

QUESTIONS AND ANSWERS

FINAL December 16, 2022 – March 8, 2023

Q1. Compliance Training - In signing up for the compliance training, what happens if the trainings are full, will there be other times that will be available to take the trainings? Where was the compliance training for PM in February?

A1. *ADOH is offering three opportunities to attend compliance training. Links to these events can be found at: <https://housing.az.gov/training-events-o>.*

Q2. How do we re-watch the application workshop or view the presentation slide deck?

A2. *Applicants can view the application workshop video, presentation slide deck, or workshop chat via: <https://housing.az.gov/documents-links/forms/rental-development-lihtc> under the Application Workshop heading.*

Q3. Is compliance training required prior to applying for credits? Or once work complete after awarded? Developers only need to complete this once every 5 years or every year? Do they fall under property manager (every year) or developer (every 5 years)?

A3. *Yes, compliance training is required prior to the 9% LIHTC application submission. Per page, 34 of the 2022-2023 QAP an individual with responsibility for the project must attend AD OH Compliance Training at a minimum of every five (5) years.*

Q4. Where will Q&A be posted?

A4. *Applicants can view the Q&A via: <https://housing.az.gov/documents-links/forms/rental-development-lihtc> under the LIHTC Qualified Allocation Plan heading.*

Q5. Is TBRA a hard set-aside?

A5. *Applicants electing to opt into the Supportive Housing by setting aside 15% of the proposed units, within the subject application, to households with tenant based rental assistance will be required to set aside the full 15% for the intended population.*

Q6. Are you saying senior housing deals can't score for accepting vouchers?

A6. The Supportive Housing scoring category provides three options for applicants. Applicants with 100% senior housing projects are not eligible to opt into the Section 811 program. However, there remains two other options for applicants seeking points under this category.

Q7. How do you know if your property falls within a CRP?

A7. Applicants will be required to research the local jurisdictions eligible CRPs to determine if their project falls within an existing and eligible CRP.

Q8. Can a CRP expire due to age?

A8. Applicants will be required to certify that all CRP requirements have been met through an executed Form 15 and supporting documentation for each criteria. CRPs must be active as is demonstrated through the requirements above.

Q9. So projects need to fall under the CRP otherwise they will not qualify?

A9. Applicants are not required to meet the CRP criteria to apply for 9% LIHTCs. However, if applicants are seeking points under this category they must meet the CRP criteria.

Q10. Are we able to discuss our project with staff prior to application deadline, and see if we qualify for CRP points?

A10. Applicants may submit written questions via: rental-qap@azhousing.gov. ADOH cannot discuss project specifics with staff during an active procurement period.

Q11. On the subject of QCT: can you confirm that if a site was in a 2022 QCT, it will qualify for the QCT points even if it is not a 2023 QCT? Does ADOH do anything when a project is adjacent to a QCT but not in it?

A11. ADOH will award 5 points if at least one building is in a Qualified Census Tract (as of 2021 or 2022).

Q12. Can the earlier phase be of a different housing type? IE phase 1 is senior and Phase 2 is family?

A12. Points under the Subsequent Phase section do not require specific targeted populations.

Q13. Are you saying that you have a wait list for 100% of phase I and Phase II? Or just a waiting list for the phase under construction?

A13. *Subsequent Phase projects with prior phases still under construction must demonstrate a waitlist of more than 100% for both the phase under construction and the proposed phase.*

Q14. If the first phase is completely leased up, do we need a market demand study for the 1st? or only the second?

A14. *Subsequent Phase projects with prior phases fully constructed and leased up will be required to submit a market demand study demonstrating a vacancy rate of less than five percent.*

Q15. How often is the 9% LIHTC App Excel updated prior to the due date?

A15. *After January, we do not anticipate changes to the application forms, unless a major issue arises.*

Q16. The QAP states that a waiver is required only if the plus/minus of the range is more than \$100. Still true?

A16. *Yes, see page 30 of the 2022-2023 QAP.*

Q17. What defines Rural? What were the 2 cities that are considered urban?

A17. *The 2022-2023 QAP defines metro as Maricopa and Pima counties, all other counties are classified as rural.*

Q18. Do you need to document our attendance anywhere in anticipation of the upcoming 9% round? Can you provide a cert or some sort of confirmation for attending this call?

A18. *Attendees of the December 8, 2022 Application Workshop will receive a certificate via email.*

Q19. Concerning CRP, Form 15 states the local government certifies that no Principal initiated the CRP being adopted (other than a public housing authority or a related entity). To clarify what constitutes and/or examples of a related entity?

A19. *Under this section, the term related entity is referring to an entity related to the local government.*

Q20. Circling back to wait lists. If you are serving a different population do you still need one? For example, if phase 1 is senior and phase 2 is family.

A20. Subsequent Phase projects serving different populations (with phases still under construction) would be required to submit separate waitlist for each applicable population.

Q21. If you elect the 15% of the units for tenant -based vouchers, will that requirement be part of the LURA so that the units must be set aside for those types of tenants?

A21. ADOH is developing the mechanism that will secure this requirement. During the application process, interested applicants will be required to elect participation through the self-score certification.

Q22. If your project is bestowed with credits, how long can the credits be held without penalty?

A22. Awarded 9% LIHTC applicants must meet all IRS implementation deadlines.

Q23. What is the max score possible for the tc app? Is there a minimum score threshold?

A23. The maximum score is 200 points and the minimum score is 90 points.

Q24. How many credits will be available for 2023?

A24. Assuming level allocations from 2022, ADOH will have approximately \$10 million in 2023 9% LIHTCs to allocation. The 2022-2023 QAP does provide a mechanism to forward allocate 9% LIHTCs.

Q25. Do you expect gap financing to be available for 9% projects?

A25. ADOH will be issuing a 2023 NOFA for gap financing, the scope and release date are to be determined.

Q26. Can you describe further how the new 1 award per county rule will be implemented in the NC set-aside (particularly between the Metro and Rural sub-set-asides)?

A26. This mechanism will follow the process that was used to the rural sub-set-aside last year. ADOH will award one project per county until all counties within the subject set-aside are awarded. A second award per county within the set-aside will only occur once all other counties have been awarded.

Q27. Can you clarify if a project is eligible to submit a 9% application while awaiting an award for a gap financing source? If so, is there an outside date the gap financing award must be secured?

A27. Applicants must be fully sourced prior to submitting a 9% LIHTC application.

Q28. I was an Executive Director for a Not for profit developer. I built 800 units over 10 years comprising over 10 buildings. I also have HUD 2530 experience. Will that experience from the NFP count as “developer experience” since I was the CEO of the NFP as the principal in charge?

Can you please confirm that ADOH will approve a consultant for “developer experience points” provided that consultant was listed as the principal/secondary contact for an applicant on a successful LIHTC application/property while working with another developer?

A28. If the applicant can provide supporting documentation demonstrating participation at application through project completion, the experience will be included.

Q29. What counties/areas do not receive an allocation of HOME funds so look to the state for that specific gap financing?

A29. A HUD allocation list can be downloaded at: https://www.hud.gov/program_offices/comm_planning/budget/fy22. This list will provide data on all communities receiving formula allocations.

Q30. When are those rounds typically?

A30. Application due dates can be found on page 3 of the 2022-2023 QAP.

Q31. Is there a tie breaker to be aware of? so no tie breaker for 9% TC Rural?

A31. Tiebreakers can be found on the following pages: State Tax Credit (page 15), 9% LIHTC New Construction Non-Tribal (page 23), 9% LIHTC New Construction Tribal (page 29).

Q32. When is the waiver deadline?

A32. Applicants seeking waiver/s should incorporate said waiver/s in the application submission.

Q33. Housing Finance Agencies have the ability to provide an eligible basis boost for projects if projects are not located in QCTs? For example, in Nevada, if a project defers more than 30% fees then they are eligible for a boost. Does ADOH have other ways of qualifying for a boost?

A33. Boost criteria for 9% LIHTC projects can be found on page 31 of the 2022-2023 QAP.

Q34. Do projects looking for hardship credits submit a LIHTC application or will there be a specific application for that? When could be the next hardship credit application deadline?

A34. Hardship Credit rounds are initiated through an Information Bulletin. At this time, there are no active Hardship Credits.

Q35. What are the general missions of all of these programs? What are the specific public ages or cohorts that these developments will be build for?

A35. The rental programs have a mission of creating much needed affordable housing throughout Arizona. The 2022-2023 QAP does not specify targeted ages or cohorts.

Q36. Is HOME-ARP still available?

A36. At this time, ADOH has received applications for the remaining HOME-ARP funds. Applications are currently under review.

Q37. How do we sign up for the email blasts from ADOH regarding any updates/ect?

A37. Stakeholders can sign up for ADOH's mailing list via: <https://housing.az.gov/about/press-release/mailling-list>.

Q38. Can we apply now for HOME ARP for a project that we will submit in the 9% round, or is that premature?

A38. Not at this time.

Q39. In order to submit an application do you have to have experience in Arizona to apply or will we have to partner with another developer the first time to submit? We develop in 6 other states currently but not sure how Arizona works for first time application for a developer.

A39. Arizona LIHTC experience is not required in the 2022-2023 QAP.

Q40. What is the final link to the QAP?

A40. The final 2022-2023 QAP can be found at: <https://housing.az.gov/sites/default/files/documents/files/Final-QAP-2022-2023.pdf>.

Q41. Can you please confirm that LIHTC market studies are no longer required to match a Market Demand Study Guide and now only need to meet the Model Content Standards?

A41. *Please see page 11, Market Need to view the market study requirements. The Market Demand Study Guide is no longer applicable.*

Q42. Does this change mean that, going forward, changes in investor members or administrative/class B members (or limited partners) do not constitute material changes requiring approval by ADOH?

A42. *In the revised 2022-2023 QAP, a change in ownership or general partner would prompt a material change.*

Q43. To score in the subsequent phase category it notes that phases under construction need to demonstrate pre-leasing and show a waitlist for the proposed phase and the phase under construction. Are projects that have not closed by the submission deadline able to score in this category?

A43. *The subsequent phase would be required to have closed equity and/or be under construction to be eligible for points in the subsequent phase section.*

Q44. I have 16 years of experience developing LIHTC projects nationwide. I have served as developer on 60+ developments from conception through issuance of 860g, however I was not the principle of the company and served as the developer and had or have a GP interest. Is it possible to receive developer or consultant experience credit (for 7 completed LIHTC projects) with my experience? What documentation is necessary?

A44. *If the applicant can provide supporting documentation demonstrating participation at application through project completion, the experience will be included.*

Q45. Are 4% Bond applications due on April 1st like the 9% or do you take 4% applications year round?

A45. *4% LIHTC Bond applications are accepted year round.*

Q46. How does a nonprofit qualify for the 9% LIHTC nonprofit set aside?

A46. Per page 7 of the 2022-2023 QAP, ten percent (10%) of LIHTCs to one or more applications involving a tax-exempt organization (nonprofit) which:

- **is the listed Applicant;**
- **has fostering of low-income housing as one of its exempt purposes;**
- **becomes a managing member or general partner of the ownership entity; and**
- **materially participates, as defined under federal law, in the acquisition, development, ownership, and ongoing operation of the property for the entire compliance period.**

Q47. Regarding paragraph D.2., is it true that senior properties, committing to a minimum of 80% senior residents, is not eligible for the "Section 811 Participation" alternative?

A47. Yes, senior housing does not qualify for Section 811.

Q48. Regarding paragraph 7 on p 19 of the 2023 QAP, does a waiver of impact fees count as local financial support for the scoring for the 9% LIHTCs?

A48. 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.

Q49. How will the 150% hardship credit reduction be applied to 9% awarded applicants?

A49. 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 applicable maximum award amount.

Q50. Can you confirm that a final approved plat indicating ownership and County assessor's printout are acceptable documentation of current ownership?

A50. Projects must submit the following documentation to satisfy site control: Documentation demonstrating ownership, ground lease, consent to lease or legal ability to purchase the real estate. For Tribal projects, applicants may submit an agreement between the ownership entity and the Tribe to enter into a lease or an executed lease agreement. Documentation must meet the criteria established in QAP Section IV(A)(4) Site Control.

Q51. Are the contractor fee limits listed in your QAP for each individual cost? Or can one or more of general requirements, overhead, and profit be over the individual limit set by the QAP as long as all three fees are under the combined percentage limit?

A51. No, each cost must meet the ranges listed for the associated cost.

Q52. If we are unable to attend the ADOH compliance training workshop in February 2023, will a third-party (e.g., Elizabeth Moreland) be acceptable?

A52. The applicant's owner/developer is required to attend training every 5 years. If the owner/developer has not been to training in that time then I do not believe you will meet the requirements under the QAP. You may want to reach out to the Rental team to confirm. You can reach out to an approved training provider to inquire on training schedules before the April deadline.

Costello Compliance, THEOPRO, Quadel, Elizabeth Moreland, National American Indian Housing Council ("NAIHC"), Novogradac, National Center for Housing Management ("NCHM"), Spectrum, Zeffert & Associates, US Housing Consultants and E & A Team.

Q53. Will a project half in a CRP meet the boundary requirement?

A53. Yes, if the required documentation is submitted to demonstrate conformance with the 2022-2023 QAP.

Q54. If a project is the first phase of a 2-phase project, can the laundry room for both phases be built in Phase 1 so long as it provides the required number of machines for the total number of units in both anticipated phases and a shared use agreement will be put in place upon the construction of phase 2?

A54. Yes.

Q55. I missed the compliance training registration for workshop #1. Is there anyway to register? If I want to submit in April for Tax Credits, will I be allowed to complete the requirements later since the property manager will have completed this training? Please let me know.

A55. The applicant's owner/developer is required to attend training every 5 years. If the owner/developer has not been to training in that time then I do not believe you will meet the requirements under the QAP. You may want to reach out to the Rental team to confirm. You can reach out to an approved training provider to inquire on training schedules before the April deadline.

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Q56. I was unable to attend the AZ LIHTC Application Workshop on December 8th, 2022. I understand this was a mandatory requirement in order to submit a LIHTC Application in 2023. Is there a way for me to fulfill this requirement? Perhaps the workshop is available for me to view and receive the certification?

A56. To participate in the 9% LIHTC round someone from the development team must have attended the workshop on December 8, 2022 and there will not be another opportunity to participate.

Q57. For 2023 9% New Construction Applications, if a subsequent phase is being applied for, which has produced a waiting list for 100% of the previous and subsequent phases, is a full market demand study still required?

A57. Yes, a full market demand study is still required.

Q58. On Page 9 of the QAP for Applicant Experience it states you need to have at least one (1) LIHTC property that has been awarded to you. We have over 35 LIHTC developments we have done in 5 states over the years and manage them as well. Does that fulfill the ADOHs requirement or are you stating we must have had one award in Arizona?

A58. If documentation is submitted demonstrating the Applicant was listed in an awarded applicants as a developer/ co-developer or consultant, then this experience requirement will be satisfied.

Q59. We would like to know what submission materials are required to evidence an application as a subsequent phase that is under construction. The 2023 January Q&A in question 43 has the answer that "The subsequent phase would be required to have closed equity and/or be under construction to be eligible for points in the subsequent phase section." What materials should one submit to evidence that a project is under construction?

A59. Applicants must submit an executed construction contract and executed construction pay application demonstrating construction progress.

Q60. Does the representative for the application workshop need to be an employee of the owner/applicant or developer?

A60. To participate in the 9% LIHTC round someone from the development team must have attended the workshop on December 8, 2022.

Q61. Does ADOH have a formal definition for an employment center?

A61. An employment center is 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.

Q62. For those of us that committed to providing 811 units, a question has come up on what kind of units these residents need. Is the expectation that all of these units be one-bedroom?

A62. Section 811 eligibility includes one and two bedrooms.

Q63. Will projects awarded through Innovation or Unique Opportunities option be subject to the one per county requirement?

A63. No, the one per county requirement is only applied to projects awarded under the New Construction set aside.

Q64. Will ADOH forward allocation 2024 9% LIHTCs this round?

A64. Yes, ADOH anticipates forward allocate 2024 9% LIHTCs in the 2023 round. The amount of 2024 LIHTCs forward allocated will be determined once the application review process is complete.

Q65. What IECC is required per the 2022-2023 QAP?

A65. Please reference the Exhibit A for all building requirements. The only reference to a specific IECC can be found on page 40, Minimum HVAC efficiencies by Energy Code. This element of Exhibit A does require conformance of equal to or less than 2018 IECC. The remaining elements may conform with local codes if applicable.

Q66. Exhibit A, Section IV of the QAP states that "ADOH will allow for larger maximum square footages for Tribal projects." Can you confirm that this statement is inclusive of the garage square footage maximums described under the same section?

A66. Yes, this statement is inclusive of garages.

Q67. On page 19 and 20 of the 2022-2023 QAP, Item 7. Below Market Loan and Local Support. The language states that Loans committed from any of the following sources will receive 10 points. **If a City provides the soft loan and that city has a less than 50% ownership interest in the project will that be allowed for the full 10 points?** The language currently states that ADOH "may disregard a source affiliated with a Principal (excluding tribes and public housing authorities). In this instance the City is trying to further their commitment and long-term partnership in the project to meet the needs of affordable housing in their community.

A67. ADOH will not disregard sources from an affiliated Principal if the entity is a tribe or public housing authority. Documentation will be required to demonstrate the local contribution was received by a tribe or a public housing authority or that the local contributor is not a Principal. Per Section V(D)(7) of the 2022-2023 QAP "ADOH may disregard a source affiliated with a Principal".

Q68. Page 2 of the 2022-2023 QAP - The language states that (each application must identify **one individual or** validly existing entity as the **Applicant**. The “individual” must execute the application, receive ADOH communications, and exercise sole authority to make decision. The “individual” (Applicant) must also become the managing member of the ownership entity)
If I as an “individual” will become the Managing Member of the eventual ownership entity should I list that entity on form 3 or my name as the Applicant since I as an individual as it relates to Experience and Experience Points?

A68. If experience is derived from an individual, that individual should be listed as the Applicant. A secondary contact can be listed to demonstrate current entity affiliation of the individual.

Q69. Page 9 of the 2022-2023 QAP – The language states (The Applicant (which as stated in the QAP can be an “individual”) must have been listed in an awarded application form as a developer or as a consultant for at least one (1) LIHTC property. The property must also have been placed in service between January 1, 2000 and December 31, 2021 and not be in material noncompliance.
Which of the following documents or combination thereof must be used to certify the Applicant experience; Tax Credit Award Letter from State Housing Finance Agency listing the individual, executed development services agreement by the individual, executed tax credit operating agreement by the individual? Also will the submission of form 8609s show that the project was placed in service between January 1, 2000 and December 31, 2021 suffice?

A69. In described situation, the applicant should include: the awarded application form, award letter, and 8609. Or any other applicable documentation demonstrating the criteria in section IV (A)(2).

Q70. This points items states that ADOH will award up to 25 points to Applicants or consultants who have placed the following number of LIHTC or federally subsidized low-income housing projects in service. Seven (7) or more for 25 points. **For this item will 7 different project 8609s executed by the “individual” be sufficient to claim the full 25 points?**

A70. Yes. However, if the individual acted as a consultant the Applicant must also demonstrate the consultant’s role as principal contact and active involvement in all aspects of the development through issuance of Form(s) 8609.

Q71. The first excerpt states that there will be a limit of “One in Each County” for the 9% LIHTC limits with the New Construction Set Aside. The second excerpt states that ADOH will make 3 awards in the Rural 13 counties, and then award the remaining 9% LIHTCs to applications in Maricopa and Pima County. I am trying to understand if the 4th, 5th, 6th etc. rural counties (if there are sufficient applications) will receive an award prior to Maricopa or Pima County receiving a 2nd 9% LIHTC award?

A71. The one per county rule will be applied within the new construction rural and metro sub-set-asides individually. ADOH will fund as many projects as feasible, pursuant to Section III of the 2022-2023 QAP.

Q72. Is a land only appraisal required for a project that is New Construction only and involves a land lease for the land with an upfront payment and then a minimum payment of \$100 per year (for example) for the term of the lease?

A72. An appraisal is required for all Applications.

Q73. The best route is for the purchase price above appraised value is to be treated as ineligible acquisition basis, similar to the treatment of land. Said another way, this would in effect increase the portion of the purchase price that is allocated to land/ineligible basis in the development budget?

A73. Applications may include no more than the lesser of appraised value or the purchase price. Anything beyond the required amount will not be included in eligible basis per Section VI(B)(7) of the 2022-2023 QAP.

Q74. It is difficult to meet the PUPY and DSCR Requirements due to a downward trending DSCR. Would it be possible to request a waiver on the DSCR requirement and fund a Debt Service Reserve that can be drawn in the event it is needed in the later years?

A74. At this time, ADOH does not approve waivers of the DSCR requirements. However, waivers with supporting documentation may be submitted, related to other income and operating assumption requirements. ADOH will review and provide determinations on all waivers after underwriting.

Q75. If a City has less than a 50% ownership interest in the project and provides a permanent mortgage with a term and amortization period, but at a fixed interest rate lower than currently available through traditional market financing options, to a project does ADOH have any objections to this participation? This is not a points option. In this instance the City is trying to further their commitment and long-term partnership in the project to meet the needs of affordable housing in their community.

A75. Applicants may structure their financing as needed to meet the requirement of Section VI of the 2022-2023 QAP. If the question is related to below market loans and local support, the source must conform with Section V(D)(7).

2022 and 2023 Qualified Allocation Plan

Q76. If a project is “subsequent phase” and there is a waiting list for 100% of the units in both the previous phase and the subject subsequent phase, is a market study still required?

A76. *A market study will be required for fully constructed earlier phases, for earlier phases under construction a market study will not be required, pursuant Section V(D)(9).*

Q77. Will ADOH accept the Family Dollar as an approved Grocery Store?

A77. *Yes, ADOH may accept the Family Dollar as an approved Grocery Store if it includes grocery staples and household products, pursuant Section V(E)(3).*

Q78. So long as an enacted municipal RDA meets the stated CRP requirements in the current QAP, and the subject property is in the RDA, does that qualify for CRP points?

A78. *Projects that satisfy the requirements of Section V(D)(4) of the 2022-2023 QAP and required supporting documentation will qualify for CRP.*