

2011 DCA Qualified Allocation Plan
General Questions & Answers
Posting #3
May 5, 2011

1. Performance Workbook - Page 2 of 9 of the Performance Workbook Instructions under Required Documents. Item #2 states that DCA may require completion of a real estate and commercial loan disclosure form. Is a specific form available for project team members to prepare in anticipation of this request? Item #5 states that the form to be completed by each Project Team principal to allow DCA to perform a credit check and a criminal background check is part of the core application. Can you please clarify where this form is located in the core application?

Response: DCA has posted the 2011 Sample Real Estate Schedule form on the website (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2011docs.asp>) under Other Documents. If required, Applicants can use the DCA form or provide an updated form that they have used from another lender. The Release form has also been added to the website (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2011docs.asp>).

2. On the Checklist, Item 2 – Set Asides – It appears that the first item listed - “The partnership’s tax returns for the first and final years of credit period” – was left in this section in error and is actually now required behind Tab 34. Can you confirm if this is correct?

Response: No, it was not an error. The documentation is required if you apply for tax credits from the Preservation set-aside for an existing tax credit property. However, you may choose to avoid the duplication of the same documents by checking “Yes” in the drop down menu for Tab 2 in the tab checklist and clearly indicate behind Tab 2 in the application binder that the information is included behind Tab 34.

3. Can you please confirm that the “Superior Project Concept and Design Narrative” is now to be submitted behind Tab 1 along with the Project Narrative?

Response: That is correct. Both the Project Narrative and Part IX-B Superior Project Concept Narrative, which are tabs within the 2011 application, should be printed and included behind Tab 1. This assumes that the 6 Superior Project points are being requested.

4. Will DCA allow third party reports (market studies, appraisals, environmentals, etc.) to be printed double sided in the Original and Copy 1 binders as long as Copy 2 (the GORA box) is all single sided for ease of copying? This would reduce the amount of paper needed, and potentially the number of binders per application.

Response: Yes.

5. Under the 2011 QAP, the documentation requirement for Sustainable Building Certification is, “Certification of completion of Southface’s green building for affordable housing training

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course.” I have looked for a course with that title on Southface’s website, but did not find anything. The course titles I found that look most applicable are:

High Performance Building – Design
EarthCraft
LEED

Which one / ones does the QAP refer to and who must attend the training course?

Response: DCA has sponsored several of these trainings over the last couple of months. Email blasts have been posted and previous Q&As in this regard have addressed this issue. The final training was held May 4th, 2011. The owner or one representative (see #23 below) from each project is required to obtain a Certificate of Completion for the course in order to qualify for the related points.

6. The instructions indicate a Compliance History Summary is required for the project team. We use a third party management company. We have 51 properties and the management company has over 180 properties. Can we update the 2010 Compliance History Summary that was submitted last year or do they need to re-type it on the 2011 form?

Response: You must use the 2011 Compliance History Summary. The information from the 2010 CHS can easily be copied to the 2011 form and then updated as required.

7. Please confirm the Compliance History Summary in the 2011 DCA Qualifications/Performance Workbook only needs to include the Project Team (General Partner and Developer) and does not need to include the list of projects managed by the proposed Management Agent.

Response: The proposed Management Agent must also complete a 2011 Compliance History Summary.

8. The Project Team is defined as the General Partner and Developer in the Performance Workbook instructions. A Compliance History Summary is required for the proposed project team and its principals. Does that mean that a Compliance History Summary is not required for a third party management company?

Response: A 2011 Compliance History Summary is required for the proposed management company.

9. We have identified potential property that is located close to the Georgia state line. Our question is, does DCA's market study guidelines allow the market analyst to include area across Georgia's state line in defining the primary market area?

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Response: The demand calculation should not include demand from outside the state of Georgia. However, the market analyst can discuss how a property's proximity to the state line will affect the overall marketability of the project.

10. Is a presentation to the local government at a regular scheduled public monthly meeting meet the requirement of Local Government Support and Community Engagement? If not, will an advertisement in the local paper and a sign outside the proposed development stating a time and place for comments on the proposed project be sufficient?

Response: The QAP specifically states that documentation might include "Evidence of public meetings and presentations regarding the proposed project to local government and residents. Resolutions of support, letters of support from local government officials may be included but are not required. "

DCA will consider the documentation to determine whether there is sufficient local support to ensure the success of the project.

11. The Performance workbook Instructions state that on April 14th and every Thursday thereafter, the Multistate Index will be updated online to show what forms have been received by DCA. I cannot find this on the DCA website. Can you please send me the link if it has been posted? If not, when do you anticipate posting?

Response: Multistate Release Forms have just started to come in from other states. The first posting will be Monday, May 9, 2011. An email blast will provide a link to the document.

12. If we currently do not have a site, but anticipate having one prior to the Housing Credit Application Deadline, can we still submit a Pre-application Request for Qualification of Project Team by May 12th? If we are allowed to submit, how do we answer the questions in regard to "Proposed Project Information" and is there a way to get a pre-Compliance Score?

Response: Determinations of project team qualifications are made on a Project Basis. You can submit all other information on May 12th, but you will not receive a final determination unless the workbook is updated with project specific information.

13. Regarding Section XX. Compliance/Performance, paragraph #3.e. "Major Project Failure"

On page 27 of 28 of the QAP, a Deed in Lieu of Foreclosure is not specifically listed as an example of Major Project Failure that would result in a deduction of 5 points.

How would this situation be treated by DCA in terms of points? Would a Deed in Lieu of Foreclosure result in any other negative impact to an application as it relates to Threshold or point scoring?

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Response: The examples of Major Project/General Partner Failure that will result in the loss of five (5) points are not “limited” to the examples listed on page 27 and 28 of the QAP. Scoring deductions cannot be determined at this time. However, DCA would encourage you to provide a detailed narrative of the facts regarding the foreclosure with your Application.

14. For non-profit sponsored, rural projects that are requesting HOME funds and require a State Boost for feasibility, can we request DCA’s consideration of a State Boost When we submit our HOME Loan Consent? Will DCA consider granting such a boost for rural projects that need them for project feasibility?

Response: No. Rural projects requesting DCA HOME funds are not eligible for the State Designated Basis Boost. Refer to QAP CORE Page 15 of 56.

15. Is it necessary for local governments to continue to provide Resolutions of Support for the initial application submission?

Response: No. Page 19 of 41 in the 2011 QAP Threshold states that resolutions of support may be included but are not required.

16. Can a letter of support be provided instead of a Resolution of Support?

Response: Page 19 of 41 in the 2011 Threshold states that the purpose of this requirement is to show “Local government support and community participation in the decision process...” Either can be provided to evidence local support in addition to the “...evidence of public meetings and presentations regarding the proposed project to local government and residents of the community.”

17. Does the Letter of Support or Resolution of Support satisfy the requirement to provide evidence of presentations to the local government?

Response: A resolution from a local government on government letterhead with a copy of the minutes from said meeting would be sufficient documentation of local government. Providing documentation to DCA that the applicant has engaged the local government and community does not guarantee the project will pass this threshold item. DCA will make a Threshold determination after considering the response of the local government.

18. What is the impact on the LIHTC applicant’s score or threshold attainment if the local government decides to issue Letter’s of Support only during DCA’s review process?

Response: Meeting the Threshold requirement is based on the required documentation being included in the Application submission as stated in the QAP page 19 of 41. DCA

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will consider the response of the local government in determining whether there is sufficient local government support to ensure the success of the proposed project.

19. This section says that "Additional documentation such as resolutions of support or letters of support from local government officials may also be included but are not required." My question is that in the past we have always applied for and received a resolution of support as well as a letter of support that comes as a result of the resolution and public hearing on the resolution. Since this is now stated as "not required", what weight is given to such support documentation?

Response: There is no specific "weight" attached to Letters or Resolutions of Support as long as minimum Threshold requirements are met. DCA will consider the response of the local government in determining whether there is sufficient local government support to ensure the success of the proposed project.

20. If a 9% applicant submits an application with home funds from a different participating jurisdiction and does not submit a request under the QAP CHDO set-aside program, and the county that grants the HOME funds does not require that the CHDO be a 51% plus owner, do we abide by the County regs and policy or do the QAP policies apply? I understand...the CHDO set aside is for 15% of the State CHDO funds and have nothing to do with the tax credits. I just want to make sure that if we go forward with the County only HOME funds, but use those funds in a tax credit application, that we are still only governed by the county rules and not the state rules.

Response: That is correct.

21. I have a beautiful partially improved subdivision for a LITHC single family build-out. All is ready for submission but I need to get site control. It will be a CHDO / Home Consent, family, deal. Because of serious contention between the two owners, the seasoned Realtor indicates he must use "a contract to purchase contingent on the Agent obtaining fee simple title". My attorney indicates that, while it is best to contract directly with the owners, this is standard practice. Although it is best to contract with both owners on the same document, that is not possible in this case. However, each will sign with the Agent. I believe this method would be consistent with the requirements of the QAP, page 16 of 41 which indicates that signature of the SELLER is adequate. The Agent would be the SELLER in a simultaneous closing.

Please confirm that if we use this approach, it will qualify under the QAP as sufficient to satisfy the requirement that we have site control.

Response: DCA cannot determine whether this will meet Threshold without reviewing the documents. You need to carefully read the requirements of that section and ensure that your comment section addresses why this arrangement meets those requirements.

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You may wish to submit an attorney's opinion that this arrangement is the legal equivalent of a typical sale.

22. 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 year's 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.

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

23. The email below states that "Per the 2011 QAP Appendix II Competitive Scoring Criteria (Sustainable Developments criterion), the Owner, or one representative from each project, is required to obtain a certificate of completion for this course in order to claim points for Sustainable Developments." My question is who is allowed to be designated as the "one representative from each project." Can an employee of the sponsoring firm, who will not appear in the organizational chart, but who will spearhead the application attend the course? Specifically, the development will be controlled by a General Partner entity that is an affiliate of XYZ Development Corporation. Principal A is the 100% owner of XYZ Development Corporation, and will have a 100% interest in the affiliated General Partner entity. Principal A will not attend the Southface course. Rather, a Development Manager for XYZ Development Corporation will attend as the owner's representative. This Development Manager will have no ownership interest in the development, but is an employee of XYZ Development Corporation, which will sponsor the application for funding, and which will create affiliate entities to own the development and act as General Partner of the ownership entity. Will the attendance of the required course by the Development Manager meet the requirement of the QAP?

As a point of reference, Q&A 1 included some clarification on this topic: "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?"

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."

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24. The response states that a member of the owner/developer's team is required to obtain the certification. An employee of the firm sponsoring the application, which is the firm affiliated with both the proposed owner and developer for the application, seems to meet the requirement for a "member of the owner/developer's team. Please confirm that this is correct.

Response: Yes your description as illustrated above will meet the requirement, the owner or a member of his development team is required to obtain a certificate of completion for this course in order to claim points for Sustainable Developments.

25. The US Army Corps of Engineers has three different types of Jurisdictional Determinations. Each determination carries a little more weight (and work) than the others. I have attached a word document where I copied from the USACOE web site the information about each of the Jurisdictional Determination types. Could you please let me know which one DCA would like to see as a condition of funding?

Response: Conditions of funding are assessed on a project by project basis. Therefore, DCA cannot state affirmatively what conditions will actually apply to a project. However in most cases, where a project site has wetlands located on the site, DCA will require the less cumbersome review Jurisdiction Determination (JD) by the U.S. Army Corps of Engineers which is the Preliminary JD.

26. The instructions for the Performance Workbook define a Project Team as (General partner and Developer). It does not mention Management Company. We use a third party management company. The Performance Workbook includes a Performance Questionnaire for the management company. That is the only place I see the management company mentioned in the Performance Workbook.

Appendix I, Threshold Criteria of the QAP, page 35 of 41, states that the management company must submit a complete Performance Workbook. Since they are not making application, many of the forms in the Performance workbook seem not applicable to the management company, such as the Organizational Chart, Multi State Release form, financial statements, release for DCA to perform a credit check. The management company has submitted a Compliance History Summary for many years, including 2010. Can they update the CHS submitted last year, or do they need to re-type in the 2011 form?

Response: The management agent must submit the Management Agent Questionnaire and the 2011 Compliance History Summary (CHS). The information from the 2010 CHS can be easily copied to the 2011 CHS. See numbers 7 and 8 above.

27. Is it DCA's intention for a third party management company to submit a complete Performance Workbook when they are not the applicants?

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Response: Yes, a third party management company must submit the Performance Questionnaire for the management agent and a complete 2011 Compliance History Summary. See numbers 7 and 8 above.

28. We have a project that is being considered for purchase by a developer. The project might qualify for acquisition credits; however, the buyer is not interested in using acquisition credits. This project also would NOT be utilizing HOME funds. Sources of funding would only be the assumption of existing debt and the tax credit proceeds. If that is the case, and acquisition credits are not claimed, is an appraisal required to be submitted with the application?

Response: For the purposes of meeting the “Appraisals” threshold requirement, an Appraisal is required only when an identity of interest exists between the buyer and seller.

Subsequent to tax credit/HOME awards, DCA will commission an appraisal for projects selected for HOME funding. DCA may require all tax credit only projects selected for funding to provide an appraisal on or before equity closing.

29. For purposes of the preservation points in Section XII of Appendix II, how will DCA define an “Applicant”? That section states that Each Applicant may claim six (6) points for one submitted Application...”. For instance if an Entity claims these points as a General Partner on an application, can the points be claimed on another Application if that same entity is only the Developer?

Response: An Applicant is generally defined as the General Partner entity or principal. However, DCA will be looking at projects with “turnkey” developers to determine whether the developer has an indirect ownership in the project even though the entity is not shown in the formal organizational chart. DCA will review turnkey developer entities to determine whether there is an indirect ownership interest exhibited through assumption of risk, sharing of profits, guarantees, decision making and other ownership responsibilities. Entities that elect to submit a project with these types of structures and claim preservation points do so at their own risk.