

Questions and Answers from the 2010 Pre-Application Meeting

Wednesday, December 16, 2009

1. Q – Can you confirm the number/percentage of hearing and vision-impaired units that are required?

A – The number of hearing and vision-impaired units required is 2% of all of the units in the development.

2. Q – Must services be available to everyone in the development?

A – Yes. In order to receive ranking consideration, appropriate services must be available to all residents.

3. Q – Is the receipt of points in the Ability to Proceed – Evidence of Equity Investment category in ranking an all or nothing category?

A – Yes.

4. Q - A lot of conditions are associated with the investor letters. Is PHFA going to be flexible and apply some degree of reasonableness with those conditions?

A – Yes. The Agency understands that equity investors may include certain conditions for the provision of equity, including that the developer received an award of tax credits. In order to be considered for points in this category, the Agency is looking for certain assurances that the investor has significant interest in the development and has sufficient capital funds available to make the investments.

5. Q – Are there any red flags for investor letters?

A – The Agency will not consider “best efforts” letters as evidence of an equity commitment.

6. Q – If an application comes in with a strong investor letter, can they change it in the next few months and still get the ranking points?

A – We will look at the equity environment at the time and make a decision accordingly. In order to be reconsidered, the new investor must have the same commitment to the development as the previous investor. In order to receive ranking consideration, a strong equity letter must be submitted with the original application.

7. Q – Will the Agency consider site control from an unrelated third party sufficient to receive site ownership ranking consideration?

A – No. The applicant must either own the site or provide evidence that a related entity owns the site. In some circumstances, if the property is owned by a municipal authority, site ownership points may be awarded if the municipality owns the site and has agreed to transfer it to the applicant. See the 2010 Qualified Allocation Plan (QAP) for additional information.

8. Q – How do you arrive at the base score for community and economic development?

A – Two years ago, the Agency commissioned a statewide housing needs study and uses the information derived therein as a basis for awarding points. There exists separate criteria for general and elderly properties. Community and Economic Development points are awarded using this location-based score (which has a maximum point award of 30). The Agency will also consider developments which demonstrate that they are part of a community effort for points in a second subcategory in this criterion, which also has a maximum point award of 30. The Agency will total both scores and will award no more than 30 points in this selection criterion. You may contact the Agency/your development or tax credit officer to receive this information

9. Q – Will the Agency permit an internal rental subsidy?

A – Yes, the Agency will allow increased developer's fee with the amount of increased equity used to fund an internal rental subsidy. Please see the QAP for additional information.

10. Q – Can an internal rental subsidy be for 40% units or just 20% units?

A – Yes. They must be both rent and income restricted. In addition, only 20% of the total units in the development can be subsidized and the rent levels to be written down can be no higher than 50%. See example below:

Total units in the development 40 (20% of which is 8 units)

4 units written down to 20% - starting 50% rent of \$601, subsidy of \$361, to result in 20% rent of \$240

4 units written down to 40% - starting 50% rent of \$601, subsidy of \$120, to result in 40% rent of \$481

11. Q – Can all units be accessible?

A – Yes.

12. Q – Will the Indenture of Restrictive Covenant reflect what is in the selection criteria?

A – Yes.

13. Q – Can you attach an interest rate to PennHOMES funds?

A – No, it is 0%.

14. Q – Will you process applications with funding gaps?

A – The Agency may process applications with funding gaps. It is suggested that the amount of the gap not exceed 50% of the developer's fee, however, due to limited funding opportunities throughout the Commonwealth, if the Agency additional ARRA or ARRA-like funds become available, we may be able to fund these gaps. At this time, however, such funds are not available.

In the event that the Agency has funds available to fill a portion of the funding gap, the owner may be required to reinvest some of the developer's fee to partially bridge the funding gap so that the Agency may maximize the use of its funds throughout the Commonwealth.

15. Q – Will a percentage of the developer's fee be required to be invested?

A – In the event that additional funds become available, we will make this determination.

16. Q – If the development comes in fully funded, is there a required percentage of reinvested developer's fee?

A – No.

17. Q – Will the decisions be made in July 2010?

A – At this time, it is our intention to make award on or before July 8, 2010. However, the Agency reserves the right to alter this date in the event that there is a change in the equity market or additional federal and/or state funds become available to the Commonwealth.

18. Q – If a deal is whole, will the Agency substitute the ARRA funds when making the award?

A – Developments which do not need ARRA funds may be prioritized by the Agency. The Agency does not anticipate utilizing the stimulus type funds for developments which do not need them. However, in order to meet Commonwealth goals, the Agency reserves the right to make such determinations in the future.

19. Q – If a 130% boost is requested, can it be assumed that it will be granted and should developers underwrite the financing plan with a boost?

A - The QAP has specific criteria for receipt of a 130% boost of the maximum basis limits for both properties located in a Qualified Census Tract (QCT) or Difficult to Development Area (DDA) and those which are not.

20. Q – Who, specifically, at PHFA should I contact to ask questions?

A – Any development or tax credit officer.

21. Q – Is tax exempt volume cap available?

A – Yes. Contact Susan Belles for information (sbelles@phfa.org or 717.780.3887).

22. Q – If a project has 61 units, how many accessible units are required?

A – Five percent (5%), rounded up, of the units are required to be accessible. 5% of 61 is 3.05 units, which rounds to 4 units and, if doubling that amount for ranking consideration, eight units would be required.

23. Q – In the event that Exchange or “exchange-like” funds are available, can they be used to fill gaps?

A – At this time, these funds are not available. If they become available, the Agency may use these funds to fill gaps or may use them for developments which are unable to secure an equity investor.

24. Q – Will DCED funds be counted as committed for ranking consideration?

A – Yes.

25. Q – What types of projects should include the \$500 per month construction servicing fee?

A – All PHFA applications requesting PHFA loan funds should include this fee.

26. Q – Do you have to own the property?

A – For ranking points, yes. To just submit the application, no.

27. Q – Does PHFA have specific guidelines for the energy audit that is required for all preservation developments?

A – Yes, the guidelines are found in the Architect's Submission Guide for 2010 or in the Preservation Through Smart Rehab Program description which can be accessed on the Agency website (www.phfa.org/developers/preservation).

28. Q – What professional certification is required for a firm to perform the energy audit?

A – The auditor must be accredited as a BPI Certified Multifamily Building Analyst. A list of auditors having this certification is available on the Agency's website under the Preservation Through Smart Rehab Program link.

29. Q – The energy audit will not be available until after the February 26, 2010 deadline for submitting a PennHOMES/LIHTC application. Can the report be provided after the application deadline?

A – Yes, but the report must be submitted no later than May 1, 2010.

30. Q – Do the instructions for Tab 12 of the 2010 application require supportive service provider commitments for services that are unique to the needs of the persons occupying a 20% rent unit? Or, will a commitment of services under a more common plan submitted under Tab 11 also meet the requirements for Tab 12?

A – Information submitted under Tab 11 should be sufficient. A Certification from the Architect confirming the number of accessible units which will be required along with evidence that a rental subsidy mechanism will be in place.

DCED Question:

31. Q – Are the resolution requirements still there?

A – Yes.