Updated August 3, 2022

2023 Multifamily 9% Competitive Round

Questions and Answers

Q. #1: In the previous two funding rounds, we have worked with nonprofits that do not have compilation statements or audited financials. We obtained internally prepared financial statements, along with the IRS Form 990 for the capacity review. Will this be acceptable this year well?

A: *Yes, this would be acceptable.*

Q. #2: The Multifamily Guidelines state that projects requesting NHTF funds must also have project-based rental assistance, and then goes on to say that Davis-Bacon wage rates do not apply to NHTF projects. But couldn't the project-based rental assistance trigger Davis-Bacon in these projects?

A. *Yes, new project-based rental assistance, as well as other federal assistance in the project, could trigger Davis-Bacon wage rates and other crosscutting federal regulations. However, NHTF by itself does not trigger Davis-Bacon.*

Q. #3: The Development Team section of the UFA asks if a Minority/Female owned entity will be receiving at least 51% of the developer fee. The score sheet indicates the minimum is 25% for the MBE/WBE. What is the significance of 51%?

A: *The 51% of the developer fee requirement would be in the case of a sole developer that is a MBE/WBE. In the case of a shared co-developer arrangement, the MBE/WBE entity would need to earn at least 25% of the developer fee to be considered a co-developer.*

Q. #4: If a development team is a participant in the Supportive Housing Institute and will be applying in the PSH set-aside, do they still complete the scoring workbook even though those applications will not be scored and if so, what sections of the score workbook need to be completed if it's a new construction development. Since this is for PSH, does the innovation section of the scoring workbook needs to be completed?

A. *Projects applying in the PSH pool would not be eligible for consideration in the Innovation Pool, so a scoring workbook would not be necessary. The Innovation Pool is for projects that aren't competitive in the scoring of new supply/existing supply, but still offer an innovative component that makes it a worthy project. Also, the HOME-ARP funds associated with the PSH Pool are not available in other pools.*

Q. #5: For scoring under Disadvantaged Business Participation, there are four categories from which to choose. The first is they have to be a developer/co-developer. The second criteria only states they have to be a for-profit and have the appropriate certification. If an applicant was submitting for the second choice, what type of role would this entity need to play in the development? Would a consultant suffice?

A. *A consultant or management company who met the certification requirements would qualify under scoring category 5B.*

Q. #6: If a nonprofit also has a for-profit arm and the majority of the board members are minority, does that meet your definition of Minority Disadvantaged Business Developer if they have proof of the appropriate certification? Also, do they have to be licensed in the state of Kentucky?

A. *That scenario would not qualify for the MBE developer/co-developer points. The for-profit entity is not 51% owned by a minority but is instead controlled by a nonprofit entity. In addition, we have a separate category for nonprofits on the development team. All members of the development team must be registered to do business in Kentucky.*

Q. #7: In reviewing the Opportunity 360 scores for the upcoming 9% LIHTC round, I noticed that two census tracts in the county have been combined in the 2020 census to create a new, merged tract. What guidance would you offer for what Opportunity 360 score should be used for the new census tract? Should it simply be an average of the scores for the two census tracts that were merged?

A. *For the purposes of this scoring item only, you should use the census tract number that was designated for the property before the two tracts were merged.*

Q. #8: For the Permanent Supportive Housing (PSH) Pool, are the following documents required since these projects are not scored?

A.

1. *Scoring workbook: This is not necessary; however, because the UFA requires an upload for this document, you can submit a memo that this document is N/A because the PSH pool isn't scored. You can place this same memo in other areas that require an upload, but the document is N/A.*
2. *Notification of Application for Funding (this could create NIMBY issues since we are providing housing for the homeless): This is still required. The NOAFF does not require you to disclose populations served, only location, number of units, and anticipated funding sources.*
3. *Nonprofit Questionnaire: Yes*
4. *Nonprofit Board Resolution: Yes*
5. *Rural Development (RD) Property Eligibility Determination: Yes, KHC will still track these projects as either urban or rural since it is one of the metrics we report on to HUD, NCSHA, and others.*
6. *Kentucky Intergovernmental Review Process: Yes, HOME-ARP is a federal program.*
7. *Tenant Selection Plan Preferences: Yes*
8. *Letter of Service Commitment: Yes*

9. *Letter of Referral Commitment: Yes*
10. *Supportive Housing Service Plan: Yes*
11. *FFIEC Census Tract Report: N/A, this is relative to the Opportunity 360 scoring.*
12. *Distance from Projects Not yet placed in Service: Yes, this will be needed for the "minimal impact on KHC portfolio" threshold.*
13. *Commitment letters for HOME Match: N/A, HOME-ARP doesn't require match.* ***HOWEVER****, if the project is located within a local HOME PJ's jurisdiction and is requesting KHC HOME-ARP, then KHC does have a matching requirement. Refer to the PSH Addendum.*
14. *Location and Map & Directions: Yes*
15. *Floodplain Map: Yes*
16. *Capital Reserve Replacement Schedule: Yes*
17. *Proof of Zoning: Yes*

Q. #9: For the Permanent Supportive Housing (PSH) Pool, the nonprofit organization must have the majority interest (51% or greater) of the ownership entity – but is there a minimum percentage of the developer fee that must be earned by the nonprofit?

A. *KHC has not defined the percentage of developer fee the nonprofit must earn, so long as the nonprofit has at least 51% of the ownership entity and meets the "material participation" definition at IRC Section 469(h). However, generally speaking, the majority owner of the property typically earns the majority of the developer fee.*