

2011 DCA Qualified Allocation Plan  
General Questions & Answers  
Posting #1  
April 8, 2011

1. 1(a): Does DCA intend to mean to limit Brownfield sites (points) to those gas station sites that receive 'no further action' letters? Or should the verbiage be modified to include 'Limitation of Liability letters' in addition to 'no further action' letters?

**Response: LoL Letters would be included provided they are final and not conditional.**

2. We have worked on many Georgia EPD Brownfield Program sites where no clean up is required, due to no 'source' material being located on the subject site, or that contamination levels are below remediation levels for residential usage.

Part of the required documentation is:

- Proposed scope of work for clean up of a site.
- Detailed budget for clean up.
- Time line for clean up must also be submitted.

Should the above three bullets be supplemented with, "if applicable" or "where applicable"?

**Response: Yes.**

3. The term "allocation" below does not appear to be defined. Do allocations of 4% credits for tax-exempt bond financed deals meet the definition of "allocation" below?

The 2011 Scoring Appendix Provides:

XIV. TAX CREDIT EXPERIENCE 2 points

Two (2) points will be awarded if the General Partner and Developer of the proposed project has been a project participant in two low income housing tax credit projects which have satisfied all of the following criteria:

- Successfully completed the closing of tax credit financing
- Received an allocation in 2008, 2009 or 2010
- Closed prior to Application Submission. The closing must have included a federal credit syndicator and not been a 100% Exchange project.

**Response: Bond projects can be considered provided the letter of determination and the closing took place during the relevant time period (2008, 2009 or 2010). Appropriate documentation must be included in the Application.**

4. On pages 11-12 of 28 of the Competitive Scoring Criteria under the Sustainable Building Certification heading, the QAP says the required documentation for the Sustainable Building points includes a "certification of completion of Southface's green building for affordable housing training course." Our general contractor has already received their certification. Is the certification required of the general contractor or is it required of the applicant?

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**Response:** A member of the owner/developer's team (who is under contract at this time of the application submission) is required to obtain a certification in this training course in order to claim points for the Sustainable Building category.

5. Is the Home consent due May 12th and not April 1st as stated in the QAP?

**Response:** All Pre-Applications/Pre-Determinations including the HOME Loan Application are due May 12, 2011 by 4PM.

6. If nothing has changed with a non-profit and we can write a letter explaining that fact, do we have to have an opinion letter from an attorney if we turned one in last year?

**Response:** The Applicant in this case is not required to submit an updated opinion letter, but is required to submit the previously submitted opinion letter along with documentation that the non-profit's bylaws have not changed since the legal opinion was issued (see Threshold p. 36 of 41).

7. To be eligible for the additional points for non-profit ownership how much ownership does the non-profit need. 100% ownership of the General Partnership OR 51% as stated to be qualified non-profit set-aside?

**Response:** A qualified nonprofit organization(s) must wholly own the general partner's interest in order to be eligible for nonprofit points. In order to be eligible for the nonprofit set-aside, the qualified nonprofit(s) must own at least 51% of the general partner's interest.

8. On page 15 of 28 in Appendix II, under Phased Developments, it states that three points will be awarded if the proposed project is part of a phased development in which one or more phases received an allocation of 9% tax credits within the past 3 funding rounds and at least one phase has commenced construction per that allocation. Please explain how DCA defines "commenced construction".

**Response:** Commencement of construction occurs when financing has closed, permits have been issued and physical onsite evidence of construction exists.

9. On page 20 of 28 in Appendix II, under Tax Credit Experience, are two points given if both the General Partner and the Developer each have two projects where they have been a project participant on projects that satisfy the listed criteria? Or, will the points be awarded if between the developer and general partner, there are at least two projects that satisfy the listed criteria?

**Response:** If the General Partner and the Developer are different, each must have two projects that satisfy the listed criteria.

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10. For the Bonus Desirable Sites points, page 7 of 28 in Appendix II, will a Target and a grocery store that are within the same shopping center, meet the intent of this point scoring item?

**Response: A Target and grocery store that anchor the same shopping center would be eligible for bonus points.**

11. Will DCA require audited financial statements for each participant of the project participant team?

**Response: Yes, please refer to the 2011 Performance Workbook instructions on the website for a complete list of required documents.**

12. Will applications receive the 3 points for Compliance with DCA Web-Based MITAS System Requirements if they entered the limited data from their 2010 allocation by the February 1, 2011 deadline?

**Response: An applicant's obligation to enter data commences when the first unit is occupied by a tenant.**

13. What is the required documentation that DCA needs in order to pre-determine project team qualifications?

**Response: All of the documentation (including directions) is in the 2011 Performance Workbook posted on the DCA website.**

14. If an applicant has no GA LIHTC projects, will they still be eligible for the 3 MITAS points?

**Response: An applicant that has no GA properties that were placed in service prior to 02/01/11 would be considered to be in compliance with the MITAS system since there was no tenant data (as required by HERA) to submit and be eligible for the three (3) points.**

15. If an applicant is able to secure \$1,000,000 in AHP funds, will 2 points be awarded?

**Response: No. A loan received from the Federal Home Loan Bank Affordable Housing Program will qualify for 1 point per application with a minimum loan amount of \$500,000. Please refer to Section A of the Leveraging Resources Scoring Criteria (2011 QAP Scoring Page 21 and 22 of 28).**

16. If a developer was working to partner or acquire an existing property with no assumption of existing debt, would that developer be required to submit any of the required documentation per Appendix I – Threshold Criteria; (j) Assumption of Debt page 5 of 41?

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**Response: No. The documentation that you reference is only required to substantiate an assumed loan and stated terms as listed in the Source of Funds. If an assumed loan is not a Source of Funds, this documentation would not be required. Note that if there is an identity of interest between the buyer and the seller, DCA would require confirmation of the balance of existing debt on the project.**

17. Will an appraisal be required for an existing property that does not have an Identity of Interest?

**Response: For all projects awarded HOME Loans, DCA will commission an appraisal prepared in accordance with DCA policies. Tax credit only deals with no identity of interest are not required to submit an appraisal at application, but DCA reserves the right to require any tax credit project to submit an appraisal on or before closing. Refer to QAP Threshold 12 & 13 of 41**

18. "Qualified nonprofit" is defined on page 36 of 41 of Appendix I as a corporation where 100% of the stock of such corporation is held by one or more qualified nonprofit organizations at all times during the period such corporation is in existence.

We utilized this definition when interpreting the nonprofit scoring item on page 19 of 28 in Appendix II. Our understanding is that to get the two or three points in this scoring item, the general partnership of the project must be composed of a 100% qualified nonprofit, meaning the nonprofit member of the GP is a corporation that meets the definition above. The language in this scoring section does not limit the general partnership to one entity, but does state that the nonprofit, as a component of the GP, must be 100% qualified.

We would like DCA to clarify this issue because at the QAP workshop, a question was asked regarding what the structure of the general partnership should look like to get these points. We are unclear as to how the language in this scoring section limits the makeup of the general partnership to only one entity. In addition, what percentage of the general partnership must the nonprofit entity be assuming the application is submitted outside of the nonprofit set aside where the 51% would not apply?

**Response: A qualified nonprofit is defined as a 501 (c)(3) or 501(c)(4) organization, which is not affiliated with or controlled by a for-profit organization and has included the fostering of low income housing as one of its tax-exempt purposes. To be eligible for 2 or 3 points under the Nonprofit scoring category, 100% of the general partnership of the proposed project must be composed of a 100% qualified nonprofit organization or a partnership of 100% qualified nonprofit organizations, where each of the composite 100% qualified nonprofits meets the requisite # of projects (at least 5 or 2) for ownership and development as stated in the QAP, page 19 of 28. The project must also qualify for the nonprofit set aside.**

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19. Under Section XIII of Competitive Scoring Criteria, projects which have a qualifying Non-Profit serving as a 100% General Partner can get 2 pts or 3 pts, if they are eligible and apply for the nonprofit set-aside. This presents a virtually insurmountable scoring disadvantage to for-profit sponsors, who do not partner with a well-experienced nonprofit. However, in order to qualify for the nonprofit set-aside, Section XXI of the Threshold Criteria seems to indicate that a project cannot qualify for the nonprofit set-aside unless the nonprofit receives a Developer Fee equal in percentage to its percentage of ownership interest. Since a nonprofit is required to have 100% GP interest in order to receive points under Section XIII, this Threshold Criteria seems to require that a nonprofit GP must either receive 100% of the Developer Fee, or not participate as a Developer in the project at all. If this is a correct interpretation, a for-profit could not develop a project with a nonprofit GP unless either the nonprofit GP or the for-profit Developer is willing to take a 0% Developer Fee. Is this a correct interpretation of DCA's intent for the 2011 round of applications?

**Response: Yes. The point advantage under Section XIII is intended for 100% non profit project teams.**

20. RE: 2011 QAP Scoring FINAL  
III. Desirable and Undesirable Characteristics  
B. Bonus Desirable Points

<<.Traditional town square, county courthouse, or city hall for non metro projects>>

We are working on a site adjoining a traditional town square in a town with a population of 15,500. However, the town lies within the vast geographical region of the Atlanta MSA. Can we indeed deem this a 'non metro' for this section?

**Response: "Non Metro" areas are the same as Rural areas and must be located outside of a Metropolitan Statistical Area (MSA).**

21. RE: 2011 QAP Core Final, Section 7, Policies, A. DCA Underwriting Guidelines, page 24 of 58 includes this provision:

<<Notwithstanding anything contained herein to the contrary, the Developer Fee will be limited to a maximum of \$1,800,000.>>

Does this limit apply to Bond-financed Transactions?

COMMENT: This limit effectively precludes Bond Transactions with 4% LIHTC. This is due to the fact that bond transactions require larger project size (more than 125 affordable units) to efficiently amortize the Costs of Issuance. Developer Fees pursuant to IRC Section 42 is a "good cost" that helps make the bond financing feasible.

JOBS NOW: Bond-financed Transactions with Tax Credit Equity may otherwise be feasible for the first time in 4 years. The transactions could create thousands jobs in Georgia starting in 2011.

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**Response: Yes, the \$1.8 million developer fee maximum applies to any tax credit application submitted in accordance with the 2011 QAP, whether it is a 9% credit or “4% credit”/ tax-exempt bond financed project.**

22. Regarding the section below, is uncured defined as work that is not completed and does not include a plan of action or work that is not completed but a plan of action has been submitted?

c. Failure to Maintain Property in accordance with tax credit, HOME, FDIC or DCA requirements.

**Response: Uncured physical non compliance is compliance that was not corrected by the DCA assigned cure date and for which an 8823 remains open. Points will not be deducted if DCA approved an extension of the original cure date only if the cure was completed with the IRS mandated correction period.**

23. Regarding the section below, does this pertain to audits conducted before 5/1/11 regardless of a findings letter being received or just audits that have been conducted, with a findings letter received and a response date of 5/1/11 or prior?

***2. Relevant Time Period***

All funding program reviews/audits from 2006, 2007, 2008, 2009, 2010 through May 1, 2011 will be considered for point deductions in the following areas:

**Response: Audits that had a cure response due to DCA on or before April 1, 2011 will be considered for points deductions.**

24. In the Performance Workbook, the tab for MultiState Release, are all projects that are managed by the management company listed or only those that are managed for this particular owner listed?

Also, the MultiState Release is to be filled out for every state that we manage properties in, correct?

**Response: No. The multistate release only needs to be completed by the Project Team (Owner and Developer).**

25. If I do not plan on submitting a project in the 2011 round, can I still submit my request to be determined to be experienced?

**Response: No. Project Team approvals are made on a project basis.**

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26. If a development team prepares an application for another developer for submittal by the other developer, is the preparer a project participant for purposes of the cap, where: The preparer earns only a fixed fee for preparing the application (whether successful or not) and the preparer does not act in any other capacity, directly or indirectly, with respect to the development of the project described in the application?

**Response: If a development team prepares an application for another developer during a competitive round (i.e. the development team and the other developer should be competitors during the competitive round), it is presumed that there will be financial interest in the project beyond earning a consulting fee for the sole purpose of putting together a tax credit application. As such, the development team will be subject to the credit cap per project participant.**