

Q & A from 10/22/15 Pre-Application Meeting

1. **Question:** Ranking under Commitment of Funds: Will the Agency award points for project-based subsidy other than Project-Based Vouchers.

Answer: Yes.
2. **Question:** Ranking under Ability to Proceed, Zoning: Requested clarification that the Agency is not requiring a building permit in order to receive full points in this category.

Answer: A building permit is not required but a zoning permit (or evidence that all zoning approvals have been secured) would demonstrate that all zoning requirements have been met.
3. **Question:** Ranking under Community and Economic Impact: What counts toward being considered a transit-oriented design?

Answer: Included are bus stops, trains stations/stops, and other like transportation stops as long as they are fixed.
4. **Question:** Ranking under Development Characteristics, Smart Site Selection: Can an application be awarded more than ten points in this category?

Answer: Usually a property only meets one of the three categories (brownfield, residential infill, or adaptive reuse), but it is possible to qualify for more than one and receive points accordingly.
5. **Question:** Ranking under Development Process, Development Team: In awarding points, will the Agency look at the current composition of the Board, or must there be something stipulated in the bylaws regarding the Board composition?

Answer: The Agency will look at the current composition of the Board, along with the history of the entity to determine if this criterion was met.
6. **Question:** Ranking under Development Process, Development Team. The City of Philadelphia has requirements on minimum participation by MBE/WBE entities. If specific entities are not identified at the time of application, will the Agency award points based upon the requirements of the City?

Answer: Yes.
7. **Question:** Ranking under Ability to Proceed, Zoning: Is a letter from the local planning office stating that current zoning is in place for the property still acceptable for the five point category?

Answer: Yes.
8. **Question:** Ranking, Development Cost Savings: What happens if your costs go up after the awards are made?

Answer: If you received points in ranking for having costs below the median and your costs go up, this may be problematic for the financial viability of the project. Applicants are cautioned to review this category and their project costs carefully before requesting points in

the category as the project will be held to the lower cost through construction, cost certification, and issuance of the IRS Form 8609. If developers think that there is a chance that the costs will increase more than minimally, they should consider not requesting these points.

9. **Question:** Ranking under Community and Economic Impact, School Performance Standards: Urban areas appear to be at a significant disadvantage in this category. Is there a way to compensate for this?

Answer: The Agency examined this while developing the criterion by looking at the base CZB scores of projects in urban areas and determined that there was no disadvantage in scoring based on previous scoring considerations.

10. **Question:** Ranking under Development Process, Development Team: The concern is that it will be a challenge to get the full ten points.

Answer: We recognize that it may be difficult for an application to achieve full points in this category. PHFA's goal is to try to expand the opportunities for small diverse entities in the development team across various vendors and professionals.

11. **Question:** In a supportive services plan, how is a long-term commitment demonstrated?

Answer: This could be demonstrated through escrows established to pay for services, or through a formal letter of agreement and/or MOU. A firm commitment must be shown by a services provider to provide funding or services through the long-term.

12. **Question:** Ranking under Community and Economic Impact, Community Revitalization: What type of documentation is needed to evidence the existence of the criteria being evaluated?

Answer: We will want to see verification in the form of letters pertaining to a comprehensive community revitalization plan for funding commitments or existing investment. A future second phase of a development application to be submitted will not count as coordination with other housing and community and economic development programs. Commercial space that is part of the tax credit application to be considered in all likelihood will not count as other economic development in the area.

13. **Question:** Ranking under Development Process, Commitment of Funds: To receive credit in ranking for donated property is an appraisal required?

Answer: Yes.

14. **Question:** Regarding the electronic submission of the application, has the Agency tested the process to be sure it will work?

Answer: We are assured by our IT Department that it will work. We currently have a great volume of data from our single family servicers, along with data regarding tax credit compliance, uploaded on a regular basis with no problems. However, as a backup, we are still requiring one hard copy of the application to be submitted.

15. **Question:** Is the deadline for submission of the hard copy the same as the electronic submission?
Answer: Yes.
16. **Question:** In the submission of the operating budget with the Intent to Submit form, how should a developer address rent subsidies that are not approved at that time?
Answer: The Agency is only looking at the controllable expenses for the early review.
17. **Question:** To evidence a tax abatement, can applications for projects located in Philadelphia simply submit a copy of the legislation approving the tax abatement?
Answer: Yes.
18. **Question:** If an applicant is referred to a LIHTC property under the Section 811 PRA Demo program, for the rental assistance calculation, which rent standard is used if the projected 50% rents in the application are lower than the maximum rent at 50% of the AMI?
Answer: The rent subsidies under Section 811 are permitted to go up to the FMR however, PHFA is limiting the subsidy to the 50% tax credit rent.
19. **Question:** What was the median cost for the various building types for the 2015 applications?
Answer: Data on the median cost for 2015 applications is listed below. This is provided for informational purposes only. The median cost will differ for 2016 based upon the applications submitted.

| Building Type | Median Cost per Square Foot |
|--|------------------------------------|
| Preservation | \$139 |
| Philadelphia | \$267 |
| Single Family/Townhouse - Urban | \$217 |
| Single Family/Townhouse – Suburban/Rural | \$195 |
| Multi-Story Elevator - Urban | \$192 |
| Multi-Story Elevator – Suburban/Rural | \$201 |
| Adaptive Reuse - Urban | \$256 |
| Adaptive Reuse – Suburban/Rural | \$205 |

20. **Question:** For additional tax credit applications, is there a cap on the total amount of tax credits available and can they be submitted before March 4, 2016?
Answer: The maximum Tax Credit allocation is \$1.2 million. An additional Tax Credit request should not be submitted if the development has already been awarded the maximum. Additional credit applications may be limited to a maximum of \$1.2 million when combined with the existing reservation. Additional Credit applications submitted in advance of the March 4, 2016 cycle closing may be processed, but awards will not be made until after the cycle closing date, and subject to availability.