

## QUESTIONS AND ANSWERS

December 31, 2024

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**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](mailto: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.

## QUESTIONS AND ANSWERS

January 17, 2025

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**Q37:** Can a Geotechnical report from the first phase which is contiguous with the second phase be used in the application for the Second phase with the caveat that if awarded, a full Geotechnical report would be required?

**A37:** The Department will require geotechnical reports for a second phase to be dated within 1 year of the application deadline to be considered current, please see Question and Answer 32 below.

**Q38:** If I have a Phase 2 of a project and the Phase 1 was in a QCT, but the Phase 2 is not in the QCT, however per the HUD Docket No. FR-6488-N-01, in the Federal Register / Vol. 89, No. 174, page 73118, where HUD permits the QCT status of the year the initial application was made to apply to all project phases, would ADOH recognize the Phase 2 as being within a QCT?

**A38:** No, ADOH would not recognize the Phase 2 of the Project as being within a QCT. However, ADOH will allow for a statewide thirty percent (30%) increase in eligible basis for 9% LIHTC projects which demonstrate a financial need. ADOH will approve a basis boost only to the level needed to realize projects' feasibility. ADOH will assess financial feasibility to determine if the project requires a boost.

**Q39:** During the 2024 application round, in an application for the first phase of a multiphase project, an applicant made known and identified a contiguous second phase site ("Parcel A"). They have since acquired additional land ("Parcel B") within 0.25 miles of both Parcel A and the 2024-awarded first phase project. They will apply for Subsequent Phase points for a single project consisting of Parcel A and Parcel B. Would the applicant be eligible for Subsequent Phase points since Parcel A was identified in the 2024 application, even though Parcel B was not identified at that time?

**A39:** The applicant would be eligible for Subsequent Phase points for the proposed second phase by demonstrating that at least one of the building(s) proposed in the application:

- was/were always planned as part of a phased rental housing development, as evidenced by written documentation that clearly establishes it was phased at the time of the first development;
- is/are the second or third phase; and
- is/are within 0.25 miles of the previous phase(s).

**Q40:** Our below market loan is going to be a sponsor loan. What documentation do we need in order to provide the solicited documentation as requested for Tab D, Funding Sources? More specifically, given that our below market loan is our sponsor loan, what is the process for the documentation to count as ADOH approved Below Market Loans and Other Support documentation?



**A40:** A below market sponsor loan may not be eligible for 5 points under the "Other" Below Market Loans and Local Support scoring category. The Department may disregard a source affiliated with a Principal (excluding tribes and public housing authorities) as a form of financial support eligible for scoring purposes. 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.

**Q41:** For Tab C, an “applicant must submit maps demonstrating property access to public[ly] maintained road” to demonstrate public road access. Are there any requirements for the source and detail of the map? For example, would a Google Map with a landmark at the subject property be sufficient?

**A41:** When submitting maps demonstrating the property’s access to publicly maintained roads, please ensure that street labels are clearly identified. A Google Map with a landmark at the subject property and clearly identified street labels would be sufficient.

**Q42:** As part of our 9% LIHTC application, we are submitting a waiver to income average past 50% AMI, the income band the QAP states 9% deals can income average up to. ADOH's compliance manual also stipulates that 9% deals can only income average up to 50% AMI. Do we need to submit a waiver to the compliance department in addition to the waiver we are submitting as part of our LIHTC application?

**A42:** The Department will **not** accept waivers to income average past 50% AMI. For 9% LIHTC applications the average income and rent restrictions of the low-income units (not including any units set aside for employees) must be fifty percent (50%) or lower.

**Q43:** For Tab K, if we elect to do TBRA rather than PBRA, does the Department require providing a “commitment letter from a supportive services provider agreeing to provide services”?

**A43:** No, the project must simply commit to reserving 15% of the proposed units for TBRA. Referrals can be made through housing authorities or agencies administering assistance.

**Q44:** I’m resubmitting an application from last year, where I have both Phase I Environmental reports and Hazardous Materials Studies completed. Do those reports need to be dated within a certain timeframe from application? I see specific requirements for the Appraisal and Market Study, but not the Phase I or Hazardous Material Study.

**A44:** The industry standard (ASTM E1527-21) requires that a Phase I ESA be no more than 6 months old at the time of reliance. If your report is between 6 and 12 months old, it must be updated to include a new site visit, records review, and evaluation of changes to the property or surrounding area. This same timeline will apply to the Hazardous Materials Study.

**Q45:** For self-scoring, if we elect to develop senior housing with services, if we choose to include covered parking, do all parking spaces have to be covered? Or do we just need to meet a threshold either of a minimum number of required covered spaces, or a minimum percentage of covered-to-uncovered spaces?**A45:** Yes, if one of the services being committed to earn points on a Senior Development is “garages or covered parking”, then all parking spaces will be required to be covered.

## QUESTIONS AND ANSWERS

January 31, 2025

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**Q46:** On Form 6-1 "Development Experience" in the 9% application workbook, there is a column labeled "LIHTC Allocation Date". Could you please clarify what date we should use in that column? Would you like us to enter the date the tax credit award was issued by the State Agency or the date shown on the 8609's?

**A46:** Please use the date the tax credit award was issued by the State Agency, as specified in the project's LIHTC Reservation letter.

**Q47:** If UA's aren't even how do you round? Do you always round down? Or do you always round up?

**A47:** Yes, please round up any partial utility allowance amounts when calculating the project's utility allowance.

**Q48:** During construction coordination is it allowable to move the venting from the range hood to an exhaust fan in the kitchen? The exhaust fan would vent to the exterior. Does the venting have to come from the kitchen range hood? Can we provide it from the ceiling exhaust fan in the kitchen?

**A48:** The Department will consider waiver requests for the use of exhaust fans to vent to the exterior of project units. Please include your waiver request, along with supporting documentation, in your LIHTC application. Please note, waiver requests are subject to Department approval. If not approved, the project will be required to meet the applicable design standards.

**Q49:** If an application is submitted for the rehabilitation of an existing project that includes expansion of some units and construction of a new community building but no new residential buildings or change in the number of units, does it remain a rehab project for purposes of the set-aside?

**A49:** Yes, this project may remain a submission under the Rehabilitation Set-Aside. Please make this selection on Form 2 of your LIHTC application.

**Q50:** Does the construction of a new community building in a rehabilitation project trigger the requirement of Section IX of the Mandatory Design Standards for a geotechnical report?

**A50:** No, the construction of a new community building within a rehabilitation project would not trigger the requirement for a geotechnical report under Section IX of the Mandatory Design Standards, provided the community building is located on the same parcel as the rehabilitation project. However, if the project owner has acquired a separate parcel of land for the community building, the new site would be subject to the geotechnical report requirement.

**Q51:** For rehabilitation projects, is there a requirement to inform ADOH if we are under the minimum required bedroom size of 100 net square feet per QAP Exhibit A Section IV(A)?

**A51:** Please include a notation in your application stating that the project does not involve changes to the building footprint. According to Exhibit A, Section IV(A) of the 2024-25 QAP, the minimum and maximum RFA requirements apply only to new construction projects and rehabilitation projects where the Applicant is modifying the unit structure to change the number of bedrooms or otherwise altering the exterior footprint.

If the rehabilitation project involves structural changes that affect the number of bedrooms or modify the exterior footprint, the Department will consider waiver requests for projects applying under the Rehabilitation set-aside that include bedroom sizes below the QAP's minimum requirement. To request a waiver, submit a formal request along with supporting documentation as part of your LIHTC application. Waiver requests are subject to Department approval, and if not approved, the project must comply with the applicable design standards.

**Q52:** For rehabilitation projects, is a waiver required if the existing project does not have at least 1.75 baths for three-bedroom units per QAP Exhibit A Section VI(B)?

**A52:** Yes, a waiver will be required in this scenario. The Department will consider waiver requests, for projects submitting under the Rehabilitation set-aside, with three-bedroom units that do not meet the 1.75-bathroom requirement outlined in the QAP. Please submit your waiver request, along with supporting documentation justifying the request, as part of your LIHTC application. Please note, waiver requests are subject to Department approval. If not approved, the project will be required to meet the applicable design standards.

**Q53:** For rehabilitation projects, are dishwashers still required per QAP Exhibit A Section IX(K)(1) if the existing project does not currently have them available?

**A53:** Yes, dishwashers are required. However, the Department will consider waiver requests, for projects submitting under the Rehabilitation set-aside, which do not include dishwashers as required by the QAP. Please submit your waiver request, along with supporting documentation justifying the request, as part of your LIHTC application. Please note, waiver requests are subject to Department approval. If not approved, the project will be required to meet the applicable design standards.

**Q54:** For rehabilitation projects, is QAP Exhibit A Section XI(A)(3) referring to blower door testing?

**A54:** Yes, QAP Exhibit A, Section XI(A)(3) refers to the requirement for room pressures to comply with Energy Conservation standards, which includes blower door testing to measure air tightness.

**Q55:** For rehabilitation projects, does the energy analysis of the existing building condition as required by QAP Exhibit A Section XI(H) need to be provided by the April 1, 2025 deadline?

**A55:** Yes, the energy analysis of the existing building condition, as required by QAP Exhibit A, Section XI(H), must be completed and submitted by the April 1, 2025 deadline.

**Q56:** For rehabilitation projects, does Section IX apply to new appliances for the kitchen section as referenced per QAP Section XI(L)?

**A56:** Yes, Section IX applies to new kitchen appliances as part of the rehabilitation project. Any new appliances installed in the kitchen must comply with the applicable standards set forth in Section IX, as referenced by QAP Section XI(L).

**Q57:** For rehabilitation projects, does the Housing for Seniors section (QAP Exhibit A Section XII) apply?

**A57:** Yes, the Housing for Seniors section (QAP Exhibit A, Section XII) applies to rehabilitation projects. Any rehabilitation work for senior housing must comply with the specific requirements outlined in this section to ensure the units meet the necessary standards for senior living.

**Q58:** Does a project submitting under the New Construction set-aside need to submit a geotechnical report and an environmental report? Are the reports due with the application?

**A58:** Per Section IX (1) of the 2024-25 QAP, a geotechnical investigation report by an Arizona Registered Engineer is required for new construction projects. The geotechnical report must be submitted with the complete LIHTC application.

## QUESTIONS AND ANSWERS

February 14, 2025

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**Q59:** Does the Market Study and Appraisal need to be dated less than one year from when the Application is submitted to ADOH or one year from April 1st, 2025?

**A59:** The Market Study and Appraisal must be dated within 1 year of the project's application submission date.

**Q60:** Would you accept the funding of an Operating Deficit Sinking Fund Reserve as a development cost so that the feasibility of a development is assured?

**A60:** The Department will require a review of the project's underwriting workbook to determine if the reserve account is necessary and feasible. Applicants may provide documentation of investor and/or lender request and approval of the reserve account to confirm alignment with the project's feasibility.

**Q61:** Is a Phase I Environmental Assessment and a Hazardous Materials study required with application?

**A61:** A Phase I Environmental Site Assessment and a Hazardous Materials study are required as part of an awarded project's Carryover Submission. Please refer to Question and Answer 44 for details on how current these reports must be at the time of submission.

**Q62:** If the City/Municipality is waiving impact fees for a project, is this an additional 5 points on top of the maximum of 20 points for local GAP financing?

**A62:** Please refer to Question and Answer 8. There must be two separate and distinct types of support to receive points in both of these scoring categories. Subject to Department approval. Please note the Local Gap Financing subcategory is only 10 points. There is a maximum of 20 points in Below Market Loans and Local Support.

**Q63:** For scattered site properties where parcels are within 0.25 miles of each other, may a Senior Housing amenity for points (e.g. fitness room with equipment) be located in only one building and still count for points, or must the amenity for points be included in all buildings?

**A63:** No, a scattered site senior development must commit to providing at least three senior housing services, as defined in the 2024-2025 QAP Section V(D)(8), per separate site. *For example, Site 1 = garages, fitness room, walking path. Site 2 = community garden, walking path, structured recreational. And so on for each separate site in the scattered site development.*

**Q64:** Would it be acceptable for a scattered site rehabilitation project with in-unit washer and dryer hook ups to transition to an on-site common laundry facility as units are turned over?

**A64:** This process would be acceptable as long as the 2024-25 QAP Design Standards as noted in Exhibit A, Section VIII (1) are met. Per this section, there must be a minimum of one washer and one dryer per twelve dwelling units within common laundry facilities if washer/dryer hookups are not available in each dwelling unit.

Common laundry facilities also require the following:

- Front-load washers/dryers compliant with ADA standards.
- A “folding” table or countertop must be installed.
- Seating area
- The laundry room must have an interior or exterior window and adequate entrance lighting, which must be on from dusk to dawn to assist in greater security during evening hours.

**Q65:** If my organization owns and operates seven affordable housing projects in service, will my organization qualify for the maximum of 25 points under Applicant’s and Principal’s Experience?

**A65:** Yes, if your organization is the Applicant or Consultant and those projects are LIHTC or federally subsidized low-income rental housing projects. The Form 6-1 must be completed.

**Q66:** Can you confirm if a Phase I ESA Report is required for a New Construction Project?

**A66:** A Phase I Environmental Site Assessment is required as part of an awarded project’s Carryover Submission. Please refer to Question and Answer 44 for details on how current these reports must be at the time of submission.

## QUESTIONS AND ANSWERS

March 7, 2025

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**Q67:** Would a HUD grant being structured as a sponsor loan qualify as "Other sources from government agencies" to earn 10 points in local gap financing?

**A67:** No, a HUD grant structured as a sponsor loan would not qualify as "Other sources from government agencies." This scoring category requires documentation of direct government funding contributions, rather than grants that are converted into loans by the sponsor.

**Q68:** QAP Section IV(C)(5), New Construction: 9% LIHTC Income and Rent Targeting states that it is a requirement for new construction projects to target an average income of 50% or lower for all low-income units. Is ADOH accepting waivers for this requirement?

**A68:** The Department will **not** accept waivers to income average past 50% AMI. For 9% LIHTC applications the average income and rent restrictions of the low-income units (not including any units set aside for employees) must be fifty percent (50%) or lower.

**Q69:** Under Form 13 – Relocation Form, if there is temporary or permanent relocation, general information notices for each tenant are requested. We are working on a project that will have over 100 GINs, do you want copies of all of the notices uploaded with the application or would a link to the notices suffice?

**A69:** All General Information Notices (GINs) must be uploaded with the application. Please ensure that all required notices are included in the initial submission.

**Q70:** In Tab L – Amenities, the QAP states that "Each must be open to the general public and operating as of the application deadline. Documentation must be provided for each eligible amenity showing business hours and operation, location, route and route schedule, activity or pictures to demonstrate the amenity chosen meets the requirements." On the documentation we provide to show that these amenities are operating, does the documentation need to be pulled on 4/1/25 to reflect a 4/1/25 time stamp or can it be time stamped a week earlier?

**A70:** The documentation provided must demonstrate that each amenity was open to the general public and operating within 30 days of the application submission date. For example, if the project submitted its application on 4/1/2025, then documentation must demonstrate that each amenity was open to the general public and operating as of 3/1/2025.

**Q71:** Section VII of the Design Guidelines – On-site Playground Areas states that "Recreational facilities must be provided for different age groups." If the project consists of only one-bedroom units and is permanent supportive housing, is it necessary to provide on-site playground areas?

**A71:** The Department will consider waiver requests for this design requirement, however the Department would request what would be provided in lieu of a playground to project residents. Please include your waiver request, along with supporting documentation, in your LIHTC application. Please note, waiver requests are subject to Department approval. If not approved, the project will be required to meet the applicable design standards.

**Q72:** For the equity pricing, we would like to confirm that it is acceptable to provide an LOI if it falls outside the range?

**A72:** Yes, the Department will accept higher equity pricing outside of the range provided if you have a signed investor LOI specific to your project.

**Q73:** Under what tab are Waiver Requests to be included in the application?

**A73:** Please submit all Waiver Requests behind Tab A of your LIHTC application. Duplicates may be submitted under the relevant tab.

**Q74:** The QAP states that “ADOH will specify the form, manner, and process of receiving applications.” Has this occurred, and, if so, what is the process?

**A74:** Please find all application materials on the ADOH website under Rental Development, LIHTC Forms. Please use the revised workbooks as of February 14, 2025, for all application submittals from this date forward. Applications are due Monday, April, 2025 by 4:00pm Mountain Time. Applications should be uploaded to the Rental Development portal on the ADOH website. The Department held a LIHTC Application Workshop on December 12, 2024 where the process for application submittal was specified.

**Q75:** How can I sign up to receive ADOH information bulletins?

**A75:** Please sign up using the ADOH Website: [Mailing List](#).

**Q76:** Do the entities have to be formed 30 days prior to the application deadline?

**A76:** The Applicant, Owner (if formed), Developer, and Co-Developer must be duly formed legal entities authorized to transact business in the State of Arizona and in good standing with the Arizona Corporation Commission or the Office of the Secretary of State of Arizona, as of thirty (30) calendar days from the application deadline. The Owner may be formed after award of tax credit; please check the correct box on the Form 3, Ownership Information, “To Be Formed.”

**Q77:** Also, can the entities be formed in another state and then be registered in Arizona?

**A77:** Yes, entities may be formed in another state but must still comply with the conditions outlined in the Amended 2024-25 QAP, the Application Workbook, and the requirements noted in Question and Answer 76.



**Q78:** What is the link on the ADOH website for all the application materials/checklist?

**A78:** Please find all our application materials on our website under Rental Development, LIHTC Forms. <https://housing.az.gov/programs/rental-development>

**Q79:** If a project is located on two separate parcels with a neighborhood street separating the two parcels, would the project be considered a “Scattered Site” project?

With regard to Q63 in the Questions and Answers, the answer states that a scattered site must provide the required amenities for each project site, so when it comes to specific Design Standards, is it acceptable for the design requirements on one parcel to serve the residents who reside on both parcels of the “Scattered Site” project? For instance, one leasing office, one community room and one maintenance room located on one parcel, but serve the entire community located on two parcels located on direct opposite sides of the neighborhood street?

**A79:** The Department would need to review the project’s application to make a determination. Please note Q&A 63 are specific to the Senior Amenities scoring category for points. The Department would need more information in regards to your project specifics to evaluate the request. Please include a waiver request for any amenities you would like to share across scattered sites along with supporting documentation in your LIHTC application. Please note, waiver requests are subject to Department approval. If not approved, the project will be required to meet the applicable Design Standards.

**Q80:** Where do I find information on scattered sites? Can you submit a project with two separate parcels less than 0.25 miles from each other?

**A80:** The Department allows Scattered Site projects to be submitted. The requirements of the Amended 2024-25 QAP must still be met.

**Q81:** Can you submit two tribal projects with the same principal?

**A81:** Yes, two tribal projects with the same principal may be submitted; however, the principal must meet the requirements outlined in the Amended 2024-2025 QAP, specifically Section III(A) and Section V(E)(1).

The maximum award of federal 9% LIHTCs

- per application is \$2,500,000;
- projects may only compete in one set-aside;
- one in each county (an additional award per county may occur after all counties have been awarded, on an alternating basis);only applicable to New Construction set-aside; and
- per Principal is no more than the lesser of:
  - two projects or \$3,500,000; or
  - two Rural projects or \$3,750,000.

ADOH may exceed the county limit if there are insufficient eligible applications.

**Q82:** Will ADOH accept a geotech report for an area that includes more than just the affordable housing site? For example, a geotech report which covers the whole master planned development of which the affordable housing is one parcel.

**A82:** Yes, ADOH will accept a geotechnical report that covers a larger area, such as an entire master-planned development, as long as the report is relevant to the specific affordable housing site. The report must provide sufficient detail to assess the soil conditions, foundation recommendations, and any potential site constraints for the affordable housing parcel. If necessary, supplemental information may be required to confirm site-specific conditions.

**Q83:** Per the QAP, the Community WIFI commitment indicates that WIFI be provided in common areas and residential units throughout the project and entirely paid for by the owner. Can the Department clarify if the Project Owner needs to provide wifi infrastructure or if the Project Owner needs to provide and pay for wifi service for each individual unit and common space during the project compliance period?

**A83:** The Applicant is required to provide WIFI in common areas and residential units throughout the project, and entirely paid for by the project owner per the Amended 2024-2025 QAP, Section V(D)(5).

**Q84:** For each of the following, can you please confirm when – either at initial application, i.e. April 1st, or at Carryover Submission – each must be submitted:

- Energy/HERS analysis
- Geotechnical investigation report

**A84:** The HERS rating is not required for application. The Department will require the HERS report at 8609. A Geotechnical Investigation report is required to be submitted with a project's application.

**Q85:** Can you please confirm that a project eligible for points under the *9% New Construction \ 6. Below Market Loans and Local Support \ Land Lease* criterion may make all lease payments upfront, at the time of closing.

**A85:** The project's Land Lease must comply with the scoring criteria outlined in the Amended 2024-2025 QAP, Section V(D)(6). If the full lease payment is made upfront at closing, the total amount must equate to no more than \$2,000 per month over the lease term. ADOH will evaluate compliance by ensuring the total prepaid lease amount, when divided by the lease duration, does not exceed this threshold.

The Land Lease is an ongoing operating expense and must be reported on the Operating Expenses Tab and Cash Flow Tab of the Underwriting Workbook. Land Leases should not be included on the Uses Tab.

**Q86:** What language or documentation is considered as a firm commitment for the Other subcategory in Below Market Loans and Local Support?

**A86:** The Department would need to review the submission to make a final determination. Examples can include but are not limited to the following: Language like “agrees to waive or agrees to waive subject to an award of tax credits” – firm language and commitment is required. It can only be conditioned on an award of tax credits; Soft language like “may approve” or “would agree to” is not considered a firm commitment. Evidence must be sufficient for the Department to make a determination. For example, if

you submit a letter that states you will receive a fee plan at 0% interest but do not provide a financial amount or what the fee plan is that would not be enough for the Department to make a determination.

Please note: Submitted Form(s) of Support may **not** be used to qualify for points in more than one Below Market Loans and Support subcategory (Local Gap Financing, Historic, Land Lease, Other) or another scoring category where that support receives points.

Examples of Other Forms of Support: In-Kind Contributions; Waiver of Fees; Discounted Land; Land Donation; Land Lease Below Market Value; Below Market Loan

Please note: This scoring category is a maximum of 5 points.