LIHTC Program Recommendations

1. **Affordable Housing:**
   What does the average Louisiana household spend to purchase a home? "Affordable housing" should not be significantly more than the working class is paying out of pocket for housing.
   - a. **We recommend defining this term to prevent developments that fall within a luxury price point.**

2. **Cost Containment:**
   Evaluate total development costs against the market.
   - a. **We recommend requiring a detailed cost estimate from the architect (listed as part of the development team) to be submitted with the bond application.**
   - b. **We recommend requiring an appraisal to be submitted with the bond application**
   - c. These documents should be cross checked against recommendation 1.

3. **Effective Allocation of IRS Credits:**
   - a. Intended to offset rent loss
   - b. Excess allocation – donation – violation of Article VII
   - c. Primary benefit must be to the public – LA is not receiving max benefit
   - d. **Recommendations 1 & 2 should correct this issue.**

4. **Projects Fully Covered by Public Funds:**
   - a. Layering of different government programs can create scenarios where public funds are used to outright purchase real estate for private citizen/developers.
   - b. This may not comply with Article VII of Louisiana's constitution (prohibition against donating public funds to private entities…LA has no ownership interest & not receiving a 30-year benefit)
   - c. **We recommend implementing a maximum percentage of public funds that can be applied to a single project.**

5. **Accountability During 30 Year Compliance Period:**
   - a. Properties typically sold at year 16
   - b. Developers entitled to 100% of profit from the sale
   - c. If not sold at 16 years, LHC can approve a new rounds of tax credits with an extended compliance period
   - d. LHC stated that properties are typically rundown at 16 years and require significant improvements
   - e. Project cash flows submitted with bond applications support sufficient capital to operate and mantain the facility for the full compliance period
   - f. **We recommend holding developers accountable for the full 30-year compliance period. If properties are not in livable condition at year 16, new tax credits should not be approved, as compliance has not been met.**