

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

Application/Troubleshooting

1. 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:

***LARGE** text files of third-party professional reports - such as market studies, appraisals, environmental reviews and physical needs assessments - must allow electronic word searches. Any PDF formats of such files must be created from the original electronic document - not from a scanned paper copy - so as to be searchable. The author provides this version. Any such documents also requiring signatures must be executed on the paper version.*

*Electronic submissions of DCA Excel forms, such as the Core Application and the Performance Workbook, **must be in Excel format**. Any DCA Excel documents requiring signatures must be signed in the paper version.*

Electronic versions of such documents above must be identical to the paper version but for the signature.

***SMALL** text files (letters/forms) requiring signatures must be scanned and put into PDF format to preserve signatures. The electronic word search capability is not required for such files. Files containing only standalone maps, photos, charts, etc. also do not need to be searchable.*

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

Community Redevelopment/Revitalization Plans and Strategies

1. HOPE VI or Choice Neighborhood Initiatives:

The QAP states that “Six (6) points will be awarded if the proposed project is a phase or component of a PHA-sponsored Community Building Initiative or part of a PHA-sponsored HOPE VI/Choice Neighborhoods revitalization initiative.”

The QAP clearly gives points for a PHA-sponsored Community Building Initiative OR HOPE VI/Choice Neighborhood. What qualifies as a “phase or component of a PHA sponsored Community Building Initiative?” What documentation is necessary to receive points for the PHA-sponsored Community Building Initiative? The documentation listed in the QAP appears to apply only to the HOPE VI/Choice Neighborhoods option.

Response: *As the section title states “HOPE VI or Choice Neighborhoods Initiatives”, this scoring section is for HOPE VI or Choice Neighborhoods Initiatives. The second “or” as in “...if the proposed project is a phase or component of a PHA-sponsored Community Building Initiative or part of a PHA-sponsored HOPE VI/Choice Neighborhoods revitalization initiative” (on p. 14 of 31, 2012 QAP) is a typo and should be replaced by “which is”. Non-HOPE VI or Non- Choice Neighborhood public housing funds, such as RHF funds, capital funds may be eligible for points under the scoring category of Leveraging of Resources if the required criteria are met.*

E-Verify Affidavits

1. Regarding Immigration Law...in previous correspondence with DCA staff, we were informed that e-verify affidavits were required from all subcontractors including the owner and developer entities – not just the general contractor. This would include affidavits from architects, engineers, etc. At the QAP workshop, we were informed that only the General Contractor acquires affidavits from subs. We understand that Owner, Developer and Contractor all must be enrolled in e-verify and must submit notarized affidavits to DCA on a project basis. The question is whether or not the Owner and Developer must collect affidavits from their subs.

Response: *The owner, developer, and general contractor are required to submit to DCA, affidavits swearing participation in E-Verify before construction commences. General contractors are required to collect and file E-Verify affidavits from all subcontractors involved. These must be kept at the project work site and made available for DCA inspection upon request. Please note that both the Owner and Developer may be accountable if the General Contractor fails to comply with Federal or State immigration procedures. For more information on DCA’s workforce verification process under the tax credit program, please visit*

<http://www.dca.ga.gov/housing/housingdevelopment/programs/documents/GuidanceOnVerificationOfEligibleWorkforce.pdf>

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

Developer Cap

1. Our company has been partnering with an inexperienced owner for two years. That Owner now wants to submit applications in his own name, however, would still like to have us involved in selecting which of his projects would have the best chance in scoring and to help review and finalize his application. We, of course, would charge a one-time fee for those services. We have not settled on a final amount, however, I would expect the fee to be \$25,000 at a minimum and \$50,000 at a maximum. We also will turn in applications that max out our developer cap. If our developer cap is met, can we still consult with our previous partner in preparing an application for this year and receive the fee?

Response: *The 2012 QAP states “ Applicants will be limited to direct or indirect Ownership/Development interest in projects in which the combined total Federal Credit from the 2012 competitive funding round cannot exceed \$1,700,000”. The QAP also states that “Any entity or individual that receives all or part of the Developer Fee must be designated as a developer.” Developer Fee is the sum of the Developer’s overhead and Developer’s profit. Though consulting fees are included in the total Developer Fee limitation, it is not a Developer Fee per se. Generally, fees charged for application preparation, depending on the scope of work and fee, may be considered a consulting fee and included as part of the developer fee. However, DCA reserves the right to determine that the fee is not a consulting fee or is a structuring of fee designed to avoid the developer cap. Applicants should provide sufficient information for DCA to make this determination including but not limited to the contract, scope of work, timing of payment and amount of payment.*

2. If a scattered site project is selected by DCA as its demonstration project for the Neighborhood Stabilization provision of the core, will the amount of credits awarded be included in the calculation of the developer cap?

Response: *No. The Neighborhood Stabilization provision of the core is considered to be an extraordinary measure taken by DCA as a result of the current economic challenges. It is not seen as a typical tax credit project. It is seen as an extremely complex, less profitable transaction that is driven by public policy and overwhelming economic challenges experienced in certain areas of Georgia. DCA believes that the implementation of a long term placed based strategy to ameliorate the effects of the foreclosure crises will require an unprecedented amount of time, effort and resources to be expended by the selected developer. It is likely that the project will not follow typical timelines for projects selected in the competitive process. Similar to the Supplemental set aside which is non competitive, the provision is designed to encourage successful developers to invest in the initiative without limiting their ability to continue to seek credits in the competitive round.*

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

HOME Consents

1. Is there an estimated timeline for when HOME loan requests will be approved so applicants know how to proceed with their deals?

Response: *We anticipate making our determinations by the end of April.*

Leveraging of Resources

1. Can you please confirm if having completed the Step 2 and received approval from NPS & GA DNR –HPD along with having a commitment letter from an investor to purchase the historic credits that we can use this money as Leveraging of Resources?

Response: *Yes, the equity raised from the historic credits will be considered a qualifying source for purposes of the scoring category of Leveraging of Resources if the following conditions are met:*

- *The Step 2 has received approval from the National Park Service and Part A has received approval from GA SHPO,*
- *The equity from the historic rehab credits must be utilized if the project is selected for funding by DCA, and*
- *The historic rehab equity commitment must meet the applicable requirements specified in Appendix I, Threshold Criteria, Sec. I. Please note that the equity price must be reasonable and DCA reserves the right to adjust such price if it does not reflect the prevailing equity pricing in the market.*

Market

1. We are looking at projects in certain areas. Can you tell me what other DCA funded deals are in those towns and how they are doing? Also can you tell me what kind rents and expenses they are averaging?

Response: *In the coming weeks DCA will post limited project data, including occupancy information, for existing tax credit properties from 1990-2009. DCA will announce the posting through an email blast.*

Preservation

1. We have a project that was financed by a DCA HOME loan and a DeKalb County HOME loan from 1994 with a LURA in place. The project currently has vacant buildings and we plan to submit for 2012 Tax Credit to demolish and build a new affordable community. As part of the redevelopment we plan to pay off the DCA HOME loan.

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

Please confirm that this project meets the requirement to apply under the Preservation Set Aside under the 2012 Qualified Allocation Plan and qualifies to request the 6 points under DCA HOME properties that will pay off the existing HOME Loan.

Response: *DCA cannot issue judgments on eligibility for set-asides or for points until a full application is received. However, the 2012 QAP does not prohibit project concepts which involve demolition followed by new construction from being considered for the Preservation Set-Aside. Projects that have a HOME loan are eligible for inclusion in the Preservation set aside under affordable non public housing that has existing funding from HUD. However, the designation that the project is in danger of losing its affordability will need to be obtained from the Participating Jurisdiction that administers the HOME funds in the project.*

2. Projects that received USDA 515 financing were removed as being eligible for the Preservation Set-Aside. If a project with 515 financing is also an expiring tax credit project, is it eligible to claim Preservation Priority Points?

Response: *Yes, if the property with USDA 515 financing is also an expiring tax credit property the applicant may be eligible for “Expiring Tax Credit Properties” points (Scoring, page 30 of 31).*

3. In scoring section XIX Preservation Priority Points, Paragraph B.5. Hard Costs Proportion, will DCA please clarify their definition of “Construction hard costs” as it relates to calculating the hard costs proportion?

Our interpretation is this amount would be the Total Construction Hard Costs (GC contract amount) plus the hard cost contingency since hard cost contingency is spent on change orders and/or upgrades.

Response: *Strictly for the purpose of determining Preservation Priority Points, DCA will not allow construction contingency to be included with construction hard costs. However, construction contingency will still be part of the project’s Total Development Costs when DCA makes this calculation.*

In reviewing the eligibility for points under “Section XIX, Preservation Priority Points, B. Add On Priorities b)” - to be eligible for these two points - an application must have PBRA for at least 30% of low-income units for a minimum of five (5) years. What date will the five (5) years be calculated from? Given that a Shelter Plus Care contract is a five-year contract, would a Shelter Plus Care contract originating on January 1, 2012 qualify as having met the requirement for these points?

Response: *Project Based Rental Assistance must be in place for at least 5 years from the application deadline date. Shelter Plus Care assistance that is sponsor based, as opposed to project-based, would not be eligible for these points.*

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

Site Zoning

1. If a prospective site must be re-zoned for multi-family housing to be a permitted use, can the city make the successful rezone contingent upon the receipt of tax credits? The city has asked that this be permitted so that the Seller is not stuck with a lower use zoning on a commercial lot if the applicant does not receive funding for the deal to move forward.

Response: Appropriate zoning must be in place on or before Application Submission (pg 16 of 38). It is incumbent upon the city to make zoning decisions based on current ordinances and / or land use classifications, or approved variances. The determination of permitting a “lower use zoning” is up to the city, and whether or not to apply for that determination is up to the seller and / or the buyer.

Sustainable Communities

1. Under applications for 2012, if a developer were to take (2) points under the Sustainable Building Certification and choose Item 2 – Enterprise Green Communities, does a direct employee of the project owner need to attend the Southface Green Building for Affordable Housing training course? Maybe the course does not focus wholly on Earthcraft?

***Response:** All projects that expect to receive 2 points for Sustainable Buildings, including Enterprise Green Communities, are required to furnish a certificate of participation of a direct employee of the owner in the Green Building for Affordable Housing training offered jointly by Southface and DCA. This class covers all three programs under which an application can certify as Southface provides technical assistance for all 3 programs.*

2. Issue #1

According to Section VIII, Part A. Stable Communities of the Competitive Scoring Criteria, DCA will award **4 points** to projects that are located in a census tract that meets the following demographics according to the **most recent FFIEC Census Reports** (<http://www.ffiec.gov/census/>). The demographic categories are then listed as a) Less than 10% below Poverty level; b) Designated Middle or Upper Income level; and c) Market study must demonstrate need for affordable housing. However, for certain counties in Georgia, the **most recent FFIEC Census Reports** correspond to census tract names which correspond to year 2000 data maps. According to the most recent publication of U.S. Census Bureau 2010 Census Tract Reference Maps, some census tracts have been divided or sub-divided since 2000. How will DCA address these situations?

2012 DCA Qualified Allocation Plan
General Questions & Answers
Posting #1
March 2012

Response: *At this time, FFIEC has not updated its data to correspond with census tract boundaries as defined in the 2010 census. For the purpose of claiming Stable Communities points, applicants should use the census tract in which the proposed site was located as of the 2000 census. If, before the announcement of tax credit awards, FFIEC releases updated census tract data which justifies eligibility for points under this scoring category, applicants may request further review from DCA. Points will not be taken away, however, based on FFIEC data updates which take place after application submission.*

If the census tract number in which the site is located has changed from 2000 to 2010, applicants should clearly note the change in the comments section and provide supporting documentation. Please refer to the following link to see a full list of census tract changes by county:

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