

2009 DCA Qualified Allocation Plan General Questions and Answers Posting #4

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.