

QUESTIONS AND ANSWERS

December 31, 2024

Q1: How often does the Department plan to answer questions during the Q&As?

A1: The Department anticipates posting answers every other week. Questions may be submitted to Rental-QAP@azhousing.gov until February 28, 2025 at 4 PM MT.

Q2: Do developers need to attend ADOH LIHTC Compliance training before submitting their application?

A2: No, it must be attended before the project places in service.

Q3. The QAP, for New Construction, talks about Applicant and Principal Experience. Under the Application Form 6-1, it says Developer Experience. Could you please clarify? Does the applicant need to list experience, or a developer need to list experience or both?

A3. Please complete for the Applicant and the Developer. If there is also a Co-Developer on the project, please have them also complete a Form 6-1. Please note, if the consultant is providing the experience, then a Form 6-1 should be completed by the consultant and they should be listed as the principal contact.

Q4. (IV)(A)(4) "The Applicant or a consultant must have been listed in an awarded application form as a developer or as a consultant (may be a joint venture) for at least one (1) LIHTC property" (QAP page 15).

- If the Applicant is a single purpose entity, may this requirement be satisfied by an affiliated entity of the Applicant having the same ownership as the Applicant, if the Applicant's past awarded LIHTC properties have listed as the developer said affiliated entity?

A4. The affiliated entity would then need to be the Applicant or a consultant on the project. Please note Section II.A., requires if the application receives an award, the Applicant must become a managing member or general partner of the ownership entity (may be through a single purpose pass-through entity).

Q5. To be considered "current", within how many months of application must will-serve letters be dated?

A5. ADOH will consider letters dated within 6 months of the application deadline to be current.

Q6: What needs to be submitted for site control?

A6: Applications must include a legally binding contract of either current ownership or the legal ability to purchase (or enter into a long-term ground lease) the real estate for the proposed property that is:

- in the name of the Applicant, Principal, or an affiliated entity, and
- valid through at least one month after the anticipated award date;
- must be in writing, signed by the current ownership or the seller and buyer or lessor and lessee.

Acceptable forms of site control are: Deeds, Purchase Agreements, Purchase Options, Lease Agreements, and Lease Options.

Q7. Does an applicant need to ensure that local gap financing contains certain terms? Do these terms need to be an exact match to ADOH’s most recent NOFA terms?

A7. The applicant should visit the ADOH website and identify the Rental Division’s latest LIHTC NOFA to make a determination. The source(s) must be listed as a loan with terms no more demanding than those currently used under ADOH’s gap financing programs. Subject to Department approval.

Q8. In the Below Market Loans and Local Support scoring category, can applicants obtain points for "local gap financing" and "other"?

A8. Yes, if there are two separate and distinct types of support. Subject to Department approval.

Q9. Does the CNA have to be completed by an Architect or Engineer? The person I’ve worked with in the past has 19 years of experience providing CNAs to state and government agencies, included USDA which I need for the 515 loan transfers, but is not an engineer or architect. Do you have any approved firms that meet the qualifications?

A9. A “qualified professional” is a licensed professional architect or engineer, who can substantiate a minimum of five years’ experience providing CNA reports in accordance with ADOH standards, and who performs the assessment and supplies ADOH with their professional opinion of the property’s current overall physical condition. The preparer must insert the application form from the LIHTC Application in the front of the CNA certifying that it meets these requirements. CNAs must conform to each of the requirements in Section XI(P) of the Exhibit A Design Standards. ADOH does not have a list of approved architects or engineers.

Q10. Is there a format you wish for the CNA to adhere to, or would the format required for USDA suffice?

A10. CNAs must conform to each of the requirements in Section XI(P) of the Exhibit A.

Q11. Section E (2) Supportive Housing - Does the Tenant Based Rental Assistance Participation option require a coordination plan or supportive services plan?

A11. The Department does not require a coordination plan or supportive services plan related to Tenant Based Rental Assistance. There are many types of TBRA programs; an example is the Section 8 Voucher Program. TBRA programs may have their own requirements.

Q12. (V)(D)(2) “RENTAL ASSISTANCE: ADOH will award points using the following matrix to projects committed to targeting units for special populations such as: persons with disabilities, veterans, persons experiencing homelessness, victims of domestic violence and youth exiting foster care using one of the listed forms of rental assistance...” (QAP page 24).

- Must one single target population be selected for specified units, or may specified units be reserved for any one of a group of selected target populations?

A12. More than one target population may be selected and listed in the Supportive Services Plan and will be selected on the Form 3. The targeting will be pursuant to a plan approved by ADOH before commencing lease-up. The selected “targeted units” will be committed to in the project’s Land Use Restriction Agreement.

Q13: For the **Rental Assistance** selection, do the units have to be set aside at 30% AMI?

A13: The units set aside for Rental Assistance must be at 30% AMI.

Q14: What documentation should be submitted for each eligible amenity?

A14: Documentation must be provided for each eligible amenity showing business hours and operation, location, route and route schedule, activity or pictures (as applicable) to demonstrate the amenity chosen meets the QAP requirements.

Q15. For properties seeking points for "Subsequent Phase", but are a scattered site project, what percentage of units must be within 0.25 miles of Phase 1?

A15. For scattered site projects, at least 25% of the units must be within 0.25 miles of the previous phase.

Q16. Subsequent Phase - What is the time limit between Phase 1 and Phase 2 for rural vs metro areas?

A16. There is no time limit required between Phase 1 and Phase 2 in subsequent phases.

Q17. Can you please define "pre-leasing activities" as it relates to documentation for points for subsequent phase?

A17. Pre-leasing activities can include but are not limited to marketing, digital presence of the development including a website or social media posts, a completed unit available for showings, deposits by potential tenants for completed units or reservations for completed units by another means, etc. Documentation of these activities can be screenshots, printouts, flyers, photography, evidence of lists of showings, etc. Please make sure it is clear in the application what the preleasing activity is and what the supporting documentation is to receive points.

Q18: What appliances need to be energy star?

A18: All Appliances where ENERGY STAR rating is available shall be ENERGY STAR. This includes onsite laundry rooms.

Q19: In regards to the Innovation or Unique Opportunities set-aside, what is considered unique construction methods? Does modular count?

A19: The Department does not have a specific unique construction method. If the project is believed to be unique in nature, please remit a narrative in which explains the uniqueness and / or innovativeness

for the Department's review and consideration. Please note, this category is not guaranteed to be awarded, and is solely at the discretion of ADOH to determine.

Q20: Is the geotechnical report a new requirement?

A20: The geotechnical report is not a new requirement, see QAP Exhibit A, Section IX(A)(1).

Q21: In regards to Tab D – Financing Sources, are commitments for permanent financing sufficient or is documentation also required for the construction loan?

A21: The Department only requires commitment letters for permanent sources. However, please ensure all permanent sources have documentation in which complies with QAP Section VI(B)(5).

Q22: For Tribal projects, will a resolution satisfy the site control requirement for rural and metro applications that have not yet entered into a lease agreement?

A22: For projects located on Tribal Land, where the Applicant has not yet entered into a lease agreement, Applicant must establish legal control of the property by submitting:

- (a) an agreement between the ownership entity and the Tribe to enter into a lease of specific real property for a term at least 25 years with an option to renew for another 25 years
- (b) a resolution of the Tribe (or Tribally Designated Housing Entity (TDHE) as applicable) authorizing the Tribe (or TDHE) to enter into the submitted agreement. The agreement to enter into a lease must also specify a rental amount and reference that the Tribe (or TDHE) will execute the LURA.

Q23: Does an AHP application count for Below Market Loans?

A23: An AHP application does not satisfy the requirements of Below Market Loans, Local Gap Financing. However, if a project has a commitment or award of AHP funds and meets the requirements of Local Gap Financing, the commitment would count.

Q24: Does USDA rental assistance count towards the supportive housing scoring category?

A24: USDA rental assistance may apply to Supportive Housing, Rental Assistance, Other Rental Assistance if all other requirements are met to meet points in that category. Subject to Department approval.

Q25: What are the requirements for rental assistance for rehabilitation projects?

A25: Rental assistance will be based on the percentage of units that to be supported by the project-based rental assistance or federally funded operating subsidy for rehabilitation projects. Documentation evidencing the rental assistance must be provided in the application.

Q26: For 9% rehab's points for rental assistance, if the developer has had for many years a contract with local government for rapid rehousing referrals and subsidies, and the local government confirms that the contract is likely to remain in effect, will that qualify for the rental assistance points?

A26: No, that would not qualify for points. An Applicant must have a firm commitment from a Rental

Assistance provider that can only be conditioned on an award of tax credits. Rental assistance must be project-based or be a federally funded operating subsidy.

Q27: QAP Exhibit A Section XI requires the submission of an Energy Analysis and a Phase I Environmental Assessment. Where in the application materials should these documents be provided?

A27: Please provide both documents within Tab C of the Application Materials. If the files are too large to be grouped with the other items in Tab C, please upload as a second Tab C (i.e. Tab C – [project name] – Phase I Environmental Assessment).

Q28: Are the anticipated TBRA units required to be restricted at 30% AMI, or just project-based rental assistance?

A28: The 30% AMI requirement relates to rental assistance scoring. Therefore, the 30% AMI restriction does not apply to TBRA, or tenant based rental assistance.

Q29: Would the Department allow 9% LIHTC and 4% LIHTC twin deals?

A29: Yes, the Department would accept twin deals (aka hybrid deals) in which include a 9% and 4% portion of a single project. However, both applications are required to be submitted at the same time for consideration.

Q30: Can operating expenses from the first phase of a project be utilized for the second phase of the project if the units are comparable?

A30: The Department could consider using the operating expenses from the first phase of a project for the second phase of the project if the units are comparable and the second phase of the project as a whole is similar in scope to the first phase. Subject to Department approval.

Q31: For rehabilitation projects, will ADOH consider giving points for Rapid Rehousing or other rental assistance programs?

A31: Rehabilitation projects are awarded points for Project-Based Rental Assistance or federally funded operating subsidy based on the percentage of units that will be supported by the rental assistance program.

Q32: I understand that a geotechnical report is required as part of the 9% LIHTC application submission. Is there a limit on how old a geotechnical report may be? Should it be dated no more than 6 months from the application deadline?

A32: The Department will consider geotechnical reports dated within 1 year of the application deadline to be current.

Q33: The QAP states that “An application may be ineligible if an improvement has any portion on a 100-year floodplain (and has not completed the 8-step process or obtained a Conditional Letter of Map Revision or Letter of Map Revision).” If a portion of the land is in the 100-year floodplain but that portion will not be used for buildings, parking, or amenities, will the application be eligible?

A33: Projects with any improvements located in a Floodway (crosshatched in the A zone of a Flood Insurance Rate Map (“FIRM” map) are ineligible for an award of Tax Credits. Projects on parcel(s) of land that include a floodway, but in which the portion of the parcel that is a floodway remains undeveloped are eligible for an award of Tax Credits.

Projects located in a 100-Year Floodplain (dark shaded A zone of a FIRM map should submit either of the following to be considered eligible for an award of tax credits:

- 1) evidence that the site has received a conditional or final: Letter of Map Amendment (LOMA), Letter of Map Revision (LOMR), or Letter of Map Revision Based on Fill (LOMR-F) that removes the property from a FEMA-designated floodplain location; or
- 2) submit evidence that the decision making process described in 24 CFR §55.20 has been completed including all analyses and other documentation that the 8-Step Process has been completed and that no practical alternative location exists.

Q34: In the ADOH competitive point scoring under below market loans and local support, would a ground lease qualify as a local loan? For example, if the ground lease was for a site was below market value, for an extreme example, \$1 per year, would it qualify for the 10 points? Would a seller carryback loan qualify for this for these points in the loan is below market?

A34: A below-market ground lease does not qualify for 10 points under the "Local Gap Financing" scoring criteria. However, it is eligible for 5 points under the "Other" Below Market Loans and Local Support scoring category. The Department will accept requests for approval of alternative forms of "Other" support until February 28, 2025, for the 2025 9% LIHTC application round. Subject to Department approval.

If the below-market ground lease is used to request points under the "Other" scoring category, it cannot simultaneously be used to earn points under the "Land Lease" scoring category.

A seller carryback loan does not qualify for 10 points under the "Local Gap Financing" scoring criteria but may be eligible for 5 points under the "Other" scoring category. Subject to Department approval.

Q35: I am working on a 2025 9% application, which includes two properties. I seek guidance on the best approach for accurately representing both locations within the workbook to ensure clarity. I have listed a couple of tabs as examples.

Tab 3 - Project Information:

Would it be preferable to list both property addresses under the project name, or should I select the property with the largest unit count as the primary address? My concern is that only including one site’s address while displaying the full unit mix for the entire project may lead to confusion.

Tab 4 - Team & Site:

Similarly, I am unsure how to handle the Seller/Lessor Information for both sites. What is the best way to ensure that the information for each site is presented separately and clearly?

A35: For scattered site projects that will be including multiple locations within one 9% application, the complete information for each site should be included in your application.

Form 3 - Please submit one Form 3 that summarizes the complete information for all sites. Please also

include standalone Form 3s for each specific project site.

Form 4 - Please submit standalone Form 4s for each specific project site.

Q36: Can rental assistance count towards any of the Below Market Loans and Local Support scoring category?

A36: No, rental assistance does not count in below market loans and local support category.