

## QUESTIONS AND ANSWERS

February 8, 2024

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**Q1.** For properties seeking points for "Subsequent Phase", but are a scattered site project, what percentage of units must be within 0.25 miles of Phase 1?

**A1.** For scattered site projects, at least 25% of the units must be within 0.25 miles of the previous phase.

**Q2.** For applicants requesting that ADOH approve another form of support (Local Government Support) prior to the application deadline, when will ADOH respond if it qualifies and how many points will it count for?

**A2.** The Department will accept requests to approve another form of support until March 15, 2024 for the 2024 9% LIHTC Application round. The Department will respond by March 22, 2024. The Department will award other forms of support 5 points.

**Q3.** In the Below Market Loans and Local Support scoring category, can applicants obtain points for "local gap financing" and "other"?

**A3.** Yes, if there are two separate and distinct types of support. Subject to Department approval, please see Question and Answer 2 above.

**Q4.** Does the definition of nonprofit include a 501(c)(4)?

**A4.** The definition of nonprofit does not include 501(c)(4) applicants, but it does not preclude them from applying for tax credits. The Nonprofit definition applies to the nonprofit award adjustment (the portion of State ceiling set-aside for certain projects involving qualified nonprofit organizations). Please see the definition below.

**26 USC § 42(h)(5)(C): Qualified nonprofit organization:** For purposes of this paragraph, the term "qualified nonprofit organization" means any organization if— (i) such organization is described in paragraph (3) or (4) of section 501(c) and is exempt from tax under section 501(a), (ii) such organization is determined by the State housing credit agency not to be affiliated with or controlled by a for-profit organization, and (iii) 1 of the exempt purposes of such organization includes the fostering of low-income housing.

**Q5.** On page 19, under state tax credits, it indicates that it is available for properties placed in service on or after June 30, 2022. Please confirm that I may apply for state tax credits for a project that had buildings placed in service during this time.

**A5.** Yes, if your project meets this requirement, you may apply.

**Q6.** Will you be required to waive the qualified contract if you are awarded state tax credits?

**A6.** Yes, any projects awarded under the 2024-2025 QAP including those for or with 9% LIHTCs, 4% LIHTCs and/or STCs waive their right to request a qualified contract under Section 42(h)(6)(E)(i) of IRC.

**Q7.** On 4% deals, will it be required to have 100% of the units at 50% AMI or the 60% required by bonds?

**A7.** This will be an Applicant's choice to determine unit mix for their project.

**Q8.** Will ADOH allow an increase of 30% in eligible basis for 4% projects?

**A8.** 4% LIHTC projects are eligible for a 30% basis boost if they are located in a QCT or DDA.

**Q9.** If you commit to Section 811, do you get the 30 points?

**A9.** Yes, if you provide the evidence of an 811 commitment from an applicable jurisdiction to the Department.

**Q10.** What does it take exactly to get 30 points for Section 811?

**A10.** Making a commitment and providing evidence of commitment from an applicable jurisdiction to the Department.

**Q11.** If the units are set aside for Section 811, will the rental assistance come? In other words, if the project is awarded and committed to Section 811 and sets aside the units, will the units also be awarded Rental Assistance by HUD via ADOH?

**A11.** ADOH does not have 811 Rental Assistance available for the 2024 9% LIHTC round. If you are able to obtain 811 assistance from another jurisdiction then you will have evidence of commitment from the applicable jurisdiction to submit for points.

**Q12.** Is there a separate application for Section 811 and separate application for rental assistance under Section 811 project?

**A12.** ADOH has exhausted 811 funds at this time. Section 811 subsidy is generally obtained outside of the LIHTC process.

**Q13.** Is a supportive services plan required for applicants who are choosing Section 811?

**A13.** The Department does not require a supportive services plan for LIHTC applicants. Please follow the applicable jurisdiction's requirements as appropriate.

**Q14.** Does waived fees by local governments count as 'Other' source from government agencies under Local Gap Financing?

**A.14.** Please see Question and Answer 2 above. Please submit to the Department for consideration.

**Q15.** If local city agrees to pay for a portion of infrastructure – does this count as other source from government agencies under Local Gap Financing?

**A.15.** Please see Question and Answer 2 above. Please submit to the Department for consideration.

**Q16.** Land Lease – "... Land lease demonstrates no more than \$2,000.00 in cost line-items for land and buildings...." \$2000 a year or a month – please provide clarification?

**A16.** The Land Lease cannot demonstrate more than \$2,000 in cost line items for land and buildings on the Uses Tab in the Underwriting Workbook.

**Q17.** Subsequent Phase - What is the time limit between Phase 1 and Phase 2 for rural vs metro areas?

**A17.** There is no time limit between Phase 1 and Phase 2 in subsequent phases. Please note the requirements in the scoring category must be met to receive points.

**Q18.** Should the subsequent phase be managed and developed by the same management and development team as the original project?

**A18.** The subsequent phases do not have to be managed and developed by the same team(s), however the requirements in the scoring category must be met to receive points. The Department may require documentation that the land was paid for only once.

**Q19.** Does ADOH require EV ready parking spaces for 4% bond transactions?

**A19.** No, the Department does not require EV ready parking spaces, but will allow EV ready parking spaces. Please see the Exhibit A Mandatory Design Standards.

**Q20.** To be considered "current", within how many months of application must will-serve letters be dated?

**A20.** The Department will consider will-serve letters dated within six months of the application deadline to be current.

**Q21.** For Form 10 (Zoning), the form is set for a single multifamily development on a single lot. Are we allowed to edit these forms to adjust them to fit the nature of our project?

**A21.** The Department's forms are not to be edited. Please use more than one form if you have different zoning for different buildings.

**Q22.** May the 2010 ADA Standards for Accessible Design be used in lieu of UFAS1988 as the accessibility standard for AZ DOH LIHTC projects?

**A22.** Please refer to the Exhibit A Mandatory Design Guidelines. Where the Design Guidelines are silent, please use the applicable building codes.

**Q23.** What methodology does ADOH require to calculate utility allowance for a new construction project?

**A23.** Please see the Department's Compliance Manual, Section 2.4 Utility Allowance Determination and 3.11 Utility Allowance. The Compliance Manual is posted on our website.

ADOH Compliance Manual, Section 3.11 Utility Allowance: "Utility allowances must be determined according to program requirements set forth in IRS Regulations 1.42-10. In addition, Housing requires that verification of utility allowances used to calculate rents be obtained by owners/agents at least annually. Applicable documentation as follows must be readily available to on-site personnel and, upon request, to Housing."

**Q24.** Land lease demonstrates no more than \$2,000 in cost line-items for land and buildings." Does this mean the yearly land lease cannot be over \$2000 per year?

**A24.** Please see Question and Answer 16 above.

**Q25.** Section V.D.7 of the final 2024-2025 QAP that involves awarding points for a Subsequent Phase. That section awards 10 point if the building proposed in the Application is a "second or third" phase. Can the Project be a 4th, 5th or even a 6th phase of an existing affordable housing project and still satisfy this scoring category (assuming all other parameters of that section are satisfied)?

**A25.** The scoring category is specifically refers to 2<sup>nd</sup> and 3<sup>rd</sup> phases. If a development can demonstrate later phases were contemplated at phase 1 and meet the other requirements of the scoring section, then they can be included.

**Q26.** Both 4% and 9% deals are required to waive their right to a Qualified Contract, is that

correct? Also, is this enforced through the LURA only?

**A26.** Please see Question and Answer 6 above. The waiver of Qualified Contract will be enforced in the LURA.

**Q27.** Will there be a 2024 QAP training? I did see the LIHTC Compliance workshop sessions.

**A27.** The LIHTC Application Workshop was held on December 14, 2023 for the 2024 round.

**Q28.** In 2021 A single asset LLC unrelated to this applicant filed for a short term chapter 11 reorganization which was quickly completed within a year. Neither the applicant, the developer, any member or partner of the applicant or eventual ownership, myself or any one of my family members was a debtor in this matter.

**A28.** Please see our Disqualification section in the QAP (Section IV.5. Disqualification). The Department reserves the right to disqualify an application based on substantive evidence connecting a Principal to any of the following listed in that section of the QAP.

**Q29.** What level of readiness is required? Anything beyond proper zoning for the project?

**A29.** A complete application must be submitted including Section IV. Threshold.

**Q30.** Are there maximum AMI levels for supportive housing units?

**A30.** The LIHTC limits for AMI will be applicable and project dependent. Please note there is a Notice of Funding Available (NOFA) for 9% LIHTC applicants that has a Permanent Supportive Housing component. That NOFA has different AMI requirements than the QAP.

**Q31.** The QAP defines an employment center as: "a single university or college, single hospital, single governmental entity, or single private company that has at least 250 year-round, full-time employees in one location for Metro developments and at least 50 year-round, full-time employees in one location for Rural/Balance of State developments and at least 30 year-round, full-time employees in one location for developments on Tribal land. The project must provide a letter from the employer, a third-party employment agency, or the local body of government stating the number of year-round, full-time employees that work at the location. All employees must be at the same site to receive points."

Under the QAP, would a school district with at least 250 employees be counted as an employment center?

**A31.** The Department will consider a school district a single government entity with proper documentation submitted with the application meeting the criteria.

**Q32.** The QAP, for New Construction, talks about Applicant and Principal Experience. Under the

Application Form 6.1. it says Developer Experience. Could you please clarify? Does the applicant need to list experience, or a developer need to list experience or both?

**A32.** Please complete for the Applicant and the Developer. If there is a Developer and Co-Developer on the project, please provide for both.

**Q33.** If an applicant has a two phased project and builds a community building with a community room, office and maintenance in phase 1, do they need to build another one in phase 2? Or can they have a shared use agreement in place?

**A33.** The Department would allow a waiver request to be submitted and a Shared Access Agreement or MOU to occur between the two phases subject to Department approval.

**Q43.** Section E (2) Supportive Housing - The Supportive Housing Scoring category lists three options to claim the Supporting Housing points. Can you confirm that a Tribal project that accepts TBRA from its Tribally Designated Housing Entity (in the form of Tribal Housing Assistance Payments) would meet the scoring requirements of the TBRA Participation option?

**A43.** Project-Based Vouchers are assigned to a specific building and clients must reside in the building to receive assistance. The rental subsidy stays with the building. When the assisted tenant moves out, the rental assistance remains with the building for the next eligible occupant.

Households with Tenant-Based Vouchers can use their assistance at any home, apartment or other private market residence that meets household requirements, safety standards and rent reasonableness.

Tribal Housing Assistance Payment Agreements are project-based therefore they fall under the Rental Assistance category and not the Tenant Based Rental Assistance Participation category.

However, if a Tribe or Tribally Designated Housing Entity has a Tenant-Based Voucher Participation program then they would be eligible under Tenant Based Rental Assistance Participation.

**Q44.** Section E (2) Supportive Housing - Does the Tenant Based Rental Assistance Participation option require a coordination plan or supportive services plan?

**A44.** There are many types of TBRA programs; an example is the Section 8 Voucher Program. TBRA programs can have their own requirements. The Department does not require a coordination plan or supportive services plan.

**Q45.** Exhibit A, Section III(A) – Is a waiver for sidewalks required if the project site is not surrounded by connectable uses?

**A45.** Yes, a waiver request is required for all requests that do not meet the Department's Design Standards. Waiver requests are subject to Department approval and are not guaranteed to be granted.

**Q46.** Exhibit A, Section V(B) – Does a project need a licensed landscape architect? Or can a project with minimal xeriscaping follow the landscaping design standards without hiring a licensed landscape architect?

**A46.** The Department requires a complete landscape plan, designed by a licensed landscape architect for all projects.

**Q47.** If you applied for a LIHTC project under the 2022-2023 QAP, but are now applying under the 2024-2025 QAP for state tax credits, which QAP applies to your project?

**A47.** Your project is required to meet the requirements of the QAP it applies and is awarded under. Therefore, the LIHTC application would be awarded under the 2022-2023 QAP for LIHTC. Then if awarded STC it would be under the 2024-2025 QAP. The 2024-2025 QAP Threshold and Scoring requirements for the STC application would have to be met.