

## 2020 Tax Credit Program

# Bulletin # 3

February 28, 2020

### Questions and Answers

#### **Question #1:**

The 2020 QAP says that a site may receive 10 points for **not** being in a food desert if the site is within 1/2 mile of a grocery store opened on or after 1/1/2015. We have a site that is within 1/2 miles of a grocery store but the store was opened prior to 1/1/2015. Would this grocery qualify this site for the related points?

#### **Authority Response:**

The situation described above meets the intent of the QAP that LIHTC sites be awarded in areas that are not food deserts and therefore would receive the points as long as the Authority receives acceptable documentation confirming the scenario described in Question #1.

#### **Question #2:**

We are reviewing a potential site where portion of the site is in a floodzone; however, there are approximately four acres that are outside of the floodzone, which would be more than adequate to support the entirety of the proposed new, family development and related improvements. The QAP states that a site located in a floodzone would be disqualified in this particular county; however, our proposal is to use only the "buildable area of the site" for our planned application and also make clear that all improvements, access ways, parking, exterior amenities, etc. are not planned to be constructed within this floodzone. Our intent would be that after application award and prior to closing we would subdivide the site into two parcels: one entirely outside of the floodzone in which we will locate the all of the improvements, and the second site would encompass the remaining flood-positive land and be financed by separate means.

#### **Authority Response:**

The post award subdivision of a proposed development site will not be permitted in the 2020 Tax Credit funding cycle. Only acceptable documentation as described in the QAP for site control will be considered for funding.

#### **Question #3:**

**QAP Section V.K.2.e:** Please confirm that a noise study is only required for sites within 15 miles of airports servicing jets which exceed the thresholds given in i-iv.

#### **Authority Response:**

Noise studies are required for any roadway, railroad/spur, airfield exceeding the thresholds designated in the QAP. If the designated thresholds are not met, a noise study is not required. For example, if an airfield only services 1000 jets annually, no noise study would be required.

If any of the designated thresholds exist, a noise study must be conducted in accordance with “The Noise Guidebook” available at <https://www.hudexchange.info/resource/313/hud-noise-guidebook> This analysis may be completed by using the Day/Night Noise Level Electronic Assessment Tool found at <https://www.hudexchange.info/programs/environmental-review/daynight-noise-level-electronic-assessment-tool/>

To determine the possible effect of airport noise, for commercial airports within 15-miles of the project, you must visit <https://www.gcr1.com/5010web/> to determine if the annual number of operations for air carriers, air taxi, military, general aviation operations.

**Question #4:**

**QAP Section V.E.2.b.i and iii:** For the purposes of qualifying for good standing with the Authority, do members of the Development Team need to apply for a waiver if any 8823s and outstanding 2530 flags received in the last 10 years were cured to the satisfaction of HUD or the applicable governing agency?

**Authority Response:**

Per the 2020 QAP Development team members are not required to request the waiver unless the issues were not cured within the prescribed HUD timeline.

**Question #5:**

We are completing a noise study for a 2020 Application that we are working on. Our noise engineer has calculated the noise levels and we are just over the 65 dba limit in some areas. He is looking for some guidance on the mitigation plan and where levels need to be mitigated below 65 dba. Is there someone at SC Housing who can discuss this with him? Apparently there are different ways to interpret mitigation measures. Some of his questions below to help you figure out who he needs to talk to:

- Do levels need to be reduced below 65 dba everywhere on the property or is it a site-wide average?
- What height above the ground are you measuring the sound levels? First floor and outdoor amenities? Highest floor?
- If we are able to mitigate interior sound levels below the HUD standard, is this acceptable or is SC Housing only concerned with exterior noise levels?

**Authority Response:**

Please refer to 24 CFR 51.103 as mentioned in Bulletin #2, also a noise study must be conducted in accordance with “The Noise Guidebook” available at <https://www.hudexchange.info/resource/313/hud-noise-guidebook> This analysis may be completed by using the Day/Night Noise Level Electronic Assessment Tool found at <https://www.hudexchange.info/programs/environmental-review/daynight-noise-level-electronic-assessment-tool/>

If mitigation is required, you must submit a mitigation plan, as well as, a notarized statement from the developer certifying that they will follow the plan. The Interior Sound level needs to be 45dB or less. Outdoor amenities will either need to be moved to a different location on the site or will have to incorporate mitigation to ensure the exterior level around the amenity is less than 65Db.

**Question #6:**

Is the Wetlands Certification required for Rehabilitation developments?

**Authority Response:**

No Wetlands Certification is required for rehabilitation developments.

**Question #7:**

Are there any Developer pre-qualification forms and/or other required documents necessary to be eligible for participation in future pre-application and 4%/ 9% application cycles?

**Authority Response:**

There are no pre-qualification forms for any pre-application process related to apply for either 4% or 9% tax credits.

**Question #8:**

On page 14-15 of the QAP, it indicates that we are required to obtain a noise study if the site is located within 15 miles of an airport that services jets. What are the specific “applicable HUD criteria” upon which the study must adhere? Are they checking the noise levels at one location on the site, multiple locations, etc.?

**Authority Response:**

Please refer to 24 CFR 51.103 , also a noise study must be conducted in accordance with “The Noise Guidebook” available at <https://www.hudexchange.info/resource/313/hud-noise-guidebook> This analysis may be completed by using the Day/Night Noise Level Electronic Assessment Tool found at <https://www.hudexchange.info/programs/environmental-review/daynight-noise-level-electronic-assessment-tool/>.

**Question #9:**

In which Tab should applicants include the soil report?

**Authority Response:**

The soil report should be part of project specs and should be included with the plans and specs.

**Question #10:**

We do not have any relationship or identity of interest with the contractors used, so we have never had a cost certification audit required on the contractor’s costs. With this added, is it supposed to be part of the placed in service application basis audit or a separate audit report altogether?

**Authority Response:**

The Authority will provide the format which should be used to perform the Contractor Cost Certification. The same independent auditor may be used to audit the contractor costs to give reasonable assurance of the accuracy of the construction costs represented on form J-2.

**Question #11:**

Please confirm that a site can be accessed from an easement access off of a public paved road and that the site does NOT have to directly touch the public paved road for its entrance.

**Authority Response:**

It is not necessary that the site touch a current public paved road, but MUST have, at minimum, demonstrable easement access off of a public paved road.

**Question #12:**

Please further describe “local government” in the leverage section. Can we submit for approval for a specific entity/government for approval ahead of the SC application deadline if we are concerned about the source (without it becoming public in the Q&A section)? Also, if the leveraging source is a grant or amenities and/or infrastructure, how can 2b. be applied as a loan? Please explain.

**Authority Response:**

Local government means town, city, county, or district, including, but not limited to, offices/departments of such entities. These would be any government related entity below the level of the State. There is no pre-approval process.

**Question #13:**

How do we show the points for the scoring for all of the positive site characteristic points in the application? (ie. The print out from the transit, ACT scores, etc). If so what tab? Or will you be scoring all of the applications based off the address provided?

**Authority Response:**

No self-scoring of site is required or request. The Authority will score the application based on the physical location of the site as submitted in the application package. No further action is required on the part of the applicant.

**Question #14:**

Can 30% units count towards the 10% HOME unit requirement?

**Authority Response:**

HOME units must be spread proportionally among all comparable units in the development. If an application proposes 30% units and receives HOME then some portion of the 30% units will be required to be HOME units.

**Question #15:**

In past years, we've had to provide a project narrative, site photos and adjacent property photos. Are those required this year as we do not see them in the checklist. Additionally, do we need to mark the site in any way?

**Authority Response:**

Applicants will be required to supply latitude and longitude coordinates for the site of the proposed developments. Coordinates should be provided for each vertex of the site, as well as the main entrance and the centroid. The items detailed on the Exhibit A checklist will be items required to submit the application.

**Question #16:**

In Appendix B - Application Plan Requirements B-1 we see that you do not require any hard copies in the binders (not mentioned in Ex A). Do we place all of these documents electronically on our flash drive which includes everything from Ex A or on a separate flash drive? If on the same, do we place at the end after all the Ex A documents or set up a separate Tab for these documents?

**Authority Response:**

A completed application will include one full paper set of development plans as described in Appendix B and one electronic copy to be included on flash drive.

**Question #17:**

In the past, we filled out Exhibit G which included "Optional Design Criteria". Will there be an Exhibit G this year? More importantly, will there be optional design criteria this year? I see Appendix B Mandatory design criteria in the 2020 QAP, but I don't see optional criteria.

**Authority Response:**

The 2020 QAP includes no Optional Design Criteria point items.

**Question #18:**

Previously we submitted 11x17 drawing packages at the application phase. Final plans will be at 24x36. I assume it's acceptable to submit the application drawings at 24x36. Please verify. In order to meet the scale requirements (PG B-1/B-2) we'll need format our drawings at 24x36.

**Authority Response:**

A completed application will include one full paper set of development plans (24x36) as described in Appendix B and one electronic copy to be included on flash drive.

**Question #19:**

The Delineation Concurrence (DC) should be considered for all future requests, especially for stand-alone requests as in most instances, identification of the geographic limits is all that is needed.

If a DC will not meet the needs of a client the Corps will assist in the review of a JD (AJD or PJD). Please note, AJDs and PJDs (where the applicant requests additional documentation of Federal jurisdiction) will result in a significant increase in time required to process the request. To assist with clarification, please refer to the following definitions:

Jurisdictional Determination (JD): The action by with the Corps determines whether an aquatic resource is jurisdictional under Federal Law.

Wetland Delineation: The act of identifying the geographical boundaries of aquatic resources that may be present.

**\*\*PLEASE NOTE:** The term "JD" is often used interchangeably to describe both, and this has led to confusion. **\*\***

We are requesting confirmation that the Authority will accept and allow an applicant to use the new DC process if possible so as not to create delays in the time it takes the Army Corps to review wetland issues.

**Authority Response:**

Please refer to Tax Credit Bulletin #2 question 13, also the Authority has to receive guidance from HUD as to whether or not this new document will meet HOME Environmental requirements.

**Question #20:**

The 2020 QAP states that projects will be underwritten at a set amount depending on Group (i.e. Group A will be underwritten at .92 cents per credit). Assuming that the amount of credits awarded to the project will be based off the gap created by that pricing (assumes gap method is lesser than basis method or 15,500/unit). If the equity pricing the project actually receives is higher than .92 cents, are we at risk of having the credits cut because the gap is reduced (assuming all other costs remain the same)?

**Authority Response:**

The Authority will underwrite to the terms of the closed syndication agreement at placed in service.

**Question #21:**

Page 13 J. City/County/Legislative Notification letters. Can you please define what is an acceptable means to contact the local officials via a "commercial delivery service"? i.e. is US Post Office with certified receipt (not a signed return receipt) that has a tracking number to track online, UPS or FED EX and acceptable means to track letters being sent out?

**Authority Response:**

All of the methods described in the question would be acceptable assuming they were correctly addressed to the appropriate city, county, or legislative authority.

**Question #22:**

Also, if the City/County only provides 1 address for City/County council members can 1 letter be sent which addresses ALL council members in 1 letter?

**Authority Response:**

No, a conforming letter must be provided to each city or council member.

**Question #23:**

The QAP places restrictions on HOME awards made prior to 2019 in order to participate in the 2020 LIHTC round. In order to determine if prior HOME or SDRP awards are subject to those provisions, what determines the year of the HOME award, the date of the Final Funding Commitment?

**Authority Response:**

The year of the HOME and SRDP awards is determined by the year the application was submitted. For example, a project that was submitted in the 2018 funding round is considered to be a 2018 project. Applicants can determine the project year by the project's award number.

**Question #24:**

Parking variance, what is involved in getting a parking variance from what is required in the QAP. We meet zoning minimum, but not QAP minimum.

**Authority Response:**

Developments not meeting the Authority parking requirements, must submit evidence of the local guidelines mandating less parking, as well as, the total proposed units, unit types (1-bedroom, 2-bedroom, 3-bedroom, 4-bedroom), targeted population, and proposed number/location of parking spaces for review.

**Question #25:**

How and when would one go about obtaining permission to utilize income averaging from the Authority? Is it on a deal-by-deal basis, or are certain areas of the State already approved for income averaging?

**Authority Response:**

Income Averaging is not an option in the 2020 9% tax credit competition.

**Question #26:**

We are working on a development where the city is proposing to donate the land on which the site will be located to us. Would the authority count that towards scoring category G2? If so, would points be allocated based upon the appraised value of the land?

**Authority Response:**

Donated land does not qualify for points under Section G, 2 of the 2020 Qualified Allocation Plan.