Frequently Asked Questions Regarding the 2011 Rental Production NOFA

This FAQ provides answers to common questions regarding MHDC’s 2011 NOFA application process. The FAQ will be updated weekly as needed until the application deadline. If you have a question that is not answered by this FAQ, the Developer’s Guide, or the QAP, please contact William Ulm at 816.759.6882–wulm@mhdc.com or Frank Quagraine at 816-759-7210-fquagraine@mhdc.com.

Application Exhibits

FIN-100

Q: Why do we need to provide a street address for an unimproved property?
A: We need to pinpoint the location so that MHDC can notify the proper state and local officials and to assist MHDC staff in locating the property for the site review. Please provide your best estimate of the street number and street name.

Q: Tab VII-Development Plan. “Total Square Footage of Floor Area” is requested in cell AI35. Is it supposed to be the sum of the other square footages reported above it?
A: For this field we are requesting the gross square footage of the development including all residential living space, commercial space, community space, hallways, garages, etc. that are being constructed/rehabilitated as a part of the development budget. It is not meant to be a sum of the fields above it.

Q: Does Tab 8 of the FIN-100 need to be signed?
A: No

FIN-100-Addendum

Q: On the questionnaire, how far back do we need to go to disclose our employment of former MHDC employees?
A: In completing the questionnaire, please list any former MHDC employees or MHDC commissioners whom you currently employ or with whom you have a contractual relationship. This also applies to a consultant who may be a former employee or commissioner.

Site Review Information

Q: Is the Form 1302 required?
A: No, the Form 1302 is not required, but a FEMA flood map is required. The application checklist has been changed to reflect this requirement.

Applicant Site Control

Q: If an option or contract is provided, how long does it need to be?
A: The option or contract term should be for at least 30 days past the projected commission meeting date, which is currently scheduled for February 18, 2010. MHDC encourages the inclusion of a provision to extend the option for an additional six months contingent on the application receiving commission approval in February.
Public Official Contact Verification

Q: If I have a letter of support from the mayor, do I need to provide proof I contacted the mayor? Similarly, if I have a resolution of support signed by the mayor and the city council, must I provide proof I contacted the mayor and the city councilpersons?
A: Letters of support and council resolutions of support signed by the persons the applicant would be contacting are sufficient proof that the applicant has notified the officials and informed them of the developer’s intentions for the proposed development. Please provide the letter(s) in the appropriate location in exhibit 9 of the application as proof of contact.

Q: Am I to contact all councilpersons or just the council representatives for the district in which the property is located?
A: MHDC requires proof of contact only for the councilpersons representing the district in which the property is located.

Statutorily Required Documentation

Q: IRS and MO Forms 8821 are required for the principals of the developer and general partner. If either of those are a non-profit entity, must it provide 8821 information for its board members?
A: No

Q: If the developer has not done business in the State of Missouri, what do they need to provide for Statutorily Required Documentation?
A: Include a statement that neither the entity nor its principals have done business in the State of Missouri in order to satisfy the requirement for Missouri Form 8821. The FIN 109 is required for every developer regardless of their location.

Q: Does MHDC require the tax return to be submitted with Form 8821?
A: MHDC does not require the submission of the entity’s tax return, nor do we order it from the taxing entity. MHDC is required by statute to perform a check of the applicant’s outstanding tax liability. Form 8821 signed by the applicant and its principals allows MHDC the authority to request this information. We do not request any other taxpayer information.

Q: Is Form 8821 considered public record and therefore able to be requested by an outside party?
A: Because Form 8821 contains social security numbers, federal employer identification numbers or other tax identification numbers, it is closed to requests for public information pursuant to the Sunshine Law.

Q: The instructions on the federal Form 8821 require all applicable lines to be completed. What is the appropriate information to enter?
A: Please see the screen prints provided on the following page for specific information to include in addition to the taxpayer identification information and signature.

Q: What timeframe should the forms reflect?
A: The forms should be completed to reference the most recent tax year.
1 Taxpayer information. Taxpayer(s) must sign and date this form on line 7.

Taxpayer name(s) and address (type or print):

Social security number(s):

Employer identification number:

Daytime telephone number:

Plan number (if applicable):

2 Appointee. If you wish to name more than one appointee, attach a list to this form.

Name and address:

MAID:

3435 Broadway

Kansas City, MO 64111

CAF No.:

NONE

Telephone No.:

816.759.6600

Fax No.:

816.759.6629

Check if new:

Address

Telephone No.

Fax No.

3 Tax matters. The appointee is authorized to inspect and/or receive confidential tax information in any office of the IRS for the tax matters listed on this line. Do not use Form 8821 to request copies of tax returns.

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Tax Form Number</th>
<th>Year(s) or Period(s)</th>
<th>Specific Tax Matters (see instr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1040</td>
<td>2005-2006</td>
<td>Any related federal tax information pertaining to low-income housing credits, including audit findings and assessments.</td>
</tr>
</tbody>
</table>

4 Specify use not recorded on Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. See the instructions on page 4. If you check this box, skip lines 5 and 6. ✔

5 Disclosure of tax information [you must check a box on line 5a or 5b unless the box on line 4 is checked].

a If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box.  ✔

b If you do not want any copies of notices or communications sent to your appointee, check this box.  ✔

6 Retention/revocation of tax information authorizations. This tax information authorization automatically revokes all prior authorizations for the same tax matters you listed on line 3 above unless you check the box on line 4. If you do not want to revoke a prior tax information authorization, you must attach a copy of any authorizations you want to remain in effect and check this box.  ✔

To revoke this tax information authorization, see the instructions on page 4.

7 Signature of taxpayer(s). If a tax matter applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify

MISSOURI DEPARTMENT OF REVENUE

AUTHORIZATION FOR RELEASE OF
CONFIDENTIAL INFORMATION

I, ________________, authorize and request the Missouri Department of Revenue, to release confidential tax records pertaining to ____________________________ for the tax reporting period(s):

I request these records for:

[ ] Corporate Income / Franchise Tax
[ ] Sales/Use Tax
[ ] Employee Withholding Tax
[ ] Motor Fuel Tax
[ ] Individual Income Tax
[ ] Financial Institution Tax
[ ] Social Security (List Social Security Number under Tax I.D. Number)
[ ] Other

Choose the type of tax appropriate for the entity or individual that is the subject of the form.

The record should be:

[ ] Made available for use by me or the specified agent on the 3rd Floor, Truman Building, Jefferson City, Missouri.

[ ] Photocopies and copies forwarded to me at: Street: ___________________________, City, State, Zip: ____________________________.

[ ] Photocopies and copies forwarded to the agent specified below.

I SPECIFICALLY AUTHORIZE THE FOLLOWING AGENT TO EXAMINE THE ABOVE IDENTIFIED CONFIDENTIAL TAX RECORDS.

NAME: Missouri Housing Development Commission

ADDRESS: 3435 Broadway

CITY, STATE, ZIP: Kansas City, MO 64111

(Complete this section if requesting confidential tax records for a business, corporation, partnership, etc.)
PHA Approved Utility Allowance

Q: If the development location is in an area that does not have a PHA, what do we do?
A: If the area does not have a PHA or a Community Action Agency acting as a PHA, MHDC will accept estimated utility costs from the local utility providers.

Homeownership Plan

Q: Do townhouses qualify for the homeownership opportunity?
A: Townhouses do not qualify for special consideration at application as potential homeownership opportunities for residents. However, if the developer intends to sell the townhomes at the end of the compliance period, they are required to notify MHDC in Year 10 of the compliance period of their intent.

FIN-107 Developer Qualifications

Q: Do I need to provide only construction guarantees or must I also disclose operating guarantees I have made to lenders and investors?
A: All guarantees currently outstanding for the entity and its principals must be disclosed.

Mixed Use-Economic Development Area

Q: Does “mixed use” require a city revitalization plan or can it be a developer PUD?
A: A developer PUD approved by the city is acceptable, and MHDC reserves the right to review and determine that the size is significant enough to meet our definition of a mixed-use economic development.

Sustainable Housing

Q: How will developments be expected to document that required green building standards have been met if the developments do not achieve green certification?
A: At the completion of property construction, MHDC expects to receive a letter from a certified green professional who can certify that the development has met the green standards outlined in the application.

Priorities

Service-Enriched Housing Priority

Q: Where does the developer explain the tenant services, etc.?
A: The explanation of proposed tenant services should be included both the Exhibit 4a (Narrative Description) and in Exhibit 12b(i) (Detailed Supportive Service Plan).

Special Needs Housing

Q: If I have a special needs project, can I rent only to a particular type of special needs household?
A: No, MHDC’s special needs policy does not allow developments to prohibit qualified renters from any of the defined special needs categories. As a matter of practice, specific developments may specialize in a particular type of special needs household, but households with a different type of special need cannot be prohibited from renting a designated special needs unit.
General

Q: How does MHDC look at costs and what is considered excessive?
A: MHDC reviews costs associated with amenities and materials and considers any costs beyond what is reasonably necessary to provide clean, safe, sustainable housing as excessive.

Q: What does MHDC require in terms of the investor equity pay-in schedule?
A: At minimum, MHDC expects investors to pay in 10% of both federal and state LIHTC equity at closing, an additional 10% of both federal and state LIHTC equity at 50% completion, and that the amount of equity necessary to pay the loan down to the permanent amount to be provided at conversion.

Q: What should I do if the historical operating expenses for a property do not match the expenses submitted with a rehabilitation application?
A: Please explain any variances from historical expenses in the development narrative.

Q: Will savings in development costs be allowed to reduce deferred developer fees?
A: MHDC recognizes each deal is different and will review financing on a case-by-case basis. As a general rule, if the cash flow of the property indicates the deferred developer fee can be reasonably repaid in four to five years, MHDC will use cost savings to reduce funding or increase reserves.

Q: Can we include asset management fees in operating expenses?
A: No. Asset management fees are usually defined in the limited partnership agreement as being paid out of distributable cash flow. Including them in operating expenses would distort the true debt service coverage of the property.