



Questions & Answers for 2017 Housing Credit Funding Round

Note: This Q&A will be updated periodically at KHC's discretion as new questions are submitted. Applicants are encouraged to check regularly for updates. New questions should be emailed to multifamily@kyhousing.org.

- Q. Will KHC entertain waiver requests for the various threshold requirements?
- A. No. All applicants must meet the threshold requirements at application submission and KHC will not grant threshold waivers.
- Q. Please clarify if USPS electronic verification of delivery is acceptable for the Notification of Application for Funding form.
- A. The electronic verification by itself is not sufficient. You must submit a copy of the signed certified mail receipt along with the electronic verification. This provides us who it was delivered to and enables us to match the tracking number on the receipt to the electronic verification. Stamped signatures are acceptable if they are legible.
- Q. Please provide clarification that both the signed registered mail receipt and a copy of the electronic delivery are required. This seems duplicative.
- A. A signed registered mail receipt is sufficient as proof of delivery of the Notification of Application for Funding. A copy of the electronic tracking verification by itself is not. If you submit the electronic verification, you must also submit a copy of the signed delivery receipt.
- Q. If a proposed project is for families, but the development under construction within 1 to 3 miles is for seniors, can it still receive points for not competing with projects under construction?
- A. If the proposed project is serving a different population than the project that is under construction, the proposed project would not suffer the 5 point deduction.
- Q. Because the set-aside for the VA Hospital project in Lexington is being funded from the Community Impact Pool, can another project in Lexington also be funded from the Community Impact Pool?
- A. No, per the QAP, only one project will be funded from each jurisdiction. Since the VA Hospital project has already been determined as a set-aside, no other projects in Lexington will be eligible to be funded in the Community Impact Pool.

- Q. In the New Supply pool under the Distance From Projects Not Yet Placed in Service category, is the list of projects currently under development subject to change?
- A. The only changes that will be made to the existing list is for projects that place in service and have 8609s issued after the initial report was generated. No new projects under development will be added to the list. **After December 12, 2016, a final list of projects will be made available.** There will be no further updates to the list to remove projects placed in service after **December 12, 2016.**
- Q. Under the Existing Supply - Financially Troubled Asset scoring category, is there any requirement that the project be out of service? There is a reference in the scoring description that states “put back into productive use” but also “resources to sustain operations beyond 1-4 years” which indicates the project could still be in service.
- A. The project doesn’t have to be out of service – the intent for this scoring category is existing affordable multifamily properties that are struggling financially, maybe due to vacancy issues or insufficient reserves. It should be a property that is in need of rehabilitation and recapitalization, not because of poor ownership/management, but because the income is not enough to sustain the operations of the property long-term.
- Q. Under the Cure of Application Errors section of the QAP, applicants are allowed to remedy up to two (2) errors contained in any application attachment. Does this include errors on the underwriting model detected during KHC’s underwriting review? Has KHC defined what it means by “errors” or are there different levels of errors.
- A. No. As noted in the thresholds, KHC must approve the underwriting model and all associated attachments for the project to be scored. Therefore, any errors in the underwriting model may not be corrected. KHC will not issue a written definition of “error” and all errors will be treated equally; i.e., there are not different degrees or levels of errors.
- Q. For the Great Schools points, if there are new schools in the project area that are not listed on the Great Schools website, how do you determine the points for those schools?
- A. If a school is not listed on the Great Schools website, you may alternatively check the Dept. of Education website for their ranking. However, if the school in question appears on neither site, then you must use the assigned school(s) in effect at the time of application submission.
- Q. What if the assigned schools isn’t the school the resident children will attend or if there are multiple schools from which the residents could choose? Will KHC accept a letter from the school district clarifying the school that would be serving the project?
- A. The assigned schools identified on the Great Schools website are the ones that should be used for determining the Great Schools points. KHC will only accept a letter from the school district if there is an error on the Great Schools website and the error can be verified.

- Q. The QAP references new construction projects located in areas of opportunity. Is that part of the scoring for this funding round?
- A. Areas of Opportunity is not a classification that is being utilized in the 2017-2018 QAP. This was an oversight and should not have been in the QAP.
- Q. There is a discrepancy between the Multifamily Guidelines and the QAP regarding the deferred developer fee requirement for RD projects. Which is correct?
- A. Typically, when there is a discrepancy between the Guidelines and the QAP, the QAP will prevail. However, in this instance, the information in the QAP is incorrect; therefore, the Guidelines will prevail in this case. All projects, including RD projects, are required to defer a minimum 25% of the developer fee if requesting KHC gap funds.
- Q. For the proximity to amenities points, how is the distance calculated (walking/driving distance, radius, etc.)?
- A. For the points associated with proximity to amenities, the distance should be measured by radius to the project address and identified in the market study. However, for the tiebreakers related to the walkable distance to amenities, the distance should be the walking distance – this must also be identified in the market study.
- Q. In the Community Impact & Historic Adaptive Reuse pool, under the Other Local Material Support scoring category, would a bank loan qualify? What about rental assistance provided by the public housing authority?
- A. No, loans would not qualify as local material support. Likewise, rental assistance provided by a public housing authority would not qualify for these points. Contributions from development team members or entities that have an identity of interest with development team members also would not qualify. The intent of this scoring category is to recognize donations made by local organizations or businesses to support the development of the proposed project.
- Q. The guidelines state that the Notification of Application for Funding must be sent by certified mail 30 days prior to application submission. Proof that this form was sent to the appropriate local and state officials is required to be submitted with the capacity submission. Will my application be rejected if the notification was not sent 30 days prior to the capacity due date, which is December 1st?
- A. If 30 days or more have not elapsed between the date of the signed proof of receipt of the Notification of Application for Funding form and the date of the capacity review submission, you will not be able to appeal your capacity scoring decision – but that will not be a disqualifier for submission. Likewise, any capacity submission made after December 1 will not have the option for appeal. However, in no event can the Notification be sent to the official less than 30 days prior to the date of the full application submission on January 13, 2017; i.e., no Notification form may be postmarked (or equivalent) after December 13, 2016. In future rounds, the deadline for

submission of capacity documents will be a “hard” date. If the required capacity documents, including without limitation, proof that the Notification of Application for Funding form was sent to the official no less than 30 days prior to the date of capacity review submission, are not submitted to KHC by that identified date, you will not be allowed to submit an application for that funding round.

- Q. Is there a minimum threshold amount to receive points for waived fees, donated land and infrastructure under Local Material Support?
- A. There is not a minimum threshold for waived fees, donated land or infrastructure. Even though there isn't a minimum threshold, the value should be shown as a source in the underwriting model and you must have a signed commitment letter from the mayor or county judge executive which includes the value.
- Q. Should Local Material Support and Other Local Material Support be shown on the Underwriting Model?
- A. Yes, Local Material Support and Other Local Material Support should be shown on the underwriting model as a source. You must also provide a letter of commitment for each documented source.
- Q. Can a donation from an out-of-state agency be eligible for points under the Other Local Material Support scoring category for properties located in Kentucky that are near the state lines?
- A. No, to qualify as Other Local Material Support, the donation must be from an entity located in the same county where the property is located.
- Q. Would a donation from the corporate office of an entity which has local offices or stores located in the same county as the property qualify for points in the Other Local Material Support category?
- A. No, if the donating entity is located outside of county where the property is located it would not be eligible for points in this category. The donating entity's principal office must be located within the county where the property is located to be eligible for points in this category.
- Q. Would a donation from a branch of a local Kentucky bank be eligible for points in the Other Local Material Support scoring category?
- A. Because banks must adhere to the requirements of the Community Reinvestment Act, a donation from a branch bank would be eligible for points in this scoring category.
- Q. In the Financially Troubled Assets category under the Existing Supply/Preservation section of the score sheet, would it be considered an identity of interest if the property was recently acquired by the developer/owner? Does it matter how long you've owned the property?

- A. The property cannot have been acquired more than six months prior to submission. The last audit, pursuant to the single audit act, cannot show the applicant as owner during the time the project is struggling.
- Q. In the Nonprofit Supportive Housing Pool, senior citizens are one of target populations; however, you do not define if this 100% elderly at 62 years or older OR 80% at 55 years or older. Which one do you have to choose?
- A. Since senior citizens is not defined, you can choose either definition - 100% at 62 years or older OR 80% at 55 years or older.
- Q. There appears to be a discrepancy between the guidelines and the scorecard in the definition of senior citizens for the Nonprofit Supportive Housing Pool. On page 20 of the guidelines, it lists one of the target populations as very low-income seniors (earning 50% AMI or less), whereas on page 21 of Scoring Workbook, the Nonprofit Supportive Housing Pool Tiebreaker #2, lists one of the special population as extremely low-income senior citizens. Does this mean that we have to set aside 50% of the project's units for senior citizens at 50% AMI or 30% AMI?
- A. To apply in the Nonprofit Support Housing Pool, one of the targeted populations is very low-income senior citizens (defined by HUD at 50% AMI or less). In order for a project to also compete in the tiebreakers for this pool, the project would need to serve the extremely low-income senior citizens (defined by HUD at 30% AMI or less).
- Q. There are two scoring opportunities for proximity to important destinations – one for all projects, and another for new supply projects. Do the destinations have to be different for the two scoring categories, i.e., can the same destination qualify for points in both categories?
- A. If the destination meets the requirements of both scoring categories, then it can be counted for both. The destinations do not necessarily have to be different.