

**Additional Guidance on Development Team – Material Participation of Minority,
Women’s and Veteran’s Businesses for Consideration in 2016 LIHTC Allocation Plan**

UPDATE – January 15, 2016

For 2016, the material participation in the development team of minority, women’s and veteran’s businesses may qualify the application for ranking points. We have received a number of questions regarding this selection criteria and provide the following clarification:

Question: For points, must the application demonstrate the entity meets the Department of General Services (“DGS”) eligibility criteria as a Small Diverse Business (“SDB”)?

Answer: See Tab 16. A list of the entities which would qualify as a Small Diverse Business must be submitted. In addition to providing the list of entities, submission of documentation evidencing SDB qualification including third party certifications is encouraged with the application. At cost certification, the Agency will require submission of invoices and certifications demonstrating compliance (which would include third party certifications as prescribed the DGS).

Question: Can an entity that performs site work only qualify under the General Contractor category?

Answer: No. The General Contractor is the prime contracting entity responsible for the construction of the development. All other entities performing construction related roles would fall into the Sub-Contractor/Vendor category.

Question: Is there a limit to the number of Sub-Contractors/Vendors that could qualify?

Answer: No. The total number of points for this category is 10 and can consist of a number of Sub-Contractors/Vendors.

Question: Will the Agency consider To Be Determined (“TBD”) Sub-Contractors/Vendors for points consideration?

Answer: The Agency understands that not all entities may be contracted with at the time of application. Since the Agency is encouraging participation on many levels, we will allow TBD Sub-Contractor/Vendor entities for consideration but will limit points to **two (2) points**.

Question: What will need to be provided to demonstrate performance by the entity on the development team?

Answer: During construction, the Agency will monitor activities and collect data (including a schedule of proposed/contracted qualified entities and value work) to ensure program compliance is met. At cost certification, the owner must provide invoices and certifications demonstrating that work was performed by a qualified entity.

Question: What happens if the development does not meet the participation levels outlined in the application?

Answer: The Agency may assess negative ranking points to future applications for a period of 2 years from the date the noncompliance is determined. The negative points assessed will be an amount representative of the points not achieved, and based on our review of the documents supporting material participation.

Question: The QAP permits eligibility for points for non-profit Owner/Developers and Management Agents if a minimum of 51% of the members are qualified persons. How should this be documented?

Answer: The Agency will accept the following documentation to support participation:

- Organizational documents for the non-profit entity; and
- Certification from the Secretary of the non-profit board which includes: 1.) the total number of board members and 2.) a list of the members who are minorities, women or veterans and the term of their membership.

Question: Could a for-profit/non-project joint venture Owner/Developer entity get points in this category?

Answer: Yes. The Agency would look to the membership of the non-profit corporation for qualification. If the board meets the eligibility criteria and the non-profit corporation holds the majority ownership and the managing interest in the joint venture they would qualify for points in this category.