

# QUESTIONS AND ANSWERS

## Application Workshop and December

December 13, 2021 – December 31, 2021

Please note questions are copied as written.

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**Q1.** The Arizona revised Statute section 42 11133 is the former Senate bill 1300 allows for Property tax exemption where a non-profit is a General partner on the On the section of the application that talks about property tax exemptions it requires support for the exemption however you can't apply for an exemption under this section of Arizona Revised Statute until the project is actually built so I don't know how but I guess I was asking you is what kind of documentation or can you include the property tax exemption in the underwriting under that circumstance?

**A1.** *Yes, if applicants intend to participate in the tax exemption, they would select this option on Form 7 and include the exemption in their underwriting workbook.*

**Q2.** How are joint ventures classified when it relates to the non-profit property tax exemption?

**A2.** *Please contact Darren Rasmussen at [drasmussen@azdor.gov](mailto:drasmussen@azdor.gov) to receive guidance on questions related to property tax exemptions. You will also need to reach out to the applicable county assessor to obtain county specific guidance.*

**Q3.** So this question is in regards to, say the project closed in 2020 - 2021 with that provision is that project, when ADOH completes its 8609 or placed in service underwriting does the project need to prove out that prior 110 ratio of placed in service.

**A3.** *Projects are subject to the requirements listed within the adopted QAP of the tax credit allocation year. Please reference the applicable QAP to determine the required underwriting assumptions. If you have further questions related to an existing project you may reach out the ADOH rental team for more information or clarification.*

**Q4.** I remember in Prior years say your preliminary submission your first submission your first submission for 4% project your developer fee showed \$500,000 if then you later down the road you know it was a second submission after ADOH feedback in cost increase and you're looking at a developer fee of \$700,000 we were beholden to that first you're almost maxed out at that initial development is that something that will still apply?

**A4. This will no longer apply, the 2022-2023 QAP Section VI(A)(8)(page 32) states that the developer fee will be locked in at 8609 for 4% Low Income Housing Tax Credit (LIHTC) projects.**

Q5. Could you please describe how this new Range process is going to work for the equity pricing for 9% credit because if we don't have a fixed Equity price that we used to use you know based on a syndicator LOI how how is that going to now work in terms of a range in terms of trying to determine you know our final sources and uses could you explain that process a bit?

**A5. ADOH will conduct a survey of federal and state LIHTC equity providers to determine appropriate pricing assumptions and will announce the results no later than two months prior to the application deadline. The results will be a range (minimum-maximum) and may vary based on property type, size, and/or geography. Applicants will submit their application using an equity price within the ADOH determined range. Once the survey is complete and the results are posted on ADOH's website, applicants will work with their preferred syndicator to determine their project specific LOI and will incorporate their project specific LOI into their application materials.**

Q6. If a tab is not applicable should they put a blank page or N/A, how should they address it?

**A6. If a tab is not applicable Applicants may choose to list the tab as Not Applicable or to insert a page identifying the tab as Not Applicable.**

Q7. For those who are seeking out other forms of rental assistance not necessarily HAP contacts or vouchers, how do they evidence that when they submit because they will not know if they are successful or not.

**A7. Other forms of rental assistance must be documented through a letter of commitment from the awarding agency. Please see 2022-2023 Qualified Allocation Plan (QAP) Section VI(A)(5)(page 31) to view the requirements for letters of commitment.**

Q8. Would you need an RFP from the tribe if the housing authority is submitting the application.

**A8. To qualify for points under the Local Government RFP section applicants must submit documentation demonstrating the project was selected by a local government using a request for proposal/qualification process.**

Q9. What are the requirements for compliance training ----if we have done training thru Zeiffert, does this satisfy the requirement?

**A9. Per page, 34 of the 2022-2023 QAP an individual with responsibility for the project must attend ADOH Compliance Training at a minimum of every five (5) years. Compliance training means a two (2) day certification class designed to support an exam taught by authorized providers on operating and managing Projects in conformance with the requirements of I.R.C. § 42, Reg. 1.42-5, the QAP and the LURA.**

Q10. Who needs to attend the training - --is a compliance workshop certificate required for the developer and mgmt. agent?

**A10. Per page, 34 of the 2022-2023 QAP an individual with responsibility for the project must attend ADOH Compliance Training at a minimum of every five (5) years. Compliance training means a two (2) day certification class designed to support an exam taught by authorized providers on operating and managing Projects in conformance with the requirements of I.R.C. § 42, Reg. 1.42-5, the QAP and the LURA.**

Q11. Where will the question clarifications be posted?

**A11. Clarifications will be posted on the following webpage: <https://housing.az.gov/documents-links/forms/rental-development-lihtc>.**

Q12. Where can we see the Approved List? Market study?

**A12. The Approved List will be posted on the following webpage: <https://housing.az.gov/documents-links/forms/rental-development-lihtc>.**

Q13. If someone is not on the approved market study list can they apply or be added  
Who should they contact?

**A13. Yes, please contact Sheree Bouchee at [sheree.bouchee@azhousing.gov](mailto:sheree.bouchee@azhousing.gov).**

Q14. How will real estate tax exemptions under ARS 42-11133 be supported on Tab 7?

**A14. Please contact Darren Rasmussen at [drasmussen@azdor.gov](mailto:drasmussen@azdor.gov) to receive guidance on questions related to property tax exemptions. You will also need to reach out to the applicable county assessor to obtain county specific guidance. As it relates to the LIHTC application process, applicants who intend to participate in the tax exemption must select this option on Form 7 and include the exemption in their underwriting.**

Q15. Does that need to be notarized?

**A15. Application forms that require notary will have a notary block on the form.**

Q16. Do we need to include a separate 15-Year Pro Forma as in previous years. The new application includes a 15-Year Pro Forma. Thank you.

**A16. Applicants will be required to submit the pro forma template included in our new underwriting spreadsheet. Applicants may download application forms from the following website: <https://housing.az.gov/documents-links/forms/rental-development-lihtc>**

Q17. Are there specific requirements for the term letters?

**A17. Please see 2022-2023 QAP Section VI(A)(5) (page 31) to view the requirements for letters of commitment.**

Q18. Back to financial statements, if the applicant is a single purpose entity with no assets or liabilities, may fn statements of the principals be provided instead?

**A18. Yes.**

Q19. If the applicant elects to accept an 811 contract from ADOH, will there be any assurance that ADOH will actually refer tenants with 811 subsidy?

**A19. ADOH will be releasing an 811 NOFA in January of 2022. If a project elects to participate in the 811 program referrals would depend on available resources.**

Q20. Is there a way to get all of the driving directions in one map or do you need a separate page for each?

**A20. Applicants will be required to submit separate driving directions for each location.**

Q21. Back to PSH, do these units need to be set aside at 30%?

**A21. Supportive housing units must be set aside as 30% AMI units. However, if supportive housing units also have rental assistance or projects based vouchers the rent maximums would align with the applicable payment standard.**

Q22. Can you clarify whether 5 points are available for being in a QCT even if the site is not in a CRP area? It looks from the final draft that the requirement that a site be within both was eliminated, but the QCT points remain in the same section.

**A22. Applicants can obtain points under the QCT even if the site is not in a qualifying CRP area.**

Q23. If the local government provides impact fee waivers/subsidies, will that count for 5 points for other categories? Can that be clarified ASAP so that we know whether it will qualify?

**A23. Yes, impact fee waivers/subsidies can qualify for other local government assistance. Applicants must submit documentation from the local jurisdiction demonstrating the amount of the waiver or subsidy.**

Q24. Are the points available if the first phase is not yet complete?

**A24. Yes, please reference 2022-2023 QAP Section (V)(D)(9) (page 21) for requirements regarding subsequent phase point allocation.**

Q25. What are total points available?

**A25. For 9% LIHTC applications there will be a maximum of 200 points. For STC with 4% LIHTC there will be a maximum of 120 points.**

Q26. Can you elaborate on submitting two underwriting workbooks with one including STC and one without?

**A26. Eligible applicants submitting under the 9% LIHTC round for STCs have the option to submit two underwriting workbooks: one including the STCs as a source and one without STCs as a source. This is not a requirement but an option for applicants interested in submitting both alternatives.**

Q27. Does that apply only to primary debt service? or at least must-pay? How would rental assistance affect these ratios?

**A27. The debt service coverage ratio (DSCR) applies to all hard/primary debt service. Rental assistance may effect your project's ratio. Applicants will be required to assess the impact of their financial model on the (DSCR).**

Q28. What about a USDA rehab project where you are assuming debt and putting on new hard debt, I don't see the ability to put more than one hard (primary) debt?

**A28. We will look into this and ensure the underwriting spreadsheet has options to include more than one hard primary debt source. ADOH has received feedback on the current underwriting spreadsheet and will be releasing a revised workbook in mid-January.**

Q29. How does ADOH determine who will get approved operating cost waivers? What do you use as a comparison?

**A29. ADOH reviews each waiver on its own merits while also taking into account precedent set for waivers with similar criteria and impact. ADOH may request supporting documentation from financing partners, if the demand is made by the partner.**

Q30. Your analysis is 15 years yet your spread sheet goes through 30 what is the ramification of the 30 year?

**A30. ADOH will test the DSCR ratio against the first 15 year tax credit compliance period. The additional 15 years is Arizona's extended use period and ADOH will review feasibility to ensure the project is sustainable through the extended use period.**

Q31. Is the replacement reserve required to be capitalized on the Uses tab?

**A31. The replacement reserve will be incorporated in the operating expenses section of the underwriting workbook. ADOH has received feedback on the current underwriting spreadsheet and will be releasing a revised workbook in mid-January.**

Q32. Will you also provide equity pricing to use for the State Tax Credits?

**A32. Yes, equity pricing will be provided for State Tax Credits.**

Q33. Will NHTF be available to rehabs?

**A33. ADOH's current NOFA provides NHTF for eligible projects. Please reference the existing NOFA for more information: <https://housing.az.gov/sites/default/files/documents/files/Rental-Housing-Development-NOFA-2021%20.pdf>**

Q34. Does a project need to apply each year for this tax process? How about ARS Section 42-11133 Exemption?

**A34. Please contact Darren Rasmussen at [drasmussen@azdor.gov](mailto:drasmussen@azdor.gov) to receive guidance on questions related to property tax exemptions. You will also need to reach out to the applicable county assessor to obtain county specific guidance.**

Q35. Can we get prop tax exempt from 42-111333 with STC funding?

**A35. Please contact Darren Rasmussen at [drasmussen@azdor.gov](mailto:drasmussen@azdor.gov) to receive guidance on questions related to property tax exemptions. You will also need to reach out to the applicable county assessor to obtain county specific guidance.**

Q36. Where can we rewatch this recording?

**A36. The Application Workshop can be watched by selected the applicable link listed on the following webpage: <https://housing.az.gov/documents-links/forms/rental-development-lihtc>.**

Q37. In prior years, the QAP noted the average surplus cash flow to direct opex ratio is not to average greater than 10% for the 15-year compliance period, which I noted is not a provision in the 2022 QAP. For deals that closed in 2021 or 2020, does the project need to prove out this 1.10 ratio at “placed in service” when ADOH completes its additional underwriting?

**A37. Projects are subject to the requirements listed within the adopted QAP of the tax credit allocation year.**

Q38. Are 200 points necessary to have a chance at an award? If not, at what point do applications go to the tie breaker?

**A38. To compete in the 9% round there is a minimum required score of 90 pts. The maximum points totals to 200 points under the 9% round, applicants are not required to score 200 pts to compete in the 9% rounds. Applicants will go to a tie breaker if they have the same score as another applicant within the same set-aside.**

Q39. If an applicant for LIHTC under the current QAP receives an ARPA grant and excludes it from basis, will that qualify for 15 points as local gap support “from other sources from government agencies”?

**A39. Yes, an ARPA grant (from a local jurisdiction) excluded from basis would qualify as other sources from government agencies. ADOH does not have any ARPA funds available at this time.**

**Q40.** In Column G of the Units tab of the Underwriting Spreadsheet, the applicant is instructed to enter the "tenant paid rent (net rent)". For a unit with project-based subsidy, the net rent received by the owner will likely be very different from the rent paid directly by the tenant. It will also likely be higher than the maximum net rent in the absence of the subsidy. In prior years, this was addressed by a "market/subsidy adjustment" entry that accounted for the difference between the calculated gross rent (e.g., \$513 for a 40% 1-bedroom in Pima County using 2021 AMI) and the net rent received by the owner. Should the amount entered as "tenant paid rent (net rent)" in Column G be the amount of the rent including the subsidy, even though that may exceed the rent that would otherwise be permissible for a given income election?

**A40.** *Yes, for units with rental assistance or project based vouchers applicants would enter the payment standard amount in the tenant paid rent (net rent) column.*



# QUESTIONS AND ANSWERS

## January 2022

Please note questions are copied as written.

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**Q41.** If executing an Option Agreement, does the Option need to be executed by the seller and the New Ownership (LLC) entity? Which would mean that the proposed new ownership must be formed at the time of application?

**A41.** *Yes, the Option Agreement would need to be executed between the seller and new ownership entity or Principal.*

**Q42.** My architect also wants to know how the sf of residential units should be calculated per the Exhibit A?

**A42.** *Applicants may use industry standard practices to calculate the square footage of residential units.*

**Q43.** I was wondering if the Dept had a set of guidelines to clarify the architectural requirements for the Housing First Model that they could share please?

**A43.** *The 2022-2023 QAP does not prescribe design features for the Housing First Model. However, ADOH encourages applicants to implement architectural features that align with the population served by the project.*

**Q44.** Exhibit A, Section IX(R) states that a HERS Index rating of 65 is required for a new construction building. Is this requirement achieved if a project commits to obtaining one of Energy Efficiency certifications in Section V(D)12 or Section V(E)9?

**A44.** *Per the 2022-2023 QAP, Section V(D)12 or Section V(E)9 (scoring categories), a project can elect to implement the energy efficiency requirements associated with the applicable scoring categories. This does not necessarily achieve the Exhibit A, Section IX(R) mandatory design guidelines. Exhibit A, Section IX(R) is required of all projects.*

**Q45.** On page 30 of the QAP it states the allowable DSCR ranges but it does not specify if that is calculated on Hard Debt or All Loans, the underwriting workbook provides two calculations on the cashflow tab in rows 22 and 23. Does the DSCR range of 1.10 to 1.50 for the entire first 15 years or normal operation include all loans or just hard debt?

**A45. ADOH will test DSCR using the hard debt DSCR calculation.**

Q46. The Application doesn't appear to be set up for scattered sites. Should we choose one site address as the portfolio project address, and then the other sites will be identified on the Team & Site tab under the Bldg Acquisition information? The portfolio is considered one tax credit project, but the RD loans and the new perm loans will be project specific. How do you want us to proceed with the underwriting workbook?

**A46. Applicants may submit scattered site applications. If additional space is needed to document additional address, then, applicants may submit an additional spreadsheet listing the addresses and locations. The Underwriting Workbook must include the sources and uses for the combined scattered sites.**

Q47. Regarding the Land Lease section. Is the \$2,000 a month? A year?

**A47. This requirement refers to a maximum land lease payment of \$2,000 per month.**

Q48. Is a Phase 1 required for new construction? if so, within what date of submittal deadline?

**A48. The Phase I is not required as part of the LIHTC application. ADOH will announce post award requirements in the future.**

Q49. Can you please confirm that a representative from the project owner or the general partner/management member of the owner (the project Applicant) must have attended ADOH's December 13th QAP Applicant Workshop in order to meet threshold for applying in the funding round and not just a representative of the development team?

**A49. Applicants intending to submit in a complete LIHTC round must attend the Application Workshop. This requirement can be met by the Applicant's attendance or attendance by another member of the development team.**

Q50. Regarding the Application Workshop - Is it possible to meet this requirement based on my attendance in January 2022, or is there a way to log in to the recorded version so attendance can be achieved? Or are we unable to apply this year since we didn't attend the workshop in December?

**A50. Applicants intending to submit in a complete LIHTC round must attend the Application Workshop. This requirement can be met by the Applicant's attendance or attendance by another member of the development team.**

**Q51.** Can the rental assistance provider set the definitions for the special populations (people with disabilities, veterans, persons experiencing homelessness, etc.) based on the rental assistance funding source, populations served, etc.? These could be outlined in the supportive housing plan approved by ADOH before commencing lease-up.

**A51.** *Yes, Applicants have the ability to identify and define their special population in their supportive housing plan. The plan will be reviewed by ADOH for approval.*

**Q52.** Regarding Tribal Projects. If an applicant is unable to meet the Debt Service Coverage Ratio requirements because there is no hard debt on the transaction, should we submit we submit a waiver request with the application?

**A52.** *ADOH will test financial feasibility of Tribal projects without hard debt by assessing net cash flow. Tribal projects without hard debt will be reviewed on a case-by-case basis.*

**Q53.** Can you confirm that ADOH's survey will also ask syndicators for pricing with equity in during construction (i.e. no construction financing assumed)? We know this usually leads to lower equity pricing but certain developers need equity in during construction because of a lack of access to construction financing and/or the complexity with associated land status, collateral challenges, etc. Another option would be to allow Applicant's to submit equity pricing outside of the posted range as long as they submit an LOI supporting the pricing. Would this be acceptable?

**A53.** *ADOH will include variables that account for the difference in pricing between rural, metro and tribal projects when asking for 9% equity pricing. It is our goal to have Applicants submit equity pricing within the available survey range.*

**Q54.** Can you please verify if the proposed property manager has to have a compliance workshop certificate for the 2022 Application? Are property management companies required to attend the compliance workshop annually? I'm not exactly sure which tab we should put the Developer and Property Mgmt workshop certificates in for the application?

**A54.** *Per 2022-2023 QAP an individual with responsibility for the project must attend an eligible compliance workshop. Certificates should be included in Tab A of the application.*

**Q55.** If our development gets all 200 points, what are the tie breakers for new construction?

**A55.** *Please refer to 2022-2023 QAP Section V(D)14 (page 23) to review the tiebreaker requirements for new construction projects completing in the 9% LIHTC round.*

Q56. Many projects from the last few years are in QCT but not DDA areas. Are this year's applications going to require sites that are located in both?

**A56. *Projects are not required to be in a QCT or DDA. Depending on project location a project may receive points for its location within a QCT or DDA. See 2022-2023 QAP, Section V(D)4 AND Section V(D)5 for additional details.***

Q57. Can you add more lines to the developer experience tab?

**A57. *To maximize points in the developer experience scoring category. Applicants will only need to demonstrate experience with seven projects. Therefore, additional lines will not be needed to maximize points in this category.***

Q58. Can US Housing Consultants be added to your list of approved compliance training companies?

**A58. *Yes.***

# QUESTIONS AND ANSWERS

February 2022

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**Q59.** Does the Section 811 NOFA qualify for 5 points related to Local Government RFP?

**A59.** *QAP Section V(D)(8) states ADOH will award 5 points for projects selected by local government using a request for proposals/qualifications process. The ADOH Section 811 NOFA will not qualify under this section.*

**Q60.** Do we need to be assigned anything to be able to upload LIHTC applications through the portal and is there a specific address/person to send any hard copies/application fees too?

**A60.** *Applicants will not need anything assigned to upload via ADOH's portal. Applications must be submitted in electronic format by navigating to the following website:*

<https://housing.az.gov/portals/document-upload-portals/rental-development-upload-portal>

*Also, payments can be made via the payment portal:*

<https://housing.az.gov/portals/adoh-payment-portal>

*or check by mailing to 1110 W. Washington Street, Suite 280, Phoenix, AZ 85007.*

**Q61. Checklist, Form 11:** Tab T (Incompatible Uses) requires a fully executed Form 11. However, the Form 11 is missing a signature block. Do you want applicants to sign at the bottom in a blank space?

**A61.** *The overall application signature covers this form.*

**Q62. Form 3:** Section V(D)<sub>1</sub> of the QAP allows projects to claim points for the experience of Applicants or consultants. If a project is pursuing points based on consultant's experience, where in Tab 3 of the application forms do we list the consultant information as the principal contact?

**A62.** *Consultants may be listed on the secondary contact line of the Form 3.*

**Q63. Form 6-1:** If a project is using consultant development experience for the points outlined in Section V(D)<sub>1</sub>, do we input the development experience of the consultant or the developer in Form 6-1?

**A63. Yes, input the applicable development experience for the applicant or consultant in Form 6-1.**

**Q64.** Section V(D)(6) states that points are available for “applicants that provide WIFI in common areas and residential units throughout the project, and entirely paid for by the project owner”. Would ADOH award points to a project that has an agreement with a separate governmental entity to provide WIFI in common areas and residential units at no costs to the tenant? The project owner would not pay for the WIFI because the governmental entity will cover the costs.

**A64. Points will be made available in this section if applicants can demonstrate that WIFI will be provided in common areas and residential units at no cost to the residents. WIFI will become a project cost if the government entity stops payments.**

**Q65.** The Subsequent Phase category outlined in Section V(D)9 states that the earlier phases must have a market demand study demonstrating a vacancy rate of less than 5% and a waitlist representing at least 50% of the proposed phase’s units. If the earlier phases are still under construction, would ADOH accept documentation from the developer of preleasing activities and a waiting list of more than 100% of all phases both under construction & proposed? The market study itself could also confirm these facts.

**A65. Yes, ADOH would accept documentation from the applicant demonstrating preleasing activities and waitlists of more than 100%.**

**Q66.** Would Home Matters qualify as a Below Market Loan and if so what documentation is needed to demonstrate the source of funding?

**A66. This source will count towards below market loan category of the 2022-2023 QAP. The documentation submitted as part of the application must meet the QAP requirements of a commitment letter demonstrating terms "no more demanding than those currently used under ADOH's gap financing programs."**

**Q67. Section V(D)2 – Supportive Housing –** This section indicates that “ADOH will post a template plan on its website...” Is there a timeline of which a template supportive services plan will be posted? Should we expect this to be before the application or after awards?

**A67. ADOH will work to post a template plan to our website by early March 2022.**

**Q68.** Can a developer or codeveloper submit/receive more than one 9% LIHTC award in a Metro area?

**A68. No, per 2022-2023 QAP, Section III (A)1 the principal may receive no more than the lesser of one Rural and one Metro project or \$3,500,000.**

Q69. What electronic format should LIHTC applications be submitted in?

**A69. ADOH will be releasing an information bulletin clarifying electronic submission requirements next week. Applicants should submit all applications via the ADOH portal. Submissions should have separate PDFs for each application Tab. Applicants must also submit excel versions of their Application Workbook and their Underwriting Workbook.**

Q70. For 9% applications, the QAP states that applications must include documentation that “legislative land use authorizations (rezoning) are in place for the proposed property”. The question: if a site requires rezoning, for example rezoning to the WU Code, does it qualify under this criteria if the property has the option to rezone to WU Code? The challenge is with timing. Given the April 1 deadline, there’s no way to rezone the property in time. But if they showed their ability and intent to rezone to the WU Code, would that count?

**A70. Applicants must have their zoning prior to submitting their LIHTC application. A fully executed Form 10 Zoning Confirmation is required as part of the application submission.**

Q71. Community Revitalization Plan: Is it just if a site is located in a “redevelopment area?” Do other plans such as [Reinvent Phx](#) or eventually the [South Central TOD Community Plan](#) count? These are plans that are (or hopefully will be) adopted and include revitalization components.

**A71. To qualify as a Community Revitalization Area in the 2022 QAP applicants must demonstrate conformance with all the requirements in Section V(D)5 of the 2022-2023 QAP.**

Q72. Due to the upfront cost associated, please clarify when the energy model, list of energy improvements, and HERS energy rating, completed by a RESNET certified HERS Rater, are required for a 9% rehab project. For example, does this work need to be completed prior to developing a scope of work and submitting an application in order to prove that the energy measures will improve energy performance by 15%, or can a scope be submitted without the energy modeling and existing building HERS rating, which would be completed if funding was approved, as long as a list of significant energy efficiency measures is included in the scope of work submitted with the application? Is a third-party energy model, assessment and HERS rating documentation required to be submitted with the scope of work for the application?

**A72. Applicants are not required to complete HERS testing prior to their application. Applicants must determine if a HERS test will be needed to fully identify their rehabilitation scope of work prior to application.**

**Q73.** FAQ Questions – Will there be a cutoff date to submit FAQ questions? We are concerned about submitting our application a couple days ahead of the deadline if new information could be released in FAQs that could impact our application. We also would prefer not to wait until the due date to submit in case there are issues with uploading, etc.

**A73.** *The last date to submit QAP 9% LIHTC application questions will be Friday, March 4<sup>th</sup>.*

**Q74.** 2022-2023 QAP Application Forms 9% LIHTC - Tab 3 – Project Information, Line 32 – Supportive Housing – This cell cannot be edited to input the number of Supportive Housing Units Targeted for the project. Are you able to fix this?

**A74.** *A revised Application Workbook will be released next week to address this comment. If you are applying under our February 15th State Tax Credit round, please note that you may use the existing application workbook and the revised workbook will be available for those competing in future rounds.*



# QUESTIONS AND ANSWERS

February 28, 2022

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**Q75.** I am wondering if we are supposed to apply for this right now before applying or at the time of the application? Do we need pre-approval for these units before we can claim points, or can we claim the points as long as we are willing to have the 811 units when we are operational? Since ADOH has currently received applications for the 50 units, I'm unsure if applying now is the right process.

**A75.** *Applicants may receive points if they either have an 811 soft award through our existing NOFA or elect to participate in the 811 program on the LIHTC application submission.*

**Q76.** Is there a cutoff date for how old the market study can be?

**A76.** *Market studies should have a completion date no older than 6 months from the application submission date.*

**Q77. Tie Breakers - Extended Affordability:** Is there a maximum number allowed to claim?

**A77.** *ADOH will not predetermine the maximum for this tiebreaker.*

**Q78. Utility Allowances:** We wanted to confirm with you if RESNET UA's are still required under the new QAP? Are RESNET utility allowances still required, and/or do you have specific guidance on our UA source data?

**A78.** *Utility allowances based on the energy consumption model (Treas. Reg. § 1.42-10(b)(4)(ii)(E)) must be prepared by a Certified RESNET Home Energy Rater who is in good standing with the Residential Energy Services Network ("RESNET").*

**Q79.** What documentation is required by ADOH to show that the current phase "was/were always planned as part of a phased development"?

**A79. Applicants must submit documentation demonstrating phases were planned as part of a phased development. This documentation may include, but is not limited to: communications with third parties (e.g., emails), a site plan dated and demonstrating all phases were contemplated at the time of the original application, or other formal dated documents.**

Q80. The question/clarification: what exactly is required for the "market demand study" for the early phase(s)?

**A80. The market study of the prior phase must conform with the applicable LIHTC allocation year's QAP requirements and must demonstrate a vacancy rate of less than 5%.**

Q81. Previously in the QAP there was a section that defined the rural and balance of state counties, could you send me a list of them or tell me if there is a state map that includes them?

**A81. Maricopa and Pima counties are Metro and all remaining counties are considered Rural.**

Q82. Where can the ADOH NOFA terms be found?

**A82. Our current NOFA can be found here:**

**<https://housing.az.gov/sites/default/files/documents/files/Rental-Housing-Development-NOFA-2021-1.18.22.pdf>**

**Please see terms on page 12.**

Q83. When will federal equity pricing be released?

**A83. We will release federal equity survey results in March.**

Q84. In reference to Q&A21 the Department's answer indicated that supportive housing units must be set aside as 30% AMI. However, Section V(D)2 which outlines the requirements to claim Supportive Housing points does not indicate an AMI set-aside requirement. Can ADOH clarify which commitments will need to be made to claim Supportive Housing points per the 2022-2023 QAP?

**A84. Supportive housing units must be set aside as 30% AMI units. However, if supportive housing units also have rental assistance or projects based vouchers the rent maximums would align with the applicable payment standard.**

Q85. **Non-Tribal Self-Score, Tiebreaker:** For the commitment of additional years of affordability, should the applicant enter the additional years beyond the standard 15 year compliance or the additional years beyond the 30 year extended affordability period?

***A85. The commitment of additional years of affordability must be beyond the 30 year extended affordability period.***

Q86. My question pertains to the Land Lease Section of the QAP, Page 27. The language states "Proposes a land lease structure". Does this mean an LOI or a fully executed land lease?

***A86. The documentation needed to support a land lease should include an executed land lease or an executed option to lease with the associated land lease in draft form.***

Q87. Will applicants who submitted under the ADOH Section 811 NOFA and ADOH Gap Financing NOFA's need formal commitment letters for their 9% LIHTC Application?

***A87. No, since these are ADOH resources they will be assessed as potential sources during the LIHTC underwriting process.***

Q88. Among the list of amenities that will qualify for points in Senior Housing with services is "garages or covered parking". Is there a minimum ratio of covered parking spaces to senior units to count covered parking as one of the three amenities that will qualify for the 20 points?

***A88. To qualify, covered parking must be at least a one to one ratio with the number of senior units in the property.***

Q89. For the Developer Financial Statements, does ADOH have a process in place to keep the Financial Statements Confidential? Does the attached ADOH Policy on Public Information Requests apply to Corporate Financial Statements? The Policy states: "For example, personal financial and taxpayer information is protected from disclosure."

***A89. If personal financial statements are requested as part of a public records request all non-public personal information will be redacted.***

# QUESTIONS AND ANSWERS

March 14, 2022 (FINAL)

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**Q90.** On page # 23 of the QAP, under the Local Gap Financing, there is “other sources from governmental agencies” listed as eligible for 10 points. The project that we are applying for, has received the HUD Section 202 award. We anticipate this funding to come to the sponsor/developer and loaned to the project. Would this qualify for the 10 Local Gap Financing points?

**A90.** *HUD 202 qualifies as “Other sources from governmental agencies” under Section V(D)(7). The application will earn points if it meets all applicable requirements.*

**Q91.** Under Exhibit A, Mandatory Design Guidelines, the QAP notes New Construction buildings must achieve a HERS index of sixty-five (65) and to see more information in Section 2.9(N). I do not see a Section 2.9(N), can you clarify? Does this also only apply to 9% New Construction? In addition, Under V. Selection Criteria, D. 9% LIHTC New Construction, 12. Energy Efficiency – it notes a HERS rating of 55 or better. Can you clarify if 55 or 65 is the threshold for New Construction?

**A91.** *New Construction projects must meet a HERS rating of 65.*

**Q92.** Can an existing project be exempt from the minimum RFA requirements in the Design Standards exhibit to the QAP typically required for new construction projects, as in this case it is impossible to increase the RFA in these units from ~850 sq feet to the 1,050 sq feet 3BDR requirement? If not possible due to space restraints, can a 9% application for an existing project have 1.5 BA instead of the 1.75 BA as required in the design standards?

**A92.** *Applicants have the ability to submit a request for waiver with supporting documentation.*

**Q93.** The project is located on scattered sites, 25 units in one city and 5 units in another. The sites are approximately 1 mile apart. We will be including Community/Office space on the 25 unit site. However, will we be required to submit a waiver for the other site, as it will contain 5 units? Or are we exempt from having to submit a waiver due to having less than 20 residential dwelling units on the second site?

**A93.** *The community space requirement takes into account the total number of units. Applicants have the ability to submit a request for waiver with supporting documentation.*

**Q94.** We would like to question the responses to Q&A21 and Q&A84, both of which indicate that Supportive Housing units must be set aside as 30% AMI units. The response to these questions are very specific to certain types of rental assistance (Section 811, federal based vouchers, etc.). Other types of rental assistance (Tribal Housing Assistance Payment Agreements) do not include a 30% AMI restriction. Can ADOH identify where in the QAP, the QAP Definitions, or the application forms where it's stated that Supportive Housing units must be set aside as 30% AMI units?

**A94.** *Limiting to 30% AMI is a well-established standard practice for supportive housing across the country. However, ADOH may consider a higher limit in counties with extraordinarily low AMIs relative to the rest of the State, particularly if it corresponds with federal disability income payments.*

**Q95.** The QAP is silent on the allowed methods for calculating Utility Allowances. Can ADOH confirm that they will accept all approved methods under Section 42 including the applicable PHA UA method?

**A95.** *ADOH will accept any allowable method for which the project would be eligible and is adequately supported by submitted documentation.*

**Q96.** The QAP calls out the fixture maximum flow rate for bathroom faucets to be 0.5 GPM. Anything 1.5-0.5 is considered ultra low flow faucets. Was this meant to be 0.5 or 1.5?

**A96.** *The listed standard (0.5 GPM) was intended.*

**Q97.** The 2012 QAP provided that "ADOH will underwrite to a Vacancy Rate of 10%" (see 2012 QAP Section 7(C)(2)(c); page 65 attached). In 2012, Arizona and Metro Phoenix were still in the Great Recession (with high apartment Vacancy). So the 2012 Phase 1 project was underwritten by ADOH at a 10% vacancy; with a 2012 Market Study Vacancy Rate at less than seven percent. The actual performance of Phase 1 has had a Vacancy Rate under 5% for many, many years. With this situation, what information does ADOH need in our Application to show that we can demonstrate a Vacancy Rate on Phase 1 of less than 5%?

**A97.** *For the situation described ADOH would accept documentation demonstrating the vacancy rate (below 5%) for the actual occupancy of the earlier phase.*

**Q98.** Do we submit the HUD 811 application with the LIHTC application? Or does that happen after a LIHTC award to the Project?

**A98.** *There are not any remaining Section 811 PRAs available under the existing NOFA. However, applicants may still elect to participate and receive points through their selection and certification on the self-score application form.*

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2022 and 2023 Qualified Allocation Plan

Q99. Is the HUD 811 contract for 30% AMI?

A99. **Yes.**

Q100. Lease-up after 60 days with NO 811 contract the unit is available for rent to the next available qualified tenant on our waiting list? And how do we document this?

A100. **Yes. ADOH will work with awarded applicants to document this process in the event of this occurrence.**

Q101. Form 2, there is not a box to check "CNI Set-Aside"

A101. **Choice Neighborhoods is not a set-aside, therefore it is not listed on Form 2. Eligible Choice Neighborhoods projects are identified in the 2022-2023 QAP as subject to an adjustment process.**

Q102. Regarding LIHTC pricing guidance, do you know when the urban and rural guidance will be out?

A102. **ADOH will release an information bulletin next week with federal pricing guidance.**

Q103. Can ADOH NHTF these funds result in both receiving points for Local Gap Financing and Local Government RFP? Do we need some type of commitment letter from ADOH to claim these points?

A103. **ADOH NHTF may result in points for rural projects under the local gap financing criteria; an award letter will not be required. ADOH NHTF will not qualify for points under the Local Government RFP.**

Q104. Under IV. Interior Design, it lists the units RFA requirements for min and max s.f. of unit sizes. Then it lists the max s.f. for garages. Is it safe to say that attached garages to a unit are not part of the residential floor area?

A104. **Yes, garages are not included in Residential Floor Area (RFA) calculation.**

Q105. Tab 12 is still asking for us to meet or exceed the Mandatory Design Guidelines for Multi-family Rental Housing (Exhibit D). Shouldn't this say Exhibit A?

A105. **Yes.**

Q106. Are the Arizona State Tax Credits Allocated Credits where the State Tax Credits can only be used by partners in the Ownership entity or, are the State Tax Credits Certificated Credits whereby an entity outside of the Ownership entity may purchase and use the credits?

***A106. The Arizona State Tax Credits are allocated credits. Please note, the Department of Revenue oversees this aspect of State Tax Credit process.***

***Q107. Would the department please confirm the following with regard to hardship credit requests as outlined in the 2022-23 QAP?: The "ADOH [reduction of] the Applicant's current year's allowable 9% LIHTC maximums by 150% of the approved adjustment request" is a reduction from the \$3,500,000 allowable maximums eligible per principal regardless if one or two applications are submitted (because it is a cutback on what is allowable i.e. \$3,500,000 and not what is awarded) in the 2022 9% round and not a reduction of awarded credits (allowable maximums (plural) means \$3,500,000 not \$2,500,000, and allowable does not mean submitted or awarded. In other words, **an applicant/principal's maximums allowable is \$3,500,000.*****

***A107. If the applicant chooses to submit two applications the reduction would be taken from the maximum allowable of \$3,500,000. If the applicant chooses to submit one application, the reduction would be taken from the maximum allowable of \$2,500,000.***

***The following is an expanded clarification to the previously provided answer (A107). The 2022-2023 QAP includes an allowance for additional hardship credits to assist projects affected by unforeseen cost overruns. To ensure this finite resource (9% LIHTCs) are requested only when absolutely necessary, the 2022-2023 QAP requires Applicant's to reduce their current year's allowable 9% LIHTC maximums by 150% of the approved request amount. ADOH would like to provide further clarification regarding how this reduction will be applied.***

***The reduction will be applied to awarded projects only. If an applicant plans to submit two projects, then they must ensure that the sources of each can support the project through all reduction scenarios. For example, if the Applicant's intended reduced project is not awarded, then the other would need to absorb the reduction (if awarded).***

***Examples may further assist with understanding. A typical amount requested among the four (4) hardship requests was \$150,000, resulting in \$225,000 with the 150% increase. For those affected, the limits would operate as follows:***

***\$2,275,000 for a single award (91% of the maximum)***

***\$3,275,000 among multiple awards (94% of the maximum)***

***All developers make choices on how to structure their application(s) within the QAP maximums. These choices are the same for those affected by the hardship reductions, only within lower amounts.***