

Clarifications to NOFA issued March 20, 2017

Questions for Clarifications Received as of June 12, 2017

In working on the SHF PSH NOFA response it is not clear what we should be submitting regarding supportive services. In Tab 16 a Supportive Service Plan Outline & Service Provider Questionnaire are referenced but when I go to Tab 16 of the application document it is blank. Can you clarify what should be submitted in Tab 16?

Applicants will be expected to coordinate with the Regional Behavioral Health Authority to provide the supportive services as described on page 4 of the NOFA. Applicants should provide an explanation of how that coordination will be accomplished in lieu of the Supportive Service Plan Outline and Service Provider Questionnaire described in the TAB Requirements.

Questions for Clarifications Received as of June 8, 2017

Please let me know in which Tab to place the 2016-2017 Supportive Housing Application Form (Pages 1-15 on the Excel file of forms). It is not identified under the Tab Requirements and I do not want to misplace it from where ADOH expects to see it. I am thinking Tab 2 along with the Self-Score Sheet.

Yes, please place it directly behind the Self Score Sheet in Tab 2.

Questions for Clarification Received as of May 15, 2017

If project based rental assistance, such as section 8, is not available, can units be used as long term supportive housing units at or below FMR/affordability for low income individuals and families.

No, both the Annual Allocation Plan approved by HUD and the NOFA require all PSH units funded with HTF to have Project Based Rental Assistance.

Can you please clarify if once a property is acquired and the PSH units renovated, aside from those PSH units, can the property house other models of housing in the future, such as long term supportive or emergency, or transitional housing, if funded by other sources?

Once the PSH units are placed in service, the property will be restricted by the Community Covenants & Restrictions (CC&Rs) for the HOME and NHTF funds that will cover the entire parcel on which the units are situated for thirty years. Please bear in mind that while HUD may make an exception for a "troubled property" under 24 CFR 92.210(b), pursuant to 24 CFR 92.214 Participating Jurisdictions may not provide assistance (other than tenant-based rental assistance) to a project previously assisted with HOME funds during the period of affordability.

On the revised NOFA, page 13 Section G it states that Maricopa County continuum of care can be allocated up to 30 points, Balance of state continuum of care can be allocated up to 15 points, and Pima county continuum of care can be allocated up to 5 points.

On the application itself, the point system is listed as:

30 points is available for projects located in Maricopa County

15 points is available for projects located in Pima County

5 points is available for projects located in the Balance of State

As stated in the clarification below on April 18, 2017 “The 2016-2017 ADOH NHTF Annual Allocation Plan (“Allocation Plan”) is the prevailing document, as it was required that it be approved by HUD. The NOFA has been revised to be consistent with the Allocation Plan.” Thus, the NOFA is correct. The Application itself has been revised to be consistent with the NOFA and the Allocation Plan, and may be found at the following location:

<https://housing.az.gov/documents-links/publications>

Questions for Clarification Received as of May 5, 2017

Do we need to submit a full official appraisal of a property if acquisition is part of the proposal, or will a written broker’s opinion be sufficient?

A written broker’s opinion is not sufficient. The Tab Requirements for TAB 8 states: “Attach an appraisal (conducted within 6 months of application) if the project involves acquisition of real property indicating the value of the real property to be acquired. This includes both vacant land and land with existing buildings and improvements. If no acquisition is to take place, an appraisal is not necessary.”

There is some language in the NOFA that states “additional units assisted by other financing sources which are subject to their respective income limits.” Can you clarify what percentage of the proposal can include these additional units?

There is no defined percentage of a proposal that may include additional units. The NOFA states that “Applicants must propose a minimum of 25 units.” Additionally, Applicants may not request more than \$140,107 per Zero-Bedroom Unit and more than \$160,615 per one-bedroom Unit in ADOH assistance. Further ineligible costs must be funded through non-ADOH funding sources. (See Section 3.8 of the Program Summary and Application Guide for a list of eligible expenses.)

Will funds from the National Housing Trust Fund be available annually on an ongoing basis? If so, will the ADOH post a NOFA when available each year?

Since the legislation was initially approved in the Housing and Economic Recovery Act of 2008, and the first allocation to ADOH was in 2016, ADOH can't determine when National Housing Trust Funds (NHTF) will be available. ADOH has not received any notices that NHTF have been allocated to date this year. (The total amount of NHTF are determined on an annual basis based upon 4.2 basis points of Fannie Mae and Freddie Mac's new mortgage purchases, a 65% portion of which goes to the NHTF. Allocations are then determined on an annual basis by HUD.) For each year in which ADOH is allocated funding from this source, ADOH will publish an allocation plan for public comment and approval by HUD.

How is the requested income adjustment made “thirty percent (30%) of the HUD Area Median Income adjusted for family size with utility costs deducted”?

HUD publishes income limits adjusted for family size on an annual basis. The adjustment for the utility allowance is determined based upon the RESNET Rater's utility allowance for the apartment unit. (See page 26 of the SHF Program Summary & Application Guide.)

Is there a list of current and approved PSH projects within the state?

Following is the list of supportive housing units for projects that have been approved by ADOH since 2009 when ADOH began tracking this information:

	Type	LIHTC Set Aside	Developer:	Project Name:	PBV/PSH
2009	LIHTC	None	Cloudbreak Phoenix	Victory Place Phase III	37
2010	LIHTC	Veterans Set Aside	NRP Arizona Development	Madison Pointe	15
2010	LIHTC	Public Benefit	Native American Connections	Encanto Pointe	54
2011	LIHTC	Supportive Housing	Native American Connections	Steppingstone Place	38
2012	LIHTC	Supportive Housing	A New Leaf	La Mesita	30
2012	LIHTC	General Pool	DESCO Arizona Affordable Housing	Garfield Sacred Heart	50
2013	LIHTC	Supportive Housing	Gorman & Company	Escobedo at Verde Vista	30
2013	LIHTC	Supportive Housing	Cloudbreak Phoenix	Victory Place IV	30
		CASS NSP	Arizona Housing, Inc.	209 West Jackson	100
		CASS NSP	Arizona Housing, Inc.	North 17	72
2014	LIHTC	Supportive Housing	UMOM	North Mountain Village Apts	34
2014	LIHTC	Supportive Housing	City of Phoenix	Frank Luke Addition, Phase III	33
2014	LIHTC	General Pool	Gorman & Company	Madison Heights Phase I	30
2014	LIHTC	General Pool	La Frontera Partners	Rally Point	30
2015	LIHTC	Supportive Housing	A New Leaf	La Mesita Phase III	30
2015	LIHTC	Supportive Housing	Gorman & Company	Esperanza En Escalante	30
2016	LIHTC	Supportive Housing	Native American Connections	Camelback Pointe	54
2016	LIHTC	Supportive Housing	La Frontera Partners	Miracle Point Apartments	40
					737

Questions for Clarification Received as of April 18, 2017

For the required ASTM E 1527-13 Phase I Assessment, do the asbestos and lead base reports have to be comprehensive, or can they be a general report?

The SHF Program Summary Application Guide states “An ASTM 1527-13 Phase I Assessment (with asbestos and lead pain reports, if a rehabilitation) is required for all rental development projects.” The report submitted with the Application does not have to comprehensively test every unit, but should be sufficient to determine an appropriate rehabilitation budget. If awarded, recipients will be required to fully comply with 24 CFR Part 35 (Lead Safe Housing Rule), as well as applicable EPA (Environmental Protection Agency) regulations and Federal and State requirements to protect affected public members from exposure to regulated asbestos-containing material during facility renovation, demolition, removal, transport and disposal activities. Those regulations may require additional testing for full compliance after an award under this NOFA.

I see that a market study is required in addition to an appraisal. The appraisal aspects will not differ from the typical LIHTC round but the market analysis will so wondering if you can shed some light in case we are asked to respond:

- Is the study to be completed in conjunction with the LIHTC market study guide? Is the report to be similar in scope and comprehension or is a more streamlined/specific analysis to the target market what is being looked for.
- The Guide does not go into much if any discussion related to market support for this type of housing product. We do the work and have formats and templates that we use in other markets but wondering if the agency had any insight or expanded/amended the guidelines to account for it.
- In Lieu of the above, if it is something that the agency is looking for some clarification on let me know and I would be willing to review and discuss how we prepare these types of reports in other areas. Unfortunately the data that is available beyond local support groups is not significant and is often so broad that it is hard to draw a conclusion from it. We most often review as a typical LIHTC project and add discussion/support for the targeted special needs market that is the focus of the development.

The market analyst should follow the Exhibit L Market Demand Study Guide for the LIHTC program. The market analyst may supplement the required analysis with discussion/support for the targeted special needs market that is the focus of the development.

The Permanent Supportive Housing NOFA issued March 20, 2017, states the following beginning at the bottom of page 1 of the NOFA: “This NOFA and the following documents combine to provide instructions on how to submit a proposal under this NOFA:

- 2016-2017 ADOH Program Summary & Application Guide
- 2016-2017 Supportive Housing Application
- 2016-2017 ADOH NHTF Annual Allocation Plan”

When there is conflicting information between the documents, which one is the final decision maker? As an example, in the section describing Scoring, the following documents each has a different description of the Scoring: Permanent Supportive Housing NOFA; NHTF Annual Allocation Plan; and the 2016-2017 Supportive Housing Application – Form 2 Self Score Sheet.

The 2016-2017 ADOH NHTF Annual Allocation Plan (“Allocation Plan”) is the prevailing document, as it was required that it be approved by HUD. The NOFA has been revised to be consistent with the Allocation Plan. The scoring criteria set forth in the Allocation Plan is now included the NOFA. The revised NOFA is at the following location:

<https://housing.az.gov/documents-links/publications>

The Score Sheet from the 2016-2017 Supportive Housing Application has also been revised and is at the following location:

<https://housing.az.gov/documents-links/publications>

The 2016-2017 State Housing Fund Program Summary & Application Guide under section 1.9 Compliance with Federal and State Requirements, paragraph A. Davis Bacon Act, requires that a contract for construction with twelve (12) or more HOME-assisted units requires the provisions of the Davis Bacon Act. Within the 2016-2017 ADOH NHTF Annual Allocation Plan, page 19, it states the following: “The Davis-Bacon and Related Acts do not apply to the HTF program.” Please confirm which document prevails regarding Davis Bacon Act.

The NOFA states “Projects awarded under this NOFA will be required to meet all requirements of 24 CFR Parts 92 and 93 which provide applicable regulations for the HOME and NHTF funding. Where the regulations for these two (2) programs are inconsistent, the most restrictive provision shall be applicable to the project.” Applicants should anticipate that they will receive HOME funds in conjunction with NHTF funding, if awarded under this NOFA. The number of HOME units will be determined based upon the requirements of 24 CFR Part 92 (the HOME program), and until awards are determined, it will not be possible to determine whether a particular project will have twelve or more HOME assisted units. Thus, applicants should include Davis Bacon wages in the Development Budget.

Within the 2016-2017 State Housing Fund Program Summary & Application Guide, page 5, Section 1.9 F., Environmental Review, it states the following: “A completed HUD Format Environmental Review and a HUD issued Authority to Use Grant Funds is required at the time of application.” Does this provision apply for this National Housing Trust Fund NOFA and Supportive Housing Application?

Yes. Item 9 on the TAB Req tab and TAB 9 provide information regarding what documentation is required to meet Environmental Review requirements.

Within the Scoring for “Months to Place Units in Service” please consider amending the provision to read as follows: “Applications that reasonably demonstrate that the Project will be placed in service (including all PHS Units) in fourteen (14) or fewer months from the **latter of (a) the date the awards are announced, and (b) the date HUD issues Authority to Use Grant Funds.**”

At this point, the Allocation Plan has been approved by HUD and is not subject to revision.

Within the Scoring for “Service Enriched Location” please consider the following to qualify as a “Grocery Store:” Mobile Food Store providing fresh produce at a minimum of once per week to the site. See the article on “Fresh Express” at the following link: <http://www.phoenixnewtimes.com/news/fresh-express-bus-brings-produce-to-food-deserts-in-phoenix-and-tempe-8256755>. This is the best way to offer quality fresh produce to the homeless residents. It is an excellent service and more convenient than having to go to a regular grocery store.

At this point, the Allocation Plan has been approved by HUD and is not subject to revision.

The Permanent Supportive Housing NOFA identifies the “Target Population” beginning on page 3. Please clarify that an existing project to be rehabilitated which currently houses homeless individuals will allow current residents to remain and the new tenants to arrive after renovation will be subject to the provisions within the Target Population described in the NOFA.

After relocation during the rehabilitation, to the extent that current residents qualify to return to the property based upon: 1) requirements of existing rental assistance, if any; and 2) qualification under 24 CFR Parts 92 and 93 as applicable to the new HOME and/or NHTF funding that assists the unit in which they reside, current residents may qualify to remain at the property. Any units remaining would be immediately subject to the provisions within the Target Population described in the NOFA and as the existing tenants who are eligible to remain at the property move out, those units will be subject to the provisions within the Target Population described in the NOFA.

Questions for Clarification Received as of April 11, 2017

The announcement itself says that applications are being solicited from affordable housing developers, however the NOFA states that nonprofit entities are eligible to apply as well. Can the nonprofit entity, working conjunction with an affordable housing developer, be the main applicant?

The NOFA states that “Eligible Recipients are public housing agencies, for-profit entities or non-profit entities” and “further eligibility requirements are found in the 2016-2017 ADOH SHF Program Summary and the ADOH NHTF Annual Allocation Plan.”

Section 1.2 of the SHF Program Summary and Application Guide (“Program Summary”) limits eligible applicants to entities that are authorized to conduct business in Arizona and who are:

- 1. “Units of local government, including cities, towns and counties;*

2. Tribal governments, tribally designated housing entities and housing authorities;
3. Public Housing Authorities;
4. Regional Councils of Government;
5. Other State Agencies;
6. Non-Profit Agencies, including CHDOs;
7. Private development agencies.”

However, the Program Summary also states that “Eligible applicants may be more restrictive for NHTF, refer to the ADOH NHTF Annual Allocation Plan.”

The NHTF Annual Allocation Plan states that “The development team must demonstrate the ability to develop, own and operate the property in accordance with the requirements of this Allocation Plan and the [national] HTF program. Eligible applicants must demonstrate that all members of the development team have the experience, ability and financial capacity, in their respective roles, to undertake, maintain and manage the property, as well as comply with all federal cross-cutting requirements of this Allocation Plan. Applicants with limited experience in the development, ownership and management of multi-family rental property using federal programs are encouraged to partner with an experienced developer or sponsor.”

Thus, it is possible for a non-profit entity without development experience, working in conjunction with an experienced affordable housing developer, to apply as a co-developer – so long as the ability to own and operate the property in accordance with all program requirements is demonstrated to the satisfaction of ADOH.

Once the project(s) have been awarded, how is funding provided? Is it on a reimbursement or cash award basis? If reimbursement, how often are reimbursements allowed?

ADOH funding is provided on a reimbursement basis. Up to one request for reimbursement of eligible costs per month (as defined in Section 3.8 of the Program Summary and limited to the amounts beginning on page 5 of the NOFA) is accepted.