

**2009 QAP Working Group
Summary of responses received and follow up
January 22, 2009**

Objective: To discuss responses received from members of the working group and assign any follow up action that need to be taken.

Members present:

Brenda Evans (LHFA)
Louis Russell (LHFA)
Urshala Hamilton (LHFA)
Nicole Carter (LHFA)
Kelly Longwell (Coats Rose, LAP)
Kerry Banks (Developer)
Todd Little (Little & Associates, LAP)
Wayne Neveu (Foley & Judell)
Yvonne Emerson (Rural development)
Aron Weisner (Developer)
James Freeman (LAP)
Tom Crumley

Board member:

Mark Maddera

Set aside/ Pool set up

- Update the QAP to ensure the pool types still apply to housing needs of Louisiana and the requirements to meet the pool requirements are reasonable.
- Congressional districts-Previously the Agency has divided the credits evenly among the congressional districts in the state. LHFA should instead put a greater percentage to the districts with the most need and less for the area that doesn't.
- Contingency Pool-The Agency should establish a "contingency pool" to make certain previous funded projects can be completed if extra financial help is needed.

Follow up

Everyone agrees LHFA should have Rural Development (RD), Permanent Supportive Housing (PSH), and the required Non-Profit set aside pools included in the upcoming QAP. The contingency pool is not a priority; the purpose of this pool would have to be researched further. Instead of the funds of this pool coming from the credit

ceiling, funds would be generated by returned credits received. Kelly Longwell will draft language to use if this type of set aside is approved.

Rural Development

- Set Aside Pool-Establish a Statewide Rural Development pool specifically for the revitalization and rehabilitation of properties financed through USDA Rural Development
- Waivers-Waive any requirements for amenities such as dishwasher, washers, dryers, etc... for existing RD properties. Many of these projects do not have the space needed to accommodate such amenities.
- Market Study- Eliminating the need for the market study requirement for RD projects with at least 80% occupancy. The appraisal for the project would be used in lieu of market study.

Follow up:

Everyone concurs with the direction Rural Development would take within the QAP. However, the Agency believes the market study requirement is a Section 42 regulation that cannot be changed. Staff will review regulations to requiring market study requirements.

Project Schedule

- Generic project schedules- Currently project schedules submitted by developers at the time of application are very unrealistic when it comes to the actual dates inputted on the worksheet. One solution is having a generic project schedule based upon the date of the reservation letter be submitted by the developer (closing within 6 months, construction commencement within 8 months of the reservation letter, etc.) or the LHFA determine the required timeframes.
- Having a progress report requirement (Mississippi) - this requires developers to give an update as to the progress of their development. A timeline needs to be set to meet certain thresholds and dates set for developers to submit progress reports (i.e. 6 months from reservation date; 1 year from reservation date; 18 months from reservation, etc.)

Follow up:

The group will research other ways to satisfy the Agency's requirement for the project schedule as it is and the developers concern for realistic deadlines to uphold. This could be accomplished by a special format that would be developed by the group.

Selection Criteria

- Too many items-This section of the application has grown into a “catch all” for extra points for the funding rounds. It should go back to having only relevant options that a project can choose from (i.e. points for modular housing, green space, etc). The Agency should consider either removing some of the selection criteria items that are irrelevant, add as a threshold item, or reducing the number of points given for an item.
- Eliminate daycare facility as a point criterion- It is an unnecessary expense on the development budget; in addition, it makes investors nervous about the additional risk associated with maintaining the day care for the full compliance period.
- Eliminate points for special needs/ supportive services- The cost of supportive services drives up operating cost which reduces debt supported on the project.
- PHA referral agreement- Eliminate the need for an executed PHA referral agreement; instead replace with a certification from the developer that the project will accept local PHA referrals.

Follow up:

The group decided to individually dissect the selection criteria to determine items that could be eliminated and discuss the outcome at a later date. Note: Section 42 requires agencies to include certain items within the selection criteria and the group will have to work around these items.

Permanent Supportive Housing (PSH)

- The definition should be changed to include 60% AMI households or limit the income of the tenant to 30% AMI and provide a subsidy in the form of a project based voucher that will pay the 60% rent for the designated PSH units. In today's financial market, investors are looking for straight 60% deals without all the social engineering in place.
- Other ways to fulfill the Agency goals of PSH units in each project should include: providing points for including PSH units in their development, provide direct and generous financial incentives or have a specific pool for PSH projects.

Follow up:

The QAP would include PSH as a set-aside pool. Developers will have to create their own subsidy if they would like to participate in this pool; CDBG funds will most likely not be available in the next funding round.

Developers' fees

- In order to encourage for-profit developers to partner with CHDO's, the Agency should allow up to 18% in developer fees when a for-profit partners with a CHDO.

Follow up:

Everyone agrees this should be implemented.

Developer experience

- Should be a requirement that at least one principal of the development team must have successfully developer, operated and maintained in compliance either one LIHTC project and still be in good standing with the allocating agency.

Follow up:

This suggestion should be included under the selection criteria. Currently the Agency uses only management experience under the selection criteria. The group will review North Carolina's guidelines regarding developer's experience as a template for the QAP.

Policies

- Returned Credits (Voluntary or involuntary) - Although the Agency has a written policy in place, it should be included in the QAP. It should detail the process of voluntary returning credits (signed letter of return, the reason why or other requirements) and the action the Agency will take if recapturing credits is necessary.
- Material Change/ Relief from selection criteria selected- LAAHP has previously provided language to be included in any new QAP that provides penalties for a material change or a request to not be bound to selection criteria.

Follow up:

Policies should be added to QAP, everyone concurs.

Waiting List

- Since the Agency doesn't have a waiting list, this section of the QAP should be removed.

Follow up:

Will remove from QAP

Feasibility and Viability Review

- The F&V should not be able to reduce items to what is arbitrarily determined to be reasonable. Each deal has nuances that are specific to that transaction and the reduction of particular item without the notification of the developer or the project representative is unfair and detrimental to the transaction as a whole.

Follow Up:

The main concern is how one determines reasonable costs. Todd Little will research Mississippi's policy and draft language in response to this suggestion. The group will review at a later date to discuss further.

Final Rank and Score

- In the past, the Final Awards list was not distributed until the board meeting, after final approval. This action does not allow time for the developer to address the board at that time to argue their case. The list should be posted online prior to the board meeting in order for the developer to prepare to address the board before final approval of the list.

Follow Up:

Group agrees this action will allow for smoother board meetings and the Agency will work to have this plan implemented.

Cost Certification

- QAP states the cost certifications must be submitted by April 1st of the year following the date the project is placed in service. This actual date is not

necessary and should be based on a length of time (i.e. six months from PIS date) to give all deals an equal amount of time.

Follow up:

The purpose of this policy is not to hurt the developers with deadlines, but instead ensure the Agency will have enough time to reallocate the credits if necessary later in the year. The group will look into other possible solutions and discuss findings at a later date.

Per Project max allocation

- Raise the maximum allocation per project from \$700,000 to \$800,000 would encourage other national investors to invest in Louisiana projects.

Follow up:

The option of raising the maximum per project is still under review. A limit of \$800,000 is a viable option, would like to discuss pros and cons of raising the maximum at a later date.

Equity pricing

- The Agency should perform a market survey of investor to determine an average market equity pricing for credits. The would allow developers to better underwrite their deal based on actual market conditions opposed to encouraging aggressively priced commitments just to obtain higher point through the syndication efficiency scoring criteria. This selection criteria is not necessary and very difficult to enforce.

Follow up:

Everyone agreed on a flat rate equity price would be beneficial for the Agency; however it is unclear at this time if removal of this item from the selection criteria would be in violation of Section 42 code.

Pro-forma cash flow

- The requirement under the pro-forma cash flow to fall between a 1.1-1.4 debt service requirement should be modified to read, "the average debt service ratio over the 15 year compliance period must fall between 1.1-1.4"

Follow up:

Group will research Mississippi's pro-forma policy and Todd Little will draft possible language to add to QAP.

Section 42 updates

- The updated QAP should also include Section 42 law changes.

Follow up:

Will gather updates regarding Section 42 and include in QAP

Market Study

- Option 1: To ensure the Agency is receiving an unbiased market study, the Agency should consider contracting the services from a third party market study analyst once applications are received. The cost of these market studies would still be paid for by the developer (developer would receive copy). The commissioned market studies would take 4-6 weeks for completion.
- Option 2: The Agency should completely overhaul current list of qualified market analysts. The current list is extremely old and unreliable. Putting a new protocol in place (i.e. analyst submit application, sample work, references, etc.) should give the Agency more control over who is placed on this list and the type of market study received (quality). In addition, if the Agency feels the market analyst does not adhere to policies established, the analyst can be removed and/ or barred at the Agency's discretion.
- The QAP should also include language that although the project may be deemed marketable by the market analyst, the Agency can still elect not to award that project.

Follow up:

Group favors both options; requiring the Agency to request market studies directly and the qualified market analysts list overhauled to include only analysts who are a member of the National Council of Affordable Housing Market Analysts

Site Visits

- With the new addition to the construction department, the Agency now views and inspects projects during the construction phase. After researching several housing agencies, some states list site visits under the selection criteria, visits after the preliminary review, a threshold item or visits the project anytime during the construction period.
- The Agency should consider making scheduled site visits a threshold item in the QAP to ensure the project is on schedule and if any modifications to plans and specs originally submitted to the Agency are noticed quickly and action can be taken.

Follow up:

Site visit will be added to the QAP in addition to more details regarding the submission of plans and specs, architecture certifications, and electronic formatting.

Community Notification

- Currently, the notice runs in the local newspaper where the potential project would be located and runs for three (3) consecutive days prior to the application deadline. In many cases, this notice runs 3 days prior to the application deadline, giving anyone who is opposed to the project not enough time to voice its concern prior to the application deadline. The suggestion of changing the requirement to run the ad prior to the application deadline to a maximum of 15 days and a minimum of 12 days prior to the application deadline, should allow time for written grievances to be received by the Agency.
- In addition, the developer is not required to list the Agency on the notice indicating possible tax credit funding. The developer should be required to notify the public that they are competing for 9% tax credits provided by LHFA.

Follow Up:

A discussion was had to whether changing this policy would be beneficial. The possibly of NIMBYism and other strategies used to derail projects before the application is submitted are some of the concerns that were brought to the groups attention. The Agency would like to allow the community more time to respond to the public notice before the application is received. The group will discuss other possible solutions at a later date.

Other

- The new QAP should be easy to read. The table of contents in the North Carolina QAP (page 1 & 2) is clear and well organized. It also places the items in priority order.
- The market study process needs to be improved. I favor the North Carolina approach of having the HFA order the report (see page 12).
- Site and Market Evaluation need greater emphasis both in selection criteria and threshold requirements. I like that North Carolina approach which places this first and is the largest point category (Section IV A).
- Applicant review must be emphasized. The North Carolina QAP (Section IV D) considers both experience and disqualifications.
- The new QAP should contain provisions for an LHFA architectural review and inspections by an industry professional. It must also have clear Design Standards for both new and rehab projects. This is well written in the NC QAP (Section IV G & H).

Follow up:

The Agency will use the North Carolina QAP for formatting the 2009 QAP.

Comments Received for Public Hearing of the 2009 Draft QAP

Meeting date: April 30, 2009

1. Ray Rose- Expresses concern over the selection criteria being tailored for vacant rehab projects instead of single family homes. Mr. Rose proposes an additional 7 points added to the criteria for single family homes and also suggests increasing lease to own points to 7 and restricts it use to only single family homes, duplexes, and townhomes. Would like to speak at hearing.
2. James Neville- Regarding the developer criteria, Mr. Neville think the criteria as written, will disqualify many smaller developers from participating in the funding round. He doesn't go into much detail, but agrees that they are many inexperienced developers requesting funding and something needs to be done.
3. Murray Calhoun- Speaking on the behalf of the Rural Rental Housing Association of Louisiana, offers the following comments:
 - a. Minimum score requirement- concerned that many rural development projects might not be able to meet the minimum score requirement of 55. They have scored past projects with the new selection criteria and only able to receive approximately 30 points
 - b. Threshold items- requests RD projects to be excluded from Design features, Energy Efficiency features, and minimum internet/ cable requirements. Many of these items are too costly or unable to be meet in rural areas
 - c. Construction and Design standards- RD projects will be unable to meet these requirements as written. Suggested language is offered in his comments (See Attachment 3)
4. Emily Ostuw- offers the following comments:
 - a. Section 1.C-2- Building(s) that the Board of Commissions designate as DDA should be added to the list of exceptions to the per project credit cap. This would allow these projects to utilize the maximum amount of credits available to them and thus move forward more quickly, easily and leave types of funding for other projects (TCAP funds)
 - b. Section I.B-3- Amend the qualification restrictions for LIHTC from the Rural Development Pool. The need for a project to be designated by RD as a Target Area eliminates all projects that do not already have a Section 515 Loan. The revised definition of rural should mirror the HOME Funds qualification which defines rural as any area outside of the CDBG entitlement areas of the state.
 - c. Section I.G-3- Due to a limited number of credits available for treasury exchange- priority for award of the TCAP funds should be given to projects that returned 07/08 credit allocations voluntarily due to cost overruns and syndicator failure.
 - d. Section II.E-8-4- Requires storm windows on all projects. Storm windows are usually prohibited on properties using HITC and will not be approved by SHPO. Please restate that SHPO design limitations will be an accepted exception to this rule similar to item E-7.

Ms. Ostuw also included in her comments are questions about the QAP in general (See Attachment 4)

5. Curtis Cheney- offers the following comments (note: page numbers for each comment can be found in Attachment 5):
- a. Allocation Pools- Not in favor of allocation pools unless pools are also created for MBG/FBE and PHA as well. There should not be additional points available for PHA or Rural deals as they are already eligible for the same points as others and additional points give them an unfair advantage.
 - b. Timeline- The proposed timeline should be pushed back at least 45 days. There are several issues to consider including: Unavailability of investors and unstable capital markets, logistic limitations of LHFA to process current recovery/ stimulus initiatives and implement a new QAP at the same time, etc.
 - c. Competitive evaluation- Change language of non compliance to the version in previous QAP
 - d. Zoning- Revert to language from previous QAP. Requiring application for the re-zoning as a threshold
 - e. Design Feature- Delete 75% brick requirement. This is cost prohibitive and not always practical. Stucco or HardiPlank should be considered as alternate 15 year maintenance free exterior treatments.
 - f. Notification- No more than 7-10 days. These projects often come together in a short period of time.
 - g. Proforma Cash Flows- In order to achieve the required DSC in aggregation, it may be necessary in early years to have a DSC greater than 1.4. It would be more practical to require that such amount be placed into operating reserves. The intent and purpose is that the projects maintain cash flow in later years of operation.
 - h. Financing Commitment- Clarify the definition of commitment! This is where transparency and objective standards need to be implemented. What exactly constitutes an acceptable commitment one versus another?
 - i. Placed in Service/ Annual Audit- This places additional burden on the projects to maintain additional charts of accounts, already existing, specifically in the case of RD and HUD insured properties
 - j. Deviations- Language should read "Applicants requesting more than 1 material change per application will be suspended."
 - k. Protocol- What is the purpose of the infraction log? What penalties would a person be subjected to and at what point would they take place. This is too vague at this point.
 - l. Change orders- Agency approval of change orders is micro management. This will cause production delays. Change orders should be approved by the project owner and notification provided to the Agency
 - m. Design Standards- How are the points discussed in this section incorporated into scoring? This is not in the selection criteria portion of the application. It seems

this was cut and pasted from another application! In addition, Attachments I, II, V should not be included as part of the application process or not be done by the Agency entirely.

Selection Criteria Comments

- a. Deconcentration Projects-Points for this Project Diversity should be eliminated. This is a form a social engineering and there is no funding or subsidy to maintain the financial viability of these projects. Points for Geographic Diversity could be maintained as this imposes no addition hardship on the development pro forma and helps eliminate concentrated centers of poverty.
- b. Projects Characteristics- Optional Amenities – It would be my recommendation that developers be given a list of amenities to choose from, with a maximum of 25 points to any project. Amenities could include washer (5pts), dryer (5pts), disposal (5pts), dishwasher (5pts), High speed internet access (5pts), cable TV wiring (5pts), Microwave oven (5pts), equipped exercise fitness center (5pts), Daycare/Nursery School (10pts). Developers can select their own amenities package
- c. Households in Poverty- Points for this criteria should be removed. Deals structured with these lower rent elections greatly reduce NOI and have a negative effect in the eyes of underwriters who consider providing equity to these deals. They have stated repeatedly that they are looking for deals at 60% AMI.
- d. Scattered Site & Townhomes- Points for these two categories should be the same. This gives an advantage to townhouse projects
- e. On Site Daycare- 50 points specifically for a Daycare/ Nursery School facility should be removed. After completing the development of a daycare building as part of a mixed income tax credit development, it is clear that the cost of constructing a commercial building for use as a daycare/nursery school exceeds the dollar amount allocated in the QAP. The decision to provide a daycare facility should be one of several options in the aforementioned amenities selection.
- f. Project Services- This selection criteria should be eliminated. This puts the burden of social engineering on the developer. The opportunity to get 50 extra points gives developers an incentive to package deals that equity providers do not want to fund.
- g. Sponsorship Characteristics- I am opposed to both of these point categories and request that they be removed. These developers already qualify for all of the points that everyone else gets and this would amount to unfair advantage to the two groups indicated. It would also bar entry of any new developers to Louisiana. It gives the appearance of an "Ole Boys Network"!!
- h. Syndication Efficiency- This too should be removed from the QAP. The agency should establish a based syndication rate at which all projects will be underwritten. The actual sale price of the credits may vary, however this would at least mean apples, will be compared to apples. Developers will always seek the highest sale price for their credits
- i. Targeted Parishes- This should be removed as a selection criteria. Giving preference to deals in areas that have not been served because the deals do not work financially, does not help with the operation of these deals. Again developers are being encouraged to develop deals that really do not work.

6. Mark Turrentine- On behalf of LAAHP, Mr. Turrentine submitted comments regarding the QAP and selection criteria (See Attachment 6):
- a. Allocation pools: Currently, PHA will be awarded 7 points in the selection criteria, which is a relatively high value compared to the other selection criteria point values. Would like to see PHA's to have there own pool, as in the past.
 - b. TCAP Environmental clearance: If the environmental clearance is required at the time of application for TCAP funds, we feel there is not enough time to obtain the clearance prior to application submission. Feel this requirement should be made a condition of funding rather than a condition of reservation
 - c. Competitive Evaluation # minimum score threshold: The current minimum score of 55 points is unachievable for some developments (RD projects). Suggest the minimum scoring requirements be reanalyzed to better fit all prospective development types.
 - d. Threshold requirements #2 Zoning: Feels local jurisdictions are not going to write letters confirming a zoning confirmation date. Suggest this requirement be changed to allow the applicant to submit a document from the local jurisdiction stating that a rezoning application has been submitted and the case will be heard on "x" date. It will then be the applicant's responsibility to inform the agency as to the outcome of the zoning hearing.
 - e. Threshold requirements #7 energy efficiency: Rehabs should be excluded from this requirement unless the replacement of a certain item is noted in the capital needs assessment. It is impractical for rehabs to be mandated to comply with all the stated energy efficiency items.
 - f. Threshold requirements #8 design features: Again, rehabs should be excluded from the brick exterior requirement. It is impractical, and in most cases impossible, for an existing property without brick to install 75% brick exterior.
 - g. Project Team/ Developer Threshold: The majority of our members primarily object to the subjectivity this section gives the LHFA in connection with determining who can or can not participate in the program. We understand the need for qualified developers, but we believe that the language in the QAP has gone too far in trying to make that determination.
 - h. Management Experience: Owners should have the ability to change management companies as long as the replacement company has the required qualifications.
 - i. QAP mandates not required by Section 42: The current draft QAP mandates minimum threshold design requirements that add additional costs to projects. The LHFA should employ a strategy for funding these mandated design requirements through the use of TCAP funds or swap funds that are available through the recent 2009 stimulus plan.
 - j. LHFA policy for allowing projects a 130% bump up in basis when not located in a QCT or DDA: The LHFA should set forth a policy that will qualify projects for the 130% basis boost.

- k. Return of 07/08 credit for 09 credits, so that the returned credits will be available for 100% exchange: Allowing projects currently under construction, but not yet placed in service, to "swap" 07/08 credits for 09 credits should provide the LHFA with more than 40% of 09 credits available for swap. One possible incentive for projects under construction with 07/08 credits would be to allow the developer to trade the 07/08 credits in for up to an additional 5% increase of 09 credits, if they meet certain requirements.
 - l. Clarification of elderly household definition: Current defined an elderly person as a person who is age 62 or older at the time of initial occupancy. An elderly housing project is defined as a project in which all units are occupied by elderly households and the definition goes on to state satisfying the requirements of Fair Housing. The Fair Housing act allows for persons at the age of 55 to be considered elderly.
 - m. Selection Criteria: Please see Attachment 6, letter dated March 23, 2009. Includes 13 comments in regard to this.
 - n. Construction and Design Standards: Feels current draft is overreaching for a normal allocation of LIHTC's. The LHFA should only be concerned with receiving copies of final plans, a copy of the construction contract, possibly copies of monthly pay request to monitor progress, and should plan to make periodic site inspections to verify conformance with the minimum threshold requirements and project selection criteria.
 - o. Market Study: Feels that there isn't enough time for LHFA to implement a total revamping of the market study process for the 2009 funding round.
 - p. Letter dated April 28, 2009 (Attachment 6-B): LAAHP board of directors have reviewed the Construction and Design Standards and modified the Agency's draft to better fit what they believe the LHFA should be concerned with under a normal syndicated project and what is typically required by lenders and syndicators.
7. Kerry Banks- Many of Mr. Banks' comments are similar to Mr. Calhoun's, with the following exceptions:
- a. 130% basis adjustment- we would like to request that a project which meets the definition of a RD Distressed property would qualify for the 130% basis adjustment. We request this language be included in the QAP – perhaps included in the Glossary Section (adding a definition of RD Distressed) or in the "Other Program Requirements" -Section F. If there is a section in QAP where this would make more sense, that's acceptable also.
 - b. Selection Criteria-I think we were all on the same page regarding items that should be changed or eliminated. We would like to make one quick comment regarding III.F (Redevelopment Projects). These points were intended to serve HUD/RD Distressed Projects. However, in the glossary there are references to a Redevelopment Property that includes a Redevelopment Area – considering the existing definitions, new construction deals could qualify for these points (and have in the past). We would suggest that the points for Redevelopment Projects be limited to properties already in existence.
8. Robin Wagner- In order to allow Adult Residential Care Program (ARCP), offered by DHH to compete on an equal level with other multifamily project applying for credits, Ms. Wagner offers the following comments:

- a. Special Household Populations (part IV of criteria)- Recommends adding an additional 50 points for the development of licensed ARCP and add 25 points to each category under this area of the application. Also, add ARCP as a definition in the Glossary section of the QAP and add ARCP projects as recognized Special Needs Project within the Glossary.
 - b. Unit sizes- The QAP requires minimum unit size for an efficiency to be 450 square feet but the minimum unit size in the ARCP Licensing Standards is 325 square feet. The recommendation is to allow LIHTC unit sizes to be consistent with the ARCP licensing Standards for projects seeking funding for ARCP development
 - c. Features and Amenities Characteristics- There are a number of threshold requirements for required features and amenities that do not align with the ARCP Licensing Standards. Additionally, ARCP projects will provide a greater number of services and amenities on site and should be awarded points to allow these projects to be on equal competitive level with other multi-family projects.
 - *Recommendation:* Waive laundry requirements for ARCP under the current rule to allow ARCP projects to align with the ARCP Licensing Standards.
 - *Recommendation:* Waive full kitchen criteria requiring projects to provide a full size to allow ARCP projects to align with ARCP Licensing Standards by providing a kitchenette in each unit.
 - *Recommendation:* Propose point awards for activities that are included in ARCP developments only. Five (5) points awarded for each activity up to a maximum of forty (40) points:
 - Daily Activities
 - Food and nutrition services
 - On-site medical counseling and consultation
 - Resident management and initiatives
 - Adult Day Health Care Services
 - Supportive Services for mentally or physically disabled
 - Services for Persons with Alzheimer's Disease and other types of dementia
 - Transportation
 - Free Income Tax Preparation
 - Internet connection and/or library onsite
 - Beauty Salon and/or spa services onsite
9. Will Belton- Most of Mr. Belton's comments are regarding the past selection criteria (2004, 2005, etc.) that the working group were reviewing and they do not reflect the current draft. In addition to, he has the following general comments:
- In response to the deepening capital markets crisis, the 2009 Per Capita QAP and LRA/OCD affordable rental housing programs should give preference to projects with the investor admitted to the partnership.
 - Award 2009 Per Capita QAP and HOME, CDBG funds through independent competitive process with 9% Tax Credits and non competitive 4% Tax Credit/Mortgage Revenue Bond financing projects and apply the Shovel Ready Requirements herein outlined.

- Give a preference for projects with zoning or similar zoning already authorized in a second phase of the same project on contiguous site.
- Give a preference for projects with Site control (i) own land and (ii) Purchase Agreement/Option To Purchase
- Give a preference to projects with developers who can demonstrate the developer has closed and funded four or more separate projects from January 1, 2008 thru December in 2008.
- Give a preference to projects using steel panels and frames produced and manufactured in Louisiana Factory.
- Give a preference for projects with environmental clearance and/or issued a notice to proceed on projects issued environmental clearance or notice to proceed for a second phase of the same project on a contiguous site.

10. Austin Penny- Mr. Penny, on behalf of the City of New Orleans offers the following recommendations:

- a. Prioritize scattered site rehab and infill development- Many of the damaged or empty properties across the city do not have resources directed at their redevelopment. A majority of these blighted homes were rental homes pre-Katrina, and directing tax credit financing to their repair will greatly enhance neighborhood recovery.
- b. Leverage tax credits with other public resources where possible- Within the next year, 4,500 properties will be transferred to NORA from the Louisiana Land Trust. There is a statutory requirement that 25 percent of these properties be used for affordable housing. Including the city's HOME and CDBG allocations, additional resources are needed to meet this mandate
- c. Incentivize green building- These investments can simultaneously improve affordability and sustainability. The QAP should encourage all projects to utilize green strategies by increasing priority points for green building.
- d. Encourage rent-to-own strategies- Residents value affordable homeownership opportunities and the QAP can support lease-purchase options. New Orleans developers have been pursuing this strategy, and states like Ohio have successfully transferred ownership of multiple developments from lease to ownership status. This is a particularly compelling strategy for New Orleans' neighborhood-focused, scattered site redevelopment of singles and doubles.
- e. Strengthen multifamily development scoring to align with design, amenities, and development realities that address homelessness and special needs populations- Priority scoring should go to developments that provide permanent supportive housing in 25-50% of the development, and that provide studio and one-bedroom units- highest demand by this population.

11. John Stuckey Jr.- On behalf of the PRIDE Community Association, Mr. Stuckey offers the following comments:

- a. Tax Credit Exchange Provision-The QAP states Treasury Funds will be made to projects in the following order of priority; even though no priority has been given thus far. They propose the following priority list:

- i. The Louisiana Delta Region
 - ii. Parishes with increased population due to Katrina/ Rita related out-migration
 - iii. Previously under-served Parishes
 - iv. Rural Developments
 - v. Special Priority Projects
- b. Construction and Design Standards- Suggest including the following language to paragraph 5 for this section (this method is currently being accepted by USDA, HUD, and the Veterans Admin): "Residential Plans & Specifications prepared for Residential Projects shall be stamped by a Residential Design Professional that is a Certified Professional Building Designer (CPDB) with the American Institute of Building Design (AIBD).
 - c. Design-Build- Suggest this additional language: "Project Manager shall have a minimum of five (5) years experience in Management of Projects of similar size and similar type of construction.
 - d. Bonding- We suggest the "Letter of Credit" requirements be changed to (10%) of the Construction Contract amount. We further suggest that the time constraints for a "Letter of Credit" be reduced to Development receipt of 8609. The General Contractor should have "Completed Operations Insurance Coverage" which can be called upon for failures due to faulty workmanship or failure to correct warranty items for the one-year period following "Substantial Completion."
 - e. Deliverables- We suggest the addition of "Reliance Letter" from Environmental Consultant. We also suggest Geotechnical "Soils Reports: which will include recommendations for foundation design based on soil conditions. We also suggest that concrete testing and compaction testing become a component of the deliverables.

12. Robert Rowan- Request the following to be included in the selection criteria:

- a. Developers who received awards in the 07/08 FA round and have completed construction and have the developments placed in service receive 50 points
- b. Developers who have closed and have their developments under construction receive 15 points

13. Richard Murray and Fred Banks- On behalf of the Louisiana Housing Council, they offer the following comments:

- a. Reestablish the PHA sub-Pool containing 15% of the credits OR
- b. PHA Sponsored Project (bonus points); Project is sponsored by local Certified PHA (50 Points)

The PHA Sub-Pool or the Bonus Points (50) enables PHA's to compete with the for profit developers.

14. Rodney Alexander- Concerned the draft QAP does not allow the Historic Bastrop High Project to qualify for additional point based on the premise that the project is not a rural priority project; which Mr. Alexander feels it should be considering it is located in the HUD Renewal Community.

15. Paul Labat- On behalf of the Terrebonne Parish Council, requests Terrebonne parish listed as a priority parish. During Hurricane Gustav in 2008, Terrebonne Parish received 22% of the damage suffered by the entire State of Louisiana. Other parishes, which also suffered damage in other storms, are already on the list of set asides and priority funding through LHFA.
16. Melvin "Kip" Holden- Offers the following comments for East Baton Rouge Parish:
 - a. Fund projects which are mixed income developments, providing housing opportunities for all income type families, breaking from old patterns where residents may align along income lines;
 - b. Fund projects which are mixed use developments, blending public spaces, retail and residential, improving not only quality of life but creating a sustainable community; and
 - c. Fund projects in low income areas in need of development or redevelopment, providing a spark of good growth and act as a catalyst for future private development, neighborhood pride and reduction of crime and blight.
17. Benjamin Curtis- On behalf of CURTCO, LLC; fully supports the agency and DHH in their efforts of adding Adult Residential Care Project (ARCP) to the QAP. He expresses the need for this type of funding within the QAP and is hopeful of a successful outcome.
18. Christine Rhorer, PSH Program Director with DHH: Ms. Rhorer appreciates the Agency's efforts in including PSH sub-pool of 10%, however she offers the following suggestions in order to make the PSH sub-pool more effective:
 - a. Include language in the definition of PSH Project that acknowledges that developers of PSH projects would be required to include evidence that the supportive services for the Eligible Target Population for PSH are committed to the Project. They suggest that DHH be consulted when potential PSH Projects are being evaluated for funding to ensure that in addition to long-term affordability for the target population, sustainable, long term services are in place to make the projects viable.
 - b. In order to provide some capacity to evaluate multiple PSH projects that may be applying for funds through the PSH Sub-pool, DHH would recommend that the LHFA assign some form of priority point system related to the number of PSH units in a development.

In addition to these comments, Ms. Rhorer offers the following general pool comments:

- a. In order to encourage the creation of PSH units among LIHTC Projects, DHH would recommend that the availability of priority points for PSH units be included under the heading of **IV. Special Needs Household Population** in parity with other LHFA targeted households listed.
- b. Because DHH supports the integration of special needs into the general population we discourage the development of properties that serve 100% of the single special needs population other than elderly.
- c. Because special needs population often requires specialized services to ensure successful tenancy, they again suggest that LHFA include language requiring the demonstration of experience in development of units for these populations and

written agreements that services appropriate to the needs of the population be provided.

19. Marion Beckley, Consultant representing Lacour Care Centers: Requests that the Agency adds ARCP as an eligible project for the elderly set-aside pool.
20. Louisiana Supportive Housing Coalition Leadership Council: Recommends the following changes to the draft:
 - a. Change the definition of PSH Projects.
 - b. Realign the definitions and points in Section II, Special Household Populations
 - c. Increase the maximum project award for PSH projects to \$1,000,000 and/or prioritize PSH projects for credit exchange.
 - d. Offer alternatives for selection criteria related to Project Characteristics that are not appropriate to PSH projects or SRO projects and therefore disadvantage these proposed projects from securing points.
 - e. Clarify additional affordability for projects with units eligible for PSH vouchers.
 - f. Incentivize PSH units in broader mixed-income housing developments
 - g. Change the following definitions in the glossary:
 - i. Permanent supportive Housing Project
 - ii. Permanent supportive Housing Unit
 - iii. SRO
21. Nell Hahn, The Advocacy Center: Supports recommendation from the Louisiana Supportive Housing Coalition and also request the QAP not prioritize 100% special needs projects.
22. Brian LaFleur, James & LaFleur Group: Disagrees with the Agency decision to incorporate Developer Threshold Requirements to the QAP. Feels such language negates equality amongst new and recent developers who are trying to compete with the long standing "giants" of the development world.
23. Bob Reed- Offers the following suggestions:
 - a. CHDO/ Non-profit needs to be added to the QAP language
 - b. Profit limits- Aggregate of 14% would be great builder's project, overhead & fees.
24. Todd Little, Little & Associates, LAAHP: Offered the following suggestions:
 - a. Prefers PSH pool over point allocation
 - b. 30% Basis Bump- Feels the Agency is limiting what could be done with reutilizing only PSH & Rural Projects
 - c. Selection Criteria- Section I & II, feels the maximum of 1 selection will be unfair to scattered site projects.
 - d. Targeted Parishes- feels these information needs to be posted for the public before applications are due.
 - e. Superior Site Designation- doesn't like subjectivity the item allows.
25. Sylvia Richard, citizen of New Orleans East- Would like to see the following implemented:
 - a. Wants the public to be notified from the Agency that a project in her area is applying for Tax Credits; feels advance notification to community might gain community support for projects.
 - b. She also likes the idea of the Agency soliciting for market studies.
 - c. Quality construction- proper infrastructure in place
 - d. De-concentration of poverty- not big apartment complexes

26. Ray Rose- Requests the increase in the following points:
 - a. Increase scattered sites from 2pts; to equal or higher than rehab
 - b. Increase points for zoning
 - c. Increase points for lease to own
27. Stewart Rose- Feels QAPs have been skewed for high density units. Suggest revision of QAP for scattered site projects
28. Pam Hammond- Section VII, A of the selection criteria should have an exception for re-development projects
29. Kelly Longwell- Threshold requirements for tenant referrals need additional research; investors don't usually agree with this provision.
30. Dominique Duval, Policy Link- Would like to add local government financial support in scoring criteria. Would also like to see scattered site developments a priority instead of rehabs.
31. Tom Crumley, Woodward Interests- supports subjectivity of superior site designation by the Agency
32. Victor Smeltz- Requests sharpen disqualification language. Also requests to raise total development cost limit and square footage cost limit
33. James Freeman, SEI- requests TCAP funds be a condition of reservation and not application
34. Scott Brian, LDG Development- Would like to see tax exempt bond projects to be allowed to apply for TCAP funds
35. Charlotte Bourgeois, Providence Community Housing- Request rehab projects to have waivers for some of the threshold items, due to their inability to comply with the requirements.
36. Shawn Crawford, Unity of New Orleans- Would like to Agency to change the definition of PSH projects
37. Charles Tate, Community Direction, Inc- Wanted to know if a project may qualify for more than one pool
38. Shawn Barney- Would like the Agency to implement three site visits in lieu of regulatory and compliance paperwork.
39. Michelle Whetten- States the Agency's definition of green communities is inaccurate.
40. Emily Osten- Requests if a project voluntarily returned credits, those developers should be given a preference.