to be 11’-6” minimum dimension. However, if a dining room is a completely separate room from the living room, what would be the required minimum dimension and area of the dining room?

Response: The minimum required dimension is 11’-6”, the minimum area of the dining room is 120 sq. ft.

14. The QAP lists certain costs to be excluded from the General Contractor’s General Requirements. The QAP states that these costs are to be handled outside of construction contract. Some of these costs are typically the responsibility of General Contractor, specifically the payment and performance bond, the as-built survey, construction testing (concrete, soils, etc.) and the GC cost cert. As long as the costs are excluded from the hard costs and general requirements, can these costs remain the responsibility of the General Contractor (part of the construction contract), perhaps as Other Fees, as is done with the HUD 221(d)4 mortgage?

Response: The construction related costs and work scopes (i.e. testing, etc.) that are specifically excluded from the 2011 QAP General Requirements and are stated as costs to be maintained outside of the construction contract are to be the responsibility of the owner (soft costs) and should not be included in the construction contract (or subcontracts).

With regard to maintaining compliance with the HUD 221(d)4 mortgage program, all of the mentioned costs, with the exception of the bond premium, would be considered “Other Fees” and are allowed by HUD to be considered an owner cost (soft cost). If required by HUD, the bond premium could be temporarily included in the HUD forms (i.e. 2328, etc.) but the cost would have to be transferred to the owner (soft cost) via the first construction contract change order. Please verify this with HUD.

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15. The QAP requires a Front-End Analysis of construction costs for deals where there is an identity of interest between the Owner and General Contractor. Is this for all deals or just deals with HOME funds from DCA? The requirement is listed before the “Additional DCA Policies related to the funding of DCA HOME Loans” section that starts on page 28 of 58 of the QAP, but it is shown as HOME only in the Post Award Deadline & Fees.

Response: In the 2011 round all HOME and/or LIHTC projects where there is an identity of interest between any participant of the developer or owner entities and the contractor are required to provide a front end analysis with Step II design development documents.

16. If all deals (not just HOME deals) with an Identity of Interest are required to undergo the Front End analysis, at what point does the Analysis take place? The QAP states during the DCA underwriting period – when is that for non-HOME deals?

Response: For projects awarded 9% LIHTCs, where there is an identity of interest between the developer and contractor, the owner/developer is responsible for coordinating the initiation of his Step II design development documents. The Step II design development documents are due as directed in the QAP, (please refer to the 2011 Core QAP – Exhibit A, DCA post award deadlines) and as stipulated in the architectural manual submittal instructions.

17. The QAP states: “Applicants that include (local government) fees that are not required by the local government at the time of application will be subject to a loss of points”. The City of Atlanta will sometimes waive impact fees for redevelopment projects. There is a dollar cap each fiscal year on the total dollar amount of waivers granted, and the project will not know if it has obtained a waiver from the fees until the building permit is issued. To be conservative we believe we should include the estimated impact fees in the development budget since there is a possibility they will not be waived. Would we be in danger of any penalty if during the permitting process our project is granted a waiver?

Response: The caveat that you reference is from page 26 of 58 in the 2011 QAP Core. The applicant should include the unwaived fee amount(s) and include in both Comments on the Uses of Funds page and in the Narrative a reference to the possible waiver of said fee(s).

18. Is a Construction Schedule of Values required in initial application submission for a non-HOME application? It does not appear to be required in the QAP but it is included in the tab checklist. Is there a particular form that must be used?

Response: The schedule of values submitted at application is reviewed as a conceptual estimate to indicate that the owner/developer has submitted a projected project cost that is reasonable and within the per unit cost limitations. A final hard cost schedule of

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values shall be submitted with the Step II documents for approval. For additional information, please refer to 2011 Architectural manual submittal instructions.

19. In the Threshold requirements on page 39 of 41 of the QAP, it states that all applications selected for funding must provide a Marketing Plan for tenants with disabilities or the homeless prior to issuance of 8609. The tab checklist includes a tab for the Marketing Plan. Are we required to include a Marketing Plan in the application?

Response: No. Each project selected for an award of credits must prepare and submit a Marketing Plan outlining how the project will market units to tenants with special needs. The Plan must be submitted prior to issuance of 8609s. At a minimum, Marketing Plans must include:

- (a) A description of how the project will meet the needs of these tenants including access to supportive services, transportation, proximity to community amenities, etc.**
- (b) Identify service providers that can provide referrals to the project**
- (c) Agree to require management to regularly contact and provide materials to local service providers outlining unit vacancy and rents**
- (d) Owners must demonstrate willingness to market units to special needs populations and facilitate referrals from experienced local service providers**

20. If an applicant selects Deeper Targeting for points and the restricted units receive operating subsidy from a local PHA, may the total rent (Tenant + Subsidy) exceed the 50% rent limitation as long as the tenant's income and rent contribution are within the restrictions established by the 50% AMI limits? Does this hold true regardless of the form of the subsidy (Section 8, PBRA, Section 9)?

Response: This holds true if the project based rental assistance meets the statutory requirement of the tax credit program.

21. The 2011 QAP states very specific guidelines as to the paper submission requirements of the application. Are there any specific requirements as it relates to the submission of the "hard copy" of the pre-application submission?

Response: Please see instructions for desired pre-application submission request.

22. I am unable to find the Release form for the principals to allow DCA to perform a credit check & criminal background check. The instructions say that it is part of the core app.

Response: Please refer to Q&A Posting #4, Question and Response #2.

23. On page 9 of 14 of the Performance Workbook instructions, it states that a completed release for each project team principal is required. It states that the form is included in the core application. The Home Loan Consent Request Form also lists "Executed Release for each Principal of the GP & Developer entity for credit history" as a requirement. I do not find this

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form included in the core application nor is it listed on the tabs checklist. There is a form listed on the DCA website entitled "Authorization to Conduct Credit Investigation and Criminal Background Check". However, in bold letters the form states that this form should not be submitted at Pre- Application or at the time of submission of the Formal Application. The form should only be submitted upon DCA's request. Could you give us some guidance?

Response: Please refer to Q& A Posting #4, Question and Response #2.

24. Instructions for Performance Workbooks indicate that we are to e-mail the workbooks to DCA. Do we also have to submit a hard copy and a CD with the information to someone at DCA?

Response: No. Just a hard copy and the e-mail are required.

25. The question is that currently we do not have a site for the 2011 9% application cycle. Is it mandatory to submit the predetermination for qualification for May 12 even though we do not have a site or can we just turn it in at the time of the application deadline in June, understanding that it would be a risk if you determine the gp and/or developer would not be approved.

Response: See Q&A # 3, Question # 12.

26. Are participants who have developed or managed properties in GA required to submit The GA DCA Authorization For Release of Information (Multi-State Release Form) to GA DCA?

Response: No. You are not required to submit this form to DCA.

27. In order to submit a pre-application for determining for qualifications, do you have to have your proposed project that you intend to submit for in 2011? What if you want to add to projects after the May 12 pre-qualifying deadline? Can we still apply in June and submit our information for qualifying at the application deadline?

Response: You may apply in June and include the Qualification Determination request with all appropriate documentation. However, if you submit by May 12 that Determination is specific only to that project on which it is submitted.

28. Typically, a single purpose entity (usually an L.L.C.) is formed to be the general partner. That newly formed single purpose entity obviously has not served as a general partner on any existing projects. When evaluating the qualifications for participation, the question is do you even submit any workbook information for this entity or just do it for the principal(s) of that newly formed entity? For example, 3 individuals, through entities they own, own various single purpose general partners and they also own a separate developer entity so do you submit it based on the individual principals?

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Response: An entity that has no experience, credit or financial depth cannot truly be evaluated, therefore the principals of the entity(ies) should request the Qualification Determination.

29. In the “Qualifications for Participation Determination” handout from the QAP Workshop, under the “Required Documents” at Item No. 2, audited financial statements for each member of the “project team” are required. If the general partner entity is to be newly formed for the applied-for project (i.e., no assets/liabilities) and since the general partner is a member of the project team, are audited financial statements required for the general partner? If the general partner has 3 individual principals (and individuals don’t have audited financial statements), what do you submit? Is it acceptable to submit the financial statements for the “developer” entity and the “General Contractor” entity if they have the same principals as the newly formed general partner entity?

Response: Please refer to related question 28 of this posting and Q&A 2 responses to related questions 1&3.

30. At Page 4 under the “Qualifications for Participation Determination” handout from the QAP workshop for Qualification Without Conditions”, it requires either “20% ownership in the General Partner and Developer entities of five (5) successful Tax Credit Projects” - is this limited to Georgia projects or do other states count as well?

Response: Successful tax credit experience from other states may be included.

31. A general partner and developer entities have 3 individual principals (principal 1 owns 67%, principal 2 owns 22% and principal 3 owns 11%). For the additional points for the owner/general partner compliance score, if the 67% individual principal of the general partner and developer has been a 5-10% owner (to clarify a 5-10% limited partner interest in those project owners’ general partner interest) in 10 GA projects and none received point reductions but the 22% principal and the 11% principal do not, does this situation qualify for the 3 additional points since not all of the individual principals have 10 GA project ownership, etc., or just the 67% individual principal?

Response: All individuals or entities of the general partners regardless of their percentage of involvement/participation will be considered in the calculation of additional compliance points. Please refer to question 32 for additional guidance.

32. For purposes of the compliance score, is it only based on Georgia projects or also on out of state projects as well for the “Group A” tax credit HOME and FDIC compliance? The point deduction section of the instructions for completing the compliance workbook does not explicitly state this applies DCA/GA properties only whereas the “Group B” and “Group C” items seem to refer to only DCA (i.e., Georgia) projects. While the point additions to the owner/general partner compliance score seem to state it is limited to GA projects (thus successful out of state projects don’t seem to qualify for consideration of the additional

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points). It would seem only fair that the point deduction would be based on GA only as well. Could you please clarify this?

Response: Compliance Scoring does consider compliance (both positive and negative) for properties that have a compliance history (2006 through May 1, 2011) in the stated housing programs in all states (page 25 of 28).

Group a –All states

Group b – GA Administrative Issues/GA only

Group c – All states

Group d - All states/some specific to only GA

Group e - All states

The additional points are only available to GA Owners/Developers for GA Tax Credit Properties.

“Participants who have significant successful tax credit experience outside of Georgia can submit a request that DCA consider that successful experience for point additions. The determination as to what experience will be considered is within the discretion of DCA.” Appendix II Competitive Scoring Criteria, Calculation of Points Additions, B. Exceptions, 5, page 28 of 28.

33. Is the Compliance Score limited to only Georgia projects -- the “Group A” and “Group D” point deductions do not explicitly state that these are only for DCA (GA) project, whereas the “Group B” and “Group C” and “Group D” as well as the point additions for successful ownership, managed and operated seem to only apply to DCA (GA) projects. Could you please clarify that the Group A only applies to DCA/GA projects like the Group B & C deductions? And even though these seem limited to Georgia, do the questions on the performance questionnaire include out of state as well? Please clarify.

Response: Please see response to Question 32. You may assume that unless specifically noted as limited experience within GA, the question pertains to projects in any location.

34. For the NP points, does the NP have to receive a portion of the developer fee equivalent to its GP interest? For example, if NP owns 100% of the GP interest.

Response: Yes. Please also see General Q&A Posting # 1, Question # 18 & 19.

35. For NP to get 3 points, 5 projects completed; 2 point for 2 projects. Page 19 of 28 of QAP. Do they have to be complete and do they have to be involved from the beginning of the project or could they be admitted after the project was completed? Do they have to be GA projects?

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Response: The nonprofit must be involved from development, construction/rehab, and until placed in service through current ownership for the requisite number of projects to receive the non-profit points. No, they do not have to be Georgia projects exclusively.

36. Special needs set aside? Pg 13 of 58 need OSHI funds by Sep. 2011 (a commitment).

Response: This question does not appear to be complete. Please refer to the [Program Description](#) (page 9) of the Permanent Supportive Housing Program for guidance on eligibility requirements and deadlines for the Special Needs Set-Aside and revise the question, if necessary.

37. Could you clarify as to how we are supposed to complete the questionnaire as part of the performance evaluation? If the developer entity is “XYZ, LLC” but the majority individual owner of “XYZ, LLC” owner was also to be a limited partner in the developer entities of another organization, do you just include the answers based on “XYZ, LLC” history or are you required to include the information of the individual owner based on his non-controlling limited partner ownership in another developer entity? And what if these projects are outside Georgia? Also, what if the individual owner of the entity that is applying in Georgia owned an interest in the developer entity (again a non-controlling limited partner interest) but did not own any of the general partner interest of the owner of those projects - do you include those projects?

Response: If a particular project was mapped out on the DCA Organizational Chart and the entities (or individuals) appear as a part of the GP or Developer categories on the DCA Organization Chart then these entities (or individuals) would need to complete the questionnaire as part of the evaluation and submit the required documentation as part of the Performance Workbook. Projects outside of GA are considered unless specifically excluded.

38. For the determination of qualifications and compliance score, does an individual principal of the general partner and developer have to include out of state non-Georgia projects where the principal’s interest was a non-controlling limited partner interest in the general partner of the owner entity with such limited partner interest ranging from 6.5% on some 9.9% up to 29.7%?

Response: Yes. Also, please see answer to question # 37.

39. On the predetermination questionnaire, it asks for information on each entity (general partner and developer). What do you do if an individual principal of the developer used to be minority owner in another company (a limited partner with interest of the general partner ranging from 2% to 30%)? Do the answers need to take into account those projects or just for the current company where the individual owns the majority controlling interest?

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Response: When completing the Performance Questionnaire principals of the project team are required to disclose all adverse conditions for all previous housing projects (in any state) of which they were a principal (regardless of percentage of interest) or in which they exercised control.

40. What do you include on the multi-state release form if the developer entity (for example XYZ Development, LLC) you are using in the Georgia application is owned (through intermediate entities) by 3 individuals. Of the 3 individuals, 1 of the principals has ownership interests in out of state projects by virtue of a non-controlling interest (he is a limited partner of the general partner ranging from 5% to 20%) from his old company where he was a minority interest partner. Do you just report the projects that XYZ Development, LLC has developed on its own or do you include the out of state projects for which the majority individual owner of XYZ Development, LLC has that were not developed by XYZ Development, LLC but in which he has a non-controlling limited partner interest in the general partner of the owner of those projects?

Response: Please see Question # 31 and # 37 above. Multi-state form is required for any property regardless of the % of ownership or control.

41. The Part II - Performance Questionnaire - states that each Project Team must complete and submit the Performance Questionnaire and, if the Project Team includes a Principal that has experience apart from the Proposed Project Team entities, then the Principal must submit an additional questionnaire. What constitutes a "Principal"? If the developer entity is XYZ Developer, LLC but one of the individual owners was a non-controlling limited partner of ABC Developer, Ltd., does the individual owner also have to submit a separate questionnaire based on his/her non-controlling limited partner interest in the projects involving ABC Developer, Ltd.? If so, does it make any difference if they were out of the state of Georgia?

Response: Please see Question # 31 and # 37 above. Regarding definition of "Principal", see page 30 of 41 in the 2011 QAP Threshold. You may assume that unless specifically noted as limited to experience within GA, the question pertains to projects in any location.

42. As rehabilitation funding award continues to be increasingly competitive, it is likely that some Sites' applications will be resubmitted annually if they are not awarded the previous year (multiple annual submissions). Radon testing within 6 months of application is required on all existing Site structures as per the environmental manual. Is it necessary that this annual testing be required on Sites with one or more prior years of radon testing reports? If radon issues are identified, and are planned for by proposed mitigation measures installed during rehabilitation, should this redundant (and for all practical purposes unnecessary), annual testing be required in light of the current situation?

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Response: Yes. DCA requires projects that have previous Radon Testing Reports that did not identify elevated levels to retest. However, if a prior Radon Test was performed and radon issues were identified and mitigation measures are planned, retesting is not required.

43. If a request for Determination of Project Team Qualifications is submitted at Pre-application, do we also need to include the documentation in the application along with the determination?

As per question #24 in the General Questions and Answers, Posting #2 – DCA’s response seems to indicate that the Performance Workbook instructions have replaced all documentation for Qualifications for Project Team currently listed on the application checklist for Tab 19. If this is correct, do we include the Performance Workbooks behind Tab 3, the Compliance History and compliance certifications behind Tab 38, and the remaining parts of the submission i.e. financial statements and other requested documentation behind Tab 19?

Response: The Performance Workbook, excluding financial statements, is the only pre-application document that must be resubmitted. All other items listed in Tab 3, 19 and 38 that were not submitted during the pre-application period, or have changed since the pre-application submission, are required.

44. There seems to be a disparity in the instructions regarding submission of the release form for credit and criminal background check. The workbook instructions say submit the form during pre-application phase, yet the form itself says do not submit unless requested. Which is it?

Response: Please submit upon request.

45. Are we required to submit for Pre-Determination on May 12, 2011 in order to submit a final application or is it allowable to include the required documents with our final application on June 23, 2011?

Response: DCA will review this information at pre-application, if submitted, or with the Application Submission.