

**2013 Per Capita Funding Round
Frequently Asked Questions
As of 05/16/2012**

NOTE: The questions below are only minimally edited and are in the same or nearly the same form as submitted to the Agency. Responses to the FAQs are provided as a courtesy to our developers and meant to provide clarification with regard to the 2013 per capita funding round processes, procedures and QAP. Be advised that the QAP is the controlling document and responses below are not intended to circumvent or substitute any of the directives or requirements of the QAP.

- 1. Could you please provide clarification for the paragraph on page 4 of the QAP under the Project and Developer Limits? In this paragraph you are referencing a situation where a developer is working in partnership with a qualified non-profit sponsor and is providing payment and performance guarantees. It's unclear how the developer's participation in the project causes the developer to exceed the developer fee limits. Also could you provide an example showing how the calculation you refer to (i.e., numerator/denominator) at the end of the paragraph determines the percentage of the maximum approved developer fee.**

A Developer's admission as co-developer in connection with a project receiving an award of competitive Low Income Housing Tax Credits from the Louisiana Housing Finance Agency under the 2013 Louisiana Qualified Allocation Plan ("QAP") in the Non-Profit pool in order to provide guarantees that will help the nonprofit obtain the most cost-effective and efficient financing, both debt and equity, will be permitted only if the Developer that would otherwise be in violation of the credit limits per Developer executes an appropriate agreement reviewed by counsel to the Louisiana Housing Corporation ("LHC") that the Developer and its related companies agree to limit their share of the Maximum Developer Fee for the non-profit sponsored Project to a percentage of the Total Developer Fee that corresponds to the credit balance available to Developer under the maximum credits per developer under the QAP.

An illustration of this arrangement is provided by the following example: A Developer and its related companies are \$100,000 below the maximum credit limit per Developer under the 2013 QAP (the "**Developer Credit Balance**"). The Developer may participate as a co-developer in another project receiving more than \$100,000 of credits from the Non-Profit Pool only if the Developer enters into an agreement to be approved by LHC Counsel that limits the Developer's share of the total Developer Fee in the Project receiving credits from the Non-Profit Pool and which Project is sponsored by a non-profit to a specified fraction of the Total Developer Fee permitted by the Subsidy Layering Limits for the Project. The specified fraction will be based upon the Developer Credit Balance available to Developer divided by the total credits allocated to the Project. If the total credits allocated to the Project sponsored by the non-profit is \$500,000 and the maximum Developer Fee in the Project is \$1,000,000 based upon a final Subsidy Layering Review, the Developer's share of the \$1,000,000 Developer Fee will be

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\$200,000. The \$200,000 available to the Developer from the Project sponsored by the Non-Profit is based on the maximum Developer Fee of \$1,000,000 under the Subsidy Layering Review Limits times a fraction in which the numerator is the Developer Credit Balance (\$100,000) and the denominator is the amount of credits (\$500,000) allocated to the Project sponsored by the non-profit. This arrangement is consistent with the policy embedded in the 2013 QAP to limit credits per developer while simultaneously permitting non-profit sponsors to benefit from the financial and supplemental support of experienced developers.

2. Under the draft 4/24/12 QAP, points are awarded for Veterans Projects. The criteria for the awarding of points are very specific when VASH vouchers are committed, but very broad for "projects which incorporate support from local Veteran's Administrative Centers". My questions are as follows:

- a) How does the VA support need to be documented? Do you require a firm commitment letter or a general letter of support?

See language from the Final 2013 QAP which provided defining information.

- b) Does the VA support need to cover a certain percentage of units? Can a project have just one unit with VA support and get points?

See language from the Final 2013 QAP which provided defining information.

- c) VASH is focused exclusively on homeless vets, with 65% of VASH units nationally targeted for the Chronically Homeless. Does the VA support need to be for a Chronically Homeless target group?

See language from the Final 2013 QAP which provided defining information.

3. Under the Allocation Pools description, "..the State's 2013 housing credit ceiling will be divided among congressional districts for award to the projects meeting the highest public purposes within each Congressional District."

- (1) This language suggests that the highest public purpose is different for each Congressional District; and
- (2) Will there be additional selection criteria above and beyond the scoring with regard to meeting a particular "highest public purpose"? For instance, one district's highest public purpose might be family housing and another's senior housing? Is this correct, or does the tax credit scoring control the selection process exclusively.

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See language from the Final 2013 QAP which provided defining information. Scoring in each Congressional District will be done as outlined in the “Selection Criteria” of the 2013 QAP.

- 4. Public Housing Authority Projects: for those developers working with PHA’s to construct or substantially rehab obsolete public housing developments, requiring the developer to forego 51% of its developer fee severely hinders public-private partnerships as developers typically take the majority of risk in such deals (ie providing all financial and construction guarantees); thereby earning its developer fee. We ask that the QAP language be changed to state that a project that includes the signed certification form from Louisiana Housing Counsel dated not earlier than 60 days of the application submission which verifies that a PHA is sponsoring and developing the project referenced in the application. The PHA must have at least 51% controlling interest in the General Partner of a Limited Partnership or Managing Member of a Limited Liability Company OR receive at least 51% of the developer fee. The application must contain the current project specific certification.**

The QAP has been approved as written: The PHA must have at least 51% controlling interest in the General Partner of a Limited Partnership or Managing Member of a Limited Liability Company **and** receive at least 51% of the developer fee. The application must contain the current project specific certification.

- 5. Location Characteristics: although a maximum of 10 points are allotted, there are only 9 characteristics from which to choose. Will another characteristic other than convenience store be allowed?**

The 2013 QAP is in its final form - No other items will be added to the selection criteria. Nine (9) points is the maximum.

- 6. Are we allowed to use the 2012 and 2013 Qualified Census Tract (QCT) designations when determining if a property is in a Difficult Development Area (QCT/DDA)?**

Documentation regarding the QCT/DDA designation must be submitted at time of application evidencing either the 2012 or 2013 designation to receive corresponding points.

- 7. If a rehabilitation project recently replaced windows with double paned, double insulated windows must they be replaced? Is there a maximum age limit for the windows or other specs or guidelines to confirm if exiting windows are acceptable without the need of replacement?**

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Requisite language from the 2013 QAP is below:

Rehabilitation Projects are not required to adhere to the minimum Energy Efficiency requirements unless:

- (i) The Capital Needs Assessment requires replacement of the item or
- (ii) The applicant chooses to replace an item or
- (iii) The LHFA's or the Corporation's architect, in consultation with the LHFA's or the Corporation's contracted underwriter, determines that an early replacement of an item with a more energy efficient system substantially improves the quality of life for residents with substantial benefits attributable to reduce deposits to reserves for replacement and/or reductions in operating expenses.

8. Is there a minimum washer and dryer requirements for elderly buildings?

The requirements regarding washers and dryers as stated in the QAP apply to all development types. Developers may submit a waiver for washer and dryer requirements along with information concerning proposed washer and dryer configurations for elderly buildings to be reviewed on a case by case basis (see below):

Project Amenities: All properties other than SRO Projects must include HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 10 units- except for Elderly Projects). If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. The requirement of an on-site laundry shall not apply to rehabilitation projects with 12 or fewer units.

9. Will support from a local Veterans Administration without a commitment of VASH vouchers allow for scoring of III (D) Veterans project such as if the property already has Project Based Section 8 vouchers?

See language from the Final 2013 QAP which provided defining information.

10. Are there any specific requirements to achieve points for I - E(iii) - Rehabilitation or conversion of Non-Historic Property other than what is shown in the Selection Criteria?

Rehab projects must adhere to all requirements in the QAP relative to a rehabilitation project including submission of a Capital Needs Assessment as stated below:

Rehabilitation projects must submit a Capital Needs Assessment which specifically addressing the current FEMA Guidelines.

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- 11. Is a full perimeter fence required for a security gate or rather is fencing to keep people from crossing through acceptable? Must the fence lock? Are parking lots required to be fenced also?**

On Site Security was intended to allow the developer to provide security to the property in a manner other than an on-site guard. This would include but is not limited to a residential community which incorporates strictly-controlled entrances for pedestrians, bicycles, and automobiles, characterized by a closed perimeter of walls and fences.

- 12. Is the requirement for Leverage for Disability funding defined in further detail in the QAP? Are there minimum requirements or exclusions?**

Disability funding would be similar to the PSH funding with CDBG Funds. If the subsidy ended, the services would no longer be provided. Therefore, a minimum one year requirement is essential to cover the initial one-year lease term for the tenant with disabilities. The developer must submit in the application the documentation evidencing such a commitment and the terms of that commitment.

- 13. With respect to Section I in the Selection Criteria, Targeted Project Type (Select All That Apply) please confirm that all project types could conceivably be included in one application. As an example, if a scattered site project involves both rehab and new construction; can the project be awarded points under D. and F? As another example, if a project is comprised of scattered sites and a non-scattered site, can it be awarded points under E. and F?**

Please see below final approved language from the 2013 QAP regarding Targeted Project Type:

NOTE: Points may only be selected from one of the following categories: Selection Criteria Items I.D. New Construction Scattered Site Project, I.E. Non Scattered Site Rehabilitation Projects, and I.F. Scattered Site Substantial Rehabilitation or Infill Projects. No project will be allowed points from more than one of the aforementioned categories.

- 14. In reference to Section III E in the Selection Criteria, please clarify the definition of “Rural Area Project.” The glossary defines “Rural Area” and “Rural Project”, which appear to differ. Does “Rural Area Project” mean a project that is located in a “Rural Area”?**

Note clarification made to “Glossary” of 2013 QAP as follows:

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RURAL AREA PROJECT: Any area outside the corporate limits of the following 10 Louisiana cities: New Orleans, Baton Rouge, Shreveport, Lafayette, Lake Charles, Kenner, Bossier City, Monroe, Alexandria, and Houma.

(RURAL PROJECT: Omitted)

15. Does the New Orleans Master Plan qualify as a Concerted Community Revitalization Plan?

To qualify the submission must comply with the terms of “Concerted Community Revitalization Plan” as defined in the 2013 QAP. The New Orleans Master Plan encompasses the entire City of New Orleans and does not dedicate specific resources to a designated community; therefore, the New Orleans Master Plan will not qualify as a Concerted Community Revitalization Plan.

16. What is the definition of a “distribution facility”?

The market study analyst will determine if a facility is a distribution facility according to industry standards.

17. If a facility that is both a Junk Yard and a Salvage Yard is located within .5 miles of the project site would the point reduction in Neighborhood Features be 1 point?

Staff will review the findings of the Market Study analyst in clarifying specific facilities in question.

18. Please confirm that projects that are not funded in the Non-Profit/CHDO pool are then transferred to compete in the Collapsed Pool.

The QAP states “Following final approval of the awards, any unfunded projects will be placed in statewide rank order”.

19. Sections I.C. and I.E. refer to units that are “Vacant” or “Abandoned.” Can a developer transform, say, an empty office building into residential units and claim points for all of the “units” being “Vacant” or “Abandoned?”

As described an empty office building does not conform to the definition of a “unit”. The project must conform to all requirements and definitions of the 2013 QAP relative to Vacant or Abandoned units.

20. One of the Threshold Requirements is “Environmental Review.” Is there a specific form you want the licensed environmental engineer to use? For Example, is the

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ERR like the one that has to be done for Federal NSP2 Funds (Sample Attached) sufficient?

See language from QAP below:

“All projects involving use of existing structures must submit an Environmental Restrictions Checklist completed by a professional licensed to conduct environmental testing.”

The environmental engineer conducting the review should be familiar with the format needed to complete the review.

21. Re: III. B. Priority Development Areas and Other Preferences. Unit Affordability. Can you claim points for (i) and for (ii), and (iii) or just one of them?

Points may be selected which combines criteria III B. Unit Affordability (i) and (iii) **or** (ii) and (iii), but not (i), (ii) and (iii)

22. Re: II. B. Targeted Population Type. Special Needs Households. Please confirm that if you check (i) *Homeless Households*, and (ii), *Disabled Households*, and (iii) *Tenant Populations of Individuals with Children*, that either Ten or Twenty percent of your units must consist of residents that are some combination of Homeless, Disabled, and Tenants with Children as opposed to a required percentage of each.

Yes

23. If you apply for CDBG or HOME funds do you have to show a funding gap in that amount to be eligible to receive those funds? If so, what happens if you are not awarded the CDBG or HOME funds? Your Sources do then not match your uses. Is your application then not Feasible and Viable or are you given an opportunity to show alternate sources of funds?

No, Developer should evidence in the application other alternative sources of funding if HOME or CDBG funds are not awarded.

24. Under C.1. “Maximum Tax Credits” it reads, “A Developer may participate in a project sponsored by a qualified non-profit organization in which the Developer provides payment and performance guarantees on behalf of such nonprofit sponsor and in which the Developer’s participation in such Project causes the Developer to exceed the Developer Fee limits only if the qualified non-profit sponsor, Developer and Taxpayer-Owner of such Project enter into an appropriate agreement with the Corporation...” Does the applicant have to enter into that agreement with the LHC

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prior to the application deadline or just commit to doing so and then execute the agreement post award?

A commitment to execute such an agreement is sufficient.

25. The QAP states we should use a market analyst from the approved list. The only list I could find on the LHFA website was from 2010. Is there a current list of approved market analysts available?

See language from the 2013 QAP regarding market study analysts.

Q. Market Study and Appraisals

Project developers will contract directly with approved disinterested market analysts to perform market studies. The selected market analysts must be a member of the National Council of Affordable Housing Market Analyst (NCAHMA) or a similar professional organization.

26. The QAP definition of Development Costs begins with “The costs of acquiring land or buildings or constructing and / or rehabilitating buildings and facilities functionally related and subordinate to such buildings...” Does the Development Cost definition include all soft costs including required reserves?

a. The soft costs that are considered reasonable are included as a Development Cost; however, reserves for replacement are not Development Costs.

27. In the TDC section does "elevated" and "non-elevated" refer to a elevator? Or does it mean elevated on piles, due to flood plain issues?

a. “Elevated” refers to developments with buildings that include the use of an Elevator.

28. Redevelopment Area: the definition was revised to state that a local governmental unit provides incentives and/or resources amounting to or valued at 5% of total development costs. Assuming the project is located in a geographic area and QCT that is covered under a Concerted Community Revitalization Plan, are the following considered the referenced incentives or resources?

a) Property tax abatement- would submit letter from parish assessor to project developer waiving taxes. The saving of taxes increases net operating income, thereby increasing supportable debt as a source.

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Yes, but only if there is a specific description of the manner in which the property tax relief is consistent with the provisions of Article VII, Section 18 of the Constitution of Louisiana of 1974.

- b) Section 8 or public housing rental assistance- this would be a commitment from a local PHA for a specific number and amount of rental assistance. In Louisiana, a PHA is considered a unit of local government.

Section 8 project based assistance will be treated as a resource from a local government only if the project's sources evidences hard debt and the Section 8 project-based assistance will be taken into account only in an amount equal to the hard debt allocated to the units receiving Section 8 project based assistance. If there is no hard debt associated with the project, the Section 8 PBRA will not be considered in meeting these criteria.

- c) Capital commitment from local PHA. As long as the project is a public housing redevelopment, it is permitted to use a variety of capital sources as leverage.

See response to b) above for all non-ACC units in the Project. ACC supported units should be exempt from property taxes if the local public housing authority entered into a Cooperation Agreement with the United States Department of Housing and Urban Development.

29. Can lease-to-own projects include rental (during the 15 year period) and eventual sale of property (at the end of the cycle) to a case management service provider who services low-income with PSH needs?

In a lease-to-own project, tenants have right of first refusal. If the developer is considering an ownership arrangement that allows for a different scenario, a complete narrative should be submitted with the application for staff and counsel's review and consideration.

30. Can a 24-hour security alarm system in each unit qualify as on-site security for scattered site projects?

No

31. In a scattered site project where some of the units are historic (by receiving historic tax credit equity), is the TDC limit \$185K or \$250K?

See Maximum Average TDC Per Unit by Development Type in the QAP.

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32. In a scattered site project where some of the units are historic (by receiving historic tax credit equity), do they get the Energy-star 3.0 waiver?

Not necessarily. – Additional project specific information would have to be supplied.

33. Is a letter from local government mandatory for each project as listed in definitions, or only if you are taking points in the Government Support area of the Selection Criteria?

Such a letter is not mandatory for each project.

34. Will a project in a QCT meeting all the other requirements for urban redevelopment project be deemed a redevelopment project?

According to the defined terms in the QAP, such project would not be deemed a redevelopment project.