

# QUESTIONS AND ANSWERS

## January 2022

Please note questions are copied as written.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**A58. *Yes.***