



Memorandum

Date: March 20, 2023
To: Louisiana Housing Corporation – Director Hollins
From: LHC/Multifamily Division
Subject: LHC streamline Bond approval process

Background

LHC's process as related to approval of Low-Income Housing Tax Credit applications funded with Tax-Exempt Bonds currently require a three step process prior to commencement of the project's financial closing. This process comprises (1) initial approval of an inducement resolution, (2) submission to the state bond commission for approval, (3) return for final sale approval by LHC's board of directors. This process requires a minimum of three months provided there are no issues that may create delays.

Issues

Challenges faced by the development community to facilitate the production of affordable housing include, market volatility related to higher interest rates; unforeseen increases to the required property insurance; growing labor and material costs.

The extent to which developments are affected by these issues often correlate to the amount of time associated with the approval and subsequent closing processes. The timeliness or lack thereof of a development to move to from submission to construction enhances the probability for additional resources to cover increased costs.

Recommendation

We recommend that LHC adopt a more streamline Bond approval process. This process would allow the initial resolution to include the approval of the parameter sale simultaneously, pending approval of the state bond commission. This would negate the required environmental clearance for those projects that include federal soft dollars. However, this process has the potential to reduce the current 90-day process to a 60-day process that ads greater efficiency and cost savings.