

## Selection Criteria

- 1. Please clarify Appendix A.I.A.(i) Project Diversity regarding whether Income Averaging is permitted to earn these points. For example, could you have 40% of the project set aside at 70% AMI to earn 8 pts?**

**Response:** No, Income Averaging will not be permitted to earn Project Diversity points.

- 2. Appendix A-Selection Criteria I: D(ii) Infill Project - Please clarify if points in this section will only be awarded to infill projects. The description states "New Construction Infill/Scattered site," which could be interpreted as an applicant being able to score in this category for having an infill site OR a scattered site.**

**Response:** Infill projects and non-contiguous scattered site projects are eligible for the one point.

- 3. Appendix A-Selection Criteria IV: A(i), Neighborhood Features - Please clarify the maximum number of points allowed within this section. In the past, applicants could select a combination of services to achieve a maximum of 10 points. Providing multiple paths for applicants to score full points in this category creates a level playing field and prevents a situation where an award is determined by whether or not it is close to a fruit stand, or the Agency having to make decisions on the credibility of a questionable service listed on the application.**

**Response:** The maximum number of points allowed is 10.

- 4. Appendix A-Selection Criteria V: C, Project Amenities - Please clarify the maximum number of points allowed within this section. I would encourage the agency to put a cap on the number of points to this section or consider removing one or more options such as tennis courts, which require a significant amount of space and maintenance.**

**Response:** A project may earn a maximum of 3 points for project amenities.

- 5. The note at I.D. says only one selection is permitted from i.a., which is unclear, since i.a. has only a single selection available.**

**Response:** I.D. should read "Maximum 8 points" instructions to selection only one from i.a. was a typographical error.

6. **Are infill projects on contiguous sites eligible for points under I.D.ii? Are they eligible for community facility points? The notes regarding when a community facility cannot be provided are ambiguous. In some locations ‘scattered sites’ project are excluded, while in other locations that note refers specifically to ‘non-contiguous scattered site’ projects. LHC should clarify that only non-contiguous scattered sites are ineligible for these points.**

**Responses:** Yes, infill projects on contiguous sites are eligible for points under I.D.i.i. and community facility points. Non-Contiguous scattered sites are eligible for points under I.D.i.i.if they meet the definition of “Infill” however; they are ineligible for community facility points.

7. **There is note at the bottom of Section II regarding Permanent Supportive Housing. Does this apply to whether PSH units count toward special needs set-asides or to whether supportive services must be provided to PSH units?**

**Response:** No, PSH do not count towards the special needs set aside. Support services for PSH units are provided by Louisiana Department of Health and Hospitals.

8. **IV.A. What does the note “(5 MILES FOR RURAL)” mean? Do rural projects get the full point for anything within five miles, or just the half point?**

**Response:** Rural projects will receive 1 point for anything within a five mile radius.

9. **Could you clarify if the total number of accessible units need to exceed 20% or the additional accessible units not including those required by section 504? For example: Total Unit Count: 44**

**Total Accessible units: (3) Required 504 units + (7) Additional Accessible units = 10 = more than 20% of the total units.**

**Response:** The accessible units required by section 504 can be included in the total number of accessible units needed to exceed 20%

10. **The Selection Criteria states that “One (1) point will be awarded for services listed that are within a 1 mile radius of the project. One Half (0.5) point will be awarded for any service listed that is located over 1 mile but is within a 2 mile radius of the development.” What is the center of this radius? The middle of the development? Entrance? Any point within the legal description?**

**Response:** The center of the radius is determined by the market study analyst. Any challenges to the determination can be addressed to the market study analyst.

## Definitions/Clarification

- 11. If a project combines building reuse with adjacent new construction on one parcel of record (such as reuse of a school with a new wing added on the grounds), would that qualify as infill provided adjacent parcels were already developed?**

**Response:** The project is required to meet the definition of an infill project as defined on page 28 in the QAP.

- 12. Please provide some examples of a "concerted community revitalization plan" for purposes of three bonus points. Is a city- or parish-wide master plan / comprehensive plan ineligible? Might such a plan qualify if it identifies target corridors or districts?**

**Response:** Please refer to the definition of a concerted community revitalization plan on page 26 in the QAP.

- 13. We ask that you clarify that projects in Metropolitan parishes are only subject to the adjacent standard and not the ½ mile standard. We also ask that you more clearly define "adjacent" so that developers understand how close is "nearby."**

**Response:** Per page 12 of the QAP: "The following incompatible uses cannot be adjacent to any new construction projects in the following parishes: East Baton Rouge, Jefferson, Orleans, St. Tammany, Caddo, Lafayette, Calcasieu and, Ouachita."

- 14. We appreciate LHC for providing definitions for heavy industrial and prisons and ask that the other negative neighborhood features be clearly defined as well. The other features, such as salvage yards and distribution facilities, remain open to wide interpretation.**

**Response:** The market study analyst will determine what qualifies as a distribution facility and salvage yard. Applicants have the opportunity to dispute any of the findings in the market study analysis if they feel the determination is not sufficient.

- 15. Pertaining to the definitions/descriptions on page 5 of the QAP:**

**Rehabilitation Pool:** Applications proposing only the acquisition and rehabilitation of existing housing.

**New Construction Pool:** All other applications, including adaptive reuse.

**Which category would a project be considered as, if the majority of the total unit count is in the form of rehabilitation units that were formerly for residential housing and the minority unit count in the form of new construction units?**

**Response:** Application submissions whose project units evidence a combination of both Rehab and New Construction, will only be placed in the New Construction General Pool if the percentage of New Construction units exceeds 50 percent of the project's total number of units.

**16. Please clearly define distribution facility - the parameters for what qualifies as a distribution facility need to be clearly defined as older zoning may allow a warehouse to remain in an urban residential neighborhood.**

**Response:** The market study analyst will determine what qualifies as a distribution facility. Applicants have the opportunity to dispute any of the findings in the market study analysis if they feel the determination is not sufficient.

**17. Define Infill (separate from scattered sites) development.**

**Response:** Please refer to page 29 of the QAP for the definition of infill.

**18. Define Community Service Facility – (as distinguished from Community Facilities). The distinction between Community Service Facilities and Community Facilities is unclear.**

**Response:** COMMUNITY SERVICE FACILITY is not included in this QAP.

**19. I applaud the effects to remove definitions of words that do not appear elsewhere in the QAP, but it would be helpful to know if “Elderly” is still considered age 55+.**

**Response:** ELDERLY PERSON: A person who is 62 years of age or more at the time of initial occupancy. NEAR ELDERLY PERSON: A person who is between the ages 55-62 at the time of initial occupancy.

## Underwriting

**20. In the section on Underwriting Guidelines under Required Debt Service Ratios on page 20, the draft QAP states, “The maximum debt service ratio for a project is 1.4.” This is a change from the 2017 QAP language, “Debt Service Ratios during the credit period with respect to all debt**

**exceeds 1.4, the excess cash flow must be deposited to the Reserves for Replacement or used to prepay hard debts.”**

**Response:** For underwriting purposes, excess cash flow will be deposited to the Reserves for Replacement if a projects DCR exceeds 1.4

- 21. It is unclear if cash flow contingent debt service for soft sources is included in this ratio. If only hard debt is used in this ratio, projects with significant soft sources of debt would have extreme difficulty meeting the 1.4 standard. Please clarify that cash flow contingent debt service for soft sources is included when calculating the debt service ratio or that a project may have a DSC ratio above 1.4 if they use the excess cash flow to service soft debt.**

**Response:** The proforma does not utilize cash flow contingent loans to calculate Debt Service Coverage

- 22. Is income averaging the same as Mixed Income Development?**

**Response:** The LHC does not consider Income Averaging the same as a Mixed Income Development. So long as the 80% units are mixed in with other lower targeted units, and the average is under 60%, the project meets the Income Averaging rules. However, the LHC has considered mixed income projects to be a project with market rate units.

- 23. The QAP requires that rents are underwritten to FMR, but does not specify if that is on a gross rent or net rent basis. This should be clarified as LHC underwriters are applying it inconsistently.**

**Response:** Gross rents are used for FMR and Section 42.

- 24. Providence recommends clarifying that Developer Fee Cash Flow Notes must mature in 15 years, with unpaid principal balance paid via free cash or made as a capital contribution to the project.**

**Response:** The QAP requires the deferred fee to be paid in full by year 15.

- 25. Providence requests that LHC confirm the availability of Permanent Supportive Housing vouchers to support this required tenant population. Providence supports deep affordability within LIHTC developments as a facet of mixed income communities, but also acknowledges the significant reduction in rental income limits debt capacity and can provide a need for additional gap financing.**

**Response:** PSH Support must come from Chawuna Parker, Program Manager at the Louisiana Housing Authority. All requests will be presented to the PSH Executive Management Council (comprised of the Louisiana Housing Authority and the Department of Health and Hospitals) for approval or denial. Include the project location, total number of units, total number of PSH units, bedroom size of PSH units (strong preference for one bedroom units), number of accessible PSH units and proximity to services (hospitals, public transportation, grocery stores, mainstream services, etc.). For questions concerning the PSH program, please email Chawuna Parker at cparker@lhc.la.gov

## Other

**26. Section II: A(5) Allocation Pools - Please clarify the percentages listed in the table. I believe the intent is for 10% of the credits to go towards nonprofits and that the remaining 90% will be split evenly between Rehabs and New Construction. Then, within both the Rehab and New Construction Pools, the allocation amounts will be split 50/50 between Metro and Rural.**

**Response:** The interpretation of how the credits will be split is correct.

**27. Please clarify in the draft QAP-Developer Experience: clarify if the developer or team member has this experience.**

**Response:** Please see page 15 of the QAP regarding the Project Developer/Team Threshold requirements.

**28. The language on appraisals is now found under the heading "Acquisition/Rehab Project Threshold Requirements". Is LHC's intent to require appraisals for new construction projects acquiring land in excess of \$500,000?**

**Response:** Appraisal: Applications must include an appraisal establishing the fair market value of any existing property exceeding \$500,000 or if the Acquisition Costs of buildings are included in Eligible Basis. Appraisals cannot be dated prior to ninety days of the application submission.

**29. What are the options for a developer who has not received 8609s in the last 5 years? I worked for my father and we did many deals in Louisiana but none in the last 5 years. Is the only option to partner with a developer who has completed a deal recently? I have a great site in a QCT.**

**Response:** A Developer that has never been allocated tax credits is only eligible to receive a single award of tax credits for any applications submitted under the 2021 QAP.

**30. On page 16 on the QAP it states that new developers are only allowed 1 project for the 2019 QAP, is that a typo? Should it read 2021?**

**Response:** The reference to the 2019 QAP is an error on LHC's part, it should read 2021 QAP.

**31. The QAP states Adaptive Reuse projects are considered New Construction (Page 5, Section II.A.3). The QAP also distinguishes several items as threshold requirements for new construction that are sometimes also point criteria for rehabilitation – including Universal Design, Green Building, Energy Efficiency threshold requirements, Washers and Dryers in-unit, and minimum unit size. Please advise how LHC intends to treat adaptive reuse facilities, which are converting existing structures and layouts to housing, with regards to these grey areas?**

**Response:** Adaptive reuse facilities are considered new construction and must follow the threshold requirements for new construction projects.

**32. Will New Construction / Adaptive Reuse properties be required to provide Capital Needs Assessments and Appraisals?**

**Response:** No, Capital Needs Assessments on apply to acquisition/rehabilitation projects.

**33. Will LHC verify the allocation amount to the nonprofit pool? Is it large enough to fund two projects at the maximum metro allocation? Will the nonprofit pool be split between metro and rural / new construction and rehab or is it combined?**

**Response:** At least 10% of state ceiling will be allocated to the nonprofit pool and awards will be alternated between new construction and rehab pools until reaching this percentage.