Arlington County FY 2018 AHIF and Federal Loan Funds NOFA
Questions and Answers

The following Questions and Answers include questions staff received from February 4, 2017 to February 28, 2017.

1. Q- The application requests a Low Income Housing Tax Credit (LIHTC) self-score sheet. We are not applying for 9% LIHTC in 2017, so is this required?
   A- Applicants submitting for 2018 9% LIHTC are encouraged to provide a draft tax credit self-score sheet, however it is not required. Please estimate to the best of your ability.

2. Q- For the requested resumes of key staff members – can we include narrative bios rather than formal resumes?
   A- The County will accept narrative bios, provided they are limited to one-page per team member and contain up to three team members per organization.

3. Q- What is the anticipated support for hard cost estimates to be used in the NOFA application?
   A- It is up the discretion of the applicant to use 3rd party estimates or to estimate costs based on comparables or other methods. Note that barring unforeseen market changes, staff would expect that the AHIF request would not significantly increase from the initial request.

4. Q- Does the County anticipate third-party estimates based on detailed takeoff and related level of design?
   A- See answer to question #3 above.

5. Q- Alternatively, would a parameter budget be sufficient with an opportunity for an applicant to commission more detailed estimates as part of an AHIF negotiation stage following selection?
   A- Yes, this would be sufficient and would be left to the discretion of the applicant. A more detailed 3rd party estimate could be obtained after the staff recommendations for the FY18 pipeline are made and during further AHIF negotiations. Staff also recognizes that there could be unforeseen circumstances, and will work with the applicant post selection to further refine the AHIF request through negotiations and the public process, including Housing Commission and other public meetings. During this negotiation process, the County would also have the ability to decrease the AHIF request if other project sources are obtained or are able to be increased.

The following Questions and Answers include questions staff received from January 26, 2017 to February 3, 2017.

1. Q- Can an applicant submit alternative applications for a single project in this round of competition? It may be helpful to consider more than one potential structure for a project.
   A- Applicants may submit alternative applications for a single project, for example a hybrid 4%/9% tax credit scenario and a 9% only tax credit scenario. Label the applications in a manner that staff can easily differentiate between the alternative scenarios. Applicants may note which application they believe may have the best chance of winning 9% tax credits, given information known about other projects competing in the same intended tax credit pool, under Question #2 in the "General Information" tab.

The following Questions and Answers include questions staff received from the January 17, 2017 NOFA Workshop as well as other questions received as of January 25, 2017.

1. Q – If a project is a hybrid 4%/9% tax credit development, should there be two applications or one?
   A – Two separate applications should be submitted.

2. Q – When the hybrid 4%/9% applications are scored, will staff average or weight the scores?
   A – The scores for the two parts of a hybrid project will be averaged.

3. Q –When the two scores are averaged for hybrid 4%/9% applications, will they also be weighted?
   A – No, the two scores will not be weighted.

4. Q-To compete most effectively in the VHDA 9% application, many of the best attributes, e.g., 3br units, community room, supportive housing/30-40% units, etc., are mostly in the 9% side, making the 4% disproportionately weak. Shouldn't the whole project (9% +4%) be included in a single application?
   A- After carefully considering the different approaches to review of the hybrid applications, including the approach of requiring a single application for hybrid tax credit developments, staff has chosen to require two applications and average the score between the two. There are a few different reasons for this approach.
   - To-date, the recommendations for hybrid applications that go before the County Board separate out the 4% and 9% AHIF allocations. The 9% and 4% AHIF requests may have different interest rates, AHIF/unit, and other differing loan terms. Staff therefore would like the ability to review the two requests separately.
   - Separate applications would be in-line with any IRS rules or regulations to keep the 9% and 4% financing separate.
   - Staff hopes that by averaging the scores between the 9% and 4%, we will receive 4% applications that better meet the County's policy goals. For

example, applicants may choose to include more 3-bedroom units, lower income units, etc. into the 4% application, which will better meet the goals of the Affordable Housing Master Plan.

5. Q – How will "development opportunities" will be evaluated? If a project is located in an area that is currently engaged in a planning process that has the potential to increase development opportunities, how will that be viewed?
   A – Staff will consider the opportunities that exist under current zoning and GLUP designations at the time of application. The scoring criteria "Future Development Opportunities" within the Scoring Guidance document refers to opportunities inherent to the project itself; that is, opportunity for phasing a project given existing land use and zoning. However, if a project is located in an area that is currently engaged in a planning process, the applicant is encouraged to describe this circumstance in the answer field for Question #10 under the "General Information" tab of the application.

6. Q – What metrics will be used for determining the poverty rate for a project location?
   A – The "Library" tab within the ZoomGrants application contains a geographic distribution reference map that includes poverty rates for tracts within the Washington, DC Metropolitan Statistical Area.

7. Q – Regarding points for preserving existing CAFs, are there any requirements or guidance on how many CAFs need to be preserved?
   A – No, however a project that preserves more CAFs than another would likely receive more points.

8. Q – Is there any direction on how to compute budget sources on unknown risk factors, such as interest rate hedges, credit pricing, etc.?
   A – The applicant should use their best judgment in presenting budget source projections and in explaining pro forma assumptions and variables.

9. Q – What metrics or evidence will be used to score property management experience?
   A – For applicants with existing properties developed and operating in Arlington, routine monitoring reports will be consulted. For applicants new to Arlington, references will be contacted using the contact information provided on an application. Staff will inquire as to past and ongoing performance.

10. Q – Will scores for all applications be published?
    A – Scores will not be posted online. Scores will be provided to anyone upon request.

11. Q – How will the notifications be released? Will information be shared on all the applications received?
    A – A list of all applicants will be made available to the Housing Commission at the first meeting following the March 10 deadline. Staff will notify the applicants of the recommendation on May 1. The selected applicant(s) will be shared with the Housing Commission at the May meeting.

12. Q – What if there are not enough funds to entirely fund a project? Will there be partial funding?
    A-Staff does not anticipate partial funding of an application; however, applicants are encouraged to describe any opportunities for phasing in Question #2 on the "General Information" tab of the application.

13. Q – What will happen if a project that receives AHIF funding subsequently falls out, either for not receiving leverage funds or for some other reason?
    A - If the selected development is approved for an AHIF allocation by the County Board and the development does not receive leverage funds or is unable to close on financing, staff has the option to recommend de-allocation of AHIF loan funds to the County Board.

14. Q – Will the projects know their ranking? Will the next-in-line project be aware of that?
    A – The scores of any application will be released upon request. If a selected project is unable to complete the public process for an AHIF allocation by the County Board, staff would make a determination at that time whether to recommend if the requested funds should go to an application that was not selected in this year's fiscal round, use the funds for an out-of-cycle NOFA application, or roll the funds into the NOFA process for the next fiscal year.

15. Q – Will we know how much money is available before the applications are submitted?
    A – Total available funds for NOFA will not be known until the County Board adopts its budget for FY2018, which is anticipated to occur in April 2017. The County Manager will submit a proposed FY2018 budget to the board with a recommended AHIF funding amount in late February. Available funds for FY2018 NOFA projects will also include any remaining balance from FY2017, subject to anticipated adjustments (e.g., revenue not-yet-received, remaining FY2017 funding requests, etc.). Note that there are AHIF actions pending for the January and February Board meetings that may alter the current FY2017 AHIF balance. The fiscal impact statements in the February Board reports will identify the balance of FY2017 AHIF funds available at that time.

16. Q – Will there be any funds set-aside for out-of-cycle funding? What is the process to apply out-of-cycle?
    A – There will not be any funds specifically set aside for out-of-cycle funding. If applicants are considering an out-of-cycle application, they should write a letter to staff describing the opportunity. The applicants may then be invited to submit a full application. Please refer to the “Out-of-Cycle Applications” tab in the application.

17. Q – For 9%/4% hybrid tax credit projects, do you foresee funding both phases of the project, or would you fund just the 9% piece first?
    A - Staff does not anticipate partial funding of hybrid 9%/4% tax credit developments. Applicants are encouraged to describe any opportunities for phasing in Question #2 on the “General Information” tab of the application.

18. Q – Is there a requirement to close within a certain amount of time?
    A – There is no formal requirement, however projects are expected to close within a reasonable and timely manner. It is expected that projects utilizing tax credits would follow the requirements of the tax credit program for closing and placing units in service. Applicants applying through the FY 2018 NOFA and seeking 9% tax credits must be competing in the March 2018 tax credit round.

19. Q – How was timing decided? Is there a possibility to change the timing for future applications to avoid coinciding with the VHDA tax credit deadline for applications?
    A - Staff determined the current application date with input that was received during an October 7, 2015 public forum as well as in response to concerns received throughout the NOFA public process about the ability to complete a site plan or Form Based Code approval process by the March VHDA tax credit deadline. For the FY 2019 NOFA, the application date can be re-evaluated with input from the developer community.

20. Q – Do you anticipate a mechanism for getting feedback from applicants?
    A – Yes, staff anticipates de-briefing with applicants one-on-one and also reconvening the NOFA Advisory Group to seek input once the public process for FY2018 AHIF and Federal loan funds has concluded.