

FREQUENTLY ASKED QUESTIONS (FAQ)
LOUISIANA HOUSING CORPORATION (LHC)
2015 QUALIFIED ALLOCATION PLAN (QAP)

NOTE: The questions below are only minimally edited and are in the same or nearly the same form as submitted to the Corporation. Responses to the Frequently Asked Questions are provided as a courtesy to our developers and meant to provide clarification with regard to the 2015 Qualified Allocation Plan (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. Q: Why not collapse the QNP/CHDO Pool into the General Pool, since applications can only be successful if they outrank other applications in the General Pool?**

A: Non-funded projects competing in the Qualified Non-Profit/Community Housing Development Organization Pool (QNP/CHDO Pool) are collapsed into the General Pool after funding to the QNP/CHDO Pool is exhausted.

- 2. Q: Do municipalities constitute QNPs that can submit under the QNP/CHDO Pool? According to the IRS: "Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose." ?**

A: Only entities that meet the QAP Glossary definitions for "Qualified Non-Profit Organization" or "CHDO" and submits the required documentation may compete in the QNP/CHDO Pool.

- 3. Q: A QNP/CHDO is required to receive what minimum developer fee?**

A: The QNP or CHDO is required to receive at least 51% of the developer fee.

- 4. Q: HUD, like RD, permits 1.10 Debt Service. (Examples available on request.) Shouldn't the RD DSC language also apply to HUD properties?**

A: The 1.10 debt service ratio only applies to Rural Housing Services (RHS) Rural Development (RD) funded properties as indicated in the QAP. Debt service ratios may fall below 1.15 if the Taxpayer/Owner execute an appropriate escrow or acceptable guarantee in an amount equal to the maximum cumulative cash flow shortfall.

- 5. Q: Rural Development Rehabs will be allowed a waiver of the minimum threshold requirements only if RD submits a letter . . . Should not HUD be permitted to likewise submit waiver requests?**

A: The QAP states “The minimum square footage, bathroom and bedroom size may be waived if a federal program finances the unit and the federal agency administering the program which finances the unit requests a waiver of such limits. However, other threshold requirements related to rehabs will be allowed only if RD submits a letter with the application authorizing the specific waiver(s) and concurring with the submitted request.

- 6. Q: Project Amenities. On-site laundry, etc. What is the rule for homes lacking these amenities and the space to install them for Single Family, Scattered Site, Infill Rehabilitation developments?**

A: All properties other than SRO (Single Room Occupancy) 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. The aforementioned requirement does not exclude single family, scattered site or infill rehabilitation developments; therefore, minimum project amenities must be provided.

- 7. Q: QAP page 4 of 41 lists production of affordable housing in RURAL areas among its aspirations. Page 28 of the 41 page QAP provides that a Scattered Site project located in an URBAN area may identify only the street addresses for each separate site. Page A-23 defines RURAL Area Projects as being outside 10 enumerated cities. The list of 10 cities does not specify Hammond. Reading these provisions together, does this mean that an applicant for a Scattered Site project in Hammond or any other incorporated municipality with street addresses cannot simply provide the street addresses for each site? If not, what is the rationale?**

A: Street addresses must be provided for any scattered site project.

- 8. Q: QAP page 29 of 41. (e. Map Requirement). Does the second sentence (section, ranges, boundaries, directions, and measurements) apply in the case of Scattered Site projects that need only to supply street addresses per page 28 of the QAP?**

A: Yes, the referenced statement applies to all projects.

- 9. Q: QAP page 28 of 41. Can sites in a Redevelopment Area be substituted if the local governmental unit timely requests the substitution?**

A: Sites may not be substituted without being subject to the material change provisions included in QAP. The QAP only allows projects located in a Redevelopment Area to add new sites within the Redevelopment Area when the local governmental unit requests the

addition of new sites within the Redevelopment Area. However, no additional sites may be included in a project following carryover allocation.

10. Q: Appendix A, pages A-14 and A-23, and Selection Criterion F, page B-3). What is the difference between an Infill Development and a Scattered Site Project (if any), and why are Infill Developments only "urban" such that Infill Developments are not permissible in municipalities like Hammond per Question #7 above?

A: Refer to the QAP Glossary definitions for Infill Project and Scattered Site Project.

11. Q: Leverage for Disability Funding. Selection Criterion VI (A). Are points awarded for such resources targeting the disabled when they are Federal in origin but flow through nonprofits such as Community Action agencies, Councils on Aging, e.g., Medicaid Waivers, Meals on Wheels?

A: Yes, provided documentation supporting the origin of the funds is included in the application submission.

12. Q: Other Threshold Requirements

Would the Maximum Average TDC Per Unit of \$250,000 for a Historic Property be applied to a project which includes historic tax credits as a project source, but does not select E.(ii). in Selection Criteria under 1. Targeted Project Type?

A: Yes; however, in order to qualify for the \$250,000 per unit limit the project must meet the definition for Historic Property in the QAP Glossary and the requirements outlined in the QAP on page 21-22, Section 11. Historic Rehabilitation Projects.

13. Q: I.G. Preservation Priority Project - Is a tenant-based voucher an acceptable form of a "federally funded (such as USDA, HUD, or PHA) rental subsidy"?

A: No, tenant based vouchers are not committed to a project and cannot be used to underwrite a project.

14. Q: II. Targeted Population Type The heading includes the parenthetical "Maximum 12 points allowed, one selection only". Given the maximum points it appears that the "one selection only" applies to "B. Veterans Households" and "C. Elderly Households", i.e. you can select A and then B or C but not A, B, & C. Is this interpretation correct?

A: NOTE: The statement "One Selection Only" was misplaced and refers only to Sub Category A. Special Needs Households. An applicant can only select one in this category but may select points in another category under Section II Targeted Population Type for a maximum of 12 points.

15. Q: II.B. Veterans Households - Please clarify “project must evidence commitment to the project from the Veterans Administration.” For example, what is an acceptable “commitment” and is a letter from the VA acknowledging such an acceptable form of “evidence”?

A: In order to receive points under Selection Criteria II.B. Veterans Households the application submission must include a marketing plan to reach Veterans and a letter of support or agreement from a Veteran’s provider such as Supportive Services for Veteran’s Families (SSVF) or Veterans Administration Health Care Center.

16. Q: “Tenant Population of individuals with children” Does that mean any household with at least one child, or does it mean properties intended to serve families with children (e.g., X% of 3 bedroom or larger units)?

A: Tenant populations of individuals with children refer to households with at least one child.

17. Q: Regarding the points awarded in Section I, Item G: Preservation Priority Project, must this type of project be strictly rehabilitation or would a project that demolishes existing apartments and then rebuilds a larger number of units on the same parcel of property be considered a preservation project?

A: To qualify for the Preservation Priority the project must effectuate **the preservation of existing housing**. A project that demolishes existing apartments may be allowed points in Section I, Item G: Preservation Priority Project provided the minimum percentage of Project Based Section 8 or federally funded (such as USDA, HUD, or PHA) rental subsidy being retained has been approved by the issuing governmental organization for the proposed new construction project. Such approval must be evidenced in the application submission.

18. Q: Does the definition of Scattered Site (full definition pasted below) which says "A project consisting of buildings containing housing units in which all such units are rent restricted" mean that mixed-income isn't possible in scattered site? Or does it mean that if a housing unit is a double on a single lot of record that both units must be rent restricted? (You can't have a rent-restricted and a market rate unit on the same lot of record)?

A: All of the units in a scattered site project must be rent restricted, thereby eliminating market rate units from the project.

19. Q. Are “TARGETED POPULATION TYPE” sub categories mutually exclusive? How can Targeted Population Type have “Maximum 12 Points Allowed” when it says “One Selection Only” and each selection option is worth 5-7 points?

A: Refer to the answer for FAQ Question 14.

20. Q: Five miles restriction on Targeted Project Type D New Construction Scattered Site Project does not apply to Targeted Project Type F Scattered Site Infill Projects, correct?

A: Correct, the referenced notation specifically applies to Item D. New Construction Scattered Site Project.

21. Q: Is the Veterans Points tied to a hard set-aside or a preference? In the 2013 QAP which also included veterans in the selection criteria, it was a veterans preference – meaning a procedure was articulated by the LHC by which a vacant unit had to be held for/ offered to veterans for a certain period of time before it could be released to another tenant type vs. a hard set aside. Which is contemplated in 2015?

A: If points are allowed the project must maintain a fifty percent set-aside of units for Veterans Households throughout the project's compliance period.

22. Q: The 2015 reintroduced language from the old QAP's allowing the taxpayer to exclude costs from government and similar grants from TDC limits. Since tax credit transactions typically cannot accept grants, I read that to include grants that are loaned in to the partnership as below market loans (since that is really the only way to accomplish getting those funds into the partnership). The 2013 QAP clarified that point to clarify that below market federal loans would be excluded from TDC. The 2015 QAP utilized the pre-2013 language, excluding grants, but not explicitly referencing below market federal loans. I think it's implicit that below market federal loans and (FHB loans) would be excluded from TDC and would appreciate your confirmation of the same.

A: Page 26 of the QAP, "Section C. Governmental Grants, Historic Credit Syndication Proceeds and Certain Other Funds are not included in Cost Limits" includes an exhaustive list of sources that will be excluded from the total development costs (TDC). Support documentation evidencing the type of funding must be included in the submission to qualify for the exclusion.

23. Q: The QAP requires site control at the time of application which may be documented, per the QAP, by a fully executed purchase agreement, an option to purchase, or a valid title in the name of the taxpayer or developer. Is a lease adequate to meet the requirements of site control? Is an option to lease adequate to meet the requirements of site control? If so, what is the minimum term of the lease necessary?

A: A lease or lease option is acceptable as long as the term of the lease is not less than a period of years sufficient under federal income tax principles for ownership of the improvements on the land to be in the name of the lessee or not less than 50 years.

24. Q: The Selection Criteria and Evidentiary Materials, I Targeted Project Type, Section (F)(i) and (F)(ii) provides a maximum of 10 points for Scattered Site Rehabilitation. The definition of scattered site projects restricts them to buildings that do not contain more than two housing units. Can you please confirm that for Section F(i) and F(ii), “Scattered Site Rehabilitation or Infill Projects” are those that do not contain more than 2 units.

A: Correct; the referenced selection criteria refers to scattered site projects that are either scattered site rehab or scattered site infill projects.

25. Q: Regarding item 2c please clarify whether the basis calculated for syndicating historic credits; or grants such as philanthropic donations, Federal Home Loan Bank or Private Investors funds are excluded from the basis calculation for LIHTC?

A: Refer to the answer provided for FAQ Question 22.

26. Q: I understand the funds from the Non Profit / CHDO pool will not collapse into the general pool. BUT, if the non-profit pool is oversubscribed, will the projects not awarded in that pool be eligible to receive credits from the general pool if they score well enough? In other words, after the nonprofit pool is used up, will nonprofit projects be ranked just like any other project in the general pool?

A: Refer to the answer provided for FAQ Question 1.

27. Q: We are working with a housing authority that wishes to improve their properties. Some of their properties are in very poor condition with older units that are functionally obsolete. We feel that it would make far more sense to tear down these existing units and construct new ones in their place. The new property would provide at least as many subsidized units as the old. We would like confirmation that this would qualify for preservation points as we would be preserving affordable units.

A: Refer to the answer for FAQ Question 17.

28. Q: Is a capital needs assessment required on a building you plan to demolish? Demolition costs will be included in the budget and considered a non-basis cost.

A: No however if any component of the existing project is incorporated into the new project a Capital Needs Assessment is required.

29. Q: Scoring Item I.C. High Vacancy Projects-if the market analyst is engaged by the LHC, how will we be able to provide information to the analyst that addresses the causes of the vacancy and specific need for vacant unit sizes in the market?

A: Information related to the vacant units such as cause of vacancy and unit information should be included in the application submission.

30. Q: Scoring Item I.G. Preservation Priority Project- Is any specific evidence required such as a letter from the entity providing the Project-Based Section 8?

A: Evidence of Project Based Section 8 must be included in the application submission in the form of a letter or current contract.

31. Q: Scoring Item III.B. Increased Unit Affordability-Please provide the contact person for the letter of PSH Support from the PSH Executive Council.

A: PSH Support must come from Nicole Sweazy, Executive Director of the Louisiana Housing Authority. Email Nicole Sweazy at nsweazy@lhc.la.gov by March 1, 2015. All requests will be presented to the PSH Executive Management Council (comprised of the Louisiana Housing Authority and the Department of Health and Hospitals) for approval or denial. Include the project location, total number of units, total number of PSH units, bedroom size of PSH units (strong preference for one bedroom units), number of accessible PSH units and proximity to services (hospitals, public transportation, grocery stores, mainstream services, etc.) You may call Nicole Sweazy at (225) 342-1381 if you have additional questions.

32. Q: Are subsidies available for the PSH units?

A: Yes, there are project-based vouchers available in the Gulf Opportunity Zone and Section 811 Project-Rental Assistance demonstration program subsidies available outside of the Gulf Opportunity Zone.

33. Q: Utility Allowances - If a Parish has no Section 8 program, can we use the utility allowance schedule of the local public housing authority?

A: Utility allowances are provided in the LHC On-Line Application.

34. Q: Multiple Site Application- Can a housing authority submit a single application for a rehabilitation project located on multiple sites as long as they are in the same town and census tract? It is much more cost efficient to prepare a single application. We find nothing in the QAP that would prevent a single versus multiple applications.

A: Refer to the QAP Glossary definition for a “project” which states “Multiple buildings are part of the same project only if such buildings:

- (i) Have similarly constructed units;
- (ii) Are proximate, i.e., located on a single tract of land; and
- (iii) Are owned by the same person and are financed pursuant to a common plan.”

Staff cannot make a determination based on the information provided; however, the aforementioned definition must be met.

35. Q: Owner Entity - Is it necessary to form the Owner entity (Limited Partnership) with the application or can the owner entity be identified simply as “To be formed”?

A: “To be formed” may be listed in the application in place of the owner entity if the owner entity has yet to be constituted.

36. Q: on page 4 of 9 Selection Criteria: II Target Population Type it says Maximum of 12 points one selection only. Then you have three choices: Special Needs (3 or 5) points, Veterans 7 points and Elderly 6 points. If you can only chose 1 then the max points would be 7 not 12. The only way to get 12 would be to have 25% tenants with children for 5 points than 50% veterans for 7 points to total 12 but it says you can only select one. Also if you COULD select two then couldn't you also do 25% disabled for 5 points who are also elderly then get 6 for elderly for a total of 11. Could you please clarify every possible scoring scenario under this selection criterion as it is confusing as written. To me the intent is clear, only select one so a maximum score of 7.

A: Refer to the answer for FAQ Question 14.

37. Q: As you recall the 2013 QAP originally had Veterans preference points. VISN 16 which is the VA headquarters for the Southeast is a mile from my house so I went there in 2013 to discuss VA support or commitment letters and was categorically informed the VA will not issue any such letters. A subsequent call to a LA congressman in DC who in-turn discussed the issue with the VA in Washington confirmed the same. Shortly thereafter the VA support was removed from the 2013 QAP. I have approached VISN 16 again about the issue as the VA commitment/support has resurfaced in the 2015 QAP and have again been informed the VA cannot issue such letters of commitment. Can you please tell me who at the VA the staff at LHC has contacted about VA commitment letters so that I may contact them to gain some clarification on what I am being told by VISN 16?

A: Refer to the answer for FAQ Question 15.

38. Q: I understand the funds from the Non Profit / CHDO pool will not collapse into the general pool. BUT, if the non-profit pool is oversubscribed, will the projects not awarded in that pool be eligible to receive credits from the general pool if they score well enough? In other words, after the nonprofit pool is used up, will nonprofit projects be ranked just like any other project in the general pool?

A: Refer to the answer for FAQ Question 1.

39. Q: My question is how to get to the correct TDC. Can I subtract operating reserves from TDC in trying to determine the correct denominator or do I keep that amount in?

A: Operating reserves are excluded in calculating the project's total development costs.

40. Q: If a City this or last month passed a Final Concerted Community Plan that complied with the QAP definition's requirements, will it be credited (with documentation) for the Plan points, or must it forfeit the points or (at that this late date!) amend its Plan?

A: An acceptable plan must meet the criteria outlined in the QAP Glossary definition for Concerted Community Revitalization Plan which must be a plan made up of measurable and/or tangible objectives, approved by a local governmental unit following a public hearing which describes an area, draws attention to the area's condition, states the incentives and the measures to coordinate and target resources to the area for purposes of redeveloping or revitalizing the area and identifies the strategies, financial resources (other than financing for the housing development at issue), and organizations to implement revitalization. As stated in the QAP Glossary, an executed resolution must be included in the application submission as evidence of local governmental approval.

41. Q. Where is the list of acceptable local newspapers and official journals on your website?

A: The list is posted to the Corporation's website in the Archives section which may be accessed using the following link:

<http://www.lhc.la.gov/assets/Programs/Low Income Housing Tax Credit/OfficialParishJournals2015.pdf>

ONLINE APPLICATION QUESTIONS

42. Q. Can multiple people log into the same application at the same time?

A: No, multiple registered users cannot log into the same application. Only the registered user that created the application can log into the application. However, a user can log into the application on multiple computers at the same time but the ability to save data entered is not functional and/or may cause technical error.

43. Q. Can you print a blank application?

A: No, a blank application cannot be printed; however, once data has been captured in the application it can be printed.

44. Q. Do attachments have a file size limit?

A: Yes, 10 megabytes per file.

45. Q. How will preliminary site information be submitted?

A: The below information should be sent via email to gapcomments@lhc.la.gov

Project Site Information require the following information:

- Project name and address;
- Taxpayer and contact person information; and
- General Project Information including the number of units and buildings, unit mix, construction and development type, and targeted population.

46. Q. It was stated that utility allowances would be included in the online application. Has this been confirmed in the final version?

A: Yes

UNANSWERED QUESTIONS

The following questions were received by LHC but were unanswered due to the questions being project specific, outside the scope of the QAP or unclear.

1. Board Approval requirement for Material Changes. Has the Corporation given thought as to how Material Changes can be approved between Board Meetings now that the Board no longer meets monthly?

2. Rehab infill projects

F. Scattered Site Rehabilitation/ or Infill Projects (Maximum 10 points allowed)

(i) Scattered Site Rehab or Infill

10 _____

Would a multi-family apartment complex requiring repair cost of more than \$ 20,000 per unit (44 Units) with part of the property having vacant land that had previous units, that were demolished due to damage from Hurricane Katrina. On this vacant land, if we were to build approximately 20 new units, (10 doubles or 20 singles) would this meet the requirements of F above for a Rehabilitation Infill Projects? What would be the minimum amount of new units needed to meet this requirement?

3. I. Targeted Project Type Is it acceptable for a project which includes historic tax credits as a project source to select F.(i) in lieu of E. (ii)?
4. Regarding the points awarded in Section I, Item F: Scattered Site Rehabilitation/or Infill Projects, will points be awarded for new construction projects that demolish occupied apartments? In this situation, the occupied apartments underuse the property, so replacing the old apartment would more efficiently use of the property allowing more apartments to be built.
5. For a housing authority rehabilitation project with no prior award of tax credits, whose original buildings were completed and placed in service 40 years ago and claiming points as a “Redevelopment Project”, it would qualify as a “Distressed Property” as long as rehab costs exceed \$20,000 per unit and because it receives operating subsidy and assistance from HUD, it is considered a “federally-assisted.”
6. Scoring Item I.B-Redevelopment project- For a housing authority rehabilitation project with no prior award of tax credits, whose original buildings were completed and placed in service 40 years ago and claiming points as a “Redevelopment Project”, would it qualify as a “Distressed Property” as long as rehab costs exceed \$20,000 per unit? Because it receives operating subsidy and assistance from HUD and is considered federally-assisted, we assume it would meet the definition of a Distressed Property.
7. How would [you] allocate points for a project that had both rehab of existing PH/RAD units and would use abandoned lots within a close radius for infill new construction PBV housing? Would it be based on the main site? Whichever part of the project had the most units? Or whichever site had the oldest units?