

2009 DCA Qualified Allocation Plan General Questions and Answers Posting #1

1. Has DCA issued the list of Rural Communities, that is referred to in the QAP as being “Exhibit B of Appendix II”? We have not been able to find it – if it has not been made available yet, when should we expect that?

Response: The list of Rural Communities has been posted to the website.

2. The QAP states that you can score points if your project is located “within the boundaries of a Local Government” in which a deal has not been funded. I was wondering what the definition of a “local government” is. We are looking at site and it not clear whether the local government would be defined as the county or the city.

Response: Local Government is defined in the 2009 Qualified Allocation Plan as the controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located at the time of Application (e.g., city council if within the city limits, or county commission if in an unincorporated area).

3. I am trying to get more detail about how to qualify for the 3 redevelopment plan points. Is there a list of specific requirements more extensive than what is in the QAP?

Response:

Choice #1: The Georgia Redevelopment Powers Law, O.C.G.A. § 36-44-1, et seq., provides means for the redevelopment of economically and socially depressed areas through the creation of tax allocation districts by political subdivisions. The statute is explanatory. Choice #2: The Georgia Urban Redevelopment law, O.C.G.A 36-61 gives cities broad powers to redevelop blighted or threatened areas of the community. It allows communities to use eminent domain to buy and assemble property for revitalization and resale. It does not require a referendum. It can be implemented either by a Downtown Development Authority (DDA) or a Redevelopment Authority appointed by the city. It encourages involvement of private enterprise/public private partnerships to redevelop neglected areas of the community. Choice #3: Local Redevelopment Plan is the same as previous years. Both statutory Redevelopment have specific processes that must be initiated for that type of Plan.

4. Has the Real Estate Schedule required by the Tier I developer instructions been posted to the website yet? If so, can you tell me how to get it? If not, do you have an estimated time that it would be posted?

Response: The Real Estate Schedule will be posted on the DCA website by the application workshop (February 12th). DCA will be sponsoring a

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Performance Workbook Roundtable that will discuss the Tier 1 Developer. The dates of the roundtable will be given out at the Application Workshop.

5. Will there be an environmental workshop soon? I have not seen any notice of one.

Response: There is no environmental workshop currently planned for this calendar year. If you have any questions regarding DCA's environmental requirements, please contact the OAH's Legal Unit at 404-679-3156.

6. I noticed in the draft QAP there is a developer qualification requirement, is this correct? When is the date and requirement for submission?

Response: There is no set date for the developer experience qualification. The 2009 Performance Workbook will need to be completed and submitted on or before application intake date for participation in the 2009 competitive round. For bond applications, the Performance Workbook can be submitted with the bond application. The 2009 Performance Workbook will be posted to the DCA website no later than February 12, 2009.

7. This email is concerning the requirements for a Tier 1 developer in the "final draft" of the QAP. The question we have is in regards to the 400 Georgia Affordable Housing units that have been awarded credits in the last seven years and placed in service by January 1st of 2008.

Due to this wording, we are seeking additional clarification. Obviously projects awarded tax credits in the 2008 round would not qualify under this definition (and it is highly unlikely that projects awarded credits in 2007 would have placed their projects in service by January 1 of 2008.

Therefore, we are concerned as to what the required time period is for meeting this 400 units within the last seven years rule. Is it going to be only projects awarded from 2001 to 2007 or some different timeframe.

Your assistance is greatly appreciated. We are trying to determine if we qualify as a Tier 1 developer before we start the task of gathering all the required documentation for submission to DCA for consideration of a Tier 1 designation.

Response: The 400 units of Georgia Affordable Projects only includes projects allocated funds in the year 2000 or later. All projects also must be placed in service prior January 1, 2008.

8. The QAP Core, Section 7 states developments that incorporate a high degree of sustainability components into their design, may be eligible for a 20% developer fee by submitting a pre-approval request but Exhibit A in the QAP Core refers to a 30% developer fee for sustainable rural. Can you please clarify?

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Response: The QAP Core, Section 7 is correct. Exhibit A should read: Pre-Approval of 20% Developer Fee for Sustainable Development.

9. According to Exhibit A, the pre-application for 30% Boost for Green Building is due April 16, 2009. Are all pre-application for the State Designated 30% Basis Boost due at the same time?

Response: Yes, all pre-applications for the State Designated 30% Basis Boost are due on April 16, 2009. Please note, there is not a pre-application form. Pre-applications should be in a narrative in accordance with the pre-application instructions.

10. The 2009 QAP (page 6 of 26) states that wetlands within a 100 feet would be "undesirable"; however, new wetlands constructed as part of storm water mitigation are exempt. If a stormwater retention pond were constructed approximately two years ago and is stocked with fish, is DCA going to make this exempt or undesirable?

Response: This question deals with undesirables scoring. Please note that DCA cannot answer scoring questions in Q&A. However, we can offer further guidance on the policy behind the undesirable category. The 100 foot buffer is intended to discourage proposed new construction within the perimeter of a wetland or stream area. Applications that propose the rehabilitation of properties without adding any square footage that encroaches on the 100 foot buffer of such wetlands or streams would typically be exempt from this criterion. The burden of proof that any existing body of water is not a wetland under the jurisdiction of USACE, a state water under the jurisdiction of the Georgia Environmental Protection Division, or an area of special concern identified by state or local rule is on the Applicant. Because documentation that is submitted after the application due date cannot be considered for scoring, Applicants are directed to included any such documentation as part of the application submission.

11. On the upcoming round re: Tier 1, we have an unusual situation with the sale of our GP interests last summer. However, we'll be judged on the requirement that we STILL OWN at least 4 properties which were developed within the last 7 years. We DID retain a 25% GP interest in 6 properties (all built within the past few years) totaling about 1200 units. I know we'll still need to submit a pre-application for formal determination, but will DCA be able to interpret that 25% ownership on those properties as "still owning" them, for purposes of Tier 1 requirements? (We still own 100% GP interests in 5 other tax credit properties – 2 in TN and 3 in GA – but they were all built more than 7 years ago.)

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Response: DCA does not currently require a minimum percent ownership interest in the General Partnership in order to qualify for "ownership" for Tier 1 purposes. However, this was an oversight and will be correct in future QAP's. DCA's intent is to consider only those owners that have demonstrated long term, continuous, controlling ownership and to eliminate short term merchant developers.

12. To score points for 50% set aside units, do those units have to be IN ADDITION to 50% units set aside under HOME requirements?

Response: No, these units do not have to be in addition to the 50% units set aside under HOME requirements.

13. Also, we assume that a non-profit does not have to be a CHDO to get the points for non-profit ownership (or qualify for the non-profit set-aside), but the list of documents under that section of the scoring criteria does list CHDO docs as 2 of the required docs. Can you please clarify?

Response: No, you do not have to be a CHDO to qualify the non profit points.

14. The wording of the QAP in 2009 is slightly different than in 2008 when it comes to the requirement for exterior materials upgrades.

From 2009:

- For the rehabilitation of buildings that do not have existing brick or stone in excess of 40% (and are not eligible for historic credits), replace and upgrade the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces with brick or a product that provides a 40 year warranty.

My client's building (this is a full gut rehab, I should have started with that) is a very unusual crescent shaped single building with 163 units and is 4 stories tall. He does not want to put up Hardi board that will be difficult to install, but more importantly difficult to paint to replace the existing poorly installed builder grade vinyl. He is willing to install a superior siding basically a PVC (polymer) product (not a typical vinyl) manufactured by CertainTeed called Cedar Impressions. I believe your agency has seen info on this product in the past. At the bottom of this email is a link to the warranty for this product, it is fifty years. From the wording of the new QAP that would seem to be an option if the agency were to agree. What can I advise my client as to this option?

Response: You must submit the 2009 Architectural Standards Waiver form under the Design Options Pre-Approval section. You will not be required to submit the waiver fee, but you must submit the product data, including

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product warranty information, as back up to the waiver from for DCA pre-approval.

15. What do you need to submit for the Master Planned Community pre-approval?

Answer: This was included in error in this Section. There is no pre-approval process for Master Planned communities. However, please refer to the scoring criteria which states that master planned communities must be submitted in the Application, along with site control and total project concept information (VII. Phased Developments / Previous Projects, A. Phased Developments).

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1. The language below is in the 2009 QAP regarding the Phase I. After reading it again, you could interpret it to mean that if your current Phase I is more than 6 months old, then you need to get a NEW one. For 4% deals that we're working on (that we started pre-2009 QAP), the idea has been to get an update; do you think that would still work?

"The Phase I (and Phase II where required) Environmental Study must have been conducted within six (6) months of the Application Submission. If an Environmental Study was completed prior to this six-month period, a copy of this earlier Environmental Study (and any others that are available) must be included in the Application along with a new Environmental Study."

Response: Generally, if the original Phase I report is between one hundred eighty (180) days and one (1) year old at the time of Application submission it can be updated. An update is allowed in this circumstance when the Phase I was done according to the requirements of the ASTM 1527-05 standards and the current Environmental Manual, which adopts these standards. Under no circumstances may Phase I reports greater than one (1) year old be submitted to DCA, except as part of the review of previous environmental reports in Section 5.5.7 of the Phase I Report, even if an update for the Phase I is conducted. If the Phase I was done prior to this time period, then a new study that meets ASTM 1527-05 and the Environmental Manual must be conducted (i.e., Phase I Reports performed in accordance with ASTM Standards E 1527-97 or E 1527-00 may not be "updated" to meet ASTM 1527-05 requirements).

Please note that DCA reserves the sole right to require an update of any Phase I which is equal to or greater than one hundred eighty (180) days old at the time final approval of any Application is granted or at any time prior to commencement of construction if additional information regarding an environmental issue is discovered.

Please see the 2009 Environmental Manual, Section A, Phase I Requirements, Subsection Nine, which sets forth all DCA updating requirements for Phase I reports.

2. Currently, there are several projects in various cities that are on DCA's waiting list for 2008 credits should a 2008 awardee not be able to syndicate their project. How will the waiting list projects affect the previous projects points for the 2009 round? If one on the waiting list projects received an allocation prior to the May 21st application deadline how would the previous projects points be treated for that particular municipality?

Response: DCA will either award credits or release waiting list projects by April 16. The final list for previous project points will be published at that time.

3. A Signature Community boundary can include multiple cities within a county. Will DCA allow a signature letter from each City to count for points?

Response: Each community may issue only one letter for one project. If more than one letter is issued, no project in the community shall be awarded points. Although a project may be located in more than one area that is eligible for points

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under the DCA Community Initiatives section of the QAP, only one point will be awarded.

4. If a project is an adaptive reuse with new construction, what will be the construction contingency required / allowed by DCA?

Response: If a project is an adaptive reuse with new construction, the construction contingency amount for the new construction portion must be at least 5% but no greater than 7% of the total new construction hard costs; if the adaptive reuse is historic rehab, the construction contingency amount for the historic rehab portion must be at least 10% but no greater than 15% of the historic rehab hard cost; if the adaptive reuse is not historic rehab, then the construction contingency amount for the rehab portion must be at least 7% but no greater than 10% of the rehab hard cost. The applicant should submit a breakout between new construction hard costs and rehab hard costs in the determination of the construction contingency.

5. In the scoring section on deeper targeting a project can receive points for agreeing to set aside a certain percentage of the total number of units at 50% AMI. In the case where a project receives a HOME loan from DCA does the percentage of units set aside at 50% AMI need to be over and above the requirements for Low HOME units or can the requirements for HOME set aside units be satisfied by the deeper targeting in the scoring section?

Response: Units utilized to meet HOME or NSP requirements may also be utilized for 50% AMI points.

6. When will DCA publish the list of previous projects and the jurisdictions where points can be awarded as has been done in previous years?

Response: April 16.

7. Does a site that contains a church that is no longer in use qualify as a grayfield site as it is a non-residential use?

Response: DCA cannot answer scoring questions in Q&A. However, a church would qualify as non-residential use. Please note that per Scoring section IV.F., in addition to meeting the criterion for non-residential vacant, abandoned, or 90% unused, the existing associated parking areas must be in excess of 25% of the proposed developed area of the site.

8. The QAP gives the following instructions for experience determinations- where can this form be located? "Requests for experience determinations may be submitted prior to Application in the sole and absolute discretion of the Applicant. For experience determinations, the Experience Submittal Form should be completed in accordance with the Performance Workbook"

Response: The Performance Workbook is available on DCA's website.

9. Is the 2009 Market Study Manual available at this time? If so where on the website can I locate it?

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Response: The 2009 Market Study Manual is available on DCA's website.

10. Can cultured stone be used on the exteriors in place of real stone or brick?

Response: Waivers for variances from any architectural standard in the Architectural Manual must be submitted at pre-application for final approval. DCA is not opposed to innovative materials if supporting documentation meets or exceeds industry and DCA's minimum quality standards.

11. Is the prohibition on stucco applicable if it is only used on decorative appointments on the exterior, ie gable facings?

Response: Purely decorative elements would typically be allowed to be stucco, subject to Step II design development document review by DCA's Architectural staff.

12. Flat roofs are prohibited by the manual. However, we are building in an historic area which has predominately flat roofs and we would like build a loft style building with flat roofs to match the surrounding architecture. Would DCA consider providing a waiver if we demonstrate this is the case?

Response: Please note the new guidance on flat roofs in the Architectural Standards manual page 10 of 24. There is some flexibility in roof profile for design context or the use of green building elements. A waiver request should be submitted at pre-application for final approval.

13. If we cannot get a waiver for flat roofs can we use metal roofs and get a waiver to allow the pitch of the roof to be lower than those outlined in the OAH Manual?

Response: There is some flexibility in roof profile for design context or the use of green building elements. A waiver request should be submitted at pre-application for final approval.

14. The City has a minimum parking ratio of 2 parking spaces per unit but they allow on-street parking in front of the proposed new construction to be counted in determining compliance. Will DCA accept on-street parking as well, if it is allowed by the City?

Response: DCA will typically defer to city zoning requirements. However, proof of such zoning requirements must be submitted in the application under the Threshold Zoning section.

15. In Exhibit A of the QAP Core, the Alternate Financing Deadline shows 8/15/09, which is a Saturday. Is this correct?

Response: It should be Monday, August 17, 2009 as stated in Threshold Criteria, page 4 of 49.

16. If a City and County government are consolidated, but the City limits do not encompass the entire County, can Previous Participation Points be taken in the County if the only projects that have been funded in the past three or four years are in the City.

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Response: If the project is located within the jurisdiction of the City, DCA will look at previously funded projects in that City. If the project is located in an unincorporated section of the County, then DCA will look at previously funded projects in the unincorporated area of the county.

17. Can one apply for DCA HOME funding AND NSP funding on the same project?

Response: Yes. However, DCA will be reviewing the project carefully to ensure that the project is not over subsidized. Please note that while requests for multiple funding sources is not prohibited, the risk analysis formulated by DCA may place double requests for funding at a competitive disadvantage.

18. Local HOME funding is not included in the Leveraging of Resources point category, but local CDBG funding and local NSP funding is. Is local HOME funding eligible or not eligible for points under the QAP Leveraging of Resources section?

Response: Only DCA HOME loans are eligible for points in the Leveraging Resources Section. HOME funds from other sources can be used in a project but are not eligible for points under the 2009 QAP.

19. Can an experienced Owner/Developer be an experienced consultant to an Owner/Developer with only one project, AND an experienced JV partner with a totally inexperienced Owner on another project, while doing its two projects under its own Owner cap.

Response: Yes. Applicants will be limited to direct or indirect Ownership interest as set forth in the Core Plan. Consulting, a third party relationship, is not considered a direct or indirect interest. Specifically, an Owner may partner or consult with an inexperienced unrelated entity for purposes of the inexperienced unrelated entity meeting DCA experience requirements pursuant to Threshold Experience requirements outside of its cap. The Owner is limited to one (1) additional project under this exception. The partnership with the inexperienced Owner on another project will be counted towards the cap as this is a direct ownership interest. If this project is submitted along with the other two projects proposed, then three projects will be evaluated under the cap.

20. What documentation will need to be submitted to substantiate that a community is a Stable Community?

Response: The criteria for these points are based on statistics found in the FFIEC Census Report (see web address in QAP). At a minimum, copies of the pertinent pages that prove the census tract in which the project is located meet the criteria should be included in the application. DCA would recommend that you summarize the information in the comment section of the Application.

21. Will the executed Program Orientation document along with the "EarthCraft Communities baseline worksheet and report" which will track decisions made during the orientation and organize next steps to enter into the EarthCraft Communities Program be sufficient for the Sustainable Communities points?

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Response: No, the Program Orientation phase does not make the project eligible for the points under Sustainable Communities. In order to get the 6 points for an EarthCraft Community, the OAH Application must include an executed Memorandum of Participation from EarthCraft. The Program Orientation process does make the project eligible for the 30% basis boost, provided increased costs/need for boost is documented. The difference in these two documents (Program Orientation and Memorandum of Participation) is a level of design consultation by EarthCraft and financial commitment by the developer.

22. What is the HOME Pre-Application Fee? Exhibit A and the Pre-Application Forms say \$500 for for-profit and \$1000 for non-profits.

Response: This is not correct. The fee is \$500 for each pre-application for HOME funds and must be submitted with the pre-application request. The only fee due on application day, May 21st, will be the tax credit fee.

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1. On slide 44 (page 15 of the handout) presented at the Workshop last week states “An Energy Consumption Model allowance calculated by a qualified professional or engineer” is one option for determining the utility allowance. The slide further states that the “Engineer must be approved by DCA”. Does DCA have a list of approved qualified professionals or engineers? If so, where can the same be found. If not, will one be posted in the near future?

Response: Prior to using an “energy Consumption Model” the entity preparing this model must send to DCA a detailed summary of their experience, copies of licenses, resume and several references. DCA will review this material and will post a list of “qualified” professionals and licensed engineers on the DCA website. DCA has not received any requests for review of any professional or engineer.

2. At the Workshop, someone mentioned that DCA was working with Ft. Benning to determine if the installation met the requirements to have the Basic Allowance for Housing (BAH) not count as an income source. Does DCA have an estimate for when the determination is made, will DCA post the same on its website?

Response: Ft. Benning did not meet the requirements for the Basic Allowance for Housing (BAH) to be exempted from income calculations.

3. For an adaptive reuse project where a building is going from a nonresidential use to housing, can the architect do the Physical Needs Assessment? In this type of project generally all systems and devices are going to be replaced and there really is no detailed “unit by unit” assessment necessary or possible. DCA has allowed the architect to provide this in the past.

Response: Although allowed in the past, the architect will not be allowed to perform the Physical Needs Assessment when any rehabilitation, including adaptive reuse, exceeds 25% or more of the total project unit count regardless of intended work scope. The Physical Needs Assessment must be performed by a third party who is not related to the owner, developer, contractor, or project architect. However, the architect may perform the Physical Needs Assessment when the rehabilitation does not concern residential units or is less than 25% of the total unit count.

4. The new undesirable characteristic category of development within 100’ of any water or wetlands would seem to have a negative effect on many possible preservation or redevelopment sites. If a project has an existing improvement, building, driveway, parking, etc that falls outside of any state or local jurisdiction buffer, but within this new limit, will it also be penalized or is intended for just new improvements?

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Response: Please refer to the response for question #10 in General Q&A Posting #1.

5. Please clarify the following concerning applications for the Supplemental Pool set-aside: Do we need to supply DCA with the normal 1 original and 2 copies (one in a banker's box) for these applications?

Response: Yes, 3 copies will be needed to review the application.

6. With regards to the 3 points for Historic Designation the QAP says:

"Three (3) points will be awarded if buildings on the project site are listed individually in the National Register of Historic Places in accordance with SHPO requirements"

We are being advised by our historic consultant that "a building in a historic district is considered to be listed on the national register if it is acknowledged by the National Park Service in a Part 1 - Evaluation of Significance to contribute to the significance of the district itself and is identified as a "certified historic structure" for the purposes of rehabilitation which approval requires the GADNR - HPD to have recommended the preliminary determination be made by the NPS." Question - Will a Part 1 application approved by the NPS and supported by the GADNR-HPD recommendation letter be adequate evidence for DCA to confirm that the property is eligible for the 3 credits? If not, what other documentation will DCA require to award the 3 points?

Response: Three (3) points would only be awarded if the documentation supports that the proposed project site is already listed with the National Register of Historic Places (NRHS/NPS). The required documentation to receive the three (3) points is the NRHP/NPS listing for the project site. If not, then one point (1) will be awarded for projects that are potentially eligible to be listed because they are located in a "registered historic district" or buildings that are located in a potentially eligible district. The Evaluation of Significance application from National Park Service and the supporting approval letter from Georgia Natural Resources and Historic Preservation Division documentation would be sufficient to receive one point.

7. Can you clarify Threshold Criteria #25 – Georgia Housing Search – and outline the steps involved?

Response: GeorgiaHousingSearch.org is a FREE online listing and locator service for affordable rental housing that provides renters and landlords with a streamlined resource to find and post available housing units.

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GeorgiaHousingSearch.org is not maintained under the direction of the Georgia Emergency Management Office (GEMA). The Georgia Department of Community Affairs, in association with the United Way of Metropolitan Atlanta, maintains this service. However, the website is utilized by other Georgia agencies for housing placement opportunities, including GEMA, Georgia Department of Labor, Georgia Department of Community Health and Georgia Department of Human Resources.

The listing requirement is satisfied by the following:

- Register on www.GeorgiaHousingSearch.org or call 1-877-428-8844.
- List all DCA funded properties on system; indicate status of unit(s).
- Property providers will be notified via email or phone to refresh or update properties bi-weekly.
- If no activity is detected (system logon) within 30 days of notification, property is disabled and is no longer available to search. A disabled property is considered non-compliant with listing requirement.
- DCA will verify participation on system.

For more information, please contact Sheila Barry at (404) 679-4855 or sheila.barry@dca.ga.gov.

8. Typically, Housing Authorities are run by a Board of Commissioners and those members are reluctant to provide personal financial statements as representatives of government entities. If a local Housing Authority meets all the criteria as stipulated in the Tier 1 requirements set forth in the DCA application for determination will the financial statement and credit report of the Authority suffice?

Response: Members of public housing authority Boards of Commissioners will not be required to provide personal financial statements or credit reports. Assuming that the Tier One Applicant is the PHA, the PHA will have to follow the financial requirements specified in the QAP and supplemental guidance provided. If the PHA provides a consolidated financial statement, it will also need to provide a corresponding consolidating financial statement. PHA's need to be careful to clearly disclose restricted cash and liquidity.

9. If an identity of interest exists between the developer, general partner and land "seller" but the land is being contributed by the "seller" to the partnership at no cost (or minimal cost , i.e. \$10) is an appraisal still required? We anticipate requesting OAH HOME funds as a component of the finance structure. Would that necessitate an appraisal?

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Response: An appraisal will not be required for purposes of determining the value of the subject site at acquisition and need not be submitted with the application assuming the seller contributes the land for a nominal amount. However, if HOME funds are awarded an appraisal will be required during the underwriting process to determine the value of the project as completed, future value (if applicable), and the value of tax credits (if applicable).

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1. A Tier One entity has 100% ownership in both the General Partner and Developer entity, but it has to give a portion of the developer fee to the land owner, please confirm that the Tier One Entity is still entitled to the 3 points under QAP Section II, Appendix II.

Response: There is no requirement that the Tier One Entity receive 100% of the developer fee on any specific project. Points are awarded for receiving Tier One designation, not on any project specific data.

2. If a "PJ" allocates HOME funds as part of its entitlement and the applicant is a non-profit may they also apply for DCA Home funds?

Response: No.

3. If an Entitlement Area has NSP funds can an applicant also request NSP funds from DCA?

Response: I am assuming that you are asking whether a project located in an entitlement area that received funds directly from HUD can also apply for flexible pool funds from DCA. If that is the case, then the answer is yes, if the project is located in an area of need of at least \$100,000 according to the NSP Substantial Amendment, Appendix 2.

4. On page 11 of 49, the QAP states: "...DCA will not generally select a proposed Application for an allocation if a project awarded an initial allocation of credits between 2006 and 2008 is located in close proximity to the proposed site and serving the same population (Family and Senior)." Please confirm that Family is a different population from Senior/HFOP. In other words, a HFOP Application would not fail threshold because of a nearby 2007 Family development in the same local government jurisdiction.

Response: Correct. Family and Senior are different market segments

5. One of the sites we are studying is in a Historic Overlay District. Due to these standards we are considering providing a parapet at the elevations, in front of a sloped roof behind. We would like to ask if this approach would be considered as meeting the sloped roofing requirement or if we need to apply for a waiver for this.

Response: Please refer to responses in Posting number 2; questions 12 and 13.

6. We noticed in Section X for nonprofit points that CHDO documents are listed as part of the required documentation, however, the language for the points does not indicate that CHDO status is required to qualify for either one(1) or two (2)

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points. Do you have to be a DCA CHDO in order to receive either one (1) or two (2) points in Section X for nonprofit points?

Response: No, you do not have to be a CHDO to qualify for nonprofit points. However, CHDOs should submit the additional documentation applicable to CHDOs.

7. Has DCA considered revising the 2009 Threshold Requirement for Preliminary Equity Letters from Syndicators. In light of the difficulty of getting syndications done in the current environment, many syndicators are unwilling to provide any form of commitment for the 2009 application round.

Response: No. A project that cannot obtain even a preliminary commitment for equity is unlikely to be successful in obtaining financing within the QAP timeframe.

8. Is there specific language that needs to be included in a Community Development Block Grant commitment? Would DCA consider posting a sample commitment?

Response: The commitment, at a minimum, needs to identify the borrower/award recipient, the amount awarded, the project (including the project's name, address/location and number of units), the interest rate, the terms, the payments and the expiration date of the commitment. The commitment should also identify any other conditions of the award. Please note that, if the source of fund is from an entitlement that received both HUD funds and NSP funds from DCA, then the funds need to be identified as HUD or DCA funds. Failure to make this distinction will result in the nonaward of points. DCA does not post a sample commitment.

9. We have been approached by a non experienced developer to partner with them but we are already over our award allocation. Please clarify that according to the Maximum Ownership Interest Exception, we are eligible to submit a 3rd application with the inexperienced Developer and not be over the cap award limit under this exception?

Response: Yes an experienced owner may submit one additional application where (s)he will partner or consult with an inexperienced unrelated entity for purposes of the inexperienced unrelated entity meeting DCA experience requirements or serve as a developer in a project in which (s)he has no ownership interest.

10. On page 4 of 26 in Appendix II, a Tier One Entity (must have) a 100% ownership interest in both the General Partner and Developer entity. On page 41 of 49 in Appendix I, Tier One determination may be met through the individual experience of one of the Entity's principals. We plan to submit an application in

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which the developer entity is owned by members (individuals) and the single purpose owner entity is owned by a "managing member" entity. The same individuals will own both the developer and managing member entities. Please confirm that this structure can be used for Tier One designations.

Response: The QAP states that a Tier One determination maybe requested by any legal organized entity. That Tier One entity must have 100% interest in both the development entity and the corporate/LLC entity to obtain Tier One points.

11. Are handicap showers required at 2% of the total units or just 2% of the handicap units? In the units with handicap showers do all bathrooms need a shower or just one?

Response: Roll-in showers are required in 2% of the total units. However, these roll-in showers must be placed in the 5% of units that are already required to accessible to the mobility impaired.

12. If an applicant submitted an application in 2008 which included a noise assessment, would this noise assessment need to be "updated" for 2009? Or, assuming no major development has occurred in the project location, would the applicant be able to resubmit the 2008 noise assessment?

Response: As with a Phase I report, which must be updated if more than six months old, a noise assessment must also be updated.

14. Below are a few questions I am hoping someone can answer about meeting the requirements for Tier 1 designation:

- a. In order to qualify as a Tier 1 developer and meet the 400 or 600 unit requirement for experience will 4%/rehab/bond units count towards this requirement?
- b. In Appendix 1 it states that "not less than the greater of \$100,000 or 3% of uncompleted project hard costs is presumptive of viability". What is the definition of "uncompleted"? Does this mean projects under construction only or does this also include projects that are moving forward but have not yet closed or begun construction?
- c. How will DCA determine the 400 or 600 units that will count towards meeting the Tier 1 experience requirement? Will projects entered in the yellow boxes of the Compliance History Summary be the projects used towards meeting this unit requirement or will all projects entered on the CHS that have been developed in the last seven years and PIS by January 1, 2008 be used? Please clarify the projects that should be entered in the yellow boxes (Rows 1-4).
- d. In Appendix 1, #9 on p. 43, it states that audited financial statements for projects that the entity is utilizing to establish experience must be

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provided. Does this mean all projects entered on the CHS or just those projects entered in the yellow boxes on the CHS?

- e. Please clarify that it is the agency, not the applicant, that will order the Dun & Bradstreet report? The applicant is responsible for ordering a credit report, correct?

Response:

a. Yes

b. Projects under construction/rehabilitation and projects scheduled to close within the next 12 months. This data is to be provided in the Real Estate Schedule.

c. DCA will primarily determine the number of projects/units “successfully” developed from the data entered in the Performance Workbook, Part VI – Tier One Applicant Performance Questionnaire. However, DCA reserves the right to perform due diligence and request additional information in its sole discretion should it determine that additional verification is necessary to confirm that the information provided is accurate.

d. It appears that the question is referring to #10 on p. 43 rather than #9. Financial statements must be provided on projects that comprise the projects/units indicated in the Performance Workbook, Part VI – Tier One Applicant Performance Questionnaire for the purpose of meeting the projects/units “successfully” developed requirement.

e. Correct – DCA will procure the Dun and Bradstreet reports and the Applicant is responsible for providing a current credit bureau report from one of the three major credit reporting agencies.

15. One of our clients wanted further clarification for "nearby" as it pertains to the schools, parks, and recreation in Part A of the Home/HUD form. The same question as it pertains to "proximity" in Part A as well.

Response: The site should be reasonably accessible to shopping centers or neighborhood stores, sources of employment, with the parks, and to schools, if families with children are anticipated. DCA is unable to provide an exact mile radius number.

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1. It has been our assumption for this year, that like previous years, DCA HOME funds are available for projects sponsored by CHDOs and/or not in PJs. This has allowed CHDOs to use DCA HOME funds in PJs, when needed by a project. On pg 36 of 57 on QAP Core, it states that one of the criteria for evaluating HOME funds applications is "Projects located in a "PJ" are not eligible for DCA HOME funds."

Could you please confirm if DCA HOME funds are available to be applied for by CHDOs for a project in a PJ?

Response: Section 9.2 of the Core QAP (Selection Criteria for Consent) states that projects located in a PJ (Participating Jurisdiction) are not eligible for DCA HOME funds. Therefore, Applicants that are developing projects located in a PJ can not obtain DCA HOME funds for project development. All HOME loan consent requests for projects located in a PJ will be denied.

2. Can you clarify for me regarding the Tier 1 Developer? It states successful ownership and development of no less than either 400 Georgia affordable housing units located in a minimum of four projects or 600 affordable housing units located in a minimum of six projects. Does this mean all units must be in Georgia or affordable housing experience in general?

Response: The requirement for "400 Georgia affordable housing units located in a minimum of four projects" refers to units/projects located exclusively in Georgia. The requirement for "600 affordable housing units located in a minimum of six projects" refers to units/projects located in any state. In other words, if you have successfully developed and own 400 or more affordable units in at least 4 projects located in the State of Georgia, you qualify under this criteria. You can also qualify under this criteria if you have successfully developed and own 600 or more affordable units in at least 6 projects in multiple states, some of which could be in Georgia.

3. I read the QAP and I understand it to say that effective 01/01/09, a Performance Workbook must be completed for each Owner/Developer and Manager, however just below that it says entities and/or principals that were deemed experienced for 2008 **do not** have to complete a new PW if there are no changes. Then below that it says the owner and/or entity must resubmit all of the documentation required pursuant to this section and obtain a new decision as to whether they meet DCA's experience and capacity requirements.

So does this mean that all entities/principals/owner/developer/manager must submit new information for experience to be put on the new Experience list?

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Response: If you were deemed experienced in 2008 and there are no changes, then a new experience determination does not need to be submitted. However, if you are interested in Tier One, you must complete the required Tier One documentation. If you were not deemed experienced in 2008 and have not completed the new performance workbook then you do need to complete the workbook and obtain a new determination.

4. Regarding the points for desirables and undesirables, can you obtain more than ten points for desirables and then subtract the total points for undesirables? For instance, if I had a site that had 13 desirables and 3 undesirables, would I be able to claim a net of 10 points under this point category, or would I only be allowed to claim 7?

Response: You can only claim a maximum of 10 points for desirables. Undesirables will be deducted from this maximum of 10 points.

5. Will you be posting the Tier One Liquidity Calculation & Certification form? Is this form required for 4% deals?

Response: The Tier One Liquidity Calculation & Certification form is part of the Performance Workbook that can be found posted on the DCA web site.

The Tier One concept applies only to 9% tax credit projects. The only benefit in obtaining Tier One designation is the right to claim 3 points for one 2009 9% application. Since 4% applications are not competitive and are not scored the Tier One designation is not relevant to those applications. The Tier One designation is given to an entity, not a project or projects.

6. I have a question about the new requirement that the Site Plan **must** be to scale. That will incur significant expense, because the way I read this requirement, it is requiring a survey. Additionally, Section II.A.4.a. of the Environmental Manual requires the Site Plan to show facilities and streets within 50 feet of the Site. Many existing boundary surveys do not show past the boundary line. What is DCA looking to accomplish with this information? Can it be an approximate scale?

Response: It is not DCA's intent to require a survey. However, the site plan must be a reasonable representation of the scale of existing site conditions and adjacent facilities and streets. DCA uses the Site Plan to aid in review of both the Phase I Environmental Site Assessment and in the DCA site visit. It should show the physical location of the property, adjacent land uses, and geographical features that are discussed in the ESA. The information provided by the environmental professional is integral to the conceptual site plan prepared by the architect. The boundaries of any geographical features such as floodplains, wetlands,

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and state waters must be discernable in relation to the project development boundaries.

7. Are there any guidelines or minimum criteria to meet the minimum requires of item 5a on Exhibit A to Appendix I? Would you accept vinyl siding, wood doors, plumbing fixtures, hot water heaters, etc?

Response: Item 5a on Exhibit A to Appendix I reads “Pre Construction: Posted and enforced job site waste management plan--recycle 75% of 3 materials; provide DCA with management plan with Step II documents.”

You can find further guidance on this item in the EarthCraft House Guidelines page 35 under the heading “recycle construction waste” available online at http://www.earthcrafthouse.com/documents/ech_tech-guidelines-complete.pdf. Typical materials for this option include: wood, shingles, drywall, cardboard, metal, plastics. Other materials may be considered but must be detailed in the plan that you submit (referenced in 5a). Please also reference the NAHB Research Center (www.nahbrc.org) publication entitled “Residential Construction Waste Management: A Builder's Field Guide.”

8. I have a few more questions. This time about the Tier 1 Real Estate Schedule:

- a) Please clarify the information required in the column called “GP % of Sale/Refi”.
- b) Please confirm that all lenders, not just the first mortgage holder, are required to be listed in the column “Permanent Lenders in Order of Priority”. If subordinate loans do not require hard payments, must they be listed?
- c) In the instructions it says that for properties with one full year of stabilized operations to use the most recent audited numbers, but unaudited numbers can be used for properties without an audit. Can unaudited numbers be used for properties that receive audited financial statements, but do not yet have the completed 2008 statement?
- d) Are completed/converted properties the only properties that are not required to list TDC and Hard Cost to Complete?

Response:

a) The “GP % of Sales/Refi” refers to the percent of sales proceeds and/or refinancing proceeds that the general partner will receive in the event the subject property is sold or refinanced. This is typically found in the Limited Partnership Agreement if the owner is a limited partnership or the Operating Agreement if the owner is an LLC.

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b) All lenders/debt should be disclosed. If there are multiple lenders, show the senior lender first and junior lenders on rows below the senior lender. All loans should be disclosed, even if soft debt paid out of cash flow and/or on an accrual basis. All mortgage debt encumbering a property must be disclosed. If an explanation is required for soft/cash flow/accrual debt you may attach an explanation and/or a copy of the note. When in doubt disclose in detail as DCA will have limited time for due diligence.

c) Yes. If the property has only one calendar year of stabilized operations and the audit report has not been completed, an unaudited financial statement will be accepted. However, if the audit report is close to completion and a preliminary copy is available, it should be submitted along with the unaudited. Obviously, DCA will place greater weight on audited financial information than on unaudited financial information.

d) Yes with the following caveats. If a project has been substantially completed and/or converted, but still has hard cost to be disbursed (punch list, holdbacks, etc) the unfunded cost should be disclosed. Also, if a completed and converted stabilized property is undergoing material rehabilitation to be funded out of a reserve for replacement, it should also be disclosed with explanation. DCA is basically looking to determine the total amount of undisbursed construction/rehab hard cost across your existing portfolio of projects and those expected to commence in the next 12 months.

9. DCA is accepting pre-applications this year for HOME Loan selection and approval to use the State Designated 30% Basis Boost. Per the 2009 QAP, the 30% basis boost will be considered if the project meets one of several criteria, one of which being "DCA HOME projects or small rural projects that can reduce debt to increase the ability to syndicate credits." What if a project needs to request pre-application approval for both an allocation of HOME Funds and the State Designated 30% Basis Boost? Will there be a chance to amend our pre-application submittal if one or the other is not granted, or will this be an "all or nothing" submission where both or neither would be granted?

Response: Yes an applicant may change an application submitted in the pre-application process that is denied the request. The purpose of the pre-application process is to allow an applicant the opportunity to apply in advance of the funding round, therefore, giving the applicant a competitive advantage in that the application may be changed in the event the application is denied in the pre-application process. With respect to the HOME consent request and the 30% Basis Boost, Applicants that are not awarded a HOME loan consent or the 30% Basis Boost will have the opportunity to restructure their Application and submit on or before the complete round deadline (May 21,2009 at 4:00PM).

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10. I recently attended a workshop put on by the Federal Home Loan Bank about the AHP program. Now that FHLB have gone to one offering per year, the AHP applications are not accepted until 2nd quarter and awards will not be announced until December. Therefore, the AHP timeline does not synch with the DCA tax credit award timeline. If an applicant obtains a commitment from a local government for \$500,000 in CDBG funds and submits that with the tax credit application, but then also submits an AHP application for \$500,000, could the AHP funds, if awarded, be substituted in place of the CDBG funds prior to closing the project? Both are worth 1 point. If the AHP funds are not awarded, the local government would still be committed to keeping the CDBG funds in the deal.

Response: DCA will require the applicant to maintain the CDBG funds even if AHP funding is awarded at a later date, as the CDBG funds provide one of the most favorable financing a project could receive. The AHP funds, if awarded, can be used to replace other funding in the project. The Applicant will need to submit a revised pro forma showing all sources of funding and DCA will determine whether any modifications will need to be made to the resources allocated to the project.

11. We are interested in submitting a LIHTC development opportunity in 2009 for a site. I had an opportunity to review the QAP and noticed something relative to tiered developers? Was there a submission that we missed? Ohio has a capability submission where they rank the developer based upon experience, financials, etc.

**Response: Please refer to (1) the 2009 Qualified Allocation Plan , Appendix I, Section 19, (2) the Performance Workbook and (2) the Application Workshop Power Point presentation, all of which have been posted on the DSC web site.
(<http://www/housing/HousingDevelopment/programs/QAP2009docs.asp>).**

12. Master Planned Community is included in the listing of Waivers and Pre-Approvals that may be submitted prior to the Application found on page 36 of 57 of the QAP Core Plan. On page 15 of 26 of the Scoring Criteria, there is no mention of pre-approval being necessary to receive points under VII. A. Phased Developments. Neither Master Planned Communities nor Phased Projects are listed on the Pre-Approval/Waiver Submission Form. Can you confirm that it is not necessary to request Pre-Approval for Phased Projects and that the documentation, including a Master Plan, evidence of site control and the overall project concept are not required until Application Submission?

Response: Master Planned Communities may be submitted to DCA for preapproval but are not required to be preapproved. The documentation can be submitted in the Application. Please note that if you do not receive preapplication approval and insufficient information is provided in the

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application, you are not allowed to supplement and will not receive points. DCA recommends that you take advantage of preapprovals whenever possible in order to ensure that you receive all points that are applicable to your projects.

13. Regarding the Performance Workbook and completion of the Owner Performance Questionnaire. If there are more than two principals for the ownership entity, should each principal complete a questionnaire or is only one needed? If two questionnaires are needed, there is only one tab in the Workbook.

Response: Each principal should complete a questionnaire. The workbook can be customized, allowing you to create a second Owner Questionnaire within the workbook. Thus, all of the principals' information would be included in the electronic version of the workbook.

14. For Tier One, if the Applicant and each principal complete individual Performance Workbooks how should the electronic copies be labeled. The instructions indicate "2000-XXX – Project Name' Performance Workbook. How do you want the 3 workbooks labeled to identify them? In addition, we have multiple projects for which we will be using our Performance Workbook, how should the electronic labeling be formatted?

Response:

"2009-XXX – Project Name PW for <<Applicant/Principal Name>>"

One Pre-application binder should be submitted for each project for which *project specific waivers and project specific approvals* are being requested. When the binder(s) are submitted on or before April 16, 2009 the Applicant will be provided a Pre-application project number. This Pre-application number should be prominently displayed on the lower edge of the spine of the Application binder being submitted on or before May 21, 2009. If project specific waivers and approvals are contained in a Pre-application binder separate from that Pre-application binder containing the Performance Workbook for the associated team members, then the Application binder will require two Pre-application numbers to be prominently displayed on the lower edge the spine of the Application binder. All Pre-application project numbers that apply to a single project Application should be prominently displayed on the lower edge of the spine of the Application binder submitted in May.

15. If a wetlands or floodplain 8-step process was completed within the last one to two years and an evaluation is done to determine that no changes have occurred to either the wetlands/floodplain maps, site conditions, proposed

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building locations, etc, is it necessary to repeat the 8-step process for the 2009 application?

Yes.

16. The response to Question #6 in the QAP General Questions and Answers Posting #3 misses the procedural issues that the question was trying to raise regarding properties located within National Register of Historic Places ("NRHP") listed Historic Districts.

The response states that "The required documentation to receive three (3) points is the National Register of Historic Places (NRHS/NPS) listing for the project site." We are advised that buildings located within NRHP listed Historic Districts are not individually listed on the NRHP and are instead designated as being Contributing Resource to the Historic District and that being so designated is the equivalent to being listed on the NRHP. You will not find any individual buildings or sites located in an NRHP listed Historic District listed on the NRHP because procedurally buildings located within a Historic District are not individually listed.

Procedurally for a NRHP listed Historic District, the boundaries of the Historic District are identified and listed on the NRHP and individual structures are designated as Contributing Resources to the significance of the Historic District. This is the equivalent to being on the NRHP and should earn the three points. Please explain DCA's rationale for awarding three points to buildings on the NRHP but not to a Contributing Resource located within a NRHP listed Historic District. As per the QAP, regardless of the nature of the label used to identify a historically significant resource, the renovation of the structure must be completed in compliance with the requirements of SHPO to successfully complete the project in compliance with the DCA approved tax credit allocation.

Response: After evaluating this again, DCA is in agreement with your approach. The three points will be awarded if the materials mentioned above are included in the application.

17. If you have a development entity and a general partner entity that have a common individual principal, and you will submit for experience but also want to apply for the Tier One Entity, which entity or principal do you submit under? I am asking because the QAP states that the Tier One designation requires that the Entity (or its principal) meet the following: Successful ownership and development of 400 units in 4 projects or 600 units in 6 projects. Does this mean because the principal has both the ownership and development through them, that the principal will qualify?

Response: If the individual principal is a 100% owner of both the development entity and the general partner, and the individual principal

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has met the “successfully developed and owned” requirement through these entities or other entities, the individual principal would be the logical Tier One Applicant. If the individual principal is not the 100% owner of both the development entity and the general partner, the other owners must also receive Tier One designation due to the requirement that a Tier One entity, or entities, must own 100% of the development entity and the general partner. If a single individual, or a group of individuals, wholly own a development company which in turn will be, or will own, 100% of the development entity and general partner for a specific project, and the development company meets the requisite tests for Tier One designation, the development company might be the Tier One Applicant; however, all of the individuals must submit the Performance Workbook and submit the required Tier One information

18. For a HOME loan, what interest rate should be used if a project is located in a QCT in a rural area?

Response: HERA virtually redefined the definition of federal subsidy as it relates interest rates. Thus Section 7.2 of the QAP (Policies) specifically Loan Terms indicates the HOME loan terms. A rural project located in a QCT may utilize the interest rate prescribed in this section. For reference the interest rate on loans to finance projects located in areas designated as Rural pursuant to the definition defined in the QAP should be no less than 1% in years 1 through 7 and can be less than 1% in years 8 through maturity (in no case may the interest rate fall below .50%). In years 16 through maturity the interest rate may not fall below .25%. The construction period interest rate is 0%. Please note that DCA reserves the right to adjust interest rate based on the economics of the transaction.

19. Housing for seniors (62+) is exempt from the HUD requirements regarding lead-based paint. Does DCA also honor that exemption on buildings built before 1978, that house only seniors? Or would a Lead-Based Paint Inspection be required with the Phase I ESA?

Response: Lead-based paint inspections are required on all properties built before 1978, regardless of tenancy.

20. I am considering two projects in the same market area with the same tenancy in the upcoming round. There is a very strong market demand in the area. There is also a long waiting list at the one existing senior project in the area. The QAP seems to discourage submitting two projects in the same market. Is this an absolute bar?

Response: No. The QAP in the market study section states that DCA will “generally” not select such projects. However, this is not an absolute bar. DCA will look at these projects very closely to determine whether there will

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be any negative impacts on existing projects or on the lease up of each project if two are allocated. A very strong market study along with a more detailed analysis of any existing affordable housing in the area will be helpful in this area. If there are other extenuating reasons why both projects can be selected with no adverse market impact, DCA would also encourage you to submit that information. DCA may also determine that multiple projects in the same market area does not constitute a good allocation of resources over differing geographic areas for policy reasons. If this is a phased project, only one of the phases in the same round would be eligible for phased project points. While submitting two projects may put one at a disadvantage in terms of selection, it is not prohibited. DCA reserves the right to determine that the phases will not benefit the market or geographic distribution of resources.

21. DCA has established a minimum effective-gross-income-to-operating-cost ratio of 1.05 when analyzing the feasibility of non-debt deals. Has an upper limit been contemplated or established?

Response: No. DCA will closely scrutinize any non-debt deals to make sure that such projects/owners are not over-subsidized. Such analysis will be made on a case by case basis – we will examine, among other things, the ratio, cash flows and other benefits.

2009 DCA Qualified Allocation Plan General Questions and Answers Posting #6

1. I am looking for the weekly update as shown in the workbook instructions (see below):

A weekly update that will include a list of applicants and the agencies that have returned the form will be posted on the DCA site. It is the applicant's responsibility to monitor this list and to make sure all forms are received by DCA no later than April 16, 2009. A Pre-Application Compliance Score will not be issued until all forms are returned to DCA.

Response: This weekly update will not start until after the pre-application period starts (April 16th).

2. If we have a site located within a ¼ mile of the beltline project here in Atlanta can we receive the points for community transportation?

Response: DCA does not typically answer scoring questions in Q&A. However, the scoring criterion to which your question refers requires that projects be located within ¼ mile walking distance of an operating rapid rail transit station along paved roads, sidewalks, established pedestrian walkways or bike trails.

3. My question relates to sampling for lead in drinking water as required by the DCA Environmental Manual. Page 26 of the manual (attached) indicates that sampling should be conducted in accordance with the EPA publication *Lead in Drinking Water in Schools and Non-Residential Buildings* (<http://www.epa.gov/dclead/leadinschools.pdf>). Page 29 of the EPA document indicates that follow-up testing is required if test results reveal lead concentrations greater than 20 parts per billion (ppb). I am wondering if 20 ppb is also the standard that DCA applies to lead in drinking water samples. If sample results indicate detections at concentrations below 20 ppb is any follow up testing and/or remediation required?

Response: The 2009 Environmental Manual stipulates that if the buildings are more than 25 years old (built prior to 1984), the plumbing systems must be tested for lead in drinking water in accordance with the EPA publication *Lead in Drinking Water in Schools and Non-Residential Buildings*, regardless of the results of the review or visual assessment. While EPA may not require follow up testing or remediation for samples that are less than 20 ppb, DCA's requirements are more stringent and states: If lead is detected in the drinking water, remediation is required in accordance with all applicable federal, state and local laws and regulations or if all the plumbing is removed and replaced with pipes in accordance with Section 1417(e) of the Safe Drinking Water Act, then lead testing is not required (please refer to the 2009 Environmental Manual, Section 10 (a)(b).)

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4. The Tier One Entity requirements include a requirement to submit current financials. For individuals, the requirement is that they be dated within 30 days of the submission date. For corporations, they must be from the month immediately preceding the submission date. With the Tier One documentation due on April 16, it will be difficult to get March financials closed out in time to submit with the applications. Will February financials suffice for both personal financial statements and corporate year-to-date financials?

Response: For pre-application we will accept corporate financial statements as of the end of February in lieu of the end of March considering the relatively tight time frame. However, we would expect it updated with March statements within 30 days of submitting the pre-application. With respect to personal financial statements, we will not accept statements dated any later than 30 days from the date of submission.

5. Last year our environmental consultant was given a waiver or exception of the insurance requirement. Their firm does other work for the State which requires them to carry a \$4M policy for the underground storage tank inspection program leaving only \$1M coverage for the Phase 1 Report. Does our environmental consultant need a new waiver of the insurance requirement for this year's update?

Response: Yes, the firm must request a new waiver consisting of a letter explaining the request and a copy of the insurance certificate.

6. We have a project that we are submitting this year in the 2009 9% round. We will be seeking a LEED silver designation on this site. My question is on the April 16th submission what exactly do we need to submit to receive the 20 dev for highly sustainable projects? Is it just a narrative or do you need more information that that.

Response: To be eligible for up to a 20% developer fee, the pre-application submission must include all documentation that supports the claim of a high degree of sustainability. This might include but are not limited to:

- memorandum of participation or proof of acceptance into a green communities program
- a program orientation and recommendations related to a green communities program
- draft scoring worksheets pertaining to a green building program
- specifications, schematic drawings for proposed advanced and creative green building technologies such as solar hot water heater, solar electric panels, green roofs, etc.
- a conceptual site development plan
- narrative that includes specific explanations of the sustainable features

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- detailed hard and soft costs that are projected will be incurred in order to implement the stated high degree of sustainability

Accurate cost documentation is crucial for DCA to determine the amount of boost or developer fee that will be awarded. At pre-application, projects that are determined to have a high degree of sustainability will become eligible for the financial incentives (up to a 30% boost or up to a 20% developer fee) and a preliminary determination of the amount of the incentive will be made based on the cost information submitted. All determinations will be subject to review and adjustment upon receipt of the Application on May 21.

7. Threshold and the Performance Workbook indicate that we must provide written authorization in the DCA prescribed format to allow DCA to obtain credit reports, there is not a DCA form on the workbook or on the website, do we just need to create our own form and not use a DCA form?

Response: The required credit form will be posted to the DCA website next week.

8. Can you please confirm that an Environmental Phase I report, Market Study, and Site and Neighborhood Standards are not required for the HOME Consent Pre-Application submission?

Response: The Environmental Phase I report, Market Study, and Site and Neighborhood Standards are not required for the HOME Loan Pre-Application.

9. Does DCA require any documentation for the threshold criteria for Required Services (#3 in Appendix I)? There is no reference to documentation in the application checklist and the QAP appears to only require an identification of the services to be provided in the Threshold tab of the Core Application. Please clarify.

Response: An applicant must identify specific services in the Threshold Criteria Tab on the Core Application Form, as required in the QAP. At the time of application submission, no commitment letters for such services need to be included.

10. Does the payment and performance bond waiver only apply to deals applying for HOME funds? We are applying for acq/rehab credits (not HOME funds) and most of the work can be considered deferred maintenance rather than major construction. Is there a way to waive the payment and performance bonds and letter of credit requirement?

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Response: If you are applying for acquisition/rehabilitation credits only then the payment and performance bond waiver will not apply to your application. A Payment and Performance Waiver request can be submitted by April 16, 2009.

11. Regarding the Experience criteria in sections 18b and c of the Threshold criteria - please confirm that this experience is not specific to GA ownership and/or developments.

Response: Experience is not specific to Georgia ownership and/or development of properties.

12. We plan to apply for 2, possibly 3 waivers under the Architectural Standards. Would you confirm that we are to include all of our Arch. Stds waivers requests on one form? And that we are to make only one \$1,500 payment for this waiver request? I will follow with some questions related to the QAP, not the pre-app.

Response: If the waiver requests are for the one project, they may all be included on one form and are cover under the one-time fee of \$1,500.

13. Can you confirm whether it is necessary to seek pre-approval from DCA to be certified as a Sustainable Community or do we just need to submit the executed EarthCraft Communities Memorandum of Participation and draft scoring sheet at Final Application?

Response: You do not need to seek pre-approval from DCA to be certified as a Sustainable Community. DCA will not perform its own feasibility analysis. However, in order to be eligible for points, you must provide proper documentation to DCA that a recognized third-party certification program (LEED ND or EarthCraft Communities) has reviewed your project concept and determined that is has a high probability of completing the path to the certification. This is evidenced by the EarthCraft Communities Memorandum of Participation or an acceptance letter from LEED ND Pilot Program.

14. The Amenities Guidebook does not include "Complete built-in fire sprinkler system in every unit and the community building, including an exterior audio and visual alarm system" under the list of Optional Amenities, but it is included in Section 12.B. Additional Site Amenities in Appendix I of the QAP. Can you confirm whether fire sprinkler systems are still eligible to count towards the site amenities?

Response: Fire sprinkler systems are eligible to count towards the site amenities. This was not included in the Guidebook since these systems are generally governed by Georgia building codes.

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15. We would like some guidance on the Rent-Up Reserve Requirement. The QAP states that a reasonable rent-up reserve is required for all projects based on the estimated projected lease up deficit. Absent information to the contrary, DCA will assume that three months of projected operating expenses constitutes a reasonable reserve.

With respect to rehabilitation projects for stabilized properties, where there is the expectation of minimal tenant disruption, there would be no lease up deficit. Additionally, we have allocated \$500 per unit for Relocation Expenses. Also, the rent increases, post rehab, would be modest and would not be expected to adversely affect the occupancy of the properties.

Therefore, as there is no projected lease up deficit, would DCA consider a waiver of the rent up reserve requirement? And, what information would you require (with such a waiver request) to satisfy the term "information to the contrary" as stated above where you would not default to three months of projected operating expenses? If our information to the contrary supports no rent-up reserve it would be logical for DCA to not require one.

Additionally, there will be three 9% applications for which we are seeking this guidance, one of which will be seeking HOME funds (if this has any impact on the guidance).

Your feedback is most appreciated in the matter.

Response: The QAP requires every applicant's budget to contain a reasonable rent up reserve based on the estimated projected lease up deficit. However, it is up to the developer to determine the appropriate amount. An occupied rehab property should budget for lease up expenses. The fact that a project is stabilized prior to rehabilitation is not a guarantee that it will remain leased at that level post rehabilitation.

Applicants should account for a rent up reserve based on their estimate of what is needed. To assume a rent up reserve is not needed simply because a property is stabilized is not acceptable and DCA would not consider a waiver of our policy simply because a property is stabilized prior to beginning rehabilitation. All applicants are expected to budget for future unexpected lease up issues regardless of the occupancy level prior to beginning rehabilitation.

16. Per the QAP, applicants are able to submit pre-approval requests to DCA allowing them to realize the State-Designated 30% Basis Boost. Can someone explain what form or documents are required for this pre-application submittal? We assume it's a detail of Sources & Uses, and a narrative explaining the rationale behind the request at a minimum. Anything else? We can't seem to find on the website or in the QAP an explanation of what's required.

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Posting #6**

Response: The State designated boost is discussed in the QAP Core at Section 5- Financing Resources E (pages 14 &15 of 57). The QAP does not specify a particular form for use however; a narrative and supportive documents must be submitted to meet the requirements in the QAP.

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1. Tab 36 of the application checklist requests a "Letter from elected official in the DCA format". I cannot find the form in the 2009 forms on the web. Is the 2008 form acceptable or do you plan to add the form to the 2009 list of forms?

Response: There is no DCA form. The required format is outlined on page 18 of 26 in the Scoring section.

2. According to the 2009 QAP, 2 points are awarded for a "Proposed Development site within the boundaries of a Local Government in which a 9% Credit, 4% Credit and/or HOME project has not been awarded within the last three (3) DCA funding cycles." We currently have a site located in East Point, GA. A deal has not been awarded there since 2006. Since this cycle is 4 years removed from that time, are we able to take the 2 points under this section?

Response: DCA will not answer questions which relate to the preliminary scoring of an Application

3. We have a project that we will be submitting for an Earthcraft Multifamily/Renovation designation. Under this designation would we qualify for the 30% boost?

Response: See the guidance for sustainability financial incentives posted on the DCA website April 15, 2009:

<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/documents/GuidanceonFinancialIncentivesforSustainability.pdf>

4. Does the Organizational Chart in the Performance Workbook need to be included in the pre-application submission? We will be submitting several projects and the org chart is very project specific. We do understand that the Organizational Chart will be included in the Performance Workbook submitted with the tax credit application.

Response: Yes, the organizational chart should be included at pre-application. All known information at the time of pre-application should be included at pre-application. A final version of the organizational chart should be included in the final application.

5. If a project will be financed with only tax credits and conventional debt but will include a PBRA contract from a local PHA, is that applicant required to submit the "Additional HOME/HUD Requirements" outlined in Threshold Documentation section under Tab 18 of the DCA checklist?

Response:

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Threshold Section 23, Additional HUD Requirements, addresses application documentation requirements for projects that use PBRA. Specifically, it states that Site and Neighborhood Standards (24 CFR 92.202 and 24 CFR 983.6) and Environmental Requirements must be met. Therefore with respect to Tab 18 only Site and Neighborhood Standards documentation and US Census Tract documentation must be submitted in Tab 18. If established agreements with HUD are in place and there are different standards of review for site and neighborhood those established standards must be met. A copy of all documents relating to the different standards of review must be included with the application. For Scattered Site projects, each non-contiguous parcel must meet the aforesaid requirements.

6. Is the DCA Site and Neighborhood Standards Certification Form required for all projects, or only those for which environmental justice may be an issue? How do we obtain this form?

Response:

Site and Neighborhood Standards are required for projects that have HUD funding such as HOME, 221 D (3) or (4), HOPE VI, etc. The forms are located on the DCA web site (<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2009docs.asp>) in the HOME and NSP Forms section.

7. We've contacted the electric service provider for a proposed project who gave us verbal confirmation of electric availability to our proposed site; however, when we requested a written confirmation of electric availability we were told that they would not provide anything in writing – only a verbal confirmation. A supervisor was consulted who gave us the same information. How can we satisfy the requirement of a written confirmation on company letterhead if the provider refuses to issue the confirmation?

Response: DCA requires written confirmation of electric availability at Application Submission. You may want to discuss this issue with your local government to determine if there is another method for verifying electric availability in writing.

8. Do the Supplemental Tier 1 "Owner Performance" questions pertain only to multifamily real estate developments or to any business venture in which an applicant has participated, directly or indirectly? We would like to apply for the 20% developer fee for sustainable developments. I can't find any clear guidance on what to submit. Are you looking for a sustainable building certification and narrative? I was unable to make the feasibility workshop. Will the presentation slide be posted on DCA's website?

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Response: It is unclear what “questions” are referred to relating to Tier one. If the Questioner is referring to the “Tier One Applicant Performance Questionnaire”, which is part of the Performance Workbook, the answer is that all questions should be responded to with respect to all “business ventures” of the party completing the questionnaire, not just “multifamily real estate developments”

See the guidance for sustainability financial incentives posted on the DCA website April 15, 2009:

<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/documents/GuidanceonFinancialIncentivesforSustainability.pdf>

9. We are seeking Tier One pre-approval through one of our principals and will submit all of his information. Do we also need to submit the Tier One Real Estate schedule, liquidity calc-cert, PFS cover and balance sheet for the other principals?

Response: If the Tier One applicant is an individual, the required information for Tier One determination needs to be submitted only on the individual. However, if the Tier One applicant is not an individual (corporation, LLC, etc.) each principal of the applicant, in addition to the actual applicant, will have to submit the required information. This question appears to involve a development firm which has multiple principals. Keep in mind that in order to claim points for one project, the Tier One entity/person must own 100% of the general partner and the developer. If there are multiple principals and each principal owns a percentage of the general partner and/or the developer and the Tier One entity is one of the principals, the project will not qualify for points as the general partner and/or developer will not be wholly owner by a Tier One entity. The rule to follow is that the general partner and the developer must be wholly owned by one or more Tier One entities.

10. In question number 5 of your Q&A #5, you state that Tier One is not relevant to 4% applications as they are not scored. But it seems as though Tier One is relevant to 4% applications due to language on page 16 of 57 of the QAP CORE.

Here it states that DCA requires that all bond applicants submit those documents set out in the Tier One developer determination in determining whether capacity exists. Could you clarify if all documentation, forms, authorizations, reports, etc.

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listed on page 42 of 49 of Appendix 1 are required when submitting a 4% application?

Response: Yes, all documentation, forms, authorizations, reports, etc. listed on page 42 of 49 of Appendix 1 are required. In addition, the bond applicant should comply with the supplemental instructions and requirements contained in the Performance Workbook that are applicable to Tier One.

11. On March 24th, we asked for further clarification about Item #2 under *Non-Profit Entities*, in the Tier One section of the Performance Workbook. We couldn't tell if the unaudited financial statements for fiscal year 2008 pertained to the *Tier One entity* or for *the developments* which we listed in the Real Estate Schedule. The response was that this would be answered in General Q&A posting #6.

However, in the Threshold section (page 41, #10) of the QAP it asks for audited financial statements *for projects* that the entity is utilizing to establish experience.

Our new question is: does DCA want to see financials for *both* the entity and the developments listed in the Real Estate Schedule?

Response: The requirement contained in Item #2 under Non-Profit Entities for unaudited financial statements for fiscal year 2008 pertains to the Tier One Applicant, which in your case we presume will be the non-profit. The requirement for unaudited financial statements for fiscal 2008 was based on the presumption that audited financial statements would not be completed by the required submission date. If audited financial statements for 2008 are available, they should be submitted in lieu of un-audited statements.

With respect to the Threshold Section (page 43, #10) referred to in your question the requirement for “audited financial statements for projects” refers to the projects that were used to meet the “successful ownership and development” requirement found in Appendix I, page 41 of the QAP and also on page 1 of 2 of the Tier One Applicant Performance Questionnaire, which is part of the Performance workbook. DCA does not expect to receive audited financial statements on projects listed in the Schedule of Real Estate unless used to comply with the “successful ownership and development” requirement.

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12. In Tab 1 of the checklist for Core QAP Documentation there is a line item for "Master Planned Community Documentation". Can you please clarify what documentation is required in this tab to satisfy the requirements for Master Planned Community documentation?

Response: This refers to Appendix II VII. A. Phased Developments of the QAP, and requires a common planning document that may include parks, greenspace and shared amenities between different phases of a development, site control and total project concept. To claim points it is important to note that the proposed project must be part of a Phased Development in which one or more phases received an allocation of 9% tax credits and at least one phase has commenced construction.

13. We are working on an application where there is an Identity of Interest between the land owner and the applicant and site control at this project will be perfected through a long-term ground lease. Section 5A of Appendix I states that DCA requires that the Applicant obtain an appraisal of the value of a property when there is an identity of interest so that DCA can ensure that the value of the property has not been inflated. In our case the long-term ground lease will be for an amount far below the fair market value for a site in this location. In this type of case where there is a below market rate long-term ground lease does DCA still require the Applicant to obtain an appraisal of the value of the property?

Response: Yes, an appraisal would need to be submitted. Only Ground leases that are for a Nominal Amount would be exempt from the appraisal requirements.

14. Page 43 of Appendix I

#7 Written authorization on the *DCA prescribed format* to allow DCA to obtain a D&B report and / or a report of public record filings.

Where can I find the DCA prescribed format for the requested authorization?

**Response:
This release form will be posted in the next 10 days.**

15. Appendix 1, Threshold Criteria, Section 21. Eligibility for Credit Under the Nonprofit Set-Aside. On page 45 of 49, it is stated that, “; If the non-profit is also a developer of the project, the nonprofit must receive a percentage of the Developer Fee greater than of equal to its percentage of its ownership interest”.

In the case where the Non-Profit is the 100% owner of the project and is Managing GP of the ownership entity, and does materially participate in the project (by virtue of providing direct oversight, input and direction to the

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Developer, and staff support to the Developer); however, the Non-Profit has contracted with a 3rd party to act as "Developer" of the project, and therefore the non-profit does not receive any of the Developer Fee, would the project be eligible for the Non-profit set aside?

Response: YES.

16. I have a client who is submitting an application for a project that is a scattered site. This is the first time I have been asked to draft a scattered site opinion. The QAP states that a legal opinion is required, but no form of opinion has been provided on DCA's website.

My current intent is to draft an opinion that states that the site as depicted on the proposed site plan meets the requirements of IRC Section 42(g)(7) and that the project meets the requirements set forth in the QAP for a scattered site. Is this sufficient? Is there anything else that DCA is looking for in this opinion?

Response: In addition to what is listed above, please attach any maps or other documentation relied upon to reach the opinion.

17. Appendix One, Threshold Criteria, of the 2009 QAP states that "Tier One determination may be requested by any legally organized entity", and that the Tier One requirements may be met either through the entity or through the experience "of one of the entity's principals".

In Q&A posting number 5 that DCA recently placed on its website, DCA stated in its response to question 17 that for entities with multiple owners, each owner had to qualify as Tier One.

This is contrary to the aforementioned Threshold language in the QAP. We are requesting clarification of this point.

Response: For Tier One Applicants, the general partner and the developer for the project for which Tier One points are being applied must be wholly owned by a Tier One entity, or entities. In other words, in order for a project to utilize the Tier One points the general partner and the developer must be wholly owned by one or more Tier One entities. In the case where there are multiple principals and the principals each own a portion of the general partner and the developer, each principal must be Tier One. An alternative structure would be for the principals to wholly own a Tier One corporate or LLC entity which would wholly own both the developer and the general partner. In this last case the principals would not have to be Tier One; however, they would have to submit the documentation required by the QAP and the

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Tier One instructions in the Tier One section of the Performance Workbook.

18. Would a fee being paid to Southface Energy Institute to certify and supervise the installation of Sustainable Communities/Sustainable Buildings be considered a “consulting fee” that would be subject to DCA’s overall developer fee/consulting fee limitations?

Response: No. They would be considered an inspection fee.

19. I searched the FAQ and it states that you qualify if you developed and owned 600 or more units in at least 6 projects in multiple states. Would you still qualify if all of your projects are in 1 state, that state not being Georgia?

Response: It appears that you are asking about Tier One status. The Tier One designation requires that the Entity (or its principal) demonstrate successful ownership and development of no less than either 400 Georgia affordable housing units located in a minimum of four projects or 600 affordable housing units located in a minimum of six projects. These projects must have been awarded credits in the last seven years. All units must have been placed in service by January 1, 2008 and be currently owned. Therefore, if you have 600 or more units in six projects in one state other than the State of Georgia, you are not barred from applying for Tier One status.