

# 2024 Pre-Application Questions and Answers

Updated on October 18, 2024

## GENERAL QUESTIONS

- Will PHFA share the Preapplication PowerPoint presentation dated October 4, 2023?
  - The PowerPoint Presentation will be posted on the Agency's website.
- Will the Agency note on a Tab a revision date when it is changed after the application was published?
  - Revised sections have been dated.
- Will unaudited financial statements be accepted?
  - If the applicant does not have audited financial statements at the time of application, the Agency will accept unaudited financial statements produced under acceptable accounting principles. However, if awarded a reservation of LIHTCs, the applicant must submit audited financial statements for review prior to closing.

## SCORING QUESTIONS

- Are the CZB scores posted on the application website? These include the background information for the Community Impact Forms.
  - The 2024 Community Impact Scoring forms as well as the charts can be found on the Agency's website. <https://www.phfa.org/mhp/developers/housingapplication.aspx>
- Can PHFA clarify the scoring for joint ventures with small and diverse businesses? Do entities that fill out the qualified small business certification in tab 16 also have to be verified as a small diverse business with DGS?
  - Yes, all entities that are seeking joint venture points must be certified through the Department of General Services (DGS).
- What documentation is required to qualify for points for Residential Infill?
  - Documentation should include evidence and/or photos that the Site was previously developed, along with a photo/rendering of the streetscape showing how the project fills the vacant space.

## PRESERVATION QUESTIONS

- 40% of replacement value is referenced in the QAP and RFP. Is PHFA referring to the replacement cost line item, as in the subtotal shown on the core application development budget that is the total of sections 1-6?
  - Yes
- Are existing units in a Preservation Development eligible for Smart Site Selection points?
  - No, the definition/explanations of the categories do not lend itself to Preservation Developments.
- For Preservation Developments, consideration will be given for five (5) points under this category if the development increases the number of fully accessible units which meet current standards in the development by at least five (5) percent of the total units available, and ten (10) points for an increase of at least ten (10) percent of the total units available. Would this scoring approach also apply to substantial renovation projects (not necessarily preservation, but renovation of existing housing)? Can PHFA clarify how the calculation is applied to projects with 0 existing accessible units? The language refers to increasing the existing count by 5% or 10% - how is this calculated if the baseline is 0?
  - If there are currently zero accessible units in the project, to receive 5 points, the project would need to provide twice as many accessible units as required by Local, State or Federal mandate. To receive

10 points, the project would need to provide three times as many units as required by Local, State and Federal mandate. (Remember to always round up.)

- How does PHFA treat the supportive service reserve funded at initial occupancy in an occupied preservation deal?
  - For Preservation projects, the supportive service reserve must be funded at closing.

#### **LOAN PROGRAM AND STATE (PA) TAX CREDIT QUESTIONS**

- What is the maximum PennHOMES loan?
  - The Maximum per unit PennHOMES limits are included in the Application Guidelines on page 97.
- Can an application request both PHARE/NHTF and PHARE/Health for Housing Investments matching funds?
  - Yes, both sources of funding can be requested if competing in the Health for Housing Investments preference.
- How will the Agency treat State Housing Tax Credits as a source in terms of a “fully funded development” or “to be applied for funds”? For example, if a project is to apply for SHTC’s and AHP, do these two sources together need to total less than 25% of developer fee? Or will SHTC’s be treated like PHARE funds?
  - Pennsylvania State Housing Tax Credits (PHTC) do not count towards the 25% of reinvested Developer Fee or as uncommitted funds and are treated the same as other Agency funds. However, if the project is not awarded PHTCs, a gap will be created which may deem the project financially infeasible.
- What is the PA Housing Tax Credit (PHTC) maximum request for the 2024 round.
  - The PHTC Maximum request for 2024 is \$1,000,000 per project.

#### **4% / TAX EXEMPT VOLUME CAP QUESTIONS**

- Page 6 of the TEB bond RFP states that rehabilitation costs must be listed as critical repairs. Does critical repairs include items that the PCNA states must be addressed through year 5?
  - Yes, critical repairs are considered to be repairs needed in the first five years.
- Will there be a section added to the Intent to Submit 4% LIHTC application to upload a letter outlining bond strategies per the RFP?
  - A section has been created in the 4% Intent to Submit for the Bond Strategy upload.
- For a 4% application, does a PHARE-RTT application earn points for Inclusion of Funding Applied For?
  - No, PHARE Funds are not eligible for Inclusion of Funding Applied For.

#### **OPERATING COST QUESTIONS**

- For insurance in the operating budget, should we project 110% of the insurance letter quote?
  - Yes, project 110% of the of the insurance quote in the operating budget for both preservation and new construction.
- For annual energy benchmark reporting, is an additional operating budget line needed? Or is this annual cost internal to PHFA?
  - This is a one-time \$2,500 cost included in the “Other” section of the Capital Budget.
- With the minimum operating reserve increase from 4 months to 6 months, do projects with a 6-month operating reserve and an agency 1st taxable mortgage need to have a DCF?
  - The Development Contingency Fund (DCF) has been eliminated and all projects are required to have a minimum 6-month operating reserve.

## ENVIRONMENTAL/CONSTRUCTION/DESIGN QUESTIONS

- Do all accessible units need to be outfitted for H/V? If a 50-unit project has 9 accessible units (10 pts.) and all are also H/V, does this fulfill the accessible and H/V requirements?
  - It is understood by the Agency that all HC Accessible Units must include devices for H/V Impaired residents. As such, the Agency requires an additional **2% of non-HC Accessible Units** be outfitted for H/V Impaired devices.
- Please clarify the timing of a Phase I report. The QAP language was updated to state that the “report cannot be more than 24 months old at the time the Application is submitted”, a change from previous years that stated 12 months, however the Tab 17 instructions are unchanged. If a project has a Phase 1 that is over 12 months old, but less than 24 months, is it acceptable to the Agency or is an update required?
  - Per the 2024 QAP, the report cannot be more than 24 months old at the time the Application is submitted. An updated report provided by the original report’s environmental consultant must be provided when the original report is between 24 and 36 months old at the time the Application is submitted. Tab 17 instructions have been updated.
- Can the PH Checklist also be 24 months old like the ESA?
  - The PH Environmental Checklist and supporting documentation can be no older than 12 months at the time of application.
- May a waiver be submitted if it is difficult to find a vendor that can source cabinetry supplies based on the current guidelines?
  - Yes, however, the waiver must provide a comparison between the Agency requirements and the proposed cabinet specifications. A sample of an actual proposed cabinet, along with the specifications, is also acceptable.

## APPLICATION FEES

- What are the application fees for the 2024 cycle?
  - Once an intent to submit is completed, it will generate an invoice with a “portal opening fee” for \$5,000. Once that fee is paid, the Full Application portal will be opened. If the developer submits only one application, the total fee (Portal opening and application fee) is \$5,000 which was paid to open the portal. If the developer is submitting a second application, the total fee would be \$7,500 for the second application, of which \$5,000 was paid to open the portal and a check for \$2,500 will need to be submitted with the hard copy of the second application. If the developer is submitting a third application, the total fee for the third application would be \$10,000 of which \$5,000 was paid to open the portal and a check for \$5,000 will need to be submitted with the hard copy of the third application. If the developer is submitting a fourth application, the total fee for the 4<sup>th</sup> application would be \$15,000 of which \$5,000 was paid to open the portal and a check for \$10,000 will need to be submitted with the hard copy of the fourth application.
  - Total application fees:
  - 1 application - \$5,000
  - 2 applications - \$12,500 (\$5,000 for 1<sup>st</sup> and \$7,500 for 2<sup>nd</sup>)
  - 3 applications - \$22,500 (\$5,000 for 1<sup>st</sup>, \$7,500 for 2<sup>nd</sup> and \$10,000 for third)
  - 4 applications - \$37,500 (\$5,000 for 1<sup>st</sup>, \$7,500 for 2<sup>nd</sup>, \$10,000 for third and \$15,000 for fourth)