## 2010 QAP Comments in Summary

**To be used in determining which comments to incorporate in the 2010 Draft QAP

- Raise the number of projects that can be awarded to one (1) developer to four (4) projects
- Increase the annual allocation cap to $1,500,000
- Remove Rural Development and Permanent Supportive Housing Sub Pool
- Asset Management- Any developers having outstanding financial obligations to LHFA would be precluded from participating in the LIHTC funding round
- Rental Information- A provision needs to be included in the document that requires developers to provide information monthly on the number of vacancies and the unit mix. The Agency is working to establish a portal for tracking such information. Maintaining the number and type of vacancies will be helpful for locating or identifying emergency housing during a disaster.
- Penalty Scheme- A scheme needs to be devised that includes a penalty assessment for non-compliance that addresses both material and no-material changes. Options will need to be brought before the Board. There should also be a process for establishing state debarment that is similar to Federal debarment.
- Although the lower caps restricts the size of development; they have typically been 30-50 units and it is becoming increasingly difficult to finance these types of projects. Suggests increasing the caps for higher market areas.
- Inclusion of vouchers in QAP- Please see email from HighPointClays@aol.com dated May 10th (email includes 8 attachments from HANO/ HAP Contract)
- Maintaining the PHA sub-Pool containing 10% of the credits.
    - Strongly recommends that any PHA sponsored application be required to submit the certification provided by the Louisiana Housing Council; this process worked very effectively in 2009
    - The PHA must have at least 51% ownership in the project
- Definition changes:
    - Affiliate: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has a majority ownership or governance interest either directly or indirectly through one or more subsidiaries.
    - Distressed property: Add "public housing property with excessive vacancies or excessive deferred maintenance or rehabilitation needs"
    - PHA Sponsor: Add "A PHA that receives an ACC contribution from HUD and owns 51% of the interests in the project at the time 8609s are issued, either directly or through its affiliate or instrumentality. Prior to 8609, it must control the GP through its affiliate or instrumentality. If a PHA partners with a for-profit developer and/ or partner, the PHA must certify that any for-profit or non-profit development partners were selected in accordance with HUD's procurement requirements.
    - Eligible Target Population for Permanent Supportive Housing: Comment- will public housing residents qualify as "most-at-risk of homelessness"? Will DSS make this determination and will LHFA accept? If so, PHAs can also compete in PSH Pool.
    - Amenities/ Community Facility: Current definitions appear to be an unreasonable burden for a multi-phase property. If the business center and community room facilities

are located adjacent to or within a central management building near the primary entrance to the property; subsequent phases would not have the need for similar amenity features within its own phase.

- Design Features- Threshold Requirements
  - Brick exterior: Change exterior to allow thin-set brick or any fiber-cement type product that has a manufacturer warranty of 30-years. 75% brick exterior may not be appropriate design solution. Brick is not a characteristic of "Costal" design and "Craftsman" design.
    - In lieu of this requirement, simply require a 30-year warranty and allow stucco, hardy-board or any fiber cement product. Thin-set brick should be allowed as an alternative. A new product made by "Nichiha" (www.nihiha.com) is a great alternative that is just add durable and looks just like brick.
    - A waiver for rehabilitation projects should be offered, this seems to be a unreasonable criteria for this type of project.
    - Provide a process for a developer to apply to have a new product added to the list of acceptable durable materials after review by LHFA's Construction Staff. (Have list of acceptable durable materials in QAP)
  - Storm Windows: Remove requirement for storm windows when energy efficient insulated windows are used. Storm windows add no energy value when used on top of an insulated window and add maintenance costs. Storm windows should only be required in a rehabilitation project that is preserving the existing non-insulated windows.
  - 30-50 Year Roof: Many owners replace a roof before 30 years due to hail, wind or other storm damage. A 30-year roof warranty does not cover such damage; only covers a failure of the product, such as delamination. Another option is to require an Architectural 20 or 25 year roof.
  - Construction requirement for RD-21 (installation) is costly and not necessary. RD-13 is typical in residential properties and RD-21 is more common in commercial properties. Possibly make the RD-21 as a point selection, but not as threshold.
  - The following standards, which per the QAP applies to rehabs, could be cost prohibitive or impractical to achieve for an existing building
    - Exterior Walls: R-21 Insulation
    - R-6 to R-8 HVAC ducts
    - All bathroom areas to have moisture resistance gyp board
    - Exhaust fans in baths and kitchens shall be ducted to the building exterior
- Minimum Internet/ Cable Capacity Requirement – Threshold Requirement
  - Rather than 3 distinct networks, allow owner or manager to decide on the best system that will provide cable TV, Telephone and Internet access for the tenants. If the 3 services can be provided with one or two networks, that should be sufficient. Agency can confirm prior to 8609 issuance.

- Financing of Supportive Housing- Please reference Ms. Jessica Venegas email dated April 18th for additional information.
- Make the market study process more interactive. Reevaluate the cost of market studies.
- Consider some policy to provide assistance to non-profit sponsors and their developer partners, whose low income housing tax credits recaptured and reallocated to LHFA at risk projects. Given the downturn in the global market, coupled with projects reallocated credits from recaptured projects, not be all measure at risk, please consider allowing projects previously reserved per capita credits and recaptured, but still remain shovel ready, to participate in Section 1602 Grants under ARRA.

General Program Information

- HOME Investment Partnership Program (Page 6 of 2009 QAP) - Consider adding HOME fund allocation for elderly housing and rural development under this section. It is difficult to develop housing in rural areas of the state without the assistance of soft funds such as HOME funds due to lower median incomes in rural areas and lower rent revenues.
- 30% Basis Bump Up Determination (Page 8 of 2009 QAP)-
    - Consider designating St. Landry Parish as a Difficult to Develop Are ("DDA"). This parish has very low incomes which translate into very low rents, making it difficult to develop affordable housing for residents of the parish.
    - Make rural areas "target areas" for the 30% Bump up. QAP should have explanations and qualification for 30% bump up in basis.

Allocation Process

- Maximum Rents (Page 22 of 2009 QAP): as written will prohibit the development of affordable housing in a majority of the parishes in the State of Louisiana.
    - This section is revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents <u>only for those units in the project that are subsidized by HOME funds.</u>
    - This section is requiring that the applicant apply the lesser of FMR's, HOME rents or Tax Credit rents on all of the units in the development. This section, as it currently reads, will restrict the revenue a development could reasonably generate for the servicing of hard debt.
    - This section should only apply to the units which receive HOME funds based on a calculation of HOME funds to construction cost, and not the remaining units
    - HOME regulations require that this provision in the QAP be applied to HOME units only and does not require that this provision be applied to any other units within the development.
    - Section 42 also does not require this provision to be enforced on the individual units that are considered as tax credit units.

- The current section of the QAP will require an applicant to apply for more HOME funds or other sources of soft money in order to fill the gap created by this provision. This is if you can structure the development to be financially feasible.
- We currently develop affordable housing in other neighboring states as follows, which do not enforce the current section of the QAP (Nebraska, Alaska, Idaho, Utah, Nevada, North Dakota, New Mexico, South Dakota, Texas and Arkansas)
- The current section of the QAP will prohibit the development of affordable housing and/or require the applicant to request larger allocation of HOME funds from the Agency.

- Minimum Operating and Maintenance Expenses (Page 22 of 2009 QAP): Revise this section to clarify whether the $3,600 per unit figure includes the replacement reserve amount. The current language could be interpreted to include the replacement reserve amount within the $3,600 per unit figure, but this isn't always the case. Also respectfully request that exceptions be granted to this minimum requirement in special circumstances for projects that can demonstrate lower operating expenses, as a result of low property taxes or otherwise, without sacrificing maintenance requirements.
- Financing Commitments (Page 23 of 2009 QAP) - delete the wording "Fully Executed Financing Commitments", as it is unlikely that any developer will be able to receive a full financing commitment at the time of application. Most investors and lenders will not fully commit at this stage of the development process, but they will provide letters of interest subject to a variety of conditions.

Selection Criteria

- Add PHA public housing redevelopment project (35 points) this is in addition to the set-aside. (The set-aside is not large enough to accommodate multiple PHA redevelopment projects. This allows an opportunity to compete competitively in other pools such as Non-Profit, Permanent Supportive Housing and Elderly. )
  - Must conform to definition of PHA Sponsored Project
  - Organizational documents are required with the application to qualify for these points
  - Must be part of 5-year CFP plan (evidence)
  - Certified by LHC
- Scattered Site Applications: The need for points for a competitive application forces many developers to the scattered site or homeownership categories; even if the development is not conducive for the type of housing being offered (i.e. elderly). Should encourage the option to build a single-family style development on a single parcel that is unplatted as a residential subdivision. The housing could still have a private yard, garages or carports, but its infrastructure can be developed in a multi-family approach with master water mains, check meters and private streets. Should also perhaps encourage scattered "in-fill" housing

approaches. This is a much "greener' approach and will gain greater support in many communities.

- Additional points to project that have state or federal support (evidence required)
- There is no consideration or points awarded for preservation of properties that are at the end of an initial 15 year LIHTC compliance period.
- 2009 QAP awards a disproportionate number of points to abandoned or high vacancy properties. Should successful LIHTC properties proposing an additional phase be acknowledged by points? If a property can document is qualify location, historical occupancy rates above 90% and market demand for the proposed additional units, could point be awarded?
- A substantial rehab is awarded 2 points. A historic rehab is awarded 10 points. This seems disproportionate.
- Affordable housing has gotten away from the basic project because of the way the Selection Criteria is structured. Currently, the items on the criteria seem fine to take points for when applying, however one the project is constructed the developer has higher maintenance costs on the said items (dishwasher, washer/dryer ext); which is difficult to fix thus needing replacing. Suggest maybe just offering the hookup in the unit, not he washer and dryer as appoint option.
- "Superior Site & Design/ Quality Designations" should remain and establish minimum thresholds to support such consideration. These criteria sections would remain subjective in nature to that of the LHFA Board and Staff; however, it would allow an applicant to indicate its effort for consideration of such points.
- Many priorities of location have been addressed in previous QAPs, but not on equal ground. We would recommend that location qualifiers all receive equal points (6 points).
- There should not be a benefit to developing in rural areas versus urban areas, particularly prioritizing rural parishes. Many syndicators have indicated that purchasing credits in rural markets is simply not viable in today's capital market-place.
- In addition to points awarded for Local Government support, we would recommend additional points (5 points) for Federal & State Funds.
- Neighborhood Features: It is possible that such "deduction" features could impede the efforts of revitalization of an area/ neighborhood. By discouraging investment near such sites, we will be unable to break the cycle of deterioration of certain neighborhoods. The maximum deduction should be 10 points.
- Negative point structure for "phasing" of a development, presuming in the same round. However, the QAP does not address "phasing "of a development in multiple rounds based on a master plan. This should be considered in future QAPs. In other words, if a development is awarded points in one round for items such as leverage, support, community center, etc., an addition to that development in a future round should be awarded those same points without have to duplicate construction of such or provided duplicate support; it should be an automatic calculation of scoring.

QAP NOTES
LEGAL DEPARTMENT MEETING
March 4, 2010

Terri Ricks stated that the following provisions should be incorporated in the 2010 QAP:

1. Asset Management - Any developers having outstanding financial obligations to LHFA would be precluded from participating in the LIHTC funding round.
2. Rental Information – A provision needs to be included in the document that requires developers to provide information monthly on the number of vacancies and the unit mix. The Agency is working to establish a portal for tracking such information. Maintaining the number and type of vacancies will be helpful for locating or identifying emergency housing during a disaster.
3. Penalty Scheme – A scheme needs to be devised that includes a penalty assessment for non-compliance that addresses both material and non-material changes. Options will need to be brought before the Board. There should also be a process for establishing state debarment that is similar to Federal debarment.

Terri wants to be in on the review of the QAP after Leslie's and Marjorianna's review.

**Nicole C. Carter**

| | |
|---|---|
| **From:** | Dr. Roger Tijerino |
| **Sent:** | Monday, June 14, 2010 2:47 PM |
| **To:** | Brenda Evans |
| **Cc:** | Marjorianna Willman; Joseph Durnin; Todd Folse; Nicole C. Carter |
| **Subject:** | RE: 2010 QAP- Construction information requested |

Brenda,
As promised, I reviewed the current QAP definition of "Material Change" and as written I have particular difficulty with the last sentence since "*building configuration*" is too subjective; I cannot understand the sentence "*increase or decrease in the number of buildings greater than 10%*," and "*Change in construction type*" is also subjective. Thus, I offer the following modifications in red:

**MATERIAL CHANGE:** Notwithstanding the provisions of any prior Qualified Allocation Plan, a material change for any project, including projects receiving a reservation or allocation from a prior Calendar year credit Ceiling, shall mean any reprocessing change which results (i) in the project deemed not feasible or not viable or (ii) a reduction of points from the Selection Criteria below the minimum score or below the score of the highest ranked project on the waiting list for the year in which the credits were allocated. Any change caused by force majeure or circumstances beyond the control of an Owner will not be a material change if the Agency's Board of Commissioners concurs that such change was beyond the control of the Owner. The Agency also considers being material changes the following changes to the submitted application:

- Removal of any managing general partner;
- Bankruptcy of any managing general partner;
- Change of development location;
- Addition or deletion of resident amenities and/or services such as activity centers, children centers, community centers, computer rooms, laundry rooms, etc.;
- Changes in residential unit design that increases or decreases by ±10% the number of units, unit mix, square footage of each unit, etc.;
- A ±10% change in the total number of structures;
- Change of construction materials and/or mechanical and/or electrical systems that result in a ±10% dollar change of the total construction cost.

Note that in some items I say "addition or deletion" and "increase or decrease." What I'm trying to do is to identify not only negatives but POSITVES so that the developer is recognized for going above and beyond.

Thanks

Roger

**Nicole C. Carter**

| | |
|---|---|
| **From:** | Dr. Roger Tijerino |
| **Sent:** | Friday, June 04, 2010 11:28 AM |
| **To:** | Nicole C. Carter |
| **Cc:** | Louis Russell; Marjorianna Willman; Brenda Evans; Todd Folse; Joseph Durnin |
| **Subject:** | RE: 2010 QAP- Construction information requested |

I have researched the issues and have the following recommendations:

1. Brick exterior finish (Section D: page 15):
The problem is that as written, a brick exterior finish should NOT be an equal to materials such as cement boards and stucco -- we should make this clear in this QAP. Brick has superior thermal and sound qualities, as well as literally able to "stop a bullet," which for some of our developments is not irrelevant.
So what we should do is allow additional points to those developers that use "solid masonry units" (which is the generic term for brick), but it also allows for masonry products other than brick.
So we should have a minimum threshold of cement boards, wood boards, and stucco. Then additional points awarded for solid masonry units.

2. Storm Windows (Section D: page 15 & Section D: page 66):
We agree with the storm window comment, but it should read **"Double Insulated Windows with a "U" Factor of .4 or less, and a SHGC of .4 or less".**
Paragraph 6 in page 66 must match these requirements.

3. 30 year roof (Section D: page 15 & Section C: page 66):
We should KEEP the 30 year roof requirement. The cost difference between the lower architectural roofs and a typical 30 year roof is minimal. And we should eliminate ALL references to architectural roofs since there is a wide variety of architectural roofs between manufacturers. Moreover, 30 year roofs have a higher wind rating.

4. Agree that we should change R21 to R13 (Section C: page 65).

5. HVAC Ducts -- R6 & R8 (Section C: page 65 & 66):
Not sure what the comment is. This is an International Building Code (IBC) requirement. May wan to bold the words **"conditioned"** and **"unconditioned."**

6. Moisture resistant Gyp: Must remain, with caveat for renovations.

7. Ducted Vents:
Must remain, this is an IBC requirement. And as I previously stated, we should include language for not having them in renovations, as long as this does not violate regulations building codes such as IBC.

8. Data requirements: Agree with comment.

9. Agree with comment but not sure how to achieve as most jurisdictions set minimum lot coverage and type of use. Will have to discuss with Developers as to final language.
...

Additional 2010 QAP edits:
1. Section C page 65: Item 2: should read **"R30 per IECC."**
2. Section C page 65: Item 3 should read **"R-13 for Region 2, and R19 for Region 3."**
3. Under Electrical Systems: page 67: item 4 should read **"Carbon Monoxide"** not CO2.

That's all for now.

**Roger J Tijerino**, RA, MBA, PH.D.
Louisiana Housing Finance Agency **LHFA**
2415 Quail Drive
Baton Rouge, Louisiana 70808

225.763.8700 ext. 300

-----Original Message-----
From: Dr. Roger Tijerino
Sent: Tuesday, May 25, 2010 3:31 PM
To: Nicole C. Carter; Construction
Cc: Louis Russell; Marjorianna Willman; Brenda Evans; Todd Folse; Joseph Durnin
Subject: RE: 2010 QAP- Construction information requested

I'm out of the office till Friday but I'll try to address each of the comments given the limitations of this BlackBerry:
1. Brick exterior: I will need to research this, but I'm inclined NOT to accept as the comments pertain solely to the exterior "look," while a solid brick has to do with a complete WALL SYSTEM, which has superior thermal and sound qualities, not to mention durability and safety.
2. Storm windows: This appears reasonable.
3. 30 year roof: Will have to research but it appears that we may be able to compromise.
4. R21/ R13 Exterior walls: This appears reasonable but will have to do more research.
5. R6 to R8 Ducts: Will have to research.
6. Moisture resistant Gyp: Must remain.
7. Ducted Vents: Must remain, but we should allow for not having them in renovations.
8. Data requirements: agree with comment.
9. Scattered Sites: Will have to research, although I agree with your comment that this should be a local community decision rather than a QAP requirement.

Todd:
If you are n the office, please start to research those items that I mention as needing further evaluation.
Thanks,

-----Original Message-----
From: Nicole C. Carter
Sent: Tue 5/25/2010 9:50 AM
To: Construction
Cc: Louis Russell; Marjorianna Willman; Brenda Evans
Subject: 2010 QAP- Construction information requested

Good Morning,

As you are aware, the tax credit staff is in the beginning stages of drafting the 2010 QAP. This year we have requested input from developers (and others) prior to completing the draft to allow ample time to review issues within the 2009 QAP and how to make the 2010 QAP more functional. In doing so, we have receive several comments regarding some construction issues that we would like to ask your opinion on. Please see the summary below and the actual comments/ suggestions attached. If you can response by the close of business Wednesday (May 26th), we will greatly appreciate it.

· Design Features- Threshold Requirements

o Brick exterior: Change exterior to allow thin-set brick or any fiber-cement type product that has a manufacturer warranty of 30-years. 75% brick exterior may not be appropriate design solution. Brick is not a characteristic of "Costal" design and "Craftsman" design.

§ In lieu of this requirement, simply require a 30-year warranty and allow stucco, hardy-board or any fiber cement product. Thin-set brick should be allowed as an alternative. A new product made by "Nichiha" (www.nihiha.com <http://www.nihiha.com> ) is a great alternative that is just as durable and looks just like brick.

§ Provide a process for a developer to apply to have a new product added to the list of acceptable durable materials after review by LHFA's Construction Staff. (Have list of acceptable durable materials in QAP)

§ Do you think the materials suggested to replace the brick requirement is a comparable material?

Storm Windows: Remove requirement for storm windows when energy efficient insulated windows are used. Storm windows add no energy value when used on top of an insulated window and add maintenance costs. Storm windows should only be required in a rehabilitation project that is preserving the existing non-insulated windows.

§ Currently, I believe the project can have storm windows only, not both storm and insulated windows. But as an energy requirement it states " All windows and doors Energy Star Qualified & matching correct climate zones: Windows- U-value of 0.4 or less (R-value 2.5 min); Solar Heat Gain Coefficient of 0.4 or less; ten-year warranty from date of delivery against breakage of the glazing panel's seal." So, according to the above, is this saying both storm and insulated windows are required because the storm windows and the excerpt from the energy requirement are threshold items.

o 30-50 Year Roof: Many owners replace a roof before 30 years due to hail, wind or other storm damage. A 30-year roof warranty does not cover such damage; only covers a failure of the product, such as delamination. Another option is to require an Architectural 20 or 25 year roof.

§ How do you feel about this? While the developer has a point as far as storm damage, we want to ensure that the roof will last an extended period of time. Is there a substantial cost difference between the 30 year roof and the 25 year architectural roof?

o Construction requirement for RD-21 (installation) is costly and not necessary. RD-13 is typical in residential properties and RD-21 is more common in commercial properties. Possibly make the RD-21 as a point selection, but not as threshold.

§ What is the difference between the two?

o The following standards, which per the QAP applies to rehabs, could be cost prohibitive or impractical to achieve for an existing building

§ Exterior Walls: R-21 Insulation

R-6 to R-8 HVAC ducts

§ All bathroom areas to have moisture resistance gyp board

§ Exhaust fans in baths and kitchens shall be ducted to the building exterior

§ Would the items above be impractical for a rehab as the developer states? What items could be compromised on?

· Minimum Internet/ Cable Capacity Requirement - Threshold Requirement

o Rather than 3 distinct networks, allow owner or manager to decide on the best system that will provide cable TV, Telephone and Internet access for the tenants. If the 3 services can be provided with one or two networks, that should be sufficient. Agency can confirm prior to 8609 issuance.

· Scattered Site Applications: The need for points for a competitive application forces many developers to the scattered site or homeownership categories; even if the development is not conducive for the type of housing being offered (i.e. elderly). Should encourage the option to build a single-family style development on a single parcel that is unplatted as a residential subdivision. The housing could still have a private yard, garages or carports, but its infrastructure can be developed in a multi-family approach with master water mains, check meters and private streets. Should also perhaps encourage scattered "in-fill" housing approaches. This is a much "greener' approach and will gain greater support in many communities.

o Is this even possible? Would this type of project need to be approved by the city?

:ole Carter

Housing Finance Specialist III

Louisiana Housing Finance Agency

2415 Quail Drive

Baton Rouge, LA 70808

225-763-8700 ext 257

225-763-8752 fax

**Nicole C. Carter**

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**From:** Brenda Evans
**Sent:** Friday, April 16, 2010 4:25 PM
**To:** Tax Credit; Nicole C. Carter
**Subject:** Fw: QAP for Lake Charles Housing Authority
**Attachments:** LHFA letter for QAP.PDF

**Importance:** High

Nicole please include this in summary. Maybe at the end we can say that written comments are included as attachments or exhibits.

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**From:** Margaret Bushnell <margaret@lcha-housing.org>
**To:** Brenda Evans; dan@callhsa.com <dan@callhsa.com>; ":fbanksds"@bellsouth.net <":fbanksds"@bellsouth.net>; indyhousing@att.net <indyhousing@att.net>
**Cc:** Ben Taylor <sbt@lcha-housing.org>
**Sent:** Fri Apr 16 10:35:05 2010
**Subject:** QAP for Lake Charles Housing Authority

Good Morning All,

Enclosed please find a copy of the QAP information for 2010 year. If you have any questions, please call Mr. Ben Taylor, Executive Director of the Lake Charles Housing Authority.

Thank you,

Margaret Bushnell for Ben Taylor
Lake Charles Housing Authority (LA004)
(337)439-4189 Office
(337)912-0035 cell

# Housing Authority of the City of Lake Charles

"Providing safe, decent, affordable housing to low income families"



S. Benjamin Taylor, JR.
Executive Director

April 15, 2010

TO: Louisiana Housing Finance Agency Board Members

FROM: Ben Taylor, Executive Director of the Lake Charles Housing Authority

The Louisiana Housing Council (LHC) is the state chapter of the National Association of Housing and Redevelopment Officials (NAHRO) based in Washington, D.C. For forty-eight years the LHC has been the largest and most effective organization of its kind in the state of Louisiana. Our chapter consists of 104 Public Housing Agencies, 87 Section 8 Agencies, and 15 Community Development Block Grant Agencies which administer 30,400 units of public housing and 32,200 units of Section 8 Housing Choice Vouchers. Based on the national averages, these Louisiana housing programs assist more than 200,000 low to moderate income family members and more than 50,000 elderly and disabled individuals. As you can see, we have a big stake in the affordable housing arena. The LHC and LHFA share a common goal in providing affordable housing for low and moderate income families in our great state.

These agencies are rooted in rural and urban areas across the state and in many instances are the only providers of housing for low to moderate income families within their community. As quasi-state political entities these agencies follow local, state, and federal regulations in administering these housing programs. However, their only source of funding is a direct subsidy or administrative fee from the Department of Housing and Urban Development that has consistently declined over the past several years. There have been no funds allocated for any new development of housing units since 1990, yet the need for low income affordable housing has continued to rise each year. In view of this lack of funding, the Department of Housing and Urban Development has urged these agencies to aggressively seek alternative resources to meet the challenge of providing for the affordable housing needs of their communities. Because preservation of Public Housing is a priority of the current

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70602

SECTION 8 PROGRAM
800 BILBO STREET - SUITE A
(337) 436-7628 - FAX (337) 436-9798

Administration and HUD, our Louisiana PHA's are actively involved in the redevelopment of Public Housing utilizing the Tax Credit and Mixed Finance Programs available to them.

Through a special working relationship and in partnership with the LHFA over the past 6-7 years, several of our PHA's have been able to compete for and receive allocations of tax credits to add to the housing stock they manage. PHA's such as Monroe, Baton Rouge, Bossier City, Denham Springs, Lafayette, Ruston, New Iberia, Covington, Ville Platte, Lake Charles, and Sulphur have been successful in developing new properties in their communities. Many of our PHA's look forward to using these tax credit allocations to develop Mixed Income Housing in their communities.

These new developments would not exist without the partnership existing between the LHFA and the LHC. We appreciate the opportunities provided to our public housing agencies and we are asking today that this partnership be extended and strengthened in the coming years by continuing to give consideration to public housing agencies in the Low Income Housing Tax Credit program.

Specifically, we request your consideration of the following in the 2010 Qualified Allocation Plan:

1. **Maintain the PHA sub-Pool containing 10% of the credits**

We request that the LHFA give serious consideration to the Changes to Definitions, as found attached below.

We strongly recommend that any PHA Sponsored Application be required to submit the attached certification by the Louisiana Housing Council, that the application is a certified PHA project. This process worked very effectively in 2009.

On behalf of the Louisiana Housing Council and the Public Housing Authorities in Louisiana, we want to offer a commitment to do our part in making the most of these opportunities for the families we serve. Thank you for your consideration of our request.

Sincerely,

Ben Taylor

Executive Director

# PHA POOL

**Public Housing Agency (PHA) Pool: Ten Percent (10%) of the State's Per Capital component will be allocated to qualified applications from Public Housing Authorities. To qualify for this pool, applicants must have a certification from the Louisiana Housing Council and have at least 51% ownership in the project.**

## Changes to Definitions:

**AFFILIATE:** Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has a majority ownership or governance interest either directly or indirectly through one or more subsidiaries.

**DISTRESSED PROPERTY:** Add "public housing property with excessive vacancies or excessive deferred maintenance or rehabilitation needs"

**PHA SPONSOR (add):** A PHA that receives an ACC contribution from HUD and owns 51% of the interests in the project at the time 8609s are issued, either directly or through its affiliate or instrumentality. Prior to 8609, it must control the GP through its affiliate or instrumentality. If a PHA partners with a for-profit developer and/or partner, the PHA must certify that any for-profit or non-profit development partners were selected in accordance with HUD's procurement requirements.

**ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING:** comment-will public housing Residents qualify as "most-at-risk of homelessness"? Will DSS make this determination and will LHFA accept? If so, PHAs can also compete in PSH pool.

### Changes to Project Threshold Requirements: Design Features:

1. Change exterior to allow thin-set brick or any fiber-cement type product that has a manufacturer warranty of 30-years. 75% brick exterior may not be appropriate design solution. Brick is not a characteristic of "Coastal" design and "Craftsman" design.
2. Remove requirement for storm windows when energy efficient insulated windows are used. Storm windows add no energy value when used on top of an insulated window and add maintenance costs. Storm windows are appropriate in a rehabilitation project when installing over a non-insulated existing window.

### Scoring:

**Add PHA public housing redevelopment project (35 points)** this is in addition to the set-aside. The set-aside is not large enough to accommodate multiple PHA redevelopment projects. This allows an opportunity to compete competitively in other pools such as Non-Profit, Permanent Supportive Housing and Elderly.

- Must conform to definition of PHA Sponsored project (above)
- Organizational documents are required with the application to qualify for these points.
- Must be part of 5-year CFP plan (evidence)
- Certified by LHC

STATE OF LOUISIANA:

PARISH OF _____________:

LOUISIANA HOUSING COUNCIL

PUBLIC HOUSING AGENCY (PHA) POOL CERTIFICATION

BEFORE ME, the undersigned authorities, Notaries Public in and for said respective Parishes and State and in the presence of the undersigned competent witnesses, came and appeared the below listed Housing Authority officials and officials of its wholly owned and controlled non-profit, do hereby certify and warrant that with regard to said Housing Authority's PHA Application for 2010 Tax Credits that the following are true and correct at the time the application is submitted and shall remain true and correct as indicated below:

1. The Housing Authority and its wholly owned and controlled non-profit are submitting the application;

2. The Housing Authority and its wholly owned and controlled non-profit jointly or one of them will be the sole and only general partner of the development limited partnership and in control of the development;

3. The Housing Authority and its wholly owned and controlled non-profit as the case shall remain the general partner of the development limited partnership for at least the fifteen (15) year compliance period;

4. The Housing Authority and its wholly owned and controlled non-profit shall ensure that in the provision of the development limited partnership that the general partner which is either the Housing Authority or its wholly owned and controlled non-profit shall have the option or the right of first refusal to purchase the development at the end of the compliance period;

5. The Housing Authority hereby certifies and warrants that they have selected a development partner in accordance with proper procurement procedures as prescribed by HUD, and as found in the attached evidentiary materials;

6. The Housing Authority further certifies and warrants that this PHA, Housing Authority of the City of __________________________, meets all requirements to satisfy this certification process for the Louisiana Housing Council by Resolution # __________, dated _______________, 2010, a copy of which is attached.

7. The Housing Authority and its wholly owned and controlled non-profit hereby further certify and warrant that they have not entered into any agreement with any developer to have an option or right to become the owner of the proposed development during the development stage, during the compliance period or after the compliance period;

8. The Housing Authority, and its wholly owned non-profit, hereby certifies and warrants that they will control at least a 51% ownership in the development as required by Public Housing Agency (PHA) pool.

9. The representations and warranties of the Housing Authority, and its wholly owned non-profit, set forth herein shall survive the application process and shall be deemed remade by the Housing Authority, and its wholly owned non-profit, as of the Tax Credit closing and at all financial closings involving the proposed development with the same force and effect as if made at that time; and

10. All representatives and warranties made in this agreement shall survive in full, during and after the compliance period and shall not merge into any instrument delivered with regard to the proposed development.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of __________________, 2010.

____________________________ ____________________________

Housing Authority Executive Director    Housing Authority Chairman

By:____________________________ By:____________________________

Authorized Signor    Authorized Signor

____________________________________________

NOTARY PUBLIC

Printed Name: ____________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of

____________________, 2010.

______________________________ ______________________________

Non-Profit Officer Non-Profit Officer

By:______________________________ By:______________________________

Authorized Signor Authorized Signor

______________________________________________

NOTARY PUBLIC

Printed Name: ____________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of

__________________, 2010.

______________________________

Louisiana Housing Council

By: Cindy Martin

President

______________________________

NOTARY PUBLIC

Printed Name: ______________________________

In and for __________ Parish, Louisiana

Notary Identification Number:__________

My Commission Is Permanent.

**Nicole C. Carter**

|  |  |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Monday, April 19, 2010 2:55 PM |
| **To:** | 'Art Schuldt'; 'Charlotte Bourgeois'; Dr. Roger Tijerino |
| **Cc:** | Tax Credit |
| **Subject:** | FW: 2010 QAP Comments |
| **Attachments:** | 2010 QAP Comments.pdf |

Thanks Art for your comments and participation.

**From:** Art Schuldt [mailto:art@sgba.com]
**Sent:** Monday, April 19, 2010 2:50 PM
**To:** Brenda Evans
**Cc:** Dr. Roger Tijerino; charlottebourgeois@cox.net
**Subject:** 2010 QAP Comments

Brenda:
Thanks for the time you spent in Shreveport! I have prepared my letter of comment for a few items I mentioned. Please look hard at the comments regarding 75% Brick Exterior. That is perhaps the one area most developers would like to change.

*Art Schuldt, Jr., AIA*
CENTERPOINTE REGIONAL HOUSING DEVELOPMENT, LLC
1935 Airline Drive, Suite 200
Bossier City, LA 71112
)8.226.1404 x502
/8.213.1090 fax

*Centerpointe*

Regional Housing Development, LLC

April 19, 2010

Ms. Brenda Evans
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Re: Input 2010 QAP

Dear Brenda:

I appreciate the time you took to meet with interested stakeholders in Shreveport last week. I felt that some suggestions were made that can help shape the 2010 Qualified Allocation Plan.

As both an architect and developer, I have a few comments regarding threshold items from the 2009 QAP.

**Minimum Internet/Cable capacity:** Rather than 3 distinct networks, allow owner or manager to decide on the best system that will provide cable TV, Telephone and Internet access for the tenants. The owner will control the system anyway rather than tenants. If the 3 services can be provided with one or two networks, that should be sufficient. All the agency has to do is confirm this before 8609s are issued.

**Storm Windows:** This requirement has no energy benefit since high efficient insulated windows are required anyway and are so well sealed. In fact, UBC requires that all bedroom windows be of sufficient size for egress in case of a fire. A storm window means a tenant will have to open two windows. Storm windows should only be required in a rehabilitation project that is preserving the existing windows. When in a hurricane coastal zone, building codes require that window frames permit anchoring of plywood protection or the glazing must be impact-resistant. So even in this case, there is no benefit to using storm windows.

**30-50 year roof:** Many owners replace a roof before 30 years due to hail, wind or other storm damage. A 30-year roof warranty does not cover damage from wind, hail or storms. It only covers a failure of the product, such as delamination. It would be better to require an Architectural 20 or 25 year roof. It would look more attractive and not cost a premium for an extended warranty.

**Brick:** The 75% brick exterior requirement should be eliminated. This forces a project to a particular design characteristic that may be contrary to the area. For example, "Coastal" and "Craftsman" do not incorporate brick. In lieu of this requirement, simply require a 30-year warranty and allow stucco, hardy-board or any fiber cement product. Thin-set brick should be allowed as an alternative. A new product made by "Nichiha" (www.nichiha.com ) is a great alternative that is just as durable and looks just like brick. There is a local product representative in Baton Rouge that can brick a sample to the LHFA. The website shows some exciting multi-family and single-family applications. Hardy-Board now has many commercial applications and is proven to be a long-lasting, low-maintenance material. The LHFA should be encouraging the use of innovative, durable materials and not eliminating the options.

Finally, my last comments are related to scattered site applications. The need for points for a competitive application forces many developers to the scattered site or homeownership categories. A developer will even use scattered sited to develop elderly because of the points, which is not conducive to elderly housing and services. Development costs for engineering, platting, public streets and utilities are a time consuming and expensive development option. Projects are often held up by local governments who have control over approving preliminary and final platting. With equity pricing at a 30-year low and building costs on the rise, I believe the LHFA can encourage smarter development approaches. The LHFA should encourage the option to build a single-family style development on a single parcel that is unplatted as a residential subdivision. The housing could each still have a private yard, garages or carports and characteristics favored by tenants and communities, but its infrastructure can be developed in a multi-family approach with master water mains, check meters and private streets. The scattered site/single-family approach now in the 2009 QAP actually adds considerable cost burden to local communities who have to extend and maintain new utilities and streets. The LHFA should also perhaps encourage scattered "in-fill" housing approaches. This is a much "greener" approach and will gain greater support in many communities.

Thanks for your consideration.

Sincerely:

CENTERPOINTE REGIONAL HOUSING DEVELOPMENT, LLC

Arthur J. Schuldt, Jr.

## Marjorianna Willman

**From:** Brenda Evans
**Sent:** Thursday, April 22, 2010 9:36 AM
**To:** Nicole C. Carter; Amy York
**Cc:** Marjorianna Willman
**Subject:** More QAP comments

**Importance:** High

Greg Gacassin – asked that we make the market study process more interactive and to give additional point to projects that have state or federal support.

Can you also please check the NCSHA site to make sure that we have the current "Best Practices". When we send out the summary of the comments on Monday to the Commissioners I want to include copies of the best practices and the 2009 QAP.

Thanks!

AAMAGIN
PROPERTY GROUP

April 22, 2010

Mr. Milton Bailey – President
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

**RE: Qualified Allocation Plan**

Dear Mr. Bailey:

Thank you for arranging a meeting for me on March 26, 2010, with members of LHFA staff. I appreciate the opportunity to provide input for changes in QAP. Please accept the following comments for consideration in the Qualified Allocation Plan for the State of Louisiana.

As a follow up to my meeting with your staff, please consider some policy to provide assistance to non-profit sponsors and their developer partners, whose low income housing tax credits recaptured and reallocated to LHFA at risk projects. Given the downturn in the global market, coupled with projects reallocated credits from recaptured projects, now by all measures at risk, please consider allowing projects previously reserved per capita credits and recaptured, but still remain shovel ready, to participate in Section 1602 Grants under ARRA. Where non-profit sponsors and their partners have a proven track record of closing multiple transactions during this global downturn, and but for recapture their project financing would have closed given closing success of each development team.

In our case, we must debt service predevelopment loans, approximately $40,000. 00 monthly, to continue our readiness too proceed with our non-profit partner projects, and additionally, for all of the reasons aforementioned, any relief LHFA can provide would help mitigate some downside of developers with proving track records participating in LHFA housing programs.

Thank you for your cooperation and assistance in this matter.

Sincerely

Will J. Belton
President

Cc: Alesia Y. Wilkins- Braxton, Vice President
Terri Porche Ricks, General Counsel

6747 Renoir Avenue, Suite A · Baton Rouge, LA 70806
(225) 926-8124 phone · (225) 274-8925 fax
will@aamagin.com

**Nicole C. Carter**

| | |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Thursday, April 22, 2010 12:34 PM |
| **To:** | Tax Credit |
| **Subject:** | FW: 2010 QAP Stakeholders Comments |
| **Attachments:** | 2010 QAP Letter Add Comment.pdf |

**From:** Bob Reed [mailto:bob@cdinet.us]
**Sent:** Thursday, April 22, 2010 12:33 PM
**To:** Louis Russell; Brenda Evans
**Subject:** 2010 QAP Stakeholders Comments

Brenda, I have attached an additional comment in written form, the hard copy will be to you on Friday. Thanks.

Community Development Incorporated
4110 Eaton Ave, Suite A
Caldwell, ID 83607

Toll: 800.617.2498
Phone: 208.459.8522
Fax: 208.459.9692

April 21, 2010

Louisiana Housing Finance Agency
Att: Brenda Evans
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2010 Qualified Allocation Plan

Dear Ms. Evans:

We are submitting this letter as an additional follow up based on the stakeholders meeting that was held on April 15th in Baton Rouge. There are concerns that the following section of the QAP, **II. Allocation Process; G. Other Program Requirements; #7. Pro Forma Cash Flows; g. Maximum Rents,** will prohibit the development of affordable housing in a majority of the parishes in the state of Louisiana. Our reasons are as follows:

- This section is requiring that the applicant apply the lesser of FMR's, HOME rents or Tax Credit rents on all of the units in the development. This section, as it currently reads, will restrict the revenue a development could reasonably generate for the servicing of hard debt.
- This section should only apply to the units which receive HOME funds based on a calculation of HOME funds to construction costs, and not to the remaining units.
- HOME regulations require that this provision in the QAP be applied to HOME units only and does not require that this provision be applied to any other units within the development.
- Section 42 also does not require this provision to be enforced on the individual units that are considered as tax credit units.
- The current section of the QAP will require an applicant to apply for more HOME funds or other sources of soft money in order to fill the gap created by this provision. That is if you can structure the development to be financially feasible.

- We currently develop affordable housing in other neighboring states as follows, which do not enforce the current section of the QAP.

  | | |
  |---|---|
  | -Nebraska | -Alaska |
  | -Idaho | -Utah |
  | -Nevada | -North Dakota |
  | -New Mexico | -South Dakota |

- The current section of the QAP will prohibit the development of affordable housing and/or require the applicant to request larger allocations of HOME funds from the Agency.

We would request that the Agency consider the revising of the QAP to encourage development of affordable housing in those parishes that need the ability to assess the higher tax credit rents when the market conditions and tenant base would allow such rents.

Respectfully yours,

Robert E. Reed, Jr.
Senior Vice President
Housing Development, Eastern Division

**SP JEFFERSON LAKES I, LP**
7920 Ward Parkway
Kansas City, MO 64114

April 23, 2010

Ms Brenda Evans
Housing Program Administrator
Mr. Louis Russell
Housing Tax Credit Manager
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Via e-mail

Re: Stakeholder Comments
2009 QAP

Dear Ms Evans and Mr. Russell:

Due to scheduling conflicts I was unable to attend the recent stakeholders meeting. In accordance with the Agency's request, please accept the following comments regarding the 2009 Selection Criteria and Qualified Allocation Plan along with suggestions for the 2010 QAP.

1. 2009 Selection Criteria

    a. There is no consideration or points awarded for preservation of properties that are at the end of an initial 15 year LIHTC compliance period. Could the preservation of existing LIHTC properties be added for points in the 2010 QAP?

    b. 2009 QAP awards a disproportionate number of points to abandoned or high vacancy properties. Should successful LIHTC properties proposing an additional phase be acknowledged by points? If a property can document its quality location, historical occupancy rates above 90% and market demand for the proposed additional units, could points be awarded?

    c. A substantial rehab is awarded 2 points. A historic rehab is awarded 10 points. This seems disproportionate.

2. Qualified Allocation Plan

a. IV Glossary
**Amenities**

The 2009 QAP states, "If a Project is one phase of a larger development, only the amenities identified on the Project Site of the phase which is being processed may qualify as an amenity for that phase only and such amenity shall not be qualified for any other phase."

Comment: This appears to be an unreasonable burden for a multi-phase property.

Example: It is common for a multi-family property's recreation, business center and community room facilities to be located adjacent to or within a central management building near the primary entrance to the property. These facilities are normally constructed within the initial phase. Subsequent phases would not have the need for similar amenity features. Resident activities such as before and after school programs and adult education courses would be conducted at single location within the management office building.

Jefferson Lakes Apartments, Baton Rouge is a multi-phase property. In Phase I (296 units) there are 3 swimming pools, a tennis court and the amenities offered at the management office (business center, work-out equipment and community room). All residents in Phase II (112 units) have convenient access to the amenities provided in Phase I.

The above comments also relate to Community Facilities as defined in the QAP.

b. **Project Threshold Requirements**

i. QAP # 8. – **Design Features**
"All projects must contain the following: (1) Exceeds 15-year maintenance-free exterior (2) Has at least 75% brick exterior (3) Have a 30-50 year roof warranty (4) Have storm windows."

Comment: For rehabilitation project to have at least 75% brick exterior seems an unreasonable criteria.

c. **Design Standards**

The following standards, which per the QAP apply to rehabs, could be cost prohibitive or impractical to achieve for an existing building

ii. Exterior Walls: R-21 Insulation
iii. R-6 to R-8 HVAC ducts

iv. All bathroom areas to have moisture resistance gyp board

v. Exhaust fans in baths and kitchens shall be ducted to the building exterior.

Comment: Some exception for rehabilitation projects should be considered.

Respectfully submitted,

By:____________________________________

Stuart P. Hunt

**Nicole C. Carter**

**From:** Amy York
**Sent:** Tuesday, April 27, 2010 2:12 PM
**To:** Tax Credit
**Subject:** 2010 QAP comments
**Attachments:** 2nd QAP comments from CDI 4232010.pdf; 2010 QAP comments Sher Garner Cahill Richter Klein and Hilbert, LLC 4232010.pdf; image001.gif

*See attached.*

*Thanks,*
*Amy L. York*
Assistant to Brenda Evans
Louisiana Housing Finance Agency
2415 Quail Dr.
Baton Rouge, LA 70808
PH: (225) 763-8800 Ext 286
FX: (225) 763-8752
ayork@lhfa.state.la.us

LAW OFFICES OF
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KLEIN & HILBERT, L.L.C.

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RICHARD P. RICHTER
STEVEN I. KLEIN[1,9]
PETER L. HILBERT, JR.
MARIE A. MOORE[3]
DEBRA J. FISCHMAN
ROBERT P. THIBEAUX
DARNELL BLUDWORTH[2]
MARTHA Y. CURTIS[2]
NEAL J. KLING
JOSHUA S. FORCE[2,4]
DEBORAH J. MOENCH
DOROTHY S. WATKINS LAWRENCE[2]
JOHN T. BALHOFF, II

ALVIN C. MIESTER, III
HOWARD T. BOYD, III[2]
CHRISTOPHER T. CHOCHELES
SHARONDA R. WILLIAMS[5,10]
KAREN T. HOLZENTHAL
RYAN D. ADAMS
THOMAS J. MADIGAN, II[6]
KEVIN M. McGLONE
CHAD P. MORROW
JEFFREY D. KESSLER[7]
JONATHAN B. CERISE
ASHLEY G. COKER
AMANDA RUSSO SCHENCK
RYAN O. LUMINAIS[9]
MATTHEW C. CLARK
MELISSA M. ROME

RAYMOND C. LEWIS
ANDREW R. CAPITELLI
CHARLES E. TABOR
MARY BETH AKIN
EMMA E. ANTIN DASCHBACH[7,8]
ANDREA M. ALBRIGHT
JENNIFER M. HOFFMAN
PAUL R. TRAPANI, III

OF COUNSEL:
TIMOTHY B. FRANCIS
DAVID A. MARCELLO

[1] LAW CORPORATION
[2] MEMBER OF LOUISIANA AND TEXAS BARS
[3] MEMBER OF LOUISIANA AND ALABAMA BARS
[4] MEMBER OF LOUISIANA AND CALIFORNIA BARS
[5] MEMBER OF LOUISIANA AND GEORGIA BARS
[6] MEMBER OF LOUISIANA AND MISSISSIPPI BARS
[7] MEMBER OF LOUISIANA AND NEW YORK BARS
[8] MEMBER OF LOUISIANA AND DISTRICT OF COLUMBIA BARS
[9] BOARD CERTIFIED TAX ATTORNEY LOUISIANA BOARD OF LEGAL SPECIALIZATION
[10] REGISTERED TO PRACTICE BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE

ALL OTHERS LOUISIANA BAR

lsher@shergarner.com
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Direct Fax: (504) 299-2301

(504) 299-2100
FAX (504) 299-2300

April 22, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attn: Brenda Evans, Tax Credit Department

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")

Dear Ms. Evans:

We understand that the LHFA has requested comments and input from the public with respect to the rules and procedures governing the 2010 QAP. As a law firm that has represented numerous affordable housing developers, as well as other parties on all sides of these types of transactions, we appreciate the opportunity to voice our thoughts with respect to the 2010 QAP.

Based on our experience representing affordable housing developers and our review of the current 2009 Qualified Allocation Plan for the Low Income Housing Tax Credit Program ("LIHTC"), we respectfully submit the following comments to be entered into the public record for discussion in connection with the 2010 QAP:

1. **I. General Program Information, Section (G)(2) HOME Investment Partnership Program.** We respectfully request that LHFA consider adding HOME fund allocations for elderly housing and rural development under this section of the 2010 QAP. It is difficult for our clients and other developers to develop housing in rural areas of the Louisiana without the assistance of soft funds such as HOME funds due

to lower median incomes in rural areas and lower rent revenues. The same holds true for elderly housing as development costs will be higher because of heightened construction requirements. Louisiana also has an increased need for elderly housing and low-income housing in the rural areas of the state.

2. **I. General Program Information, Section (G)(4) 30% Basis Bump Up Determination.** We respectfully request that LHFA consider designating St. Landry Parish as a Difficult to Develop Area ("DDA"). This parish has very low incomes which translate into very low rents, making it difficult for our clients and other developers to develop affordable housing for residents in St. Landry. Designation of the parish as a DDA will allow developers to provide affordable housing for very low income families in the parish community.

3. **II. Allocation Process, Section (G)(7)(g) Maximum Rents.** We respectfully request that, for projects utilizing both LIHTC funds and HOME funds, this section of the QAP be revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents only for those units in the project that are subsidized by HOME funds. The HOME program and the HUD guidelines require only the units to which HOME funds are allocated to meet the HOME rent requirements.[1]

   The remaining units in the project would need to meet the LIHTC rent requirements if LIHTC funds are used, but LIHTC rents are usually higher than fair market rents (or HOME rents) in low-income parishes.[2] Allowing the Pro-Forma Rents to reflect the higher LIHTC rents for units in the project to which HOME funds are not allocated makes affordable housing development more financially feasible in these parishes. An example would be:

   -Proposed project with 40 units
   -Development cost per unit is $120,000.00
   -HOME funds allocated is $500,000.00
   -In this example, four (4) units in the project would be HOME units and thirty six (36) units would be LIHTC units.

[1] See http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/ and 24 CFR 92.252
[2] According to 2009 HOME program rent limits published by HUD, fair market rents equal HOME rents for all Louisiana parishes besides Natchitoches parish and the New Orleans Metro Area - http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/2009/la.pdf ; to calculate LIHTC rents for any Louisiana parish, see http://www.novoco.com/products/rentincome.php

-Rent requirements for the HOME units would be the lesser of HOME rents (fair market rents) or LIHTC rents.
-Rent requirements for the thirty-six (36) LIHTC units would be in accordance with LIHTC program requirements under Section 42 of the Internal Revenue Code.

Based on our clients' research, allocation programs in other states, including but not limited to those listed below, do not place fair market rent (or HOME rent) requirements on units in a project to which LIHTC funds, but not HOME funds, are allocated:

| | |
|---|---|
| -Nebraska | -Alaska |
| -Idaho | -Utah |
| -Nevada | -North Dakota |
| -New Mexico | -South Dakota |

4. **II. Allocation Process, Section (G)(7)(h) Minimum Operating and Maintenance Expenses.** We respectfully request that LHFA revise this section to clarify whether the $3,600.00 per unit figure includes the replacement reserve amount. The current language could be interpreted to include the replacement reserve amount within the $3,600.00 per unit figure, but our clients' experience has been the opposite.

   We also respectfully request that exceptions be granted to this minimum requirement in special circumstances for projects that can demonstrate lower operating expenses, as a result of low property taxes or otherwise, without sacrificing maintenance requirements.

5. **II. Allocation Process, Section (G)(12) Financing Commitments.** We respectfully request that LHFA revise this section to delete the words "Fully Executed Financing Commitments," as it is unlikely that any developer will be able to receive a full financing commitment at the time of application. Generally, most investors and lenders will not fully commit to a developer at this stage of the development process, but they will provide letters of interest subject to a variety of conditions. Provided the developer represents in its application that it will use its best efforts to satisfy those conditions, the LHFA should consider accepting this form of financing commitment in the application.

LAW OFFICES OF

SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.



We thank you for taking our comments under consideration and look forward to the continuation of open dialog and assistance from the Louisiana Housing Finance Agency in assisting our clients with the development of affordable housing in the State of Louisiana.

With warmest regards, I am

Respectfully yours,

Leopold Z. Sher
Chad P. Morrow

**Nicole C. Carter**

| | |
|---|---|
| **om:** | Brenda Evans |
| **Sent:** | Tuesday, April 27, 2010 5:23 PM |
| **To:** | Tax Credit |
| **Subject:** | FW: LAAHP's 2010 QAP Stakeholders Comments |
| **Attachments:** | LAAHP 2010 QAP Comments.pdf |

**From:** Charlotte Bourgeois [mailto:charlottebourgeois@cox.net]
**Sent:** Friday, April 23, 2010 11:08 AM
**To:** Brenda Evans
**Cc:** Byron Turner; Curtis Chaney; Helena Cunningham; Kathy Laborde; 'Kelly Longwell'; Mark Turrentine; Michelle Whetten; Todd Liitle
**Subject:** LAAHP's 2010 QAP Stakeholders Comments

Brenda:

Attached are LAAHP's comments on the upcoming 2010 QAP.

Thank you!

*harlotte Bourgeois*
xecutive Director
LAAHP
504-905-9433

LAAHP

Louisiana Association of Affordable Housing Providers

April 23, 2010

Ms. Brenda Evans
Housing Program Administrator
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Re: 2010 QAP Comments

Dear Brenda,

Here are the comments that LAAHP would like to see incorporated in the 2010 QAP:

1. **Minimum Internet/Cable capacity:** Eliminate the requirement of 3 distinct networks and simply require that a system be in place to provide the capability of cable TV, telephone and internet rather than specifying the number and type of networks.

2. **30-50 year roof:** Reduce this requirement to an Architectural 20 year roof, since due to weather conditions in Louisiana, most roofs have to be replaced before 30 years.

3. **Brick:** Eliminate the 75% requirement for brick or stucco and require that the construction be made of **acceptable durable materials** and then provide a list of acceptable durable materials including products such as brick, stucco, and Hardiplank. In addition, provide a process for a developer to apply to have a new product added to the list of acceptable durable materials after review by the staff of LHFA's construction program team.

Thank you for considering these changes.

Yours truly,

Charlotte Bourgeois

Charlotte Bourgeois
Executive Director

**Nicole C. Carter**

---

**From:** Brenda Evans
**Sent:** Monday, May 03, 2010 10:05 AM
**To:** Tax Credit; Guy Williams; Milton Bailey
**Subject:** Comments to LHFA for 2010 QAP

We are still receiving comments so we will continue to compile them.

Thanks,
Brenda

---

**From:** Kirsten Vaselaar [mailto:kvaselaar@hriproperties.com]
**Sent:** Monday, May 03, 2010 9:57 AM
**To:** Brenda Evans
**Subject:** Comments to LHFA for 2010 QAP

Brenda,

My apologies for the very late response to your request for input from QAP stakeholders. We would like to make two recommendations for the 2010 QAP:

1) Raise the number of projects that can be awarded to one developer to four (4) projects
2) Increase the annual allocation cap to $1,500,000

Thank you so much for hosting the stakeholder meetings and requesting our input.

Kirsten Vaselaar

HRI Properties
909 Poydras Street, Suite 3100
New Orleans, LA 70112
504.679.5076 (Direct)
504.566.0204 (Main)
504.525.3932 (Fax)
kvaselaar@hriproperties.com

**Nicole C. Carter**

**From:** Brenda Evans
**Sent:** Friday, May 07, 2010 8:28 AM
**To:** Tax Credit; 'Dan Strange'
**Subject:** FW: PHA Pool Comments
**Attachments:** LHC comments for PHA Pool 4-15-10.doc

Got it – thanks.

---

**From:** Dan Strange [mailto:dan@callhsa.com]
**Sent:** Friday, May 07, 2010 7:15 AM
**To:** Brenda Evans
**Subject:** PHA Pool Comments

Brenda, I am sending you the comments from the Louisiana Housing Council for the PHA Pool as presented in Baton Rouge on April 15th and Shreveport April 16th at the Stakeholders Meetings conducted by the LHFA.
I am not sure Fred Banks or Richard Murray emailed or submitted a complete copy, as found attached.
Thank you,

Daniel Strange, Executive Secretary
Louisiana Housing Council
1450 Blue Run Road
Minden, LA 71055
)8-377-9268
18-371-1224 (fax)
317-366-2322 (cell)
dan@callhsa.com

April 15, 2010

TO: Louisiana Housing Finance Agency Board Members

FROM: Cindy Martin, President-Louisiana Housing Council

Fred Banks, Chair-LHC Diversified Housing Opportunities Committee

The Louisiana Housing Council (LHC) is the state chapter of the National Association of Housing and Redevelopment Officials (NAHRO) based in Washington, D.C. For forty-eight years the LHC has been the largest and most effective organization of its kind in the state of Louisiana. Our chapter consists of 104 Public Housing Agencies, 87 Section 8 Agencies, and 15 Community Development Block Grant Agencies which administer 30,400 units of public housing and 32,200 units of Section 8 Housing Choice Vouchers. Based on the national averages, these Louisiana housing programs assist more than 200,000 low to moderate income family members and more than 50,000 elderly and disabled individuals. As you can see, we have a big stake in the affordable housing arena. The LHC and LHFA share a common goal in providing affordable housing for low and moderate income families in our great state.

These agencies are rooted in rural and urban areas across the state and in many instances are the only providers of housing for low to moderate income families within their community. As quasi-state political entities these agencies follow local, state, and federal regulations in administering these housing programs. However, their only source of funding is a direct subsidy or administrative fee from the Department of Housing and Urban Development that has consistently declined over the past several years. There have been no funds allocated for any new development of housing units since 1990, yet the need for low income affordable housing has continued to rise each year. In view of this lack of funding, the Department of Housing and Urban Development has urged these agencies to aggressively seek alternative resources to meet the challenge of providing for the affordable housing needs of their communities. Because preservation of Public Housing is a priority of the current Administration and HUD, our Louisiana PHA's are actively involved in the redevelopment of Public Housing utilizing the Tax Credit and Mixed Finance Programs available to them.

Through a special working relationship and in partnership with the LHFA over the past 6-7 years, several of our PHA's have been able to compete for and receive allocations of tax credits to add to the housing stock they manage. PHA's such as Monroe, Baton Rouge, Bossier City, Denham Springs, Lafayette, Ruston, New Iberia, Covington, Ville Platte, Lake Charles, and Sulphur have been successful in developing new properties in their communities. Many of our

PHA's look forward to using these tax credit allocations to develop Mixed Income Housing in their communities.

These new developments would not exist without the partnership existing between the LHFA and the LHC. We appreciate the opportunities provided to our public housing agencies and we are asking today that this partnership be extended and strengthened in the coming years by continuing to give consideration to public housing agencies in the Low Income Housing Tax Credit program.

Specifically, we request your consideration of the following in the 2010 Qualified Allocation Plan:

1. **Maintain the PHA sub-Pool containing 10% of the credits**

We request that the LHFA give serious consideration to the Changes to Definitions, as found attached below.

We strongly recommend that any PHA Sponsored Application be required to submit the attached certification by the Louisiana Housing Council, that the application is a certified PHA project. This process worked very effectively in 2009.

On behalf of the Louisiana Housing Council and the Public Housing Authorities in Louisiana, we want to offer a commitment to do our part in making the most of these opportunities for the families we serve. Thank you for your consideration of our request.

Sincerely,

Cindy Martin, President

Louisiana Housing Council

Fred Banks, Chair

Diversified Housing Opportunities Committee

## PHA POOL

Public Housing Agency (PHA) Pool: Ten Percent (10%) of the State's Per Capital component will be allocated to qualified applications from Public Housing Authorities. To qualify for this pool, applicants must have a certification from the Louisiana Housing Council and have at least 51% ownership in the project.

## Changes to Definitions:

**AFFILIATE:** Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has a majority ownership or governance interest either directly or indirectly through one or more subsidiaries.

**DISTRESSED PROPERTY:** Add "public housing property with excessive vacancies or excessive deferred maintenance or rehabilitation needs"

**PHA SPONSOR (add):** A PHA that receives an ACC contribution from HUD and owns 51% of the interests in the project at the time 8609s are issued, either directly or through its affiliate or instrumentality. Prior to 8609, it must control the GP through its affiliate or instrumentality. If a PHA partners with a for-profit developer and/or partner, the PHA must certify that any for-profit or non-profit development partners were selected in accordance with HUD's procurement requirements.

**ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING:** comment-will public housing Residents qualify as "most-at-risk of homelessness"? Will DSS make this determination and will LHFA accept? If so, PHAs can also compete in PSH pool.

## Changes to Project Threshold Requirements: Design Features:

1. Change exterior to allow thin-set brick or any fiber-cement type product that has a manufacturer warranty of 30-years. 75% brick exterior may not be appropriate design solution. Brick is not a characteristic of "Coastal" design and "Craftsman" design.
2. Remove requirement for storm windows when energy efficient insulated windows are used. Storm windows add no energy value when used on top of an insulated window and add maintenance costs. Storm windows are appropriate in a rehabilitation project when installing over a non-insulated existing window.

## Scoring:

**Add PHA public housing redevelopment project (35 points)** this is in addition to the set-aside. The set-aside is not large enough to accommodate multiple PHA redevelopment projects. This allows an opportunity to compete competitively in other pools such as Non-Profit, Permanent Supportive Housing and Elderly.

- Must conform to definition of PHA Sponsored project (above)
- Organizational documents are required with the application to qualify for these points.
- Must be part of 5-year CFP plan (evidence)
- Certified by LHC

STATE OF LOUISIANA:

PARISH OF ______________:

LOUISIANA HOUSING COUNCIL

PUBLIC HOUSING AGENCY (PHA) POOL CERTIFICATION

BEFORE ME, the undersigned authorities, Notaries Public in and for said respective Parishes and State and in the presence of the undersigned competent witnesses, came and appeared the below listed Housing Authority officials and officials of its wholly owned and controlled non-profit, do hereby certify and warrant that with regard to said Housing Authority's PHA Application for 2010 Tax Credits that the following are true and correct at the time the application is submitted and shall remain true and correct as indicated below:

1. The Housing Authority and its wholly owned and controlled non-profit are submitting the application;

2. The Housing Authority and its wholly owned and controlled non-profit jointly or one of them will be the sole and only general partner of the development limited partnership and in control of the development;

3. The Housing Authority and its wholly owned and controlled non-profit as the case shall remain the general partner of the development limited partnership for at least the fifteen (15) year compliance period;

4. The Housing Authority and its wholly owned and controlled non-profit shall ensure that in the provision of the development limited partnership that the general partner which is either the Housing Authority or its wholly owned and controlled non-profit shall have the option or the right of first refusal to purchase the development at the end of the compliance period;

5. The Housing Authority hereby certifies and warrants that they have selected a development partner in accordance with proper procurement procedures as prescribed by HUD, and as found in the attached evidentiary materials;

6. The Housing Authority further certifies and warrants that this PHA, Housing Authority of the City of ________________________, meets all requirements to satisfy this certification process for the Louisiana Housing Council by Resolution # ________, dated ______________, 2010, a copy of which is attached.

7. The Housing Authority and its wholly owned and controlled non-profit hereby further certify and warrant that they have not entered into any agreement with any developer to have an option or right to become the owner of the proposed development during the development stage, during the compliance period or after the compliance period;

8. The Housing Authority, and its wholly owned non-profit, hereby certifies and warrants that they will control at least a 51% ownership in the development as required by Public Housing Agency (PHA) pool.

9. The representations and warranties of the Housing Authority, and its wholly owned non-profit, set forth herein shall survive the application process and shall be deemed remade by the Housing Authority, and its wholly owned non-profit, as of the Tax Credit closing and at all financial closings involving the proposed development with the same force and effect as if made at that time; and

10. All representatives and warranties made in this agreement shall survive in full, during and after the compliance period and shall not merge into any instrument delivered with regard to the proposed development.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of ____________________, 2010.

______________________________ ______________________________

Housing Authority Executive Director Housing Authority Chairman

By:______________________________ By:______________________________

Authorized Signor Authorized Signor

______________________________

NOTARY PUBLIC

Printed Name: ______________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of _________________, 2010.

_________________________ _________________________

Non-Profit Officer Non-Profit Officer

By:_________________________ By:_________________________

Authorized Signor Authorized Signor

_________________________________________

NOTARY PUBLIC

Printed Name: _______________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of ____________________, 2010.

______________________________

Louisiana Housing Council

By: Cindy Martin

President

______________________________________________

NOTARY PUBLIC

Printed Name: ___________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

**Nicole C. Carter**

**From:** Brenda Evans
**Sent:** Wednesday, May 12, 2010 3:03 PM
**To:** Tax Credit
**Subject:** FW: LHFA - 2010 QAP Program
**Attachments:** BAILEY, MILTON - CERTIF. LTR - 5-12-10 (00088279).PDF; ATT1383235.htm

---

**From:** Milton Bailey
**Sent:** Wednesday, May 12, 2010 2:57 PM
**To:** Alesia Wilkins-Braxton; Brenda Evans; Wayne Neveu; Terri Ricks
**Cc:** Allison Jones; Guy T. Williams
**Subject:** Fwd: LHFA - 2010 QAP Program

FYI

Milton J. Bailey, President
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808
(225) 763-8700 x. 110
(225) 636-8847 cell
www.lhfa.state.la.us

Begin forwarded message:

> **From:** "Morrow, Chad" <cmorrow@SHERGARNER.com>
> **To:** "executivewebinfo@lhfa.state.la.us" <executivewebinfo@lhfa.state.la.us>
> **Cc:** "Sher, Leopold" <LSher@shergarner.com>
> **Subject: LHFA - 2010 QAP Program**
>
> Dear Mr. Bailey,
>
> Please see attached a copy of the letter that we are sending to you today. Please let us know if you have any questions. Thanks.
>
> Chad P. Morrow

Sher Garner Cahill Richter Klein & Hilbert, L.L.C.

909 Poydras Street, 28th Floor

New Orleans, LA 70112

Tel: 504-299-2100

Fax: 504-299-2300

cmorrow@shergarner.com

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(504) 299-2100
FAX (504) 299-2300

May 12, 2010

**<u>VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED</u>**
**<u>E-Mail:</u>** <u>executivewebinfo@lhfa.state.la.us</u>
Mr. Milton Bailey
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")
Our Ref. No. 21059.0002

Dear Mr. Bailey:

Please find enclosed a copy of a letter we previously sent to Ms. Brenda Evans of the Louisiana Housing Finance Agency (the "LHFA") on April 22, 2010, as well as a copy of a follow-up letter we are transmitting to Ms. Evans today.

Both letters were delivered to the LHFA in connection with the LHFA's request for public comments and input with respect to the rules and regulations governing the 2010 QAP Program.

We appreciate your consideration and look forward to an open dialogue with the LHFA regarding the QAP Program.

Very truly yours,

Chad P. Morrow

CPM:lm

Enclosures

LAW OFFICES OF
SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.

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April 22, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attn: Brenda Evans, Tax Credit Department

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")

Dear Ms. Evans:

We understand that the LHFA has requested comments and input from the public with respect to the rules and procedures governing the 2010 QAP. As a law firm that has represented numerous affordable housing developers, as well as other parties on all sides of these types of transactions, we appreciate the opportunity to voice our thoughts with respect to the 2010 QAP.

Based on our experience representing affordable housing developers and our review of the current 2009 Qualified Allocation Plan for the Low Income Housing Tax Credit Program ("LIHTC"), we respectfully submit the following comments to be entered into the public record for discussion in connection with the 2010 QAP:

1. **I. General Program Information, Section (G)(2) HOME Investment Partnership Program.** We respectfully request that LHFA consider adding HOME fund allocations for elderly housing and rural development under this section of the 2010 QAP. It is difficult for our clients and other developers to develop housing in rural areas of the Louisiana without the assistance of soft funds such as HOME funds due

to lower median incomes in rural areas and lower rent revenues. The same holds true for elderly housing as development costs will be higher because of heightened construction requirements. Louisiana also has an increased need for elderly housing and low-income housing in the rural areas of the state.

2. **I. General Program Information, Section (G)(4) 30% Basis Bump Up Determination.** We respectfully request that LHFA consider designating St. Landry Parish as a Difficult to Develop Area ("DDA"). This parish has very low incomes which translate into very low rents, making it difficult for our clients and other developers to develop affordable housing for residents in St. Landry. Designation of the parish as a DDA will allow developers to provide affordable housing for very low income families in the parish community.

3. **II. Allocation Process, Section (G)(7)(g) Maximum Rents.** We respectfully request that, for projects utilizing both LIHTC funds and HOME funds, this section of the QAP be revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents only for those units in the project that are subsidized by HOME funds. The HOME program and the HUD guidelines require only the units to which HOME funds are allocated to meet the HOME rent requirements.[1]

   The remaining units in the project would need to meet the LIHTC rent requirements if LIHTC funds are used, but LIHTC rents are usually higher than fair market rents (or HOME rents) in low-income parishes.[2] Allowing the Pro-Forma Rents to reflect the higher LIHTC rents for units in the project to which HOME funds are not allocated makes affordable housing development more financially feasible in these parishes. An example would be:

   -Proposed project with 40 units
   -Development cost per unit is $120,000.00
   -HOME funds allocated is $500,000.00
   -In this example, four (4) units in the project would be HOME units and thirty six (36) units would be LIHTC units.

---

[1] See http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/ and 24 CFR 92.252

[2] According to 2009 HOME program rent limits published by HUD, fair market rents equal HOME rents for all Louisiana parishes besides Natchitoches parish and the New Orleans Metro Area - http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/2009/la.pdf ; to calculate LIHTC rents for any Louisiana parish, see http://www.novoco.com/products/rentincome.php

-Rent requirements for the HOME units would be the lesser of HOME rents (fair market rents) or LIHTC rents.

-Rent requirements for the thirty-six (36) LIHTC units would be in accordance with LIHTC program requirements under Section 42 of the Internal Revenue Code.

Based on our clients' research, allocation programs in other states, including but not limited to those listed below, do not place fair market rent (or HOME rent) requirements on units in a project to which LIHTC funds, but not HOME funds, are allocated:

| | |
|---|---|
| -Nebraska | -Alaska |
| -Idaho | -Utah |
| -Nevada | -North Dakota |
| -New Mexico | -South Dakota |

4. **II. Allocation Process, Section (G)(7)(h) Minimum Operating and Maintenance Expenses.** We respectfully request that LHFA revise this section to clarify whether the $3,600.00 per unit figure includes the replacement reserve amount. The current language could be interpreted to include the replacement reserve amount within the $3,600.00 per unit figure, but our clients' experience has been the opposite.

   We also respectfully request that exceptions be granted to this minimum requirement in special circumstances for projects that can demonstrate lower operating expenses, as a result of low property taxes or otherwise, without sacrificing maintenance requirements.

5. **II. Allocation Process, Section (G)(12) Financing Commitments.** We respectfully request that LHFA revise this section to delete the words "Fully Executed Financing Commitments," as it is unlikely that any developer will be able to receive a full financing commitment at the time of application. Generally, most investors and lenders will not fully commit to a developer at this stage of the development process, but they will provide letters of interest subject to a variety of conditions. Provided the developer represents in its application that it will use its best efforts to satisfy those conditions, the LHFA should consider accepting this form of financing commitment in the application.

We thank you for taking our comments under consideration and look forward to the continuation of open dialog and assistance from the Louisiana Housing Finance Agency in assisting our clients with the development of affordable housing in the State of Louisiana.

With warmest regards, I am

Respectfully yours,

Leopold Sher

Leopold Z. Sher
Chad P. Morrow

From: Origin ID: NEWA (504) 299-2201
Laura Jones
Sher Garner
909 Poydras Street

New Orleans, LA 70112

FedEx. Express

E

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CAD: 9449347/INET3010

Delivery Address Bar Code

Ref # 20159.0002
Invoice #
PO #
Dept #

SHIP TO: (504) 299-2129 BILL SENDER
Brenda Evans, Tax Credit Dept.
Louisiana Home Finance Agency
2415 QUAIL DR

BATON ROUGE, LA 70808

TRK# 0201 7985 9648 4057

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May 12, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attn: Brenda Evans, Tax Credit Department

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")

Dear Ms. Evans:

As you may recall, we previously sent a letter dated April 22, 2010 to the LHFA in connection with the LHFA's request for public comment and input with respect to the rules and procedures governing the 2010 QAP. As a law firm that has represented affordable housing developers, as well as other parties on all sides of these types of transactions, we appreciate the opportunity to voice our thoughts with respect to the 2010 QAP.

In that prior correspondence, we respectfully requested that, for projects utilizing both LIHTC funds and HOME funds, Section (G)(7)(g) of the QAP be revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents <u>only for those units in the project that are subsidized by HOME funds</u>. We also brought to the attention of the LHFA the fact that, based on our clients' research, allocation programs in many other states, including but not limited to the eight (8) states listed in our prior correspondence, do not place fair market rent (or HOME rent) requirements on units in a project to which LIHTC funds, but not HOME funds, are allocated.

LAW OFFICES OF
SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.



We are writing to you today to update that list to also include **TEXAS** and **ARKANSAS** based on information we have received from our clients.

We thank you again for taking all of our comments under consideration and look forward to the continuation of open dialogue and assistance from the Louisiana Housing Finance Agency in assisting our clients with the development of affordable housing in the State of Louisiana.

With warmest regards, we are

Respectfully yours,

Lee Sher

Leopold Z. Sher
Chad P. Morrow

cc: Ms. Allison A. Jones
Mr. Mark Madderra
Mr. Milton Bailey
Mr. Wayne Neveu

**Marjorianna Willman**

**From:** Leslie Strahan
**Sent:** Thursday, May 06, 2010 10:35 AM
**To:** Brenda Evans
**Cc:** Marjorianna Willman
**Subject:** FW: 2010 QAP Legal Notes
**Attachments:** Legal Department QAP Notes.docx

Dear Brenda,

Here are the notes from Legal of items Legal is requesting to be in the QAP. I had forwarded the notes to Terri for review for accuracy and she provided the following:

Actually, the "process for establishing state debarment that is similar to Federal debarment" is really #4, not a part of #3.

I will work with you on these, but just wanted Legal's request on your radar.

---

**From:** Marjorianna Willman
**Sent:** Wednesday, May 05, 2010 11:14 AM
**To:** Leslie Strahan
**Subject:** 2010 QAP Legal Notes

Here are the QAP notes from the legal meeting.

Thanks

**Marjorianna Willman**

**From:** Brenda Evans
**Sent:** Tuesday, April 20, 2010 8:32 AM
**To:** Tax Credit
**Subject:** FW: How to finance supportive housing
**Attachments:** NY_NY_III_Implementation_Plan_Appendices.pdf

---

**From:** Jessica Venegas [mailto:jvenegas@unitygno.org]
**Sent:** Sunday, April 18, 2010 6:34 PM
**To:** Brenda Evans
**Subject:** How to finance supportive housing

Hi Brenda,
It was great to see you last week at the conference. We spoke a bit about how best to finance supportive housing and I found these models developed for NY.
Take a look and let me know what you think. Unfortunately for us, we don't have the dedicated forgivable loan pools that they reference, but we also have smaller developments so maybe it's a wash.
See you soon!

Jessica Venegas
Field Manager for Housing Development
UNITY of Greater New Orleans
in partnership with Common Ground National
2475 Canal St. Suite 300
New Orleans LA 70119
504.821.4496 main

Links:
UNITY of Greater New Orleans
Common Ground National

"You must be the change you want to see in this world." Gandhi

# APPENDIX III-A-1

## Model 1: "Stand-alone" Building Financed with 9% LIHTC and Subsidy

**100% SH Studios with 9% LIHTC and No Hard Debt**

**SOURCES AND USES**

| | per du | amount | leverage |
|---|---|---|---|
| **Construction Sources** | | | |
| SHLP, HHAP or Other Subsidy Loan | $59,887 | $7,665,585 | 48.06% |
| Tax Credit Equity | $54,149 | $6,931,115 | 43.46% |
| Deferred Developer's Fee | $10,560 | $1,351,705 | 8.48% |
| TOTAL SOURCES | $124,597 | $15,948,405 | 100.00% |
| **Permanent Sources** | | | |
| HHAP, SHLP or Other Subsidy Loan | $59,887 | $7,665,585 | 48.06% |
| Deferred Developer's Fee | $4,822 | $617,235 | 3.87% |
| Tax Credit Equity | $59,887 | $7,665,585 | 48.06% |
| TOTAL SOURCES | $124,597 | $15,948,405 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $10,703 | $1,370,000 | 8.59% |
| Construction Cost | $87,988 | $11,262,400 | 70.62% |
| Soft Cost | $11,440 | $1,464,300 | 9.18% |
| Developer's Fee | $14,466 | $1,851,705 | 11.61% |
| TOTAL USES | $124,597 | $15,948,405 | 100.00% |

05/23/06

**100% SH Studios with 9% LIHTC and No Hard Debt**

# Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms |
|---|---|---|---|
| Studio | 127 | 2 | 254 |
| One Bedroom | - | 3 | - |
| Two Bedroom | - | 4 | - |
| Three Bedroom | - | 5 | - |
| Total | 127 | | 254 |
| Super's Unit | 1 | 4 | 4 |
| Total Units | 128 | | 258 |

# Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |
| **Total Ancillary & Commercial Income:** | | | $12,800 |

**Residential Income:**

100%

| | # of Units | Monthly Rent | Total Monthly Rent |
|---|---|---|---|
| Studio (NY/NY III) | 127 | $ 676 | $ 85,852 |
| One Bedroom (NY/NY I | 0 | $375 | $0 |
| One Bedroom (60%) | 0 | $723 | $0 |
| One Bedroom (80%)* | 0 | $1,015 | $0 |
| Two Bedroom (NY/NY I | 0 | $871 | $0 |
| Two Bedroom (60%) | 0 | $871 | $0 |
| Two Bedroom (80%)* | 0 | $1,222 | $0 |
| Three Bedroom (60%) | 0 | $1,007 | $0 |
| Total | 127 | | $ 85,852 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 127 | 100% |
| # of 60%AMI Units | 0 | 0% |
| # of 80% AMI Units | 0 | 0% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,030,224 |
| Total Project Income: | $1,043,024 |

05/23/06

**Development Budget**

**100% SH Studios with 9% LIHTC and No Hard Debt**

55,200 sf incl commericial & cellar
- s.f. of commercial
45,658 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $1,370,000 | |
| Construction Cost: | | | |
| Contractor Price | $81,938 /du | $10,488,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $524,400 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $87,988 /du | $11,262,400 | $204 /sf hard incl. contingency<br>$195 /sf hard excl. contingency |
| Soft Cost: | | | |
| Borrower's Legal | | $100,000 | |
| Accounting | | $25,000 | |
| Borrower's Engineer/Architect Fee | $4,218.75 /du | $471,960 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $180,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $885,960 | |
| Upfront L/C Fee | 1.00% | $0 | |
| Annual L/C Fee | 1.00% 24 months | $0 | |
| Bond Agency Fee | 0.75% | $0 | |
| Costs of Issuance | 1.50% | $0 | |
| Building Permits/Fees/ Exp/.CI | | $36,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $46,340 | |
| Construction Interest | | $ - | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $0 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $0 | |
| Tax Opinion | | $0 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $254,000 | |
| Soft Cost Contingency | 5.1% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 532,000 | |
| Developer's Fee | 14,466 | $1,851,705 | |
| Total Development Cost: | | $15,948,405 | $124,597 |

| | | |
|---|---|---|
| Construction Bond Amount | $0 | 0.00% |
| TE bond+35 days interest at 10.00% | $0 | |
| | $0 | 0.00% |
| 2nd Mortgage - Subsidy | $7,665,585 | 48.06% |
| 3rd Mortgage - Subsidy | $6,931,115 | 43.46% |
| Tax Credit Equity | $1,351,705 | 8.48% |
| Deferred Developer's Fee | $15,948,405 | 100.00% |
| Total | | |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| TE First Mortgage | - | 0.00% | $0 | 0.00% |
| 2nd Mortgage - Subsidy | - | 0.00% | $0 | 0.00% |
| 3rd Mortgage - Subsidy | 59,887 | 48.06% | $7,665,585 | 48.06% |
| Tax Credit Equity | 59,887 | 48.06% | $7,665,585 | 48.06% |
| Deferred Developer's Fee | 4,822 | 3.87% | $617,235 | 3.87% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $15,948,405 | 100.00% |

05/23/06

100% SH Studios with 9% LIHTC and No Hard Debt

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and RET**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,030,224 |
| Less Residential Vac | 5.00% | | ($51,511) |
| Net Residential Income | | | $978,713 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $991,513 |
| Maintenance/Operating | $5,700 | per unit | $729,600 |
| Real estate taxes | $0 | per unit | $0 |
| Replacement Reserve | $300 | per unit | $38,400 |
| Total Expenses | $6,000 | per unit | $768,000 |
| NET OPERATING INCOME | | | $223,513 |
| Net Available @1.05 Income to Expense | | | $176,298 |
| Net Available for Debt Service @ | | 1.15 | $194,359 |
| Net Available for Debt Service @ | | 1.25 | $178,810 |
| Income to Expense | | | 1.03 |
| Actual Income to Expense | | | 1.29 |
| Operating Expense Ratio | | | 77.46% |
| Breakeven Ratio | | | 77.46% |
| Breakeven Occupancy | | | 73.63% |
| Breakeven Expenses/Unit | | | $7,746 |
| DCR on Hard First Mortgage | | | n/a |
| Min Rent/DU/Month | | | $557 |
| Min Rent/SF/Month | | | $1.86 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 4.904% |
| Letter of Credit Fee | | 1.000% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 6.250% |
| Supportable Mortgage with full Taxes | | $0 |
| Total Supportable First Mortgage | 0 | $0 |
| HDC Second Mortgage | | $0 |
| HPD MIRP 3rd Mortgage | | $ 11,520,000 |
| Total Combined Debt | | $11,520,000 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | | $0 | $11,520,000 | $11,520,000 |
| | Term | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $0 | $0 | $0 | |
| | Balance | $0 | $0 | $0 | |
| | Debt Service | $0 | $0 | $0 | $0 |
| | | #DIV/0! | | | #DIV/0! |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $0 | #DIV/0! |
| HPD 3rd Balloon | $ | 11,520,000 | 0% |

$0.00 1st mort pmt/unit

100% SH Studios with 9% LIHTC and No Hard Debt

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $978,713 | $1,008,074 | $1,038,316 | $1,069,466 | $1,101,550 | $1,134,596 | $1,168,634 | $1,203,693 | $1,239,804 | $1,276,998 | $1,315,308 | $1,354,767 |
| Eff Commercial Income | 3% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | all yrs | | | | | | | | | | | | |
| Laundry Income | 3% | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| | all yrs | | | | | | | | | | | | |
| Total Income | | $991,513 | $1,020,874 | $1,051,756 | $1,082,906 | $1,115,662 | $1,148,708 | $1,183,452 | $1,218,511 | $1,255,363 | $1,292,667 | $1,331,645 | $1,371,104 |
| M&O Expenses | 4% | $729,600 | $ 758,784 | $ 789,135 | $ 820,701 | $ 853,529 | $ 887,670 | $ 923,177 | $ 960,104 | $ 998,508 | $ 1,038,448 | $ 1,079,986 | $ 1,123,186 |
| Building Reserve | | $38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 |
| Real Estate Taxes | | | | | | | | | | | | | |
| Total Expenses | $ | 768,000 | $ 797,184 | $ 827,536 | $ 859,101 | $ 891,929 | $ 926,070 | $ 961,577 | $ 998,504 | $ 1,036,908 | $ 1,076,848 | $ 1,118,386 | $ 1,161,586 |
| NOI | | $223,513 | $223,690 | $224,221 | $223,805 | $223,733 | $222,638 | $221,875 | $220,007 | $218,455 | $215,708 | $213,258 | $209,518 |
| Debt Service | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Net Cash Flow | | $223,513 | $223,690 | $224,221 | $223,805 | $223,733 | $222,638 | $221,875 | $220,007 | $218,455 | $215,708 | $213,258 | $209,518 |

| | |
|---|---|
| Net Cash Flow in 12 years | $2,640,422 |
| Unpaid Fee | $0 |

**100% SH Studios with 9% LIHTC and No Hard Debt**

**TAX CREDIT ANALYSIS WORKSHEET**

| **Mortgage Schedule** | | | Eligible |
|---|---|---|---|
| **Acquisition** | | | |
| **Construction** | | 10,488,000 | 10,488,000 |
| **Contingency** | | 524,400 | 524,400 |
| | | | 0 |
| **Fees:** | | | 0 |
| | Architect | 471,960 | 471,960 |
| | Borrower's Legal | 100,000 | 100,000 |
| | Bank Legal | 50,000 | 50,000 |
| | 420-c fee | 10,340 | 0 |
| | Bank Engineer | 22,000 | 22,000 |
| | Survey/Soil Borings | 25,000 | 25,000 |
| | Environmental | 4,000 | 4,000 |
| | L/C Fees | 0 | 0 |
| | HTF Fee | 0 | 0 |
| | Bond Agency Fee | 0 | 0 |
| | Bond Agency Perm Loan Fee | 0 | 0 |
| | Appraisal | 8,000 | 8,000 |
| | Title Insurance | 0 | 0 |
| | Mortgage Recording Tax | | 0 |
| | Dept. Building Permit/Fees | 36,000 | 36,000 |
| | Bond Costs | 0 | 0 |
| **Carry Costs:** | | | 0 |
| | | | 0 |
| | Construction Interest | 0 | 0 |
| | HTF Construction Interest | 0 | 0 |
| | Negative Arbitrage | 0 | 0 |
| | Real Estate Taxes | 0 | 0 |
| | Insurance | 180,000 | 180,000 |
| | Servicing Fee | | 0 |
| | W & S Charges/Utilities | 0 | 0 |
| **Tax Credit Costs:** | | | 0 |
| | | | 0 |
| | Leasing and Marketing | 75,000 | 0 |
| | LIHC Fee | | 0 |
| | License Agreement Ins. | 0 | 0 |
| | Working Capital | | 0 |
| | Partnership Mngmnt Fee | | 0 |
| | Acctng/Cost Cert. | 25,000 | 25,000 |
| | Partnership Publication & Other | | 0 |
| | Syndication Tax Opinion | 0 | 0 |
| | Furniture/Equipment | 254,000 | 254,000 |
| | Soft Cost Contingency | 75,000 | 75,000 |
| | Security | 0 | 0 |
| | Developer's Fee | 1,851,705 | 1,851,705 |
| | | | 0 |
| **Reserves:** | | | 0 |
| | | | 0 |
| | | | 0 |
| | Operating | 128,000 | 0 |
| | | | 0 |
| **TOTAL DEVELOPMENT COST** | | 14,328,405 | 14,115,065 |

| | | | | | calculated |
|---|---|---|---|---|---|
| **Eligible Basis** | | | 14,115,065 | 98.51% | 0 |
| Annual Credit | @ | 0.0815 | 1,150,378 | April 2006 | 0 |
| Amount Raised/p.a. | @ | $0.850 | 977,821 | | 0 |
| Amount Raised/total | | | 9,778,211 | | 0 |
| | | | | | |
| OR | | | | | |
| **Eligible Basis with Boost** | | | 18,349,585 | | |
| Annual Credit | @ | 0.0815 | 1,495,491 | | |
| Applicable Fraction | | 1.0000 | 1,495,491 | | |
| LIHTC Allocated | | | 901,834 | | |
| Amount Raised/p.a. | @ | 0.850 | 766,559 | | |
| Amount Raised/total | | | 7,665,585 | 59,887 | 7,665,585 |

# APPENDIX III-A-2

## Model 2: "Stand-alone" Building Financed with 4% LIHTC and Subsidy

100% SH Studios with 4% LIHTC and No Hard Debt

## SOURCES AND USES

| | per du | amount | leverage |
|---|---|---|---|
| **Construction Sources** | | | |
| Tax-Exempt Bonds | $69,141 | $8,850,000 | 51.41% |
| SHLP, HHAP or Other Subsidy Loan | $50,755 | $6,496,646 | 37.74% |
| Tax Credit Equity | $2,734 | $350,000 | 2.03% |
| Deferred Developer's Fee | $11,849 | $1,516,697 | 8.81% |
| TOTAL SOURCES | $134,479 | $17,213,343 | 100.00% |
| **Permanent Sources** | | | |
| SHLP, HHAP or Other Subsidy Loan | $80,164 | $10,260,994 | 59.61% |
| Deferred Developer's Fee | $5,252 | $672,232 | 3.91% |
| Tax Credit Equity | $49,063 | $6,280,117 | 36.48% |
| TOTAL SOURCES | $134,479 | $17,213,343 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $10,703 | $1,370,000 | 7.96% |
| Construction Cost | $87,988 | $11,262,400 | 65.43% |
| Soft Cost | $20,033 | $2,564,246 | 14.90% |
| Developer's Fee | $15,755 | $2,016,697 | 11.72% |
| TOTAL USES | $134,479 | $17,213,343 | 100.00% |

05/23/06

100% SH Studios with 4% LIHTC and No Hard Debt

## Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms |
|---|---|---|---|
| Studio | 127 | 2 | 254 |
| One Bedroom | 0 | 3 | 0 |
| Two Bedroom | 0 | 4 | 0 |
| Three Bedroom | 0 | 5 | 0 |
| Total | 127 | | 254 |
| Super's Unit | 1 | 4.0 | 4 |
| Total Units | 128 | | 258 |

## Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |

**Total Ancillary & Commercial Income:** $12,800

**Residential Income:**

100%

| | # of Units | Monthly Rent | Total Monthly Rent |
|---|---|---|---|
| Studio (NY/NY III) | 127 | $ 676 | $ 85,852 |
| One Bedroom (NY/NY I | 0 | $723 | $0 |
| One Bedroom (60%) | 0 | $723 | $0 |
| One Bedroom (80%)* | 0 | $1,015 | $0 |
| Two Bedroom (NY/NY I | 0 | $871 | $0 |
| Two Bedroom (60%) | 0 | $871 | $0 |
| Two Bedroom (80%)* | 0 | $1,222 | $0 |
| Three Bedroom (60%) | 0 | $1,007 | $0 |
| Total | 127 | | $ 85,852 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 127 | 100% |
| # of 60%AMI Units | 0 | 0% |
| # of 80% AMI Units | 0 | 0% |
| Total | 127 | 100% |

| Total Rental Income upon occupancy: | $1,030,224 |
|---|---|
| Total Project Income: | $1,043,024 |

05/23/06

**Development Budget**

**100% SH Studios with 4% LIHTC and No Hard Debt**

55,200 sf incl commericial and basement
- s.f. of commercial
45,658 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $1,370,000 | |
| Construction Cost: | $81,938 /du | $10,488,000 | |
| Contractor Price | | $0 | |
| Commercial | | $250,000 | |
| Soil Cleaning | 5.00% | $524,400 | |
| Contingency | | $0 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $11,262,400 | $204 /sf hard incl. contingency |
| Subtotal | $87,988 /du | | $195 /sf hard excl. contingency |
| Soft Cost: | | $100,000 | |
| Borrower's Legal | | $25,000 | |
| Accounting | | $471,960 | 4.50% |
| Borrower's Engineer/Architect Fee | $4,218.75 /du | $22,000 | |
| Bank's Engineer | | $50,000 | |
| Bank Legal | | $5,000 | |
| Survey | | $180,000 | |
| Insurance | | $20,000 | |
| Soil Borings | | $8,000 | |
| Appraisal | | $4,000 | |
| | 4 | $885,960 | |
| Subtotal | | | |
| Upfront L/C Fee | 1.00% | $89,349 | |
| Annual L/C Fee | 1.00% 24 months | $178,697 | |
| HDC Fee | 0.75% | $66,375 | |
| Costs of Issuance | 1.50% | $132,750 | |
| Building Permits/Fees/ Exp/.Cl | | $36,000 | |
| 420-c Fee | | $10,340 | |
| Subtotal | | $513,511 | |
| Construction Interest | | $ 553,125 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $79,650 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $0 | |
| Tax Opinion | | $0 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $254,000 | |
| Soft Cost Contingency | 2.9% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 1,164,775 | |
| Developer's Fee | 15,755 | $2,016,697 | |
| Total Development Cost: | | $17,213,343 | |

| | | |
|---|---|---|
| Construction Bond Amount | $8,850,000 | 51.41% |
| HDC bond+35 days interest at 10.00% | $8,934,863 | |
| 2nd Mortgage - Subsidy | $0 | 0.00% |
| 3rd Mortgage - Subsidy | $6,496,646 | 37.74% |
| Tax Credit Equity | $350,000 | 2.03% |
| Deferred Developer's Fee | $1,516,697 | 8.81% |
| Total | $17,213,343 | 100.00% |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| TE First Mortgage | - | 26.18% | $0 | 0.00% |
| 2nd Mortgage - Subsidy | - | 0.00% | $0 | 0.00% |
| 3rd Mortgage - Subsidy | 80,164 | 19.60% | $10,260,994 | 59.61% |
| Tax Credit Equity | 49,063 | 48.92% | $6,280,117 | 36.48% |
| Deferred Developer's Fee | 5,252 | 5.30% | $672,232 | 3.91% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $17,213,343 | 100.00% |

05/23/06

**100% SH Studios with 4% LIHTC and No Hard Debt**
**Bronx, NY**

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,030,224 |
| Less Residential Vac | 5.00% | | ($51,511) |
| Net Residential Income | | | $978,713 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $991,513 |
| Maintenance/Operating | $5,700 | per unit | $729,600 |
| Real estate taxes | $0 | per unit | $0 |
| Replacement Reserve | $300 | per unit | $38,400 |
| Total Expenses | $6,000 | per unit | $768,000 |
| NET OPERATING INCOME | | | $223,513 |
| Net Available @1.05 Income to Expense | | | $176,298 |
| Net Available for Debt Service @ | | 1.15 | $194,359 |
| Net Available for Debt Service @ | | 1.25 | $178,810 |
| Income to Expense | | | 1.03 |
| Actual Income to Expense | | | 1.29 |
| Operating Expense Ratio | | | 77.46% |
| Breakeven Ratio | | | 77.46% |
| Breakeven Occupancy | | | 73.63% |
| Breakeven Expenses/Unit | | | $7,746 |
| DCR on Hard First Mortgage | | | n/a |
| Required Rent per Unit | | | $557 |
| Required Rent per SF | | | 1.86 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 4.904% |
| Letter of Credit Fee | | 1.000% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 6.250% |
| Supportable Mortgage with full Taxes | | $0 |
| Total Supportable First Mortgage | 0 | $0 |
| HDC Second Mortgage | | $0 |
| HPD MIRP 3rd Mortgage | | $ 10,260,994 |
| Total Combined Debt | | $10,260,994 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | | $0 | $10,260,994 | $10,260,994 |
| Term | | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $0 | $0 | $0 | |
| | Balance | $0 | $0 | $0 | $0 |
| | Debt Service | $0 | $0 | $0 | |
| | | #DIV/0! | | | #DIV/0! |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $0 | #DIV/0! |
| HPD 3rd Balloon | $ | 10,260,994 | 0% |

$0.00 1st mort pmt/unit

**100% SH Studios with 4% LIHTC and No Hard Debt**

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $978,713 | $1,008,074 | $1,038,316 | $1,069,466 | $1,101,550 | $1,134,596 | $1,168,634 | $1,203,693 | $1,239,804 | $1,276,998 | $1,315,308 | $1,354,767 |
| Eff Commercial Income | 3% all yrs | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Laundry Income | 3% all yrs | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| Total Income | | $991,513 | $1,020,874 | $1,051,756 | $1,082,906 | $1,115,662 | $1,148,708 | $1,183,452 | $1,218,511 | $1,255,363 | $1,292,557 | $1,331,645 | $1,371,104 |
| M&O Expenses | 4% | $729,600 | $ 758,784 | $ 789,135 | $ 820,701 | $ 853,529 | $ 887,670 | $ 923,177 | $ 960,104 | $ 998,508 | $ 1,038,448 | $ 1,079,986 | $ 1,123,186 |
| Building Reserve | | $38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 |
| Real Estate Taxes | | | | | | | | | | | | | |
| Total Expenses | | $ 768,000 | $ 797,184 | $ 827,535 | $ 859,101 | $ 891,929 | $ 926,070 | $ 961,577 | $ 998,504 | $ 1,036,908 | $ 1,076,848 | $ 1,118,386 | $ 1,161,586 |
| NOI | | $223,513 | $223,690 | $224,221 | $223,805 | $223,733 | $222,638 | $221,875 | $220,007 | $218,455 | $215,708 | $213,258 | $209,518 |
| Debt Service | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Net Cash Flow | | $223,513 | $223,690 | $224,221 | $223,805 | $223,733 | $222,638 | $221,875 | $220,007 | $218,455 | $215,708 | $213,258 | $209,518 |

| | |
|---|---|
| Net Cash Flow in 12 years | $2,640,422 |
| Unpaid Fee | $0 |

## 00% SH Studios with 4% LIHTC and No Hard Debt

### TAX CREDIT ANALYSIS WORKSHEET

| Mortgage Schedule | | Eligible |
|---|---|---|
| Acquisition | | |
| Construction | 10,488,000 | 10,488,000 |
| Contingency | 524,400 | 524,400 |
| | | 0 |
| | | 0 |
| **Fees:** | | |
| Architect | 471,960 | 471,960 |
| Borrower's Legal | 100,000 | 100,000 |
| Bank Legal | 50,000 | 50,000 |
| 420-c fee | 10,340 | 0 |
| Bank Engineer | 22,000 | 22,000 |
| Survey/Soil Borings | 25,000 | 25,000 |
| Environmental | 4,000 | 4,000 |
| L/C Fees | 268,046 | 268,046 |
| HTF Fee | 0 | 0 |
| Bond Agency Fee | 66,375 | 66,375 |
| Bond Agency Perm Loan Fee | 0 | 0 |
| Appraisal | 8,000 | 8,000 |
| Title Insurance | 79,650 | 79,650 |
| Mortgage Recording Tax | | 0 |
| Dept. Building Permit/Fees | 36,000 | 36,000 |
| Bond Costs | 132,750 | 132,750 |
| | | 0 |
| **Carry Costs:** | | 0 |
| Construction Interest | 553,125 | 553,125 |
| HTF Construction Interest | 0 | 0 |
| Negative Arbitrage | 0 | 0 |
| Real Estate Taxes | 0 | 0 |
| Insurance | 180,000 | 180,000 |
| Servicing Fee | | 0 |
| W & S Charges/Utilities | 0 | 0 |
| | | 0 |
| **Tax Credit Costs:** | | 0 |
| Leasing and Marketing | 75,000 | 0 |
| LIHC Fee | | 0 |
| License Agreement Ins. | 0 | 0 |
| Working Capital | | 0 |
| Partnership Mngmnt Fee | | 0 |
| Acctng/Cost Cert. | 25,000 | 25,000 |
| Partnership Publication & Other | | 0 |
| Syndication Tax Opinion | 0 | 0 |
| Furniture/Equipment | 254,000 | 254,000 |
| Soft Cost Contingency | 75,000 | 75,000 |
| Security | 0 | 0 |
| Developer's Fee | 2,016,697 | 2,016,697 |
| | | 0 |
| **Reserves:** | | 0 |
| | | 0 |
| | | 0 |
| Operating | 128,000 | 0 |
| | | 0 |
| TOTAL DEVELOPMENT COST | 15,593,343 | 15,380,003 |

| | | | | | | calculated |
|---|---|---|---|---|---|---|
| Eligible Basis | | | 15,380,003 | 98.63% | | 0 |
| Annual Credit | @ | 0.0349 | 536,762 | April 2006 | | 0 |
| Amount Raised/p.a. | @ | $0.900 | 483,086 | | | 0 |
| Amount Raised/total | | | 4,830,859 | | | 0 |

R

| | | | | | |
|---|---|---|---|---|---|
| Eligible Basis with Boost | | | 19,994,004 | | |
| Annual Credit | @ | 0.0349 | 697,791 | | |
| Applicable Fraction | | 1.0000 | 697,791 | | |
| Amount Raised/p.a. | @ | 0.900 | 628,012 | | |
| Amount Raised/total | | | 6,280,117 | 49,063 | 6,280,117 |

# APPENDIX III-A-3

## Model 3: "Stand-alone" Building Financed with 4% LIHTC, Tax Exempt Permanent First Mortgage and Subsidy

## 100% SH Studios with 4% LIHTC and Hard Debt

### SOURCES AND USES

| | per du | amount | leverage |
|---|---|---|---|
| **Construction Sources** | | | |
| Tax-Exempt Bonds | $69,141 | $8,850,000 | 51.41% |
| SHLP, HHAP or Other Subsidy Loan | $50,755 | $6,496,646 | 37.74% |
| Tax Credit Equity | $2,734 | $350,000 | 2.03% |
| Deferred Developer's Fee | $11,849 | $1,516,697 | 8.81% |
| TOTAL SOURCES | $134,479 | $17,213,343 | 100.00% |
| **Permanent Sources** | | | |
| Tax-Exempt First Mortgage | $18,906 | $2,420,000 | 14.06% |
| SHLP, HHAP or Other Subsidy Loan | $61,258 | $7,840,994 | 45.55% |
| Deferred Developer's Fee | $5,252 | $672,232 | 3.91% |
| Tax Credit Equity | $49,063 | $6,280,117 | 36.48% |
| TOTAL SOURCES | $134,479 | $17,213,343 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $10,703 | $1,370,000 | 7.96% |
| Construction Cost | $87,988 | $11,262,400 | 65.43% |
| Soft Cost | $20,033 | $2,564,246 | 14.90% |
| Developer's Fee | $15,755 | $2,016,697 | 11.72% |
| TOTAL USES | $134,479 | $17,213,343 | 100.00% |

05/23/06

100% SH Studios with 4% LIHTC and Hard Debt

# Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms |
|---|---|---|---|
| Studio | 127 | 2 | 254 |
| One Bedroom | - | 3 | - |
| Two Bedroom | - | 4 | - |
| Three Bedroom | - | 5 | - |
| Total | 127 | | 254 |
| Super's Unit | 1 | 4 | 4 |
| Total Units | 128 | | 258 |

# Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |

**Total Ancillary & Commercial Income:** $12,800

**Residential Income:**

100%

| | # of Units | Monthly Rent | Total Monthly Rent |
|---|---|---|---|
| Studio (NY/NY III) | 127 | $ 676 | $ 85,852 |
| One Bedroom (NY/NY I | 0 | $723 | $0 |
| One Bedroom (60%) | 0 | $723 | $0 |
| One Bedroom (80%)* | 0 | $1,015 | $0 |
| Two Bedroom (NY/NY I | 0 | $871 | $0 |
| Two Bedroom (60%) | 0 | $871 | $0 |
| Two Bedroom (80%)* | 0 | $1,222 | $0 |
| Three Bedroom (60%) | 0 | $1,007 | $0 |
| Total | 127 | | $ 85,852 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 127 | 100% |
| # of 60%AMI Units | 0 | 0% |
| # of 80% AMI Units | 0 | 0% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,030,224 |

| | |
|---|---|
| Total Project Income: | $1,043,024 |

05/23/06

**Development Budget**

**100% SH Studios with 4% LIHTC and Hard Debt**

55,200 sf incl commericial & cellar
- s.f. of commercial
45,658 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $1,370,000 | |
| Construction Cost: | | | |
| Contractor Price | $81,938 /du | $10,488,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $524,400 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $87,988 /du | $11,262,400 | $204 /sf hard incl. contingency<br>$195 /sf hard excl. contingency |
| Soft Cost: | | | |
| Borrower's Legal | | $100,000 | |
| Accounting | | $25,000 | |
| Borrower's Engineer/Architect Fee | $4,218.75 /du | $471,960 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $180,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $885,960 | |
| Upfront L/C Fee | 1.00% | $89,349 | |
| Annual L/C Fee | 1.00% 24 months | $178,697 | |
| Bond Agency Fee | 0.75% | $66,375 | |
| Costs of Issuance | 1.50% | $132,750 | |
| Building Permits/Fees/ Exp/.CI | | $36,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $513,511 | |
| Construction Interest | | $ 553,125 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $79,650 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $0 | |
| Tax Opinion | | $0 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $254,000 | |
| Soft Cost Contingency | 2.9% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 1,164,775 | |
| Developer's Fee | 15,755 | $2,016,697 | |
| Total Development Cost: | | $17,213,343 | $134,479 |

| | | | | |
|---|---|---|---|---|
| Construction Bond Amount | | | $8,850,000 | 51.41% |
| HDC bond+35 days interest at 10.00% | | | $8,934,863 | |
| 2nd Mortgage - Subsidy | | | $0 | 0.00% |
| 3rd Mortgage - Subsidy | | | $6,496,646 | 37.74% |
| Tax Credit Equity | | | $350,000 | 2.03% |
| Deferred Developer's Fee | | | $1,516,697 | 8.81% |
| Total | | | $17,213,343 | 100.00% |
| Permanent Sources | per du | leverage | | |
| TE First Mortgage | 18,906 | 26.18% | $2,420,000 | 14.06% |
| 2nd Mortgage - Subsidy | - | 0.00% | $0 | 0.00% |
| 3rd Mortgage - Subsidy | 61,258 | 19.60% | $7,840,994 | 45.55% |
| Tax Credit Equity | 49,063 | 48.92% | $6,280,117 | 36.48% |
| Deferred Developer's Fee | 5,252 | 5.30% | $672,232 | 3.91% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $17,213,343 | 100.00% |

100% SH Studios with 4% LIHTC and Hard Debt

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,030,224 |
| Less Residential Vac | 5.00% | | ($51,511) |
| Net Residential Income | | | $978,713 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $991,513 |
| Maintenance/Operating | $5,700 per unit | | $729,600 |
| Real estate taxes | $0 per unit | | $0 |
| Replacement Reserve | $300 per unit | | $38,400 |
| Total Expenses | $6,000 per unit | | $768,000 |
| NET OPERATING INCOME | | | $223,513 |
| Net Available @1.05 Income to Expense | | | $176,298 |
| Net Available for Debt Service @ | | 1.15 | $194,359 |
| Net Available for Debt Service @ | | 1.25 | $178,810 |
| Income to Expense | | | 1.03 |
| Actual Income to Expense | | | 1.05 |
| Operating Expense Ratio | | | 77.46% |
| Breakeven Ratio | | | 95.49% |
| Breakeven Occupancy | | | 90.77% |
| Breakeven Expenses/Unit | | | $6,349 |
| DCR on Hard First Mortgage | | | 1.25 |
| Required Rent per Unit | | | 687 |
| Required Rent per SF | | | 2.29 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 4.904% |
| Letter of Credit Fee | | 1.000% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 6.250% |
| Supportable Mortgage with full Taxes | | $2,420,000 |
| Total Supportable First Mortgage | 18759.68992 | $2,420,000 |
| HDC Second Mortgage | | $0 |
| HPD MIRP 3rd Mortgage | | $ 7,840,994 |
| Total Combined Debt | | $10,260,994 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | $2,420,000 | $0 | $7,840,994 | $10,260,994 |
| | Term | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $2,420,000 | $0 | $0 | |
| | Balance | $0 | $0 | $0 | |
| | Debt Service | $178,804 | $0 | $0 | $178,804 |
| | | 1.25 | | | 1.25 |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $0 | #DIV/0! |
| HPD 3rd Balloon | $ | 7,840,994 | 0% |

$1,396.91 1st mort pmt/unit

100% SH Studios with 4% LIHTC and Hard Debt

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $978,713 | $1,008,074 | $1,038,316 | $1,069,466 | $1,101,550 | $1,134,596 | $1,168,634 | $1,203,693 | $1,239,804 | $1,276,998 | $1,315,308 | $1,354,767 |
| Eff Commercial Income | 3% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | all yrs | | | | | | | | | | | | |
| Laundry Income | 3% | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| | all yrs | | | | | | | | | | | | |
| Total Income | | $991,513 | $1,020,874 | $1,051,756 | $1,082,906 | $1,115,662 | $1,148,708 | $1,183,452 | $1,218,511 | $1,255,363 | $1,292,557 | $1,331,646 | $1,371,104 |
| M&O Expenses | 4% | $729,600 | $ 758,784 | $ 789,135 | $ 820,701 | $ 853,529 | $ 887,670 | $ 923,177 | $ 960,104 | $ 998,508 | $ 1,038,448 | $ 1,079,986 | $ 1,123,186 |
| Building Reserve | | $38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 |
| Real Estate Taxes | | | | | | | | | | | | | |
| Total Expenses | $ | 768,000 | $ 797,184 | $ 827,535 | $ 859,101 | $ 891,929 | $ 926,070 | $ 961,577 | $ 998,504 | $ 1,036,908 | $ 1,076,848 | $ 1,118,386 | $ 1,161,586 |
| NOI | | $223,513 | $223,690 | $224,221 | $223,805 | $223,733 | $222,638 | $221,875 | $220,007 | $218,455 | $215,708 | $213,258 | $209,518 |
| Debt Service | | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 | $178,804 |
| Net Cash Flow | | $44,709 | $44,886 | $45,417 | $45,001 | $44,929 | $43,834 | $43,071 | $41,203 | $39,650 | $36,904 | $34,454 | $30,714 |

| | |
|---|---|
| Net Cash Flow in 12 years | $494,771 |
| Unpaid Fee | $177,461 |

## 100% SH Studios with 4% LIHTC and Hard Debt

### TAX CREDIT ANALYSIS WORKSHEET

| Mortgage Schedule | | Eligible |
|---|---|---|
| Acquisition | | |
| Construction | 10,488,000 | 10,488,000 |
| Contingency | 524,400 | 524,400 |
| | | 0 |
| Fees: | | 0 |
| Architect | 471,960 | 471,960 |
| Borrower's Legal | 100,000 | 100,000 |
| Bank Legal | 50,000 | 50,000 |
| 420-c fee | 10,340 | 0 |
| Bank Engineer | 22,000 | 22,000 |
| Survey/Soil Borings | 25,000 | 25,000 |
| Environmental | 4,000 | 4,000 |
| L/C Fees | 268,046 | 268,046 |
| HTF Fee | 0 | 0 |
| Bond Agency Fee | 66,375 | 66,375 |
| Bond Agency Perm Loan Fee | 0 | 0 |
| Appraisal | 8,000 | 8,000 |
| Title Insurance | 79,650 | 79,650 |
| Mortgage Recording Tax | | 0 |
| Dept. Building Permit/Fees | 36,000 | 36,000 |
| Bond Costs | 132,750 | 132,750 |
| Carry Costs: | | 0 |
| | | 0 |
| Construction Interest | 553,125 | 553,125 |
| HTF Construction Interest | 0 | 0 |
| Negative Arbitrage | 0 | 0 |
| Real Estate Taxes | 0 | 0 |
| Insurance | 180,000 | 180,000 |
| Servicing Fee | | 0 |
| W & S Charges/Utilities | 0 | 0 |
| Tax Credit Costs: | | 0 |
| | | 0 |
| Leasing and Marketing | 75,000 | 0 |
| LIHC Fee | | 0 |
| License Agreement Ins. | 0 | 0 |
| Working Capital | | 0 |
| Partnership Mngmnt Fee | | 0 |
| Acctng/Cost Cert. | 25,000 | 25,000 |
| Partnership Publication & Other | | 0 |
| Syndication Tax Opinion | 0 | 0 |
| Furniture/Equipment | 254,000 | 254,000 |
| Soft Cost Contingency | 75,000 | 75,000 |
| Security | 0 | 0 |
| Developer's Fee | 2,016,697 | 2,016,697 |
| | | 0 |
| Reserves: | | 0 |
| | | 0 |
| | | 0 |
| Operating | 128,000 | 0 |
| | | 0 |
| TOTAL DEVELOPMENT COST | 15,593,343 | 15,380,003 |

| | | | | | calculated |
|---|---|---|---|---|---|
| Eligible Basis | | | 15,380,003 | 98.63% | 0 |
| Annual Credit | @ | 0.0349 | 536,762 | April 2006 | 0 |
| Amount Raised/p.a. | @ | $0.900 | 483,086 | | 0 |
| Amount Raised/total | | | 4,830,859 | | 0 |
| R | | | | | |
| Eligible Basis with Boost | | | 19,994,004 | | |
| Annual Credit | @ | 0.0349 | 697,791 | | |
| Applicable Fraction | | 1.0000 | 697,791 | | |
| Amount Raised/p.a. | @ | 0.900 | 628,012 | | |
| Amount Raised/total | | | 6,280,117 | 49,063 | 6,280,117 |

# APPENDIX III-A-4

## Model 4: "Stand-alone" Building Financed with 9% LIHTC, Conventional First Mortgage and Subsidy

100% SH Studios with 9% LIHTC and Hard Debt

## SOURCES AND USES

| | per du | amount | leverage |
|---|---|---|---|
| **Construction Sources** | | | |
| Conventional First Mortgage | $16,494 | $2,111,201 | 12.96% |
| SHLP, HHAP or Other Subsidy Loan | $52,938 | $6,776,074 | 41.58% |
| Tax Credit Equity | $46,964 | $6,011,406 | 36.89% |
| Deferred Developer's Fee | $10,914 | $1,397,002 | 8.57% |
| TOTAL SOURCES | $127,310 | $16,295,683 | 100.00% |
| **Permanent Sources** | | | |
| Conventional First Mortgage | $16,494 | $2,111,201 | 12.96% |
| SHLP, HHAP or Other Subsidy Loan | $52,938 | $6,776,074 | 41.58% |
| Deferred Developer's Fee | $4,940 | $632,334 | 3.88% |
| Tax Credit Equity | $52,938 | $6,776,074 | 41.58% |
| TOTAL SOURCES | $127,310 | $16,295,683 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $10,703 | $1,370,000 | 8.41% |
| Construction Cost | $87,988 | $11,262,400 | 69.11% |
| Soft Cost | $13,799 | $1,766,281 | 10.84% |
| Developer's Fee | $14,820 | $1,897,002 | 11.64% |
| TOTAL USES | $127,310 | $16,295,683 | 100.00% |

05/23/06

**100% SH Studios with 9% LIHTC and Hard Debt**

# Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms |
|---|---|---|---|
| Studio | 127 | 2 | 254 |
| One Bedroom | - | 3 | - |
| Two Bedroom | - | 4 | - |
| Three Bedroom | - | 5 | - |
| Total | 127 | | 254 |
| Super's Unit | 1 | 4 | 4 |
| Total Units | 128 | | 258 |

# Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |
| **Total Ancillary & Commercial Income:** | | | **$12,800** |

**Residential Income:**

100%

| | # of Units | | Monthly Rent | | Total Monthly Rent |
|---|---|---|---|---|---|
| Studio (NY/NY III) | 127 | $ | 676 | $ | 85,852 |
| One Bedroom (NY/NY I | 0 | | $723 | | $0 |
| One Bedroom (60%) | 0 | | $723 | | $0 |
| One Bedroom (80%)* | 0 | | $1,015 | | $0 |
| Two Bedroom (NY/NY I | 0 | | $871 | | $0 |
| Two Bedroom (60%) | 0 | | $871 | | $0 |
| Two Bedroom (80%)* | 0 | | $1,222 | | $0 |
| Three Bedroom (60%) | 0 | | $1,007 | | $0 |
| Total | 127 | | | $ | 85,852 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 127 | 100% |
| # of 60%AMI Units | 0 | 0% |
| # of 80% AMI Units | 0 | 0% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,030,224 |
| Total Project Income: | $1,043,024 |

05/23/06

**Development Budget**

**100% SH Studios with 9% LIHTC and Hard Debt**

55,200 sf incl commericial and basement
- s.f. of commercial
45,658 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $1,370,000 | |
| | | | |
| Construction Cost: | | | |
| Contractor Price | $81,938 /du | $10,488,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $524,400 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $87,988 /du | $11,262,400 | $204 /sf hard incl. contingency<br>$195 /sf hard excl. contingency |
| | | | |
| Soft Cost: | | | |
| Borrower's Legal | | $100,000 | |
| Accounting | | $25,000 | |
| Borrower's Engineer/Architect Fees | $4,218.75 /du | $471,960 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $180,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $885,960 | |
| | | | |
| Upfront L/C Fee | 1.00% | $21,314 | |
| Annual L/C Fee | 1.00% 24 months | $42,629 | |
| Bond Agency Fee | 0.75% | $15,834 | |
| Costs of Issuance | 1.50% | $31,668 | |
| Building Permits/Fees/ Exp/.CI | | $36,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $157,785 | |
| | | | |
| Construction Interest | | $ 171,535 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $19,001 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $0 | |
| Tax Opinion | | $0 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $254,000 | |
| Soft Cost Contingency | 4.2% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 722,536 | |
| | | | |
| Developer's Fee | 14,820 | $1,897,002 | |
| | | | |
| Total Development Cost: | | $16,295,683 | $127,310 |

| | | |
|---|---|---|
| Construction Loan Amount<br>TE bond+35 days interest at 10.00% | $2,111,201 | 12.96% |
| 2nd Mortgage - Subsidy | $0 | 0.00% |
| 3rd Mortgage - Subsidy | $6,776,074 | 41.58% |
| Tax Credit Equity | $6,011,406 | 36.89% |
| Deferred Developer's Fee | $1,397,002 | 8.57% |
| Total | $16,295,683 | 100.00% |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| First Mortgage | 16,494 | 26.18% | $2,111,201 | 12.96% |
| 2nd Mortgage - Subsidy | - | 0.00% | $0 | 0.00% |
| 3rd Mortgage - Subsidy | 52,938 | 19.60% | $6,776,074 | 41.58% |
| Tax Credit Equity | 52,938 | 48.92% | $6,776,074 | 41.58% |
| Deferred Developer's Fee | 4,940 | 5.30% | $632,334 | 3.88% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $16,295,683 | 100.00% |

05/23/06

**100% SH Studios with 9% LIHTC and Hard Debt**

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,030,224 |
| Less Residential Vac | 5.00% | | ($51,511) |
| Net Residential Income | | | $978,713 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $991,513 |
| Maintenance/Operating | $5,700 | per unit | $729,600 |
| Real estate taxes | $0 | per unit | $0 |
| Replacement Reserve | $300 | per unit | $38,400 |
| Total Expenses | $6,000 | per unit | $768,000 |
| NET OPERATING INCOME | | | $223,513 |
| Net Available @1.05 Income to Expense | | | $176,298 |
| Net Available for Debt Service @ | | 1.15 | $194,359 |
| Net Available for Debt Service @ | | 1.25 | $178,810 |
| Income to Expense | | | 1.03 |
| Actual Income to Expense | | | 1.05 |
| Operating Expense Ratio | | | 77.46% |
| Breakeven Ratio | | | 95.49% |
| Breakeven Occupancy | | | 90.78% |
| Breakeven Expenses/Unit | | | $6,349 |
| DCR on Hard First Mortgage | | | 1.25 |
| Required Rent per Unit | | | 686.66 |
| Required Rent per SF | | | 2.29 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Base Rate | | 6.750% |
| MIP (SONYMA) | | 0.500% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 7.596% |
| Supportable Mortgage with full Taxes | | $2,111,201 |
| Total Supportable First Mortgage | 16365.89921 | $2,111,201 |
| HDC Second Mortgage | | $0 |
| HPD MIRP 3rd Mortgage | | $ 11,520,000 |
| Total Combined Debt | | $13,631,201 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | $2,111,201 | $0 | $11,520,000 | $13,631,201 |
| | Term | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $2,111,201 | $0 | $0 | |
| | Balance | $0 | $0 | $0 | |
| | Debt Service | $178,810 | $0 | $0 | $178,810 |
| | | 1.25 | | | 1.25 |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $0 | #DIV/0! |
| HPD 3rd Balloon | $ | 11,520,000 | 0% |

$1,396.96 1st mort pmt/unit

100% SH Studios with 9% LIHTC and Hard Debt

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $978,713 | $1,008,074 | $1,038,316 | $1,069,466 | $1,101,550 | $1,134,596 | $1,168,634 | $1,203,693 | $1,239,804 | $1,276,998 | $1,315,308 | $1,354,767 |
| Eff Commercial Income | 3% all yrs | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Laundry Income | 3% all yrs | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| Total Income | | $991,513 | $1,020,874 | $1,051,756 | $1,082,906 | $1,115,662 | $1,148,708 | $1,183,452 | $1,218,511 | $1,255,363 | $1,292,557 | $1,331,646 | $1,371,104 |
| M&O Expenses | 4% | $729,600 | $ 758,784 | $ 789,135 | $ 820,701 | $ 853,529 | $ 887,670 | $ 923,177 | $ 960,104 | $ 998,508 | $ 1,038,448 | $ 1,079,986 | $ 1,123,186 |
| Building Reserve | | $38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 | $ 38,400 |
| Real Estate Taxes | | | | | | | | | | | | | |
| Total Expenses | | $ 768,000 | $ 797,184 | $ 827,535 | $ 859,101 | $ 891,929 | $ 926,070 | $ 961,577 | $ 998,504 | $ 1,036,908 | $ 1,076,848 | $ 1,118,386 | $ 1,161,586 |
| NOI | | $223,513 | $223,690 | $224,221 | $223,805 | $223,733 | $222,638 | $221,875 | $220,007 | $218,455 | $215,708 | $213,258 | $209,518 |
| Debt Service | | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 | $178,810 |
| Net Cash Flow | | $44,703 | $44,880 | $45,411 | $44,995 | $44,923 | $43,828 | $43,065 | $41,197 | $39,644 | $36,898 | $34,448 | $30,708 |

| | | |
|---|---|---|
| Net Cash Flow in 12 years | | $494,699 |
| Unpaid Fee | | $137,635 |

**00% SH Studios with 9% LIHTC and Hard Debt**
**X CREDIT ANALYSIS WORKSHEET**

| Mortgage Schedule | | Eligible |
|---|---|---|
| **Acquisition** | | |
| **Construction** | 10,488,000 | 10,488,000 |
| **Contingency** | 524,400 | 524,400 |
| | | 0 |
| **Fees:** | | 0 |
| Architect | 471,960 | 471,960 |
| Borrower's Legal | 100,000 | 100,000 |
| Bank Legal | 50,000 | 50,000 |
| 420-c fee | 10,340 | 0 |
| Bank Engineer | 22,000 | 22,000 |
| Survey/Soil Borings | 25,000 | 25,000 |
| Environmental | 4,000 | 4,000 |
| L/C Fees | 63,943 | 63,943 |
| HTF Fee | 0 | 0 |
| Bond Agency Fee | 15,834 | 15,834 |
| Bond Agency Perm Loan Fee | 0 | 0 |
| Appraisal | 8,000 | 8,000 |
| Title Insurance | 19,001 | 19,001 |
| Mortgage Recording Tax | | 0 |
| Dept. Building Permit/Fees | 36,000 | 36,000 |
| Bond Costs | 31,668 | 31,668 |
| **Carry Costs:** | | 0 |
| | | 0 |
| Construction Interest | 171,535 | 171,535 |
| HTF Construction Interest | 0 | 0 |
| Negative Arbitrage | 0 | 0 |
| Real Estate Taxes | 0 | 0 |
| Insurance | 180,000 | 180,000 |
| Servicing Fee | | 0 |
| W & S Charges/Utilities | 0 | 0 |
| **Tax Credit Costs:** | | 0 |
| | | 0 |
| Leasing and Marketing | 75,000 | 0 |
| LIHC Fee | | 0 |
| License Agreement Ins. | 0 | 0 |
| Working Capital | | 0 |
| Partnership Mngmnt Fee | | 0 |
| Acctng/Cost Cert. | 25,000 | 25,000 |
| Partnership Publication & Other | | 0 |
| Syndication Tax Opinion | 0 | 0 |
| Furniture/Equipment | 254,000 | 254,000 |
| Soft Cost Contingency | 75,000 | 75,000 |
| Security | 0 | 0 |
| Developer's Fee | 1,897,002 | 1,897,002 |
| | | 0 |
| **Reserves:** | | 0 |
| | | 0 |
| | | 0 |
| Operating | 128,000 | 0 |
| | | 0 |
| **TOTAL DEVELOPMENT COST** | 14,675,683 | 14,462,343 |

| | | | | | calculated |
|---|---|---|---|---|---|
| **Eligible Basis** | | | 14,462,343 | 98.55% | 0 |
| Annual Credit | @ | 0.0815 | 1,178,681 | April 2006 | 0 |
| Amount Raised/p.a. | @ | $0.850 | 1,001,879 | | 0 |
| Amount Raised/total | | | 10,018,788 | | 0 |
| OR | | | | | |
| **Eligible Basis with Boost** | | | 18,801,047 | | |
| Annual Credit | @ | 0.0815 | 1,532,285 | | |
| pplicable Fraction | | 1.0000 | 1,532,285 | | |
| HTC Allocated | | | 797,185 | | |
| Amount Raised/p.a. | @ | 0.850 | 677,607 | | |
| Amount Raised/total | | | 6,776,074 | 52,938 | 6,776,074 |

| | |
|---|---|
| LIHTC per Unit | 62,280 |
| LIHTC per SF | 144.42 |
| LIHTC per Person Housed | 62,280 |

## APPENDIX III-A-5

**Model 5: "Integrated" Building Financed with 4% LIHTC, Tax Exempt Permanent First Mortgage and Subsidy**

Families/SH Units with 4% LIHTC and Hard Debt

## SOURCES AND USES

| | per du | amount | leverage |
|---|---|---|---|
| **Construction Sources** | | | |
| Tax-Exempt Bonds | $121,875 | $15,600,000 | 51.64% |
| HDC/HFA Second Mortgage | $50,000 | $6,400,000 | 21.19% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $34,514 | $4,417,778 | 14.62% |
| Tax Credit Equity | $5,859 | $750,000 | 2.48% |
| Deferred Developer's Fee | $23,760 | $3,041,317 | 10.07% |
| TOTAL SOURCES | $236,009 | $30,209,094 | 100.00% |
| **Permanent Sources** | | | |
| Tax Exempt First Mortgage | $36,032 | $4,612,046 | 15.27% |
| HDC/HFA Second Mortgage | $50,000 | $6,400,000 | 21.19% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $54,888 | $7,025,725 | 23.26% |
| Deferred Developer's Fee | $9,222 | $1,180,439 | 3.91% |
| Tax Credit Equity | $85,866 | $10,990,884 | 36.38% |
| TOTAL SOURCES | $236,009 | $30,209,094 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $22,102 | $2,829,000 | 9.36% |
| Construction Cost | $156,254 | $20,000,500 | 66.21% |
| Soft Cost | $29,987 | $3,838,278 | 12.71% |
| Developer's Fee | $27,667 | $3,541,317 | 11.72% |
| TOTAL USES | $236,009 | $30,209,094 | 100.00% |

Families/SH Units with 4% LIHTC and Hard Debt

# Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms | Average Sq. Ft. |
|---|---|---|---|---|
| Studio | 51 | 2 | 102 | 425 |
| One Bedroom | 25 | 3 | 75 | 620 |
| Two Bedroom | 51 | 4 | 204 | 820 |
| Three Bedroom | - | 5 | - | |
| Total | 127 | | 381 | |
| Super's Unit | 1 | 4 | 4 | |
| Total Units | 128 | | 385 | |

# Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |
| **Total Ancillary & Commercial Income:** | | | **$12,800** |

**Residential Income:**

| | # of Units | Monthly Rent 100% | Total Monthly Rent $ - | Persons |
|---|---|---|---|---|
| Studio (NY/NY III) | 51 | $ 676 | $ 34,476 | 51 |
| One Bedroom (NY/NY I | 0 | $723 | $0 | - |
| One Bedroom (60%) | 25 | $723 | $18,075 | 38 |
| One Bedroom (80%)* | 0 | $995 | $0 | - |
| Two Bedroom (NY/NY I | 0 | $871 | $0 | - |
| Two Bedroom (60%) | 51 | $871 | $44,421 | 153 |
| Two Bedroom (80%)* | 0 | $1,194 | $0 | - |
| Three Bedroom (60%) | 0 | $1,007 | $0 | - |
| Total | 127 | | $ 96,972 | 242 |
| | | | | $55,593 |

| | | |
|---|---|---|
| # of NY/NY III Units | 51 | 40% |
| # of 60%AMI Units | 76 | 60% |
| # of 80% AMI Units | 0 | 0% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,163,664 |
| Total Project Income: | $1,176,464 |

* No utility allowances netted from gross rent.

05/23/06

114,000 sf incl commericial and baseme
- s.f. of commercial
94,294 buildable

**Development Budget**

**Families/SH Units with 4% LIHTC and Hard Debt**

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $2,829,000 | |
| | | | |
| Construction Cost: | | | |
| Contractor Price | $146,953 /du | $18,810,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $940,500 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $156,254 /du | $20,000,500 | $175 /sf hard incl. contingency<br>$167 /sf hard excl. contingency |
| | | | |
| Soft Cost: | | | |
| Borrower's Legal | | $90,000 | |
| Accounting | | $10,000 | |
| Borrower's Engineer/Architect Fee | $4,218.75 /du | $846,450 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $175,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $1,230,450 | |
| | | | |
| Upfront L/C Fee | 1.00% | $157,496 | |
| Annual L/C Fee | 1.00% 24 months | $314,992 | |
| Bond Agency Fee | 0.75% | $117,000 | |
| Costs of Issuance | 1.50% | $234,000 | |
| Building Permits/Fees/ Exp/.CI | | $35,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $868,828 | |
| | | | |
| Construction Interest | | $ 1,135,000 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $198,000 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $15,000 | |
| Tax Opinion | | $11,000 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $102,000 | |
| Soft Cost Contingency | 2.0% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 1,739,000 | |
| | | | |
| Developer's Fee | 27,667 | $3,541,317 | |
| | | | |
| Total Development Cost: | | $30,209,094 | $236,009 |

| | | |
|---|---|---|
| Construction Bond Amount | $15,600,000 | 51.64% |
| TE bond+35 days interest at 10.00% | $15,749,589 | |
| 2nd Mortgage - Subsidy | $6,400,000 | 21.19% |
| 3rd Mortgage - Subsidy | $4,417,778 | 14.62% |
| Tax Credit Equity | $750,000 | 2.48% |
| Deferred Developer's Fee | $3,041,317 | 10.07% |
| Total | $30,209,094 | 100.00% |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| TE First Mortgage | 38,032 | 15.27% | $4,612,046 | 15.27% |
| 2nd Mortgage - Subsidy | 50,000 | 21.19% | $6,400,000 | 21.19% |
| 3rd Mortgage - Subsidy | 54,888 | 23.26% | $7,025,725 | 23.26% |
| Tax Credit Equity | 85,866 | 36.38% | $10,990,884 | 36.38% |
| Deferred Developer's Fee | 9,222 | 3.91% | $1,180,439 | 3.91% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $30,209,094 | 100.00% |

Families/SH Units with 4% LIHTC and Hard Debt

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,163,664 |
| Less Residential Vac | 5.00% | | ($58,183) |
| Net Residential Income | | | $1,105,481 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $1,118,281 |
| Maintenance/Operating | $4,850 | per unit | $620,800 |
| Real estate taxes | $0 | per unit | $0 |
| Replacement Reserve | $250 | per unit | $32,000 |
| Total Expenses | $5,100 | per unit | $652,800 |
| NET OPERATING INCOME | | | $465,481 |
| Net Available @1.05 Income to Expense | | | $412,229 |
| Net Available for Debt Service @ | 1.15 | | $404,766 |
| Net Available for Debt Service @ | 1.25 | | $372,385 |
| Income to Expense | | | 1.06 |
| Actual Income to Expense | | | 1.06 |
| Operating Expense Ratio | | | 58.38% |
| Breakeven Ratio | | | 94.57% |
| Breakeven Occupancy | | | 89.89% |
| Breakeven Expenses/Unit | | | $5,574 |
| DCR on Hard First Mortgage | | | 1.37 |
| Required Rent per Unit | | | 766.99 |
| Required Rent per SF | | | 1.24 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 4.904% |
| Letter of Credit Fee | | 1.000% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 6.250% |
| Supportable Mortgage with full Taxes | | $4,612,046 |
| Total Supportable First Mortgage | 35752.2932 | $4,612,046 |
| HDC Second Mortgage | | $6,400,000 |
| HPD MIRP 3rd Mortgage | | $ 7,025,725 |
| Total Combined Debt | | $18,037,771 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | $4,612,046 | $6,400,000 | $7,025,725 | $11,637,771 |
| Term | | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $4,612,046 | $0 | $0 | |
| | Balance | $0 | $6,400,000 | $0 | |
| | Debt Service | $340,766 | $64,000 | $0 | $404,766 |
| | | 1.37 | | | 1.15 |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $6,400,000 | 100% |
| HPD 3rd Balloon | $ | 7,025,725 | 0% |

$2,662.23 1st mort pmt/unit

Families/SH Units with 4% LIHTC and Hard Debt

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $1,105,481 | $1,138,645 | $1,172,805 | $1,207,989 | $1,244,228 | $1,281,555 | $1,320,002 | $1,359,602 | $1,400,390 | $1,442,402 | $1,485,674 | $1,530,244 |
| Eff Commercial Income | 3% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| all yrs | | | | | | | | | | | | | |
| Laundry Income | 3% | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| all yrs | | | | | | | | | | | | | |
| Total Income | | $1,118,281 | $1,151,445 | $1,186,245 | $1,221,429 | $1,258,340 | $1,295,667 | $1,334,819 | $1,374,420 | $1,415,948 | $1,457,960 | $1,502,010 | $1,546,580 |
| M&O Expenses | 3% | $620,800 | $ 639,424 | $ 658,607 | $ 678,365 | $ 698,716 | $ 719,677 | $ 741,268 | $ 763,506 | $ 786,411 | $ 810,003 | $ 834,303 | $ 859,332 |
| Building Reserve | | $32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 |
| Real Estate Taxes | | $0 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 |
| Total Expenses | | $ 652,800 | $ 686,424 | $ 704,607 | $ 724,365 | $ 744,716 | $ 765,677 | $ 787,268 | $ 809,506 | $ 832,411 | $ 856,003 | $ 880,303 | $ 905,332 |
| NOI | | $465,481 | $466,021 | $481,638 | $497,064 | $513,625 | $529,990 | $547,552 | $564,914 | $583,538 | $601,957 | $621,707 | $641,248 |
| Debt Service | | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 |
| Net Cash Flow | | $60,715 | $61,255 | $76,872 | $92,298 | $108,859 | $125,224 | $142,786 | $160,148 | $178,772 | $197,191 | $216,941 | $236,482 |

| | |
|---|---|
| Net Cash Flow in 12 years | $1,667,542 |
| Unpaid Fee | $0 |

**amilies/SH Units with 4% LIHTC and Hard Debt**
**X CREDIT ANALYSIS WORKSHEET**

| Mortgage Schedule | | Eligible |
|---|---|---|
| **Acquisition** | | |
| **Construction** | 18,810,000 | 18,810,000 |
| **Contingency** | 940,500 | 940,500 |
| | | 0 |
| **Fees:** | | 0 |
| Architect | 846,450 | 846,450 |
| Borrower's Legal | 90,000 | 90,000 |
| Bank Legal | 50,000 | 50,000 |
| 420-c fee | 10,340 | 0 |
| Bank Engineer | 22,000 | 22,000 |
| Survey/Soil Borings | 25,000 | 25,000 |
| Environmental | 4,000 | 4,000 |
| L/C Fees | 472,488 | 472,488 |
| HTF Fee | 0 | 0 |
| Bond Agency Fee | 117,000 | 117,000 |
| Bond Agency Perm Loan Fee | 0 | 0 |
| Appraisal | 8,000 | 8,000 |
| Title Insurance | 198,000 | 198,000 |
| Mortgage Recording Tax | | 0 |
| Dept. Building Permit/Fees | 35,000 | 35,000 |
| Bond Costs | 234,000 | 234,000 |
| **Carry Costs:** | | 0 |
| | | 0 |
| Construction Interest | 1,135,000 | 1,135,000 |
| HTF Construction Interest | 0 | 0 |
| Negative Arbitrage | 0 | 0 |
| Real Estate Taxes | 0 | 0 |
| Insurance | 175,000 | 175,000 |
| Servicing Fee | | 0 |
| W & S Charges/Utilities | 0 | 0 |
| **Tax Credit Costs:** | | 0 |
| | | 0 |
| Leasing and Marketing | 75,000 | 0 |
| LIHC Fee | | 0 |
| License Agreement Ins. | 0 | 0 |
| Working Capital | | 0 |
| Partnership Mngmnt Fee | | 0 |
| Acctng/Cost Cert. | 25,000 | 25,000 |
| Partnership Publication & Other | | 0 |
| Syndication Tax Opinion | 11,000 | 11,000 |
| Furniture/Equipment | 102,000 | 102,000 |
| Soft Cost Contingency | 75,000 | 75,000 |
| Security | 0 | 0 |
| Developer's Fee | 3,541,317 | 3,541,317 |
| | | 0 |
| **Reserves:** | | 0 |
| | | 0 |
| | | 0 |
| Operating | 128,000 | 0 |
| | | 0 |
| **TOTAL DEVELOPMENT COST** | 27,130,094 | 26,916,754 |

| | | | | | calculated |
|---|---|---|---|---|---|
| **Eligible Basis** | | | 26,916,754 | 99.21% | 0 |
| Annual Credit | @ | 0.0349 | 939,395 | April 2006 | 0 |
| Amount Raised/p.a. | @ | $0.900 | 845,455 | | 0 |
| Amount Raised/total | | | 8,454,553 | | 0 |
| R | | | | | |
| **Eligible Basis with Boost** | | | 34,991,781 | | |
| Annual Credit | @ | 0.0349 | 1,221,213 | | |
| Applicable Fraction | | 1.0000 | 1,221,213 | | |
| Amount Raised/p.a. | @ | 0.900 | 1,099,092 | | |
| Amount Raised/total | | | 10,990,918 | 85,867 | 10,990,918 |

# APPENDIX III-A-6

## Model 6: "Integrated" Building Financed with 9% LIHTC, Conventional First Mortgage and Subsidy

**Families/SH Units with 9% LIHTC and Hard Debt**

## SOURCES AND USES

| | per du | amount | % |
|---|---|---|---|
| **Construction Sources** | | | |
| Conventional First Mortgage | $37,336 | $4,779,045 | 16.76% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $88,396 | $11,314,708 | 39.68% |
| Tax Credit Equity | $75,009 | $9,601,121 | 33.67% |
| Deferred Developer's Fee | $22,034 | $2,820,381 | 9.89% |
| TOTAL SOURCES | $222,775 | $28,515,255 | 100.00% |
| **Permanent Sources** | | | |
| Conventional First Mortgage | $37,336 | $4,779,045 | 16.76% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $88,396 | $11,314,708 | 39.68% |
| Deferred Developer's Fee | $8,647 | $1,106,794 | 3.88% |
| Tax Credit Equity | $88,396 | $11,314,708 | 39.68% |
| TOTAL SOURCES | $222,775 | $28,515,255 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $22,102 | $2,829,000 | 9.92% |
| Construction Cost | $156,254 | $20,000,500 | 70.14% |
| Soft Cost | $18,479 | $2,365,373 | 8.30% |
| Developer's Fee | $25,940 | $3,320,381 | 11.64% |
| TOTAL USES | $222,775 | $28,515,255 | 100.00% |

05/23/06

**Families/SH Units with 9% LIHTC and Hard Debt**

# Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms |
|---|---|---|---|
| Studio | 51 | 2 | 102 |
| One Bedroom | 25 | 3 | 75 |
| Two Bedroom | 51 | 4 | 204 |
| Three Bedroom | - | 5 | - |
| Total | 127 | | 381 |
| Super's Unit | 1 | 4 | 4 |
| Total Units | 128 | | 385 |

# Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |

**Total Ancillary & Commercial Income:** **$12,800**

**Residential Income:**

100%

| | # of Units | Monthly Rent | Total Monthly Rent |
|---|---|---|---|
| Studio (NY/NY III) | 51 | $ 676 | $ 34,476 |
| One Bedroom (NY/NY I | 0 | $723 | $0 |
| One Bedroom (60%) | 25 | $723 | $18,075 |
| One Bedroom (80%)* | 0 | $995 | $0 |
| Two Bedroom (NY/NY I | 0 | $871 | $0 |
| Two Bedroom (60%) | 51 | $871 | $44,421 |
| Two Bedroom (80%)* | 0 | $1,194 | $0 |
| Three Bedroom (60%) | 0 | $1,007 | $0 |
| Total | 127 | | $ 96,972 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 51 | 40% |
| # of 60%AMI Units | 76 | 60% |
| # of 80% AMI Units | 0 | 0% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,163,664 |
| Total Project Income: | $1,176,464 |

* No utility allowances netted from gross rent.

05/23/06

**Development Budget**

**Families/SH Units with 9% LIHTC and Hard Debt**

114,000 sf incl commericial and basement
- s.f. of commercial
94,294 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $2,629,000 | |
| Construction Cost: | | | |
| Contractor Price | $146,953 /du | $18,810,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $940,500 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $156,254 /du | $20,000,500 | $175 /sf hard incl. contingency<br>$167 /sf hard excl. contingency |
| Soft Cost: | | | |
| Borrower's Legal | | $90,000 | |
| Accounting | | $10,000 | |
| Borrower's Engineer/Architect Fees | $4,218.75 /du | $846,450 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $175,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $1,230,450 | |
| Upfront L/C Fee | 1.00% | $48,249 | |
| Annual L/C Fee | 1.00% 24 months | $96,497 | |
| Bond Agency Fee | 0.75% | $35,843 | |
| Costs of Issuance | 1.50% | $71,686 | |
| Building Permits/Fees/ Expl.CI | | $35,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $297,615 | |
| Construction Interest | | $ 388,297 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $43,011 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $15,000 | |
| Tax Opinion | | $11,000 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $102,000 | |
| Soft Cost Contingency | 3.2% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 837,309 | |
| Developer's Fee | 25,940 | $3,320,381 | |
| Total Development Cost: | | $28,515,255 | $222,775 |

| | | |
|---|---|---|
| Construction Loan Amount<br>TE bond+35 days interest at 10.00% | $4,779,045 | 16.76% |
| 2nd Mortgage - Subsidy | $0 | 0.00% |
| 3rd Mortgage - Subsidy | $11,314,708 | 39.68% |
| Tax Credit Equity | $9,601,121 | 33.67% |
| Deferred Developer's Fee | $2,820,381 | 9.89% |
| Total | $28,515,255 | 100.00% |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| First Mortgage | 37,336 | 26.18% | $4,779,045 | 16.76% |
| 2nd Mortgage - Subsidy | - | 0.00% | $0 | 0.00% |
| 3rd Mortgage - Subsidy | 88,396 | 19.60% | $11,314,708 | 39.68% |
| Tax Credit Equity | 88,396 | 48.92% | $11,314,708 | 39.68% |
| Deferred Developer's Fee | 8,647 | 5.30% | $1,106,794 | 3.88% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $28,515,255 | 100.00% |

05/23/06

Families/SH Units with 9% LIHTC and Hard Debt

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,163,664 |
| Less Residential Vac | 5.00% | | ($58,183) |
| Net Residential Income | | | $1,105,481 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $1,118,281 |
| Maintenance/Operating | $4,850 | per unit | $620,800 |
| Real estate taxes | $0 | per unit | $0 |
| Replacement Reserve | $250 | per unit | $32,000 |
| Total Expenses | $5,100 | per unit | $652,800 |
| NET OPERATING INCOME | | | $465,481 |
| Net Available @1.05 Income to Expense | | | $412,229 |
| Net Available for Debt Service @ | | 1.15 | $404,766 |
| Net Available for Debt Service @ | | 1.25 | $372,385 |
| Income to Expense | | | 1.06 |
| Actual Income to Expense | | | 1.06 |
| Operating Expense Ratio | | | 58.38% |
| Breakeven Ratio | | | 94.57% |
| Breakeven Occupancy | | | 89.89% |
| Breakeven Expenses/Unit | | | $5,574 |
| DCR on Hard First Mortgage | | | 1.15 |
| Required Rent per Unit | | | 767 |
| Required Rent per SF | | | 1.24 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 6.750% |
| MIP (SONYMA) | | 0.500% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 7.596% |
| Supportable Mortgage with full Taxes | | $4,779,045 |
| Total Supportable First Mortgage | 37046.86118 | $4,779,045 |
| HDC Second Mortgage | | $0 |
| HPD MIRP 3rd Mortgage | | $ 11,314,708 |
| Total Combined Debt | | $16,093,753 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | $4,779,045 | $0 | $11,314,708 | $16,093,753 |
| | Term | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $4,779,045 | $0 | $0 | |
| | Balance | $0 | $0 | $0 | |
| | Debt Service | $404,766 | $0 | $0 | $404,766 |
| | | 1.15 | | | 1.15 |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $0 | #DIV/0! |
| HPD 3rd Balloon | $ | 11,314,708 | 0% |

$3,162.23 1st mort pmt/unit

Families/SH Units with 9% LIHTC and Hard Debt

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $1,105,481 | $1,138,645 | $1,172,805 | $1,207,989 | $1,244,228 | $1,281,555 | $1,320,002 | $1,359,602 | $1,400,390 | $1,442,402 | $1,485,674 | $1,530,244 |
| Eff Commercial Income | 3% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | all yrs | | | | | | | | | | | | |
| Laundry Income | 3% | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| | all yrs | | | | | | | | | | | | |
| Total Income | | $1,118,281 | $1,151,445 | $1,186,245 | $1,221,429 | $1,258,340 | $1,295,667 | $1,334,819 | $1,374,420 | $1,415,948 | $1,457,960 | $1,502,010 | $1,546,580 |
| M&O Expenses | 4% | $620,800 | $ 645,632 | $ 671,457 | $ 698,316 | $ 726,248 | $ 755,298 | $ 785,510 | $ 816,930 | $ 849,608 | $ 883,592 | $ 918,936 | $ 955,693 |
| Building Reserve | | $32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 |
| Real Estate Taxes | | $0 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 |
| Total Expenses | | $ 662,800 | $ 691,632 | $ 717,457 | $ 744,316 | $ 772,248 | $ 801,298 | $ 831,510 | $ 862,930 | $ 895,608 | $ 929,592 | $ 964,936 | $ 1,001,693 |
| NOI | | $465,481 | $459,813 | $468,787 | $477,113 | $486,092 | $494,369 | $503,309 | $511,489 | $520,341 | $528,368 | $537,075 | $544,887 |
| Debt Service | | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 | $404,766 |
| Net Cash Flow | | $60,715 | $55,047 | $64,021 | $72,347 | $81,326 | $89,603 | $98,544 | $106,723 | $115,575 | $123,602 | $132,309 | $140,121 |

| | |
|---|---|
| Net Cash Flow In 12 years | $1,139,934 |
| Unpaid Fee | $0 |

...milies/SH Units with 9% LIHTC and Hard Debt
...X CREDIT ANALYSIS WORKSHEET

| Mortgage Schedule | | Eligible |
|---|---|---|
| Acquisition | | |
| Construction | 18,810,000 | 18,810,000 |
| Contingency | 940,500 | 940,500 |
| | | 0 |
| Fees: | | 0 |
| Architect | 846,450 | 846,450 |
| Borrower's Legal | 90,000 | 90,000 |
| Bank Legal | 50,000 | 50,000 |
| 420-c fee | 10,340 | 0 |
| Bank Engineer | 22,000 | 22,000 |
| Survey/Soil Borings | 25,000 | 25,000 |
| Environmental | 4,000 | 4,000 |
| L/C Fees | 144,746 | 144,746 |
| HTF Fee | 0 | 0 |
| Bond Agency Fee | 35,843 | 35,843 |
| Bond Agency Perm Loan Fee | 0 | 0 |
| Appraisal | 8,000 | 8,000 |
| Title Insurance | 43,011 | 43,011 |
| Mortgage Recording Tax | | 0 |
| Dept. Building Permit/Fees | 35,000 | 35,000 |
| Bond Costs | 71,686 | 71,686 |
| Carry Costs: | | 0 |
| | | 0 |
| Construction Interest | 388,297 | 388,297 |
| HTF Construction Interest | 0 | 0 |
| Negative Arbitrage | 0 | 0 |
| Real Estate Taxes | 0 | 0 |
| Insurance | 175,000 | 175,000 |
| Servicing Fee | | 0 |
| W & S Charges/Utilities | 0 | 0 |
| ...ax Credit Costs: | | 0 |
| | | 0 |
| Leasing and Marketing | 75,000 | 0 |
| LIHC Fee | | 0 |
| License Agreement Ins. | 0 | 0 |
| Working Capital | | 0 |
| Partnership Mngmnt Fee | | 0 |
| Acctng/Cost Cert. | 25,000 | 25,000 |
| Partnership Publication & Other | | 0 |
| Syndication Tax Opinion | 11,000 | 11,000 |
| Furniture/Equipment | 102,000 | 102,000 |
| Soft Cost Contingency | 75,000 | 75,000 |
| Security | 0 | 0 |
| Developer's Fee | 3,320,381 | 3,320,381 |
| | | 0 |
| Reserves: | | 0 |
| | | 0 |
| | | 0 |
| Operating | 128,000 | 0 |
| | | 0 |
| TOTAL DEVELOPMENT COST | 25,436,255 | 25,222,915 |

| | | | | | calculated |
|---|---|---|---|---|---|
| Eligible Basis | | | 25,222,915 | 99.16% | 0 |
| Annual Credit | @ | 0.0815 | 2,055,668 | April 2006 | 0 |
| Amount Raised/p.a. | @ | $0.850 | 1,747,317 | | 0 |
| Amount Raised/total | | | 17,473,174 | | 0 |
| | | | | | |
| OR | | | | | |
| Eligible Basis with Boost | | | 32,789,789 | | |
| Annual Credit | @ | 0.0815 | 2,672,368 | | |
| ...pplicable Fraction | | 1.0000 | 2,672,368 | | |
| ...nount Allocated | | | 1,331,142 | | |
| Amount Raised/p.a. | @ | 0.850 | 1,131,471 | | |
| Amount Raised/total | | | 11,314,708 | 88,396 | 11,314,708 |

| | |
|---|---|
| LIHTC per Unit | 103,995 |
| LIHTC per SF | 116.77 |
| LIHTC per Person Housed | 55,120 |

## APPENDIX III-A-7

**Model 7: "Integrated" Building with 20% of Units at 80% AMI**
**Financed with 4% LIHTC, Tax Exempt Permanent First Mortgage and Subsidy**

## Families/SH Units with 4% LIHTC and Hard Debt and 80% AMI Units

### SOURCES AND USES

| | per du | amount | leverage |
|---|---|---|---|
| **Construction Sources** | | | |
| Tax-Exempt Bonds | $121,875 | $15,600,000 | 51.64% |
| HDC/HFA Second Mortgage | $50,000 | $6,400,000 | 21.19% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $34,514 | $4,417,778 | 14.62% |
| Tax Credit Equity | $5,859 | $750,000 | 2.48% |
| Deferred Developer's Fee | $23,760 | $3,041,317 | 10.07% |
| TOTAL SOURCES | $236,009 | $30,209,094 | 100.00% |
| **Permanent Sources** | | | |
| Tax Exempt First Mortgage | $44,068 | $5,640,701 | 18.67% |
| HDC/HFA Second Mortgage | $50,000 | $6,400,000 | 21.19% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $63,755 | $8,160,636 | 27.01% |
| Deferred Developer's Fee | $9,222 | $1,180,439 | 3.91% |
| Tax Credit Equity | $68,963 | $8,827,318 | 29.22% |
| TOTAL SOURCES | $236,009 | $30,209,094 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $22,102 | $2,829,000 | 9.36% |
| Construction Cost | $156,254 | $20,000,500 | 66.21% |
| Soft Cost | $29,987 | $3,838,278 | 12.71% |
| Developer's Fee | $27,667 | $3,541,317 | 11.72% |
| TOTAL USES | $236,009 | $30,209,094 | 100.00% |

05/23/06

Families/SH Units with 4% LIHTC and Hard Debt and 80% AMI Units

## Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms | Average Sq. Ft. |
|---|---|---|---|---|
| Studio | 51 | 2 | 102 | 425 |
| One Bedroom | 25 | 3 | 75 | 620 |
| Two Bedroom | 51 | 4 | 204 | 820 |
| Three Bedroom | - | 5 | - | |
| Total | 127 | | 381 | |
| Super's Unit | 1 | 4 | 4 | |
| Total Units | 128 | | 385 | |

## Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |

**Total Ancillary & Commercial Income:** $12,800

**Residential Income:**

| | # of Units | | Monthly Rent | Total Monthly Rent | Persons |
|---|---|---|---|---|---|
| | | | 100% | $ - | |
| Studio (NY/NY III) | 51 | $ | 676 | $ 34,476 | 51 |
| One Bedroom (NY/NY I | 0 | | $723 | $0 | - |
| One Bedroom (60%) | 17 | | $723 | $12,291 | 26 |
| One Bedroom (80%)* | 8 | | $995 | $7,960 | 12 |
| Two Bedroom (NY/NY I | 0 | | $871 | $0 | - |
| Two Bedroom (60%) | 34 | | $871 | $29,614 | 102 |
| Two Bedroom (80%)* | 17 | | $1,194 | $20,298 | 51 |
| Three Bedroom (60%) | 0 | | $1,007 | $0 | - |
| Total | 127 | | | $ 104,639 | 242 |
| | | | | | $60,292 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 51 | 40% |
| # of 60%AMI Units | 51 | 40% |
| # of 80% AMI Units | 25 | 20% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,255,668 |

| | |
|---|---|
| Total Project Income: | $1,268,468 |

* No utility allowances netted from gross rent.

05/23/06

**Development Budget**

**Families/SH Units with 4% LIHTC and Hard Debt and 80% AMI Units**

114,000 sf incl commericial and baseme
- s.f. of commercial
94,294 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $2,829,000 | |
| Construction Cost: | | | |
| Contractor Price | $146,953 /du | $18,810,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $940,500 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $156,254 /du | $20,000,500 | $175 /sf hard incl. contingency<br>$167 /sf hard excl. contingency |
| Soft Cost: | | | |
| Borrower's Legal | | $90,000 | |
| Accounting | | $10,000 | |
| Borrower's Engineer/Architect Fee | $4,218.75 /du | $846,450 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $175,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $1,230,450 | |
| Upfront L/C Fee | 1.00% | $157,496 | |
| Annual L/C Fee | 1.00% 24 months | $314,992 | |
| Bond Agency Fee | 0.75% | $117,000 | |
| Costs of Issuance | 1.50% | $234,000 | |
| Building Permits/Fees/ Exp/.CI | | $35,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $868,828 | |
| Construction Interest | | $ 1,135,000 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $198,000 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $15,000 | |
| Tax Opinion | | $11,000 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $102,000 | |
| Soft Cost Contingency | 2.0% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 1,739,000 | |
| Developer's Fee | 27,667 | $3,541,317 | |
| Total Development Cost: | | $30,209,094 | $236,009 |

| | | |
|---|---|---|
| Construction Bond Amount | $15,600,000 | 51.64% |
| TE bond+35 days interest at 10.00% | $15,749,589 | |
| 2nd Mortgage - Subsidy | $6,400,000 | 21.19% |
| 3rd Mortgage - Subsidy | $4,417,778 | 14.62% |
| Tax Credit Equity | $750,000 | 2.48% |
| Deferred Developer's Fee | $3,041,317 | 10.07% |
| Total | $30,209,094 | 100.00% |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| TE First Mortgage | 44,068 | 18.67% | $5,640,701 | 18.67% |
| 2nd Mortgage - Subsidy | 50,000 | 21.19% | $6,400,000 | 21.19% |
| 3rd Mortgage - Subsidy | 63,755 | 27.01% | $8,160,636 | 27.01% |
| Tax Credit Equity | 68,963 | 29.22% | $8,827,318 | 29.22% |
| Deferred Developer's Fee | 9,222 | 3.91% | $1,180,439 | 3.91% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $30,209,094 | 100.00% |

**Families/SH Units with 4% LIHTC and Hard Debt and 80% AMI Units**

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Rents | | | $1,255,668 |
| Less Residential Vac | 5.00% | | ($62,783) |
| Net Residential Income | | | $1,192,885 |
| Parking Space | | | $0 |
| Net Parking Income | 10.00% | | $0 |
| Ancillary/Laundry | | | $12,800 |
| Commercial Income | | | $0 |
| Less Commercial Vac | 10% | | $0 |
| Net Commercial Income | | | $0 |
| NET INCOME | | | $1,205,685 |
| Maintenance/Operating | $4,850 | per unit | $620,800 |
| Real estate taxes | $0 | per unit | $0 |
| Replacement Reserve | $250 | per unit | $32,000 |
| Total Expenses | $5,100 | per unit | $652,800 |
| NET OPERATING INCOME | | | $552,885 |
| Net Available @1.05 Income to Expense | | | $495,471 |
| Net Available for Debt Service @ | | 1.15 | $480,769 |
| Net Available for Debt Service @ | | 1.25 | $442,308 |
| Income to Expense | | | 1.06 |
| Actual Income to Expense | | | 1.06 |
| Operating Expense Ratio | | | 54.14% |
| Breakeven Ratio | | | 94.02% |
| Breakeven Occupancy | | | 89.37% |
| Breakeven Expenses/Unit | | | $5,663 |
| DCR on Hard First Mortgage | | | 1.33 |
| Required Rent per Unit | | | 822.11 |
| Required Rent per SF | | | 1.33 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 4.904% |
| Letter of Credit Fee | | 1.000% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| <u>HDC Servicing Fee</u> | | <u>0.200%</u> |
| Total All-In Rate: | | 6.250% |
| Supportable Mortgage with full Taxes | | $5,640,701 |
| Total Supportable First Mortgage | 43726.36665 | $5,640,701 |
| HDC Second Mortgage | | $6,400,000 |
| HPD MIRP 3rd Mortgage | | <u>$ 8,160,636</u> |
| Total Combined Debt | | $20,201,338 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | $5,640,701 | $6,400,000 | $8,160,636 | $13,801,338 |
| | Term | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $5,640,701 | $0 | $0 | |
| | Balance | $0 | $6,400,000 | $0 | |
| | Debt Service | $416,769 | $64,000 | $0 | $480,769 |
| | | 1.33 | | | 1.15 |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $6,400,000 | 100% |
| HPD 3rd Balloon | $ | 8,160,636 | 0% |

$3,256.01 1st mort pmt/unit

Families/SH Units with 4% LIHTC and Hard Debt and 80% AMI Units

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $1,192,885 | $1,228,671 | $1,265,531 | $1,303,497 | $1,342,602 | $1,382,880 | $1,424,367 | $1,467,098 | $1,511,111 | $1,556,444 | $1,603,137 | $1,651,231 |
| Eff Commercial Income | 3% all yrs | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Laundry Income | 3% all yrs | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| Total Income | | $1,205,685 | $1,241,471 | $1,278,971 | $1,316,937 | $1,356,714 | $1,396,992 | $1,439,184 | $1,481,916 | $1,526,669 | $1,572,002 | $1,619,474 | $1,667,568 |
| M&O Expenses | 3% | $620,800 | $ 639,424 | $ 658,607 | $ 678,365 | $ 698,716 | $ 719,677 | $ 741,268 | $ 763,506 | $ 786,411 | $ 810,003 | $ 834,303 | $ 859,332 |
| Building Reserve | | $32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 |
| Real Estate Taxes | | $0 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 |
| Total Expenses | | $ 652,800 | $ 685,424 | $ 704,607 | $ 724,365 | $ 744,716 | $ 765,677 | $ 787,268 | $ 809,506 | $ 832,411 | $ 856,003 | $ 880,303 | $ 905,332 |
| NOI | | $552,885 | $556,047 | $574,365 | $592,572 | $611,998 | $631,315 | $651,917 | $672,409 | $694,258 | $715,999 | $739,170 | $762,236 |
| Debt Service | | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 |
| Net Cash Flow | | $72,116 | $75,278 | $93,595 | $111,803 | $131,229 | $150,546 | $171,147 | $191,640 | $213,489 | $235,230 | $258,401 | $281,466 |

| | |
|---|---|
| Net Cash Flow in 12 years | $1,985,940 |
| Unpaid Fee | $0 |

## Families/SH Units with 4% LIHTC and Hard Debt and 80% AMI Units
### TAX CREDIT ANALYSIS WORKSHEET

| Mortgage Schedule | | | Eligible |
|---|---|---|---|
| **Acquisition** | | | |
| **Construction** | | 18,810,000 | 18,810,000 |
| **Contingency** | | 940,500 | 940,500 |
| | | | 0 |
| **Fees:** | | | 0 |
| | Architect | 846,450 | 846,450 |
| | Borrower's Legal | 90,000 | 90,000 |
| | Bank Legal | 50,000 | 50,000 |
| | 420-c fee | 10,340 | 0 |
| | Bank Engineer | 22,000 | 22,000 |
| | Survey/Soil Borings | 25,000 | 25,000 |
| | Environmental | 4,000 | 4,000 |
| | L/C Fees | 472,488 | 472,488 |
| | HTF Fee | 0 | 0 |
| | Bond Agency Fee | 117,000 | 117,000 |
| | Bond Agency Perm Loan Fee | 0 | 0 |
| | Appraisal | 8,000 | 8,000 |
| | Title Insurance | 198,000 | 198,000 |
| | Mortgage Recording Tax | | 0 |
| | Dept. Building Permit/Fees | 35,000 | 35,000 |
| | Bond Costs | 234,000 | 234,000 |
| Carry Costs: | | | 0 |
| | | | 0 |
| | Construction Interest | 1,135,000 | 1,135,000 |
| | HTF Construction Interest | 0 | 0 |
| | Negative Arbitrage | 0 | 0 |
| | Real Estate Taxes | 0 | 0 |
| | Insurance | 175,000 | 175,000 |
| | Servicing Fee | | 0 |
| | W & S Charges/Utilities | 0 | 0 |
| Tax Credit Costs: | | | 0 |
| | | | 0 |
| | Leasing and Marketing | 75,000 | 0 |
| | LIHC Fee | | 0 |
| | License Agreement Ins. | 0 | 0 |
| | Working Capital | | 0 |
| | Partnership Mngmnt Fee | | 0 |
| | Acctng/Cost Cert. | 25,000 | 25,000 |
| | Partnership Publication & Other | | 0 |
| | Syndication Tax Opinion | 11,000 | 11,000 |
| | Furniture/Equipment | 102,000 | 102,000 |
| | Soft Cost Contingency | 75,000 | 75,000 |
| | Security | 0 | 0 |
| | Developer's Fee | 3,541,317 | 3,541,317 |
| | | | 0 |
| Reserves: | | | 0 |
| | | | 0 |
| | | | 0 |
| | Operating | 128,000 | 0 |
| | | | 0 |
| TOTAL DEVELOPMENT COST | | 27,130,094 | 26,916,754 |

| | | | | | | calculated |
|---|---|---|---|---|---|---|
| Eligible Basis | | | 26,916,754 | 99.21% | | 0 |
| Annual Credit | @ | 0.0349 | 939,395 | April 2006 | | 0 |
| Amount Raised/p.a. | @ | $0.900 | 845,455 | | | 0 |
| Amount Raised/total | | | 8,454,553 | | | 0 |
| | | | | | | |
| Eligible Basis with Boost | | | 34,991,781 | | | |
| Annual Credit | @ | 0.0349 | 1,221,213 | | | |
| Applicable Fraction | | 0.8031 | 980,817 | | | |
| Amount Raised/p.a. | @ | 0.900 | 882,735 | | | |
| Amount Raised/total | | | 8,827,352 | 68,964 | | 8,827,352 |

# APPENDIX III-A-8

## Model 8: "Integrated" Building with 20% of Units at 80% AMI Financed with 9% LIHTC, Conventional First Mortgage and Subsidy

## Families/SH Units with 9% LIHTC and Hard Debt and 80% AMI Units

### SOURCES AND USES

| | per du | amount | % |
|---|---|---|---|
| **Construction Sources** | | | |
| Conventional First Mortgage | $44,347 | $5,676,411 | 19.80% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $85,442 | $10,936,621 | 38.16% |
| Tax Credit Equity | $71,955 | $9,210,198 | 32.13% |
| Deferred Developer's Fee | $22,185 | $2,839,635 | 9.91% |
| TOTAL SOURCES | $223,929 | $28,662,865 | 100.00% |
| **Permanent Sources** | | | |
| Conventional First Mortgage | $44,347 | $5,676,411 | 19.80% |
| MIRP/SHLP, HTF/HHAP or Other Subsidy | $85,442 | $10,936,621 | 38.16% |
| Deferred Developer's Fee | $8,697 | $1,113,212 | 3.88% |
| Tax Credit Equity | $85,442 | $10,936,621 | 38.16% |
| TOTAL SOURCES | $223,929 | $28,662,865 | 100.00% |
| **Uses** | | | |
| Acquisition Cost | $22,102 | $2,829,000 | 9.87% |
| Construction Cost | $156,254 | $20,000,500 | 69.78% |
| Soft Cost | $19,482 | $2,493,731 | 8.70% |
| Developer's Fee | $26,091 | $3,339,635 | 11.65% |
| TOTAL USES | $223,929 | $28,662,865 | 100.00% |

05/23/06

Families/SH Units with 9% LIHTC and Hard Debt and 80% AMI Units

## Unit Distribution

Total Unit Distribution

| | # of Units | # of Rms/ DU | # of Rooms |
|---|---|---|---|
| Studio | 51 | 2 | 102 |
| One Bedroom | 25 | 3 | 75 |
| Two Bedroom | 51 | 4 | 204 |
| Three Bedroom | - | 5 | - |
| Total | 127 | | 381 |
| Super's Unit | 1 | 4 | 4 |
| Total Units | 128 | | 385 |

## Project Income

**Commercial Income:**

| | # of Spaces | Monthly Rent | Annual Income |
|---|---|---|---|
| Parking | 0 | $50.00 | $0 |

| | Total s.f. | Annual Rent/s.f. | Annual Income |
|---|---|---|---|
| Commercial | 0 | $0.00 | $0 |

**Ancillary Income:**

| | # units | Per unit/per year | |
|---|---|---|---|
| Laundry | 128 | $100 | $12,800 |

**Total Ancillary & Commercial Income:** $12,800

**Residential Income:**

100%

| | # of Units | Monthly Rent | Total Monthly Rent |
|---|---|---|---|
| Studio (NY/NY III) | 51 | $ 676 | $ 34,476 |
| One Bedroom (NY/NY III) | 0 | $723 | $0 |
| One Bedroom (60%) | 17 | $723 | $12,291 |
| One Bedroom (80%)* | 8 | $995 | $7,960 |
| Two Bedroom (NY/NY III) | 0 | $871 | $0 |
| Two Bedroom (60%) | 34 | $871 | $29,614 |
| Two Bedroom (80%)* | 17 | $1,194 | $20,298 |
| Three Bedroom (60%) | 0 | $1,007 | $0 |
| Total | 127 | | $ 104,639 |

| | | |
|---|---|---|
| *# of NY/NY III Units* | 51 | 40% |
| # of 60%AMI Units | 51 | 40% |
| # of 80% AMI Units | 25 | 20% |
| Total | 127 | 100% |

| | |
|---|---|
| Total Rental Income upon occupancy: | $1,255,668 |

| | |
|---|---|
| Total Project Income: | $1,268,468 |

* No utility allowances netted from gross rent.

05/23/06

**Development Budget**

**Families/SH Units with 9% LIHTC and Hard Debt and 80% AMI Units**

114,000 sf incl commericial and basement
- s.f. of commercial
94,294 buildable

| | | | |
|---|---|---|---|
| Acquisition Cost: | | $2,829,000 | |
| | | | |
| Construction Cost: | | | |
| Contractor Price | $146,953 /du | $18,810,000 | |
| Commercial | | $0 | |
| Soil Cleaning | | $250,000 | |
| Contingency | 5.00% | $940,500 | |
| Payment & Performance Bond | | $0 | |
| Contractor's Overhead | | $0 | |
| Contractor's Profit: | | $0 | |
| Subtotal | $156,254 /du | $20,000,500 | $175 /sf hard incl. contingency<br>$167 /sf hard excl. contingency |
| | | | |
| Soft Cost: | | | |
| Borrower's Legal | | $90,000 | |
| Accounting | | $10,000 | |
| Borrower's Engineer/Architect Fee | $4,218.75 /du | $846,450 | 4.50% |
| Bank's Engineer | | $22,000 | |
| Bank Legal | | $50,000 | |
| Survey | | $5,000 | |
| Insurance | | $175,000 | |
| Soil Borings | | $20,000 | |
| Appraisal | | $8,000 | |
| Environmental Phase I and II | | $4,000 | |
| Subtotal | | $1,230,450 | |
| | | | |
| Upfront L/C Fee | 1.00% | $57,308 | |
| Annual L/C Fee | 1.00% 24 months | $114,617 | |
| Bond Agency Fee | 0.75% | $42,573 | |
| Costs of Issuance | 1.50% | $85,146 | |
| Building Permits/Fees/ Exp/.CI | | $35,000 | |
| 420-c RET Fee | | $10,340 | |
| Subtotal | | $344,985 | |
| | | | |
| Construction Interest | | $ 461,208 | |
| Negative Arbitrage | | $ - | |
| Real Estate Taxes | | $0 | |
| Water and Sewer | | $0 | |
| Title Insurance | 0.90% | $51,088 | |
| Utilities | | $0 | |
| Owner's Rep | | $0 | |
| Cost Certification | | $15,000 | |
| Tax Opinion | | $11,000 | |
| Marketing | | $75,000 | |
| Operating Reserve | $1,000 unit | $128,000 | |
| Furniture/Equipment Purchase | $2,000 NY/NY unit | $102,000 | |
| Soft Cost Contingency | 3.0% | $75,000 | |
| Security/Construction Supervision | | $0 | |
| Subtotal | | $ 918,296 | |
| | | | |
| Developer's Fee | 26,091 | $3,339,635 | |
| | | | |
| Total Development Cost: | | $28,662,865 | $223,929 |

| | | |
|---|---|---|
| Construction Loan Amount<br>TE bond+35 days interest at 10.00% | $5,676,411 | 19.80% |
| 2nd Mortgage - Subsidy | $0 | 0.00% |
| 3rd Mortgage - Subsidy | $10,936,621 | 38.16% |
| Tax Credit Equity | $9,210,198 | 32.13% |
| Deferred Developer's Fee | $2,839,635 | 9.91% |
| Total | $28,662,865 | 100.00% |

| Permanent Sources | per du | leverage | | |
|---|---|---|---|---|
| First Mortgage | 44,347 | 26.18% | $5,676,411 | 19.80% |
| 2nd Mortgage - Subsidy | - | 0.00% | $0 | 0.00% |
| 3rd Mortgage - Subsidy | 85,442 | 19.60% | $10,936,621 | 38.16% |
| Tax Credit Equity | 85,442 | 48.92% | $10,936,621 | 38.16% |
| Deferred Developer's Fee | 8,697 | 5.30% | $1,113,212 | 3.88% |
| GAP | - | | $0 | |
| Total Sources | | 100.00% | $28,662,865 | 100.00% |

05/23/06

**Families/SH Units with 9% LIHTC and Hard Debt and 80% AMI Units**

23-May-06

**Determination of Maximum Insurable Mortgage**
**Based on Net Available for Debt Service and land taxes**

| | | | | |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rents | | | | $1,255,668 |
| Less Residential Vac | 5.00% | | | ($62,783) |
| Net Residential Income | | | | $1,192,885 |
| Parking Space | | | | $0 |
| Net Parking Income | 10.00% | | | $0 |
| Ancillary/Laundry | | | | $12,800 |
| Commercial Income | | | | $0 |
| Less Commercial Vac | 10% | | | $0 |
| Net Commercial Income | | | | $0 |
| NET INCOME | | | | $1,205,685 |
| Maintenance/Operating | $4,850 | per unit | | $620,800 |
| Real estate taxes | $0 | per unit | | $0 |
| Replacement Reserve | $250 | per unit | | $32,000 |
| Total Expenses | $5,100 | per unit | | $652,800 |
| NET OPERATING INCOME | | | | $552,885 |
| Net Available @1.05 Income to Expense | | | | $495,471 |
| Net Available for Debt Service @ | | | 1.15 | $480,769 |
| Net Available for Debt Service @ | | | 1.25 | $442,308 |
| Income to Expense | | | | 1.06 |
| Actual Income to Expense | | | | 1.06 |
| Operating Expense Ratio | | | | 54.14% |
| Breakeven Ratio | | | | 94.02% |
| Breakeven Occupancy | | | | 89.37% |
| Breakeven Expenses/Unit | | | | $5,663 |
| DCR on Hard First Mortgage | | | | 1.15 |
| Required Rent per Unit | | | | 822 |
| Required Rent per SF | | | | 1.33 |

Determination of maximum insurable mortgage
Amount based on debt service ratio

| | | |
|---|---|---|
| Loan amortization years: | | 30 |
| Swap Rate | | 6.750% |
| MIP (SONYMA) | | 0.500% |
| Re-marketing Fee | | 0.100% |
| Trustee and Rating Fees | | 0.046% |
| HDC Servicing Fee | | 0.200% |
| Total All-In Rate: | | 7.596% |
| Supportable Mortgage with full Taxes | | $5,676,411 |
| Total Supportable First Mortgage | 44003.18772 | $5,676,411 |
| HDC Second Mortgage | | $0 |
| HPD MIRP 3rd Mortgage | | $ 10,936,621 |
| Total Combined Debt | | $16,613,032 |
| HDC 2nd Mortgage Interest Rate | | 1.0% |

| | | HDC 1st Loan | HDC 2nd Loan | HPD 3rd Loan | Total |
|---|---|---|---|---|---|
| | | $5,676,411 | $0 | $10,936,621 | $16,613,032 |
| | Term | 30 | 30 | 30 | |
| YRS 1 - 30 | Amount Amortized | $5,676,411 | $0 | $0 | |
| | Balance | $0 | $0 | $0 | |
| | Debt Service | $480,769 | $0 | $0 | $480,769 |
| | | 1.15 | | | 1.15 |

| | | | |
|---|---|---|---|
| HDC 2nd Balloon | | $0 | #DIV/0! |
| HPD 3rd Balloon | $ | 10,936,621 | 0% |

$3,756.01 1st mort pmt/unit

Families/SH Units with 9% LIHTC and Hard Debt and 80% AMI Units

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective Residential Income | 3% | $1,192,885 | $1,228,671 | $1,265,531 | $1,303,497 | $1,342,602 | $1,382,880 | $1,424,367 | $1,467,098 | $1,511,111 | $1,556,444 | $1,603,137 | $1,651,231 |
| Eff Commercial Income | 3% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | all yrs | | | | | | | | | | | | |
| Laundry Income | 3% | $12,800 | $12,800 | $13,440 | $13,440 | $14,112 | $14,112 | $14,818 | $14,818 | $15,558 | $15,558 | $16,336 | $16,336 |
| | all yrs | | | | | | | | | | | | |
| Total Income | | $1,205,685 | $1,241,471 | $1,278,971 | $1,316,937 | $1,356,714 | $1,396,992 | $1,439,184 | $1,481,916 | $1,526,669 | $1,572,002 | $1,619,474 | $1,667,568 |
| M&O Expenses | 4% | $620,800 | $ 645,632 | $ 671,457 | $ 698,316 | $ 726,248 | $ 755,298 | $ 785,510 | $ 816,930 | $ 849,608 | $ 883,592 | $ 918,936 | $ 955,693 |
| Building Reserve | | $32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 | $ 32,000 |
| Real Estate Taxes | | $0 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 | $14,000 |
| Total Expenses | | $ 662,800 | $ 691,632 | $ 717,457 | $ 744,316 | $ 772,248 | $ 801,298 | $ 831,510 | $ 862,930 | $ 895,608 | $ 929,592 | $ 964,936 | $ 1,001,693 |
| NOI | | $552,885 | $549,839 | $561,514 | $572,622 | $584,466 | $595,694 | $607,674 | $618,986 | $631,061 | $642,410 | $654,538 | $665,875 |
| Debt Service | | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 | $480,769 |
| Net Cash Flow | | $72,116 | $69,070 | $80,745 | $91,852 | $103,697 | $114,925 | $126,905 | $138,216 | $150,292 | $161,641 | $173,769 | $185,106 |

| | |
|---|---|
| Net Cash Flow in 12 years | $1,468,332 |
| Unpaid Fee | $0 |

## Families/SH Units with 9% LIHTC and Hard Debt and 80% AMI Units
### TAX CREDIT ANALYSIS WORKSHEET

| Mortgage Schedule | | Eligible |
|---|---|---|
| Acquisition | | |
| Construction | 18,810,000 | 18,810,000 |
| Contingency | 940,500 | 940,500 |
| | | 0 |
| Fees: | | 0 |
| Architect | 846,450 | 846,450 |
| Borrower's Legal | 90,000 | 90,000 |
| Bank Legal | 50,000 | 50,000 |
| 420-c fee | 10,340 | 0 |
| Bank Engineer | 22,000 | 22,000 |
| Survey/Soil Borings | 25,000 | 25,000 |
| Environmental | 4,000 | 4,000 |
| L/C Fees | 171,925 | 171,925 |
| HTF Fee | 0 | 0 |
| Bond Agency Fee | 42,573 | 42,573 |
| Bond Agency Perm Loan Fee | 0 | 0 |
| Appraisal | 8,000 | 8,000 |
| Title Insurance | 51,088 | 51,088 |
| Mortgage Recording Tax | | 0 |
| Dept. Building Permit/Fees | 35,000 | 35,000 |
| Bond Costs | 85,146 | 85,146 |
| Carry Costs: | | 0 |
| | | 0 |
| Construction Interest | 461,208 | 461,208 |
| HTF Construction Interest | 0 | 0 |
| Negative Arbitrage | 0 | 0 |
| Real Estate Taxes | 0 | 0 |
| Insurance | 175,000 | 175,000 |
| Servicing Fee | | 0 |
| W & S Charges/Utilities | 0 | 0 |
| Tax Credit Costs: | | 0 |
| | | 0 |
| Leasing and Marketing | 75,000 | 0 |
| LIHC Fee | | 0 |
| License Agreement Ins. | 0 | 0 |
| Working Capital | | 0 |
| Partnership Mngmnt Fee | | 0 |
| Acctng/Cost Cert. | 25,000 | 25,000 |
| Partnership Publication & Other | | 0 |
| Syndication Tax Opinion | 11,000 | 11,000 |
| Furniture/Equipment | 102,000 | 102,000 |
| Soft Cost Contingency | 75,000 | 75,000 |
| Security | 0 | 0 |
| Developer's Fee | 3,339,635 | 3,339,635 |
| | | 0 |
| Reserves: | | 0 |
| | | 0 |
| | | 0 |
| Operating | 128,000 | 0 |
| | | 0 |
| TOTAL DEVELOPMENT COST | 25,583,865 | 25,370,525 |

| | | | | | calculated |
|---|---|---|---|---|---|
| Eligible Basis | | | 25,370,525 | 99.17% | 0 |
| Annual Credit | @ | 0.0815 | 2,067,698 | April 2006 | 0 |
| Amount Raised/p.a. | @ | $0.850 | 1,757,543 | | 0 |
| Amount Raised/total | | | 17,575,431 | | 0 |
| | | | | | |
| OR | | | | | |
| Eligible Basis with Boost | | | 32,981,683 | | |
| Annual Credit | @ | 0.0815 | 2,688,007 | | |
| Applicable Fraction | | 0.8031 | 2,158,872 | | |
| Amount Allocated | | | 1,286,661 | | |
| Amount Raised/p.a. | @ | 0.850 | 1,093,662 | | |
| Amount Raised/total | | | 10,936,621 | 85,442 | 10,936,621 |

LIHTC per Unit 100,520

LIHTC per SF 112.87

LIHTC per Person Housed 53,278

# APPENDIX III-B

## Underwriting and Credit Assumption

*Building Sizes and Unit Configurations*

The gross square footage (including cellar) of the traditional "Stand-alone" supportive housing residence is 55,200 square feet configured into 127 mini-studio units of approximately 300 square feet of living space and one 2-bedroom unit for a superintendent or building manager. The balance of the square footage is given over to cellar, mechanicals, circulation, common space, etc. No commercial space is presumed.

The gross square footage (including cellar) of the "Integrated" housing model is 114,000 square feet configured into 128 units consisting of a mix of studios, 1- and 2 bedroom units. There are 51 studio units with approximately 425 square feet of living area, 25 1-bedroom units with approximately 620 square of living area, and, 52 2-bedroom units (including one for a superintendent) with approximately 820 square feet of living area. The balance of the square footage is given over to cellar, mechanicals, circulation, common space, etc. No commercial space is presumed.

*Acquisition Costs*

The presumed maximum acquisition cost for land is $30.00 per buildable square foot (as distinct from gross square footage for construction purposes) for both "Stand-alone" and "Integrated" models. We note that some among us believe that this land cost may not be realistic in most markets in NYC outside of the Bronx.

*Construction Costs*

We presume that construction costs including soil remediation (based on current market conditions) to be $167 per gross square foot for the "Integrated" model; we presume $195 per gross square foot for the "Stand-alone" model. The construction costs of the "Stand-alone" are higher because of the density per square foot of plumbing, electrical, HVAC, etc. In both models, 5% construction contingency is also assumed.

*Development Fee*

In all instances a fee equal to 15% of total development costs exclusive of the development fee and any capitalized reserves is calculated; two-thirds is paid from mortgage and equity proceeds and one-third is deferred and paid from cash flow over at least 12 years.

*Financing Terms*

For financing schemes utilizing tax exempt bonds, the construction period interest rate is presumed to be 5.000% and the permanent interest rate is presumed to 6.250% inclusive of any credit enhancement, agency and remarking fees. The term of the bonds is 30 years and the mortgage is fully self-amortizing. Required debt coverage is 1.25 on the first mortgage and 1.15 on all debt. A minimum income-to-expense ratio of 1.05 is required.

For financing schemes utilizing taxable bonds or conventional financing the construction period interest rate is presumed to be 6.500% and the permanent interest rate is presumed to be 7.596% inclusive of any mortgage insurance, agency and servicing fees. The term of the mortgage is 30 years and the mortgage is fully self-amortizing. Required debt coverage is 1.25 on the first mortgage and 1.15 on all debt (1.15 on the first mortgage if there is no other required debt service). A minimum income-to-expense ratio of 1.05 is required.

No interest is payable on NYS/NYC subsidized second/third mortgage(s) in order to maximize first mortgage leverage thereby reducing the need for upfront capital subsidies.

*Rental Revenue and Other Income*

The rents in all models are set to be affordable to individuals and families earning 58% of current AMI (i.e., $70,800). The underwritten rents are as follows:

Studio = $676.00 1-Bedroom = $723.00 2-Bedroom = $871.00

We presume that units leased to NY/NY III residents will require a rental subsidy equal to the differential between the TANF/Safety Net Shelter Allowance or 30% of the resident's income, if the resident has income other than TANF/Safety Net, and the rents listed above. For example, a single individual whose sole income is SSI-D, which is currently $603 per month, and who rents a studio would require a rental subsidy of approximately $500.00 per month (i.e., $676 minus [$603 times 30%]). Other than rental income the only other presumed source of income is laundry income of approximately $8 per unit per month.

*Operating Expenses*

The operating expenses for the "Stand-alone" model are presumed to be $6,000 per unit per annum inclusive of $300 per unit per annum contribution to replacement reserves. This figure is comparable to current operating performance in existing properties.

The operating expenses for the "Integrated" model are presumed to be $5,100 per unit per annum inclusive of $250 per unit per year contribution to the replacement reserves. This figure is comparable to current operating performance in existing properties.

# APPENDIX III-C

## Census 2000 nonfamily Household Income Data
## For New York City and Bronx Community District 3

## Table SF3 INC P-303 Nonfamily Household Income
## New York City Community Districts, 2000

| Community District | Total Nonfamily Households | Less than $10,000 | $10,000 to $14,999 | $15,000 to $19,999 | $20,000 to $24,999 | $25,000 to $29,999 | $30,000 to $34,999 | $35,000 to $39,999 | $40,000 to $44,999 | $45,000 to $49,999 | $50,000 to $59,999 | $60,000 to $74,999 | $75,000 to $99,999 | $100,000 to $124,999 | $125,000 to $149,999 | $150,000 to $199,999 | $200,000 or more | Median Nonfamily Household Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bronx 1 | 7,930 | 4,279 | 916 | 605 | 522 | 477 | 271 | 224 | 182 | 76 | 110 | 138 | 44 | 10 | 23 | 9 | 45 | $9,259 |
| Bronx 2 | 3,992 | 2,168 | 531 | 294 | 169 | 205 | 166 | 121 | 73 | 29 | 103 | 74 | 8 | 9 | 43 | 0 | 0 | $9,199 |
| Bronx 3 | 6,254 | 3,320 | 788 | 470 | 315 | 377 | 250 | 209 | 139 | 76 | 100 | 86 | 50 | 12 | 8 | 6 | 46 | $9,409 |
| Bronx 4 | 13,545 | 5,735 | 1,428 | 903 | 1,136 | 1,008 | 696 | 543 | 457 | 306 | 468 | 417 | 260 | 40 | 39 | 42 | 68 | $13,630 |
| Bronx 5 | 10,181 | 4,430 | 1,147 | 756 | 713 | 652 | 632 | 388 | 292 | 197 | 266 | 372 | 187 | 74 | 0 | 16 | 58 | $12,875 |
| Bronx 6 | 7,969 | 4,237 | 861 | 617 | 511 | 428 | 387 | 217 | 194 | 100 | 145 | 117 | 108 | 23 | 10 | 7 | 10 | $9,399 |
| Bronx 7 | 14,986 | 4,569 | 1,252 | 1,135 | 1,118 | 1,241 | 1,193 | 820 | 775 | 461 | 913 | 775 | 453 | 113 | 60 | 54 | 52 | $22,395 |
| Bronx 8 | 16,836 | 2,899 | 1,525 | 1,104 | 1,087 | 1,050 | 1,134 | 1,095 | 1,100 | 802 | 1,424 | 1,623 | 936 | 405 | 177 | 192 | 283 | $33,320 |
| Bronx 9 | 17,093 | 5,476 | 1,964 | 1,186 | 1,374 | 1,228 | 1,430 | 1,049 | 669 | 529 | 852 | 732 | 382 | 36 | 43 | 58 | 83 | $19,655 |
| Bronx 10 | 17,826 | 4,028 | 2,056 | 1,506 | 1,278 | 1,369 | 1,279 | 1,075 | 845 | 713 | 1,298 | 1,208 | 705 | 296 | 82 | 36 | 52 | $25,160 |
| Bronx 11 | 14,848 | 4,018 | 1,694 | 1,184 | 1,269 | 962 | 968 | 812 | 825 | 332 | 1,093 | 808 | 549 | 225 | 43 | 44 | 21 | $22,075 |
| Bronx 12 | 15,468 | 4,229 | 1,731 | 1,240 | 1,199 | 1,153 | 1,074 | 879 | 755 | 466 | 902 | 881 | 593 | 185 | 29 | 66 | 66 | $22,225 |
| Brooklyn 1 | 21,009 | 6,253 | 2,135 | 1,646 | 1,340 | 1,224 | 1,338 | 1,198 | 836 | 839 | 1,295 | 964 | 1,093 | 430 | 148 | 180 | 90 | $21,755 |
| Brooklyn 2 | 24,120 | 4,314 | 1,288 | 1,059 | 1,197 | 1,276 | 1,470 | 1,488 | 1,524 | 1,272 | 2,202 | 2,163 | 1,986 | 1,241 | 647 | 520 | 475 | $39,895 |
| Brooklyn 3 | 17,866 | 7,428 | 1,856 | 1,243 | 1,151 | 1,129 | 864 | 829 | 578 | 512 | 696 | 750 | 520 | 114 | 42 | 50 | 103 | $14,050 |
| Brooklyn 4 | 7,543 | 3,559 | 921 | 524 | 441 | 390 | 407 | 383 | 230 | 111 | 204 | 152 | 150 | 29 | 27 | 9 | 6 | $11,150 |
| Brooklyn 5 | 13,308 | 5,710 | 1,374 | 873 | 838 | 924 | 816 | 513 | 527 | 291 | 572 | 325 | 295 | 78 | 34 | 41 | 96 | $13,430 |
| Brooklyn 6 | 23,509 | 3,341 | 1,267 | 996 | 1,054 | 1,143 | 1,355 | 1,072 | 1,557 | 1,117 | 2,256 | 2,943 | 2,491 | 1,291 | 778 | 414 | 434 | $44,900 |
| Brooklyn 7 | 12,323 | 2,943 | 1,249 | 808 | 942 | 918 | 673 | 723 | 550 | 471 | 845 | 833 | 754 | 262 | 188 | 71 | 93 | $26,195 |
| Brooklyn 8 | 15,087 | 4,443 | 1,137 | 1,133 | 1,189 | 1,017 | 951 | 869 | 723 | 553 | 891 | 708 | 763 | 318 | 125 | 97 | 171 | $23,490 |
| Brooklyn 9 | 11,333 | 3,380 | 1,177 | 1,002 | 1,013 | 1,039 | 831 | 693 | 411 | 393 | 470 | 415 | 277 | 90 | 51 | 30 | 62 | $20,530 |
| Brooklyn 10 | 20,996 | 3,648 | 2,049 | 1,444 | 1,474 | 1,263 | 1,313 | 1,233 | 1,349 | 1,048 | 1,831 | 1,594 | 1,452 | 632 | 275 | 206 | 184 | $32,355 |
| Brooklyn 11 | 18,769 | 6,187 | 2,405 | 1,565 | 1,050 | 966 | 1,125 | 925 | 834 | 584 | 1,093 | 949 | 623 | 259 | 95 | 37 | 74 | $17,535 |
| Brooklyn 12 | 15,634 | 5,240 | 1,899 | 1,264 | 1,094 | 925 | 767 | 706 | 687 | 617 | 737 | 771 | 484 | 201 | 80 | 68 | 90 | $17,670 |
| Brooklyn 13 | 15,631 | 7,082 | 1,942 | 1,184 | 1,133 | 704 | 625 | 439 | 506 | 357 | 467 | 579 | 296 | 128 | 70 | 65 | 59 | $11,890 |
| Brooklyn 14 | 16,741 | 5,113 | 1,608 | 1,411 | 1,195 | 1,023 | 1,116 | 904 | 747 | 638 | 852 | 985 | 708 | 148 | 97 | 105 | 92 | $21,000 |
| Brooklyn 15 | 19,448 | 5,601 | 2,251 | 1,482 | 1,439 | 1,242 | 1,224 | 874 | 887 | 755 | 1,132 | 1,119 | 961 | 270 | 115 | 85 | 107 | $21,695 |
| Brooklyn 16 | 8,386 | 4,297 | 825 | 525 | 575 | 558 | 382 | 204 | 201 | 164 | 296 | 168 | 130 | 20 | 0 | 8 | 35 | $9,749 |
| Brooklyn 17 | 14,713 | 4,239 | 1,810 | 937 | 1,349 | 1,212 | 1,085 | 868 | 717 | 496 | 815 | 837 | 251 | 154 | 56 | 36 | 47 | $21,365 |
| Brooklyn 18 | 15,717 | 3,959 | 1,530 | 1,069 | 1,139 | 1,090 | 1,180 | 842 | 794 | 761 | 1,091 | 1,049 | 715 | 210 | 86 | 78 | 126 | $25,745 |
| Manhattan 1 | 9,552 | 1,013 | 495 | 432 | 328 | 459 | 384 | 431 | 398 | 186 | 698 | 691 | 1,014 | 856 | 383 | 653 | 1,131 | $59,310 |
| Manhattan 2 | 37,410 | 3,739 | 1,732 | 1,557 | 1,632 | 1,408 | 1,910 | 1,491 | 1,708 | 1,374 | 2,811 | 4,007 | 4,245 | 2,974 | 1,610 | 2,110 | 3,102 | $57,660 |
| Manhattan 3 | 36,331 | 9,682 | 3,206 | 2,329 | 2,049 | 2,029 | 1,753 | 1,697 | 1,429 | 1,296 | 2,387 | 2,730 | 2,337 | 1,435 | 608 | 615 | 751 | $27,215 |
| Manhattan 4 | 38,058 | 5,127 | 2,060 | 1,991 | 1,793 | 1,856 | 1,842 | 1,967 | 1,778 | 1,475 | 3,334 | 3,380 | 3,979 | 2,455 | 1,310 | 1,460 | 2,253 | $47,085 |
| Manhattan 5 | 19,673 | 2,273 | 801 | 791 | 763 | 853 | 904 | 857 | 850 | 588 | 1,480 | 1,641 | 2,180 | 1,590 | 818 | 1,267 | 1,910 | $57,110 |
| Manhattan 6 | 58,666 | 5,004 | 2,647 | 1,981 | 2,303 | 2,437 | 2,746 | 2,655 | 2,999 | 2,311 | 5,215 | 6,794 | 7,304 | 4,805 | 2,408 | 2,825 | 4,239 | $58,150 |
| Manhattan 7 | 71,327 | 8,884 | 3,776 | 2,728 | 2,676 | 2,988 | 3,562 | 3,136 | 3,584 | 2,879 | 5,952 | 6,452 | 7,849 | 5,365 | 2,935 | 3,432 | 5,327 | $52,770 |
| Manhattan 8 | 80,237 | 6,712 | 3,358 | 2,586 | 3,171 | 2,826 | 3,674 | 3,815 | 4,036 | 3,389 | 7,829 | 9,451 | 9,131 | 5,847 | 3,769 | 4,146 | 6,497 | $58,360 |
| Manhattan 9 | 17,784 | 5,763 | 1,806 | 1,227 | 1,004 | 944 | 990 | 894 | 839 | 613 | 959 | 884 | 867 | 376 | 235 | 183 | 200 | $20,475 |
| Manhattan 10 | 21,730 | 8,641 | 2,406 | 1,893 | 1,408 | 1,314 | 1,109 | 978 | 843 | 593 | 785 | 755 | 422 | 225 | 133 | 81 | 144 | $14,620 |
| Manhattan 11 | 17,203 | 7,271 | 1,610 | 1,049 | 1,084 | 1,088 | 846 | 671 | 656 | 365 | 785 | 684 | 487 | 238 | 119 | 86 | 164 | $14,130 |
| Manhattan 12 | 24,030 | 6,714 | 2,498 | 1,658 | 1,688 | 1,682 | 1,568 | 1,399 | 1,136 | 1,093 | 1,345 | 1,358 | 1,028 | 440 | 113 | 117 | 193 | $23,390 |
| Queens 1 | 32,047 | 7,075 | 3,200 | 2,418 | 2,193 | 2,157 | 2,138 | 2,062 | 1,645 | 1,287 | 2,361 | 2,411 | 1,751 | 659 | 290 | 222 | 178 | $27,635 |
| Queens 2 | 16,356 | 3,183 | 1,500 | 957 | 1,161 | 1,280 | 1,165 | 922 | 923 | 685 | 1,374 | 1,243 | 1,158 | 391 | 192 | 122 | 96 | $30,405 |
| Queens 3 | 14,890 | 2,574 | 1,403 | 1,296 | 1,274 | 1,309 | 1,004 | 1,010 | 784 | 641 | 1,072 | 1,048 | 808 | 319 | 123 | 95 | 133 | $28,435 |
| Queens 4 | 12,895 | 3,227 | 1,390 | 855 | 1,021 | 941 | 944 | 647 | 756 | 503 | 842 | 731 | 593 | 201 | 49 | 81 | 116 | $24,780 |
| Queens 5 | 18,454 | 4,218 | 2,179 | 1,730 | 1,384 | 1,157 | 1,305 | 1,035 | 828 | 770 | 1,284 | 1,154 | 785 | 304 | 155 | 69 | 97 | $23,970 |
| Queens 6 | 23,626 | 3,848 | 2,058 | 1,419 | 1,596 | 1,247 | 1,407 | 1,331 | 1,304 | 1,246 | 2,068 | 2,475 | 1,836 | 823 | 250 | 406 | 312 | $35,890 |
| Queens 7 | 26,421 | 5,363 | 2,729 | 2,394 | 2,056 | 1,586 | 1,878 | 1,482 | 1,347 | 995 | 2,003 | 1,711 | 1,490 | 712 | 256 | 213 | 204 | $27,100 |
| Queens 8 | 16,839 | 2,554 | 1,519 | 1,242 | 1,017 | 1,052 | 1,313 | 1,219 | 958 | 626 | 1,713 | 1,510 | 1,170 | 476 | 138 | 179 | 150 | $33,935 |
| Queens 9 | 11,864 | 2,375 | 1,090 | 901 | 740 | 946 | 896 | 718 | 778 | 513 | 833 | 912 | 653 | 284 | 87 | 85 | 56 | $29,370 |
| Queens 10 | 8,866 | 1,857 | 926 | 695 | 757 | 616 | 588 | 560 | 431 | 389 | 674 | 537 | 370 | 254 | 100 | 46 | 67 | $26,610 |
| Queens 11 | 12,980 | 1,616 | 987 | 1,048 | 959 | 907 | 803 | 677 | 809 | 690 | 1,253 | 1,374 | 978 | 447 | 201 | 135 | 97 | $36,255 |
| Queens 12 | 18,283 | 4,835 | 1,923 | 1,350 | 1,404 | 1,506 | 1,416 | 1,159 | 991 | 619 | 1,001 | 960 | 581 | 285 | 112 | 57 | 85 | $23,680 |
| Queens 13 | 13,683 | 1,961 | 1,204 | 1,053 | 1,153 | 1,082 | 931 | 1,051 | 903 | 614 | 1,113 | 1,035 | 798 | 312 | 166 | 139 | 168 | $32,085 |

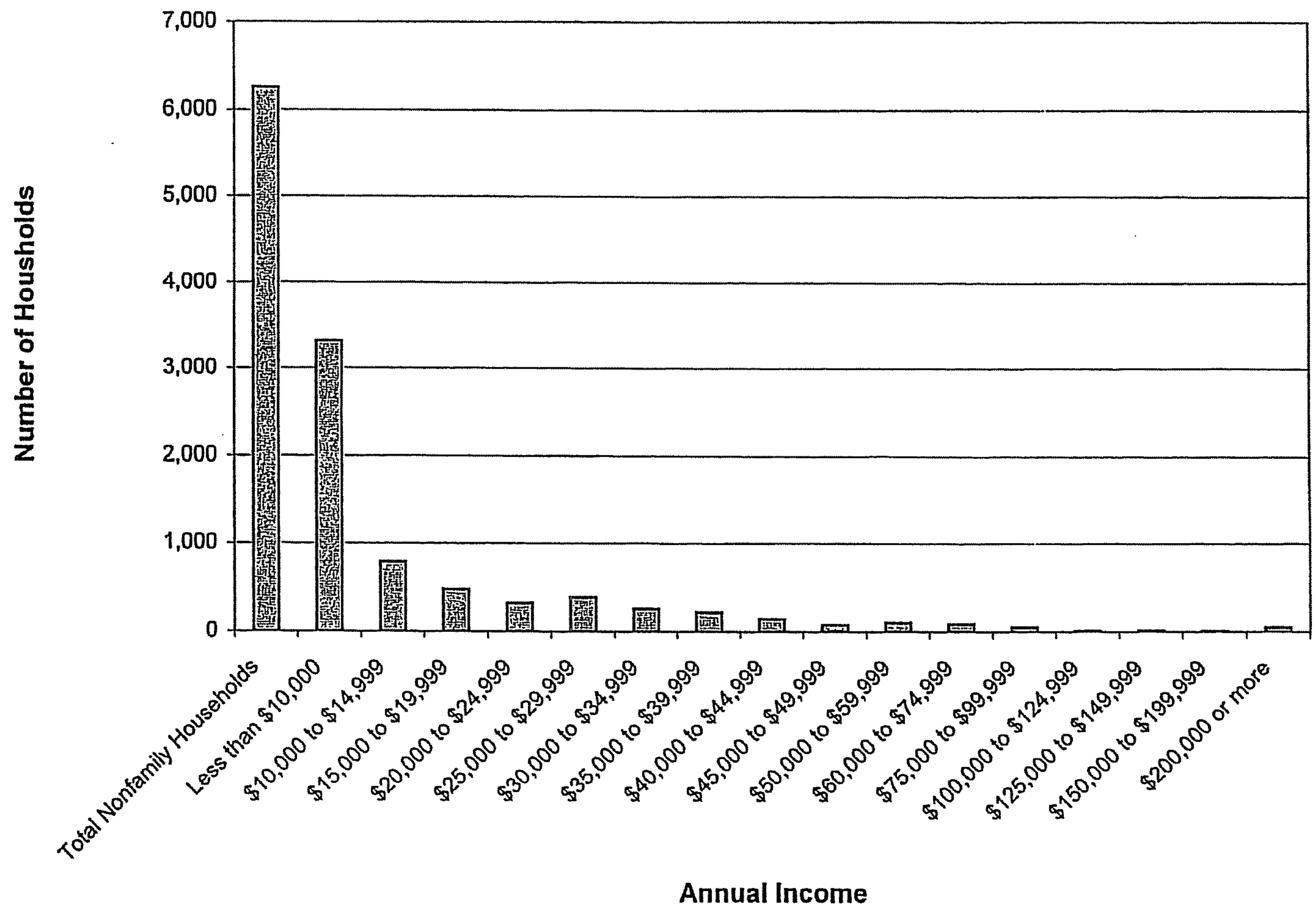
Source: U.S. Census Bureau, 2000 Census SF3

Table SF3 INC P-303 Nonfamily Household Income
New York City Community Districts, 2000

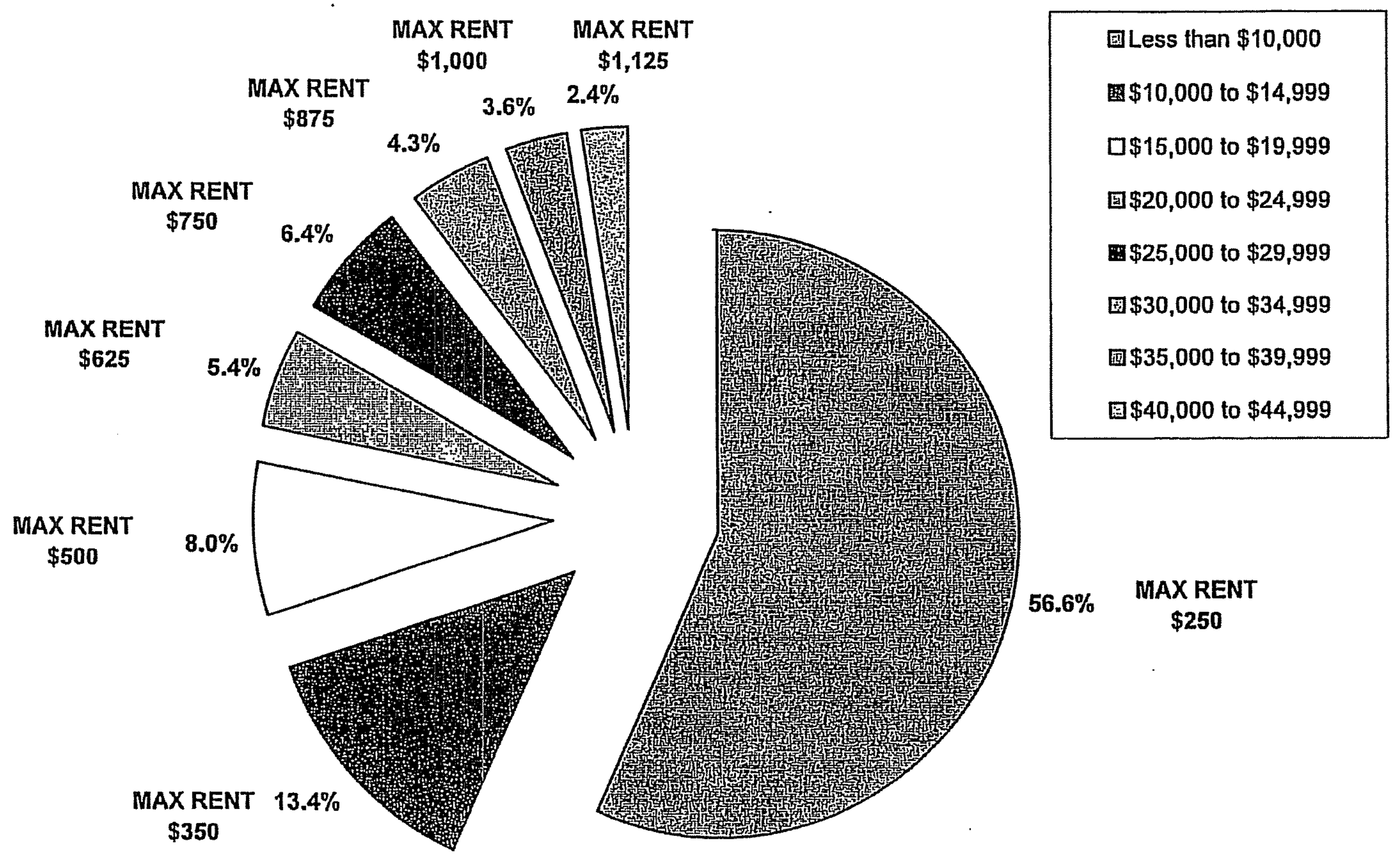
| Community District | Total Nonfamily Households | Less than $10,000 | $10,000 to $14,999 | $15,000 to $19,999 | $20,000 to $24,999 | $25,000 to $29,999 | $30,000 to $34,999 | $35,000 to $39,999 | $40,000 to $44,999 | $45,000 to $49,999 | $50,000 to $59,999 | $60,000 to $74,999 | $75,000 to $99,999 | $100,000 to $124,999 | $125,000 to $149,999 | $150,000 to $199,999 | $200,000 or more | Median Nonfamily Household Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Queens 14 | 12,376 | 4,195 | 1,313 | 920 | 817 | 718 | 712 | 700 | 483 | 432 | 589 | 648 | 488 | 182 | 52 | 51 | 79 | $18,700 |
| Staten Island 1 | 18,089 | 3,500 | 1,780 | 1,603 | 1,183 | 1,141 | 1,078 | 1,113 | 950 | 707 | 1,613 | 1,445 | 1,073 | 487 | 163 | 140 | 113 | $28,285 |
| Staten Island 2 | 12,063 | 2,501 | 1,232 | 866 | 680 | 750 | 701 | 598 | 634 | 575 | 998 | 1,025 | 813 | 287 | 172 | 152 | 79 | $30,020 |
| Staten Island 3 | 11,448 | 1,796 | 1,216 | 711 | 762 | 699 | 848 | 688 | 773 | 529 | 1,069 | 928 | 724 | 272 | 156 | 161 | 117 | $33,185 |

Source: U.S. Census Bureau, 2000 Census SF3

## Bronx Community District 3
## Income Distribution of Non Family Households



# Bronx CD 3 Nonfamily HH Income and Maximum Affordable Rents



**Nicole C. Carter**

**From:** Brenda Evans
**Sent:** Friday, April 16, 2010 4:25 PM
**To:** Tax Credit; Nicole C. Carter
**Subject:** Fw: QAP for Lake Charles Housing Authority
**Attachments:** LHFA letter for QAP.PDF

**Importance:** High

Nicole please include this in summary. Maybe at the end we can say that written comments are included as attachments or exhibits.

---

**From:** Margaret Bushnell <margaret@lcha-housing.org>
**To:** Brenda Evans; dan@callhsa.com <dan@callhsa.com>; ":fbanksds"@bellsouth.net <":fbanksds"@bellsouth.net>; indyhousing@att.net <indyhousing@att.net>
**Cc:** Ben Taylor <sbt@lcha-housing.org>
**Sent:** Fri Apr 16 10:35:05 2010
**Subject:** QAP for Lake Charles Housing Authority

Good Morning All,

Enclosed please find a copy of the QAP information for 2010 year. If you have any questions, please call Mr. Ben Taylor, Executive Director of the Lake Charles Housing Authority.

Thank you,

Margaret Bushnell for Ben Taylor
Lake Charles Housing Authority (LA004)
(337)439-4189 Office
(337)912-0035 cell

# HOUSING AUTHORITY OF THE CITY OF LAKE CHARLES

"Providing safe, decent, affordable housing to low income families"



S. Benjamin Taylor, JR.
Executive Director

April 15, 2010

TO: Louisiana Housing Finance Agency Board Members

FROM: Ben Taylor, Executive Director of the Lake Charles Housing Authority

The Louisiana Housing Council (LHC) is the state chapter of the National Association of Housing and Redevelopment Officials (NAHRO) based in Washington, D.C. For forty-eight years the LHC has been the largest and most effective organization of its kind in the state of Louisiana. Our chapter consists of 104 Public Housing Agencies, 87 Section 8 Agencies, and 15 Community Development Block Grant Agencies which administer 30,400 units of public housing and 32,200 units of Section 8 Housing Choice Vouchers. Based on the national averages, these Louisiana housing programs assist more than 200,000 low to moderate income family members and more than 50,000 elderly and disabled individuals. As you can see, we have a big stake in the affordable housing arena. The LHC and LHFA share a common goal in providing affordable housing for low and moderate income families in our great state.

These agencies are rooted in rural and urban areas across the state and in many instances are the only providers of housing for low to moderate income families within their community. As quasi-state political entities these agencies follow local, state, and federal regulations in administering these housing programs. However, their only source of funding is a direct subsidy or administrative fee from the Department of Housing and Urban Development that has consistently declined over the past several years. There have been no funds allocated for any new development of housing units since 1990, yet the need for low income affordable housing has continued to rise each year. In view of this lack of funding, the Department of Housing and Urban Development has urged these agencies to aggressively seek alternative resources to meet the challenge of providing for the affordable housing needs of their communities. Because preservation of Public Housing is a priority of the current

ADMINISTRATIVE OFFICES
800 BILBO STREET - SUITE C
(337) 439-4189 - FAX (337) 439-1309

P.O. BOX 1206, LAKE CHARLES, LOUISIANA
70602

SECTION 8 PROGRAM
800 BILBO STREET - SUITE A
(337) 436-7628 - FAX (337) 436-9798

Administration and HUD, our Louisiana PHA's are actively involved in the redevelopment of Public Housing utilizing the Tax Credit and Mixed Finance Programs available to them.

Through a special working relationship and in partnership with the LHFA over the past 6-7 years, several of our PHA's have been able to compete for and receive allocations of tax credits to add to the housing stock they manage. PHA's such as Monroe, Baton Rouge, Bossier City, Denham Springs, Lafayette, Ruston, New Iberia, Covington, Ville Platte, Lake Charles, and Sulphur have been successful in developing new properties in their communities. Many of our PHA's look forward to using these tax credit allocations to develop Mixed Income Housing in their communities.

These new developments would not exist without the partnership existing between the LHFA and the LHC. We appreciate the opportunities provided to our public housing agencies and we are asking today that this partnership be extended and strengthened in the coming years by continuing to give consideration to public housing agencies in the Low Income Housing Tax Credit program.

Specifically, we request your consideration of the following in the 2010 Qualified Allocation Plan:

1. **Maintain the PHA sub-Pool containing 10% of the credits**

We request that the LHFA give serious consideration to the Changes to Definitions, as found attached below.

We strongly recommend that any PHA Sponsored Application be required to submit the attached certification by the Louisiana Housing Council, that the application is a certified PHA project. This process worked very effectively in 2009.

On behalf of the Louisiana Housing Council and the Public Housing Authorities in Louisiana, we want to offer a commitment to do our part in making the most of these opportunities for the families we serve. Thank you for your consideration of our request.

Sincerely,

Ben Taylor

Executive Director

## PHA POOL

Public Housing Agency (PHA) Pool: Ten Percent (10%) of the State's Per Capital component will be allocated to qualified applications from Public Housing Authorities. To qualify for this pool, applicants must have a certification from the Louisiana Housing Council and have at least 51% ownership in the project.

## Changes to Definitions:

**AFFILIATE:** Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has a <u>majority</u> ownership or governance interest either directly or indirectly through one or more subsidiaries.

**DISTRESSED PROPERTY:** Add "public housing property with excessive vacancies or excessive deferred maintenance or rehabilitation needs"

**PHA SPONSOR (add):** A PHA that receives an ACC contribution from HUD and owns 51% of the interests in the project at the time 8609s are issued, either directly or through its affiliate or instrumentality. Prior to 8609, it must control the GP through its affiliate or instrumentality. If a PHA partners with a for-profit developer and/or partner, the PHA must certify that any for-profit or non-profit development partners were selected in accordance with HUD's procurement requirements.

**ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING:** comment-will public housing Residents qualify as "most-at-risk of homelessness"? Will DSS make this determination and will LHFA accept? If so, PHAs can also compete in PSH pool.

### Changes to Project Threshold Requirements: Design Features:

1. Change exterior to allow thin-set brick or any fiber-cement type product that has a manufacturer warranty of 30-years. 75% brick exterior may not be appropriate design solution. Brick is not a characteristic of "Coastal" design and "Craftsman" design.
2. Remove requirement for storm windows when energy efficient insulated windows are used. Storm windows add no energy value when used on top of an insulated window and add maintenance costs. Storm windows are appropriate in a rehabilitation project when installing over a non-insulated existing window.

### Scoring:

**Add PHA public housing redevelopment project (35 points)** this is in addition to the set-aside. The set-aside is not large enough to accommodate multiple PHA redevelopment projects. This allows an opportunity to compete competitively in other pools such as Non-Profit, Permanent Supportive Housing and Elderly.

- Must conform to definition of <u>PHA Sponsored project</u> (above)
- Organizational documents are required with the application to qualify for these points.
- Must be part of 5-year CFP plan (evidence)
- Certified by LHC

STATE OF LOUISIANA:

PARISH OF _____________:

LOUISIANA HOUSING COUNCIL

PUBLIC HOUSING AGENCY (PHA)
POOL CERTIFICATION

BEFORE ME, the undersigned authorities, Notaries Public in and for said respective Parishes and State and in the presence of the undersigned competent witnesses, came and appeared the below listed Housing Authority officials and officials of its wholly owned and controlled non-profit, do hereby certify and warrant that with regard to said Housing Authority's PHA Application for 2010 Tax Credits that the following are true and correct at the time the application is submitted and shall remain true and correct as indicated below:

1. The Housing Authority and its wholly owned and controlled non-profit are submitting the application;

2. The Housing Authority and its wholly owned and controlled non-profit jointly or one of them will be the sole and only general partner of the development limited partnership and in control of the development;

3. The Housing Authority and its wholly owned and controlled non-profit as the case shall remain the general partner of the development limited partnership for at least the fifteen (15) year compliance period;

4. The Housing Authority and its wholly owned and controlled non-profit shall ensure that in the provision of the development limited partnership that the general partner which is either the Housing Authority or its wholly owned and controlled non-profit shall have the option or the right of first refusal to purchase the development at the end of the compliance period;

5. The Housing Authority hereby certifies and warrants that they have selected a development partner in accordance with proper procurement procedures as prescribed by HUD, and as found in the attached evidentiary materials;

6. The Housing Authority further certifies and warrants that this PHA, Housing Authority of the City of ________________________, meets all requirements to satisfy this certification process for the Louisiana Housing Council by Resolution # ________, dated ______________, 2010, a copy of which is attached.

7. The Housing Authority and its wholly owned and controlled non-profit hereby further certify and warrant that they have not entered into any agreement with any developer to have an option or right to become the owner of the proposed development during the development stage, during the compliance period or after the compliance period;

8. The Housing Authority, and its wholly owned non-profit, hereby certifies and warrants that they will control at least a 51% ownership in the development as required by Public Housing Agency (PHA) pool.

9. The representations and warranties of the Housing Authority, and its wholly owned non-profit, set forth herein shall survive the application process and shall be deemed remade by the Housing Authority, and its wholly owned non-profit, as of the Tax Credit closing and at all financial closings involving the proposed development with the same force and effect as if made at that time; and

10. All representatives and warranties made in this agreement shall survive in full, during and after the compliance period and shall not merge into any instrument delivered with regard to the proposed development.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of _________________, 2010.

____________________________ ____________________________

Housing Authority Executive Director Housing Authority Chairman

By:____________________________ By:____________________________

Authorized Signor Authorized Signor

____________________________

NOTARY PUBLIC

Printed Name: ____________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:___________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of ____________________, 2010.

______________________________ ______________________________

Non-Profit Officer Non-Profit Officer

By:______________________________ By:______________________________

Authorized Signor Authorized Signor

______________________________

NOTARY PUBLIC

Printed Name: ____________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of

_________________, 2010.

_______________________________

Louisiana Housing Council

By: Cindy Martin

President

_______________________________

NOTARY PUBLIC

Printed Name: _______________________

In and for __________ Parish, Louisiana

Notary Identification Number: __________

My Commission Is Permanent.

## Nicole C. Carter

| | |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Monday, April 19, 2010 2:55 PM |
| **To:** | 'Art Schuldt'; 'Charlotte Bourgeois'; Dr. Roger Tijerino |
| **Cc:** | Tax Credit |
| **Subject:** | FW: 2010 QAP Comments |
| **Attachments:** | 2010 QAP Comments.pdf |

Thanks Art for your comments and participation.

**From:** Art Schuldt [mailto:art@sgba.com]
**Sent:** Monday, April 19, 2010 2:50 PM
**To:** Brenda Evans
**Cc:** Dr. Roger Tijerino; charlottebourgeois@cox.net
**Subject:** 2010 QAP Comments

Brenda:
Thanks for the time you spent in Shreveport! I have prepared my letter of comment for a few items I mentioned. Please look hard at the comments regarding 75% Brick Exterior. That is perhaps the one area most developers would like to change.


***Art Schuldt, Jr., AIA***
CENTERPOINTE REGIONAL HOUSING DEVELOPMENT, LLC
1935 Airline Drive, Suite 200
Bossier City, LA 71112
?8.226.1404 x502
?8.213.1090 fax

Centerpointe

Regional Housing Development, LLC

April 19, 2010

Ms. Brenda Evans
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Re: Input 2010 QAP

Dear Brenda:

I appreciate the time you took to meet with interested stakeholders in Shreveport last week. I felt that some suggestions were made that can help shape the 2010 Qualified Allocation Plan.

As both an architect and developer, I have a few comments regarding threshold items from the 2009 QAP.

**Minimum Internet/Cable capacity:** Rather than 3 distinct networks, allow owner or manager to decide on the best system that will provide cable TV, Telephone and Internet access for the tenants. The owner will control the system anyway rather than tenants. If the 3 services can be provided with one or two networks, that should be sufficient. All the agency has to do is confirm this before 8609s are issued.

**Storm Windows:** This requirement has no energy benefit since high efficient insulated windows are required anyway and are so well sealed. In fact, UBC requires that all bedroom windows be of sufficient size for egress in case of a fire. A storm window means a tenant will have to open two windows. Storm windows should only be required in a rehabilitation project that is preserving the existing windows. When in a hurricane coastal zone, building codes require that window frames permit anchoring of plywood protection or the glazing must be impact-resistant. So even in this case, there is no benefit to using storm windows.

**30-50 year roof:** Many owners replace a roof before 30 years due to hail, wind or other storm damage. A 30-year roof warranty does not cover damage from wind, hail or storms. It only covers a failure of the product, such as delamination. It would be better to require an Architectural 20 or 25 year roof. It would look more attractive and not cost a premium for an extended warranty.

**Brick:** The 75% brick exterior requirement should be eliminated. This forces a project to a particular design characteristic that may be contrary to the area. For example, "Coastal" and "Craftsman" do not incorporate brick. In lieu of this requirement, simply require a 30-year warranty and allow stucco, hardy-board or any fiber cement product. Thin-set brick should be allowed as an alternative. A new product made by "Nichiha" (www.nichiha.com ) is a great alternative that is just as durable and looks just like brick. There is a local product representative in Baton Rouge that can brick a sample to the LHFA. The website shows some exciting multi-family and single-family applications. Hardy-Board now has many commercial applications and

318-213-6502 1935 Airline Drive, Suite 200 Bossier City, Louisiana 71112

is proven to be a long-lasting, low-maintenance material. The LHFA should be encouraging the use of innovative, durable materials and not eliminating the options.

Finally, my last comments are related to scattered site applications. The need for points for a competitive application forces many developers to the scattered site or homeownership categories. A developer will even use scattered sited to develop elderly because of the points, which is not conducive to elderly housing and services. Development costs for engineering, platting, public streets and utilities are a time consuming and expensive development option. Projects are often held up by local governments who have control over approving preliminary and final platting. With equity pricing at a 30-year low and building costs on the rise, I believe the LHFA can encourage smarter development approaches. The LHFA should encourage the option to build a single-family style development on a single parcel that is unplatted as a residential subdivision. The housing could each still have a private yard, garages or carports and characteristics favored by tenants and communities, but its infrastructure can be developed in a multi-family approach with master water mains, check meters and private streets. The scattered site/single-family approach now in the 2009 QAP actually adds considerable cost burden to local communities who have to extend and maintain new utilities and streets. The LHFA should also perhaps encourage scattered "in-fill" housing approaches. This is a much "greener" approach and will gain greater support in many communities.

Thanks for your consideration.

Sincerely:

CENTERPOINTE REGIONAL HOUSING DEVELOPMENT, LLC

Arthur J. Schuldt, Jr.

**Marjorianna Willman**

**From:** Brenda Evans
**Sent:** Thursday, April 22, 2010 9:36 AM
**To:** Nicole C. Carter; Amy York
**Cc:** Marjorianna Willman
**Subject:** More QAP comments

**Importance:** High

Greg Gacassin – asked that we make the market study process more interactive and to give additional point to projects that have state or federal support.

Can you also please check the NCSHA site to make sure that we have the current "Best Practices". When we send out the summary of the comments on Monday to the Commissioners I want to include copies of the best practices and the 2009 QAP.

Thanks!

AAMAGIN
PROPERTY GROUP

April 22, 2010

Mr. Milton Bailey – President
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

**RE: Qualified Allocation Plan**

Dear Mr. Bailey:

Thank you for arranging a meeting for me on March 26, 2010, with members of LHFA staff. I appreciate the opportunity to provide input for changes in QAP. Please accept the following comments for consideration in the Qualified Allocation Plan for the State of Louisiana.

As a follow up to my meeting with your staff, please consider some policy to provide assistance to non-profit sponsors and their developer partners, whose low income housing tax credits recaptured and reallocated to LHFA at risk projects. Given the downturn in the global market, coupled with projects reallocated credits from recaptured projects, now by all measures at risk, please consider allowing projects previously reserved per capita credits and recaptured, but still remain shovel ready, to participate in Section 1602 Grants under ARRA. Where non-profit sponsors and their partners have a proven track record of closing multiple transactions during this global downturn, and but for recapture their project financing would have closed given closing success of each development team.

In our case, we must debt service predevelopment loans, approximately $40,000. 00 monthly, to continue our readiness too proceed with our non-profit partner projects, and additionally, for all of the reasons aforementioned, any relief LHFA can provide would help mitigate some downside of developers with proving track records participating in LHFA housing programs.

Thank you for your cooperation and assistance in this matter.

Sincerely

Will J. Belton
President

Cc: Alesia Y. Wilkins- Braxton, Vice President
Terri Porche Ricks, General Counsel

6747 Renoir Avenue, Suite A · Baton Rouge, LA 70806
(225) 926-8124 phone · (225) 274-8925 fax
will@aamagin.com

## Nicole C. Carter

| | |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Thursday, April 22, 2010 12:34 PM |
| **To:** | Tax Credit |
| **Subject:** | FW: 2010 QAP Stakeholders Comments |
| **Attachments:** | 2010 QAP Letter Add Comment.pdf |

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**From:** Bob Reed [mailto:bob@cdinet.us]
**Sent:** Thursday, April 22, 2010 12:33 PM
**To:** Louis Russell; Brenda Evans
**Subject:** 2010 QAP Stakeholders Comments

Brenda, I have attached an additional comment in written form, the hard copy will be to you on Friday. Thanks.

Community Development Incorporated
4110 Eaton Ave, Suite A
Caldwell, ID 83607

Toll: 800.617.2498
Phone: 208.459.8522
Fax: 208.459.9692

April 21, 2010

Louisiana Housing Finance Agency
Att: Brenda Evans
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2010 Qualified Allocation Plan

Dear Ms. Evans:

We are submitting this letter as an additional follow up based on the stakeholders meeting that was held on April 15th in Baton Rouge. There are concerns that the following section of the QAP, **II. Allocation Process; G. Other Program Requirements; #7. Pro Forma Cash Flows; g. Maximum Rents**, will prohibit the development of affordable housing in a majority of the parishes in the state of Louisiana. Our reasons are as follows:

- This section is requiring that the applicant apply the lesser of FMR's, HOME rents or Tax Credit rents on all of the units in the development. This section, as it currently reads, will restrict the revenue a development could reasonably generate for the servicing of hard debt.

- This section should only apply to the units which receive HOME funds based on a calculation of HOME funds to construction costs, and not to the remaining units.

- HOME regulations require that this provision in the QAP be applied to HOME units only and does not require that this provision be applied to any other units within the development.

- Section 42 also does not require this provision to be enforced on the individual units that are considered as tax credit units.

- The current section of the QAP will require an applicant to apply for more HOME funds or other sources of soft money in order to fill the gap created by this provision. That is if you can structure the development to be financially feasible.

- We currently develop affordable housing in other neighboring states as follows, which do not enforce the current section of the QAP.

| | |
|---|---|
| -Nebraska | -Alaska |
| -Idaho | -Utah |
| -Nevada | -North Dakota |
| -New Mexico | -South Dakota |

- The current section of the QAP will prohibit the development of affordable housing and/or require the applicant to request larger allocations of HOME funds from the Agency.

We would request that the Agency consider the revising of the QAP to encourage development of affordable housing in those parishes that need the ability to assess the higher tax credit rents when the market conditions and tenant base would allow such rents.

Respectfully yours,

Robert E. Reed, Jr.
Senior Vice President
Housing Development, Eastern Division

**SP JEFFERSON LAKES I, LP**
7920 Ward Parkway
Kansas City, MO 64114

April 23, 2010

Ms Brenda Evans
Housing Program Administrator
Mr. Louis Russell
Housing Tax Credit Manager
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Via e-mail

Re: Stakeholder Comments
2009 QAP

Dear Ms Evans and Mr. Russell:

Due to scheduling conflicts I was unable to attend the recent stakeholders meeting. In accordance with the Agency's request, please accept the following comments regarding the 2009 Selection Criteria and Qualified Allocation Plan along with suggestions for the 2010 QAP.

1. 2009 Selection Criteria

   a. There is no consideration or points awarded for preservation of properties that are at the end of an initial 15 year LIHTC compliance period. Could the preservation of existing LIHTC properties be added for points in the 2010 QAP?

   b. 2009 QAP awards a disproportionate number of points to abandoned or high vacancy properties. Should successful LIHTC properties proposing an additional phase be acknowledged by points? If a property can document its quality location, historical occupancy rates above 90% and market demand for the proposed additional units, could points be awarded?

   c. A substantial rehab is awarded 2 points. A historic rehab is awarded 10 points. This seems disproportionate.

2. Qualified Allocation Plan

   a. IV Glossary
      **Amenities**

      The 2009 QAP states, "If a Project is one phase of a larger development, only the amenities identified on the Project Site of the phase which is being processed may qualify as an amenity for that phase only and such amenity shall not be qualified for any other phase."

      Comment: This appears to be an unreasonable burden for a multi-phase property.

      Example: It is common for a multi-family property's recreation, business center and community room facilities to be located adjacent to or within a central management building near the primary entrance to the property. These facilities are normally constructed within the initial phase. Subsequent phases would not have the need for similar amenity features. Resident activities such as before and after school programs and adult education courses would be conducted at single location within the management office building.

      Jefferson Lakes Apartments, Baton Rouge is a multi-phase property. In Phase I (296 units) there are 3 swimming pools, a tennis court and the amenities offered at the management office (business center, work-out equipment and community room). All residents in Phase II (112 units) have convenient access to the amenities provided in Phase I.

      The above comments also relate to Community Facilities as defined in the QAP.

   b. **Project Threshold Requirements**

      i. QAP # 8. – **Design Features**
         "All projects must contain the following: (1) Exceeds 15-year maintenance-free exterior (2) Has at least 75% brick exterior (3) Have a 30-50 year roof warranty (4) Have storm windows."

         Comment: For rehabilitation project to have at least 75% brick exterior seems an unreasonable criteria.

   c. **Design Standards**

      The following standards, which per the QAP apply to rehabs, could be cost prohibitive or impractical to achieve for an existing building

      ii. Exterior Walls: R-21 Insulation
      iii. R-6 to R-8 HVAC ducts

iv. All bathroom areas to have moisture resistance gyp board
v. Exhaust fans in baths and kitchens shall be ducted to the building exterior.

Comment: Some exception for rehabilitation projects should be considered.

Respectfully submitted,

By:______________________
Stuart P. Hunt

## Nicole C. Carter

**From:** Amy York
**Sent:** Tuesday, April 27, 2010 2:12 PM
**To:** Tax Credit
**Subject:** 2010 QAP comments
**Attachments:** 2nd QAP comments from CDI 4232010.pdf; 2010 QAP comments Sher Garner Cahill Richter Klein and Hilbert, LLC 4232010.pdf; image001.gif

*See attached.*

*Thanks,*
*Amy L. York*

Assistant to Brenda Evans
Louisiana Housing Finance Agency
2415 Quail Dr.
Baton Rouge, LA 70808
PH: (225) 763-8800 Ext 286
FX: (225) 763-8752
ayork@lhfa.state.la.us

LAW OFFICES OF
SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.

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NEW ORLEANS, LOUISIANA 70112-1033
http://www.shergarner.com



lsher@shergarner.com
Direct Dial: (504) 299-2101
Direct Fax: (504) 299-2301

(504) 299-2100
FAX (504) 299-2300

April 22, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attn: Brenda Evans, Tax Credit Department

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")

Dear Ms. Evans:

We understand that the LHFA has requested comments and input from the public with respect to the rules and procedures governing the 2010 QAP. As a law firm that has represented numerous affordable housing developers, as well as other parties on all sides of these types of transactions, we appreciate the opportunity to voice our thoughts with respect to the 2010 QAP.

Based on our experience representing affordable housing developers and our review of the current 2009 Qualified Allocation Plan for the Low Income Housing Tax Credit Program ("LIHTC"), we respectfully submit the following comments to be entered into the public record for discussion in connection with the 2010 QAP:

1. __I. General Program Information, Section (G)(2) HOME Investment Partnership Program.__ We respectfully request that LHFA consider adding HOME fund allocations for elderly housing and rural development under this section of the 2010 QAP. It is difficult for our clients and other developers to develop housing in rural areas of the Louisiana without the assistance of soft funds such as HOME funds due

to lower median incomes in rural areas and lower rent revenues. The same holds true for elderly housing as development costs will be higher because of heightened construction requirements. Louisiana also has an increased need for elderly housing and low-income housing in the rural areas of the state.

2. **I. General Program Information, Section (G)(4) 30% Basis Bump Up Determination.** We respectfully request that LHFA consider designating St. Landry Parish as a Difficult to Develop Area ("DDA"). This parish has very low incomes which translate into very low rents, making it difficult for our clients and other developers to develop affordable housing for residents in St. Landry. Designation of the parish as a DDA will allow developers to provide affordable housing for very low income families in the parish community.

3. **II. Allocation Process, Section (G)(7)(g) Maximum Rents.** We respectfully request that, for projects utilizing both LIHTC funds and HOME funds, this section of the QAP be revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents only for those units in the project that are subsidized by HOME funds. The HOME program and the HUD guidelines require only the units to which HOME funds are allocated to meet the HOME rent requirements. [1]

   The remaining units in the project would need to meet the LIHTC rent requirements if LIHTC funds are used, but LIHTC rents are usually higher than fair market rents (or HOME rents) in low-income parishes.[2] Allowing the Pro-Forma Rents to reflect the higher LIHTC rents for units in the project to which HOME funds are not allocated makes affordable housing development more financially feasible in these parishes. An example would be:

   -Proposed project with 40 units
   -Development cost per unit is $120,000.00
   -HOME funds allocated is $500,000.00
   -In this example, four (4) units in the project would be HOME units and thirty six (36) units would be LIHTC units.

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[1] See http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/ and 24 CFR 92.252
[2] According to 2009 HOME program rent limits published by HUD, fair market rents equal HOME rents for all Louisiana parishes besides Natchitoches parish and the New Orleans Metro Area - http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/2009/la.pdf ; to calculate LIHTC rents for any Louisiana parish, see http://www.novoco.com/products/rentincome.php

-Rent requirements for the HOME units would be the lesser of HOME rents (fair market rents) or LIHTC rents.
-Rent requirements for the thirty-six (36) LIHTC units would be in accordance with LIHTC program requirements under Section 42 of the Internal Revenue Code.

Based on our clients' research, allocation programs in other states, including but not limited to those listed below, do not place fair market rent (or HOME rent) requirements on units in a project to which LIHTC funds, but not HOME funds, are allocated:

| | |
|---|---|
| -Nebraska | -Alaska |
| -Idaho | -Utah |
| -Nevada | -North Dakota |
| -New Mexico | -South Dakota |

4. **<u>II. Allocation Process, Section (G)(7)(h) Minimum Operating and Maintenance Expenses.</u>** We respectfully request that LHFA revise this section to clarify whether the $3,600.00 per unit figure includes the replacement reserve amount. The current language could be interpreted to include the replacement reserve amount within the $3,600.00 per unit figure, but our clients' experience has been the opposite.

   We also respectfully request that exceptions be granted to this minimum requirement in special circumstances for projects that can demonstrate lower operating expenses, as a result of low property taxes or otherwise, without sacrificing maintenance requirements.

5. **<u>II. Allocation Process, Section (G)(12) Financing Commitments.</u>** We respectfully request that LHFA revise this section to delete the words "Fully Executed Financing Commitments," as it is unlikely that any developer will be able to receive a full financing commitment at the time of application. Generally, most investors and lenders will not fully commit to a developer at this stage of the development process, but they will provide letters of interest subject to a variety of conditions. Provided the developer represents in its application that it will use its best efforts to satisfy those conditions, the LHFA should consider accepting this form of financing commitment in the application.

Law Offices of

SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.



We thank you for taking our comments under consideration and look forward to the continuation of open dialog and assistance from the Louisiana Housing Finance Agency in assisting our clients with the development of affordable housing in the State of Louisiana.

With warmest regards, I am

Respectfully yours,

Leopold Z. Sher

Chad P. Morrow

**Nicole C. Carter**

| | |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Tuesday, April 27, 2010 5:23 PM |
| **To:** | Tax Credit |
| **Subject:** | FW: LAAHP's 2010 QAP Stakeholders Comments |
| **Attachments:** | LAAHP 2010 QAP Comments.pdf |

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**From:** Charlotte Bourgeois [mailto:charlottebourgeois@cox.net]
**Sent:** Friday, April 23, 2010 11:08 AM
**To:** Brenda Evans
**Cc:** Byron Turner; Curtis Chaney; Helena Cunningham; Kathy Laborde; 'Kelly Longwell'; Mark Turrentine; Michelle Whetten; Todd Liitle
**Subject:** LAAHP's 2010 QAP Stakeholders Comments

Brenda:

Attached are LAAHP's comments on the upcoming 2010 QAP.

Thank you!

*Charlotte Bourgeois*
Executive Director
LAAHP
504-905-9433

LAAHP
Louisiana Association of Affordable Housing Providers

April 23, 2010

Ms. Brenda Evans
Housing Program Administrator
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Re: 2010 QAP Comments

Dear Brenda,

Here are the comments that LAAHP would like to see incorporated in the 2010 QAP:

1. **Minimum Internet/Cable capacity**: Eliminate the requirement of 3 distinct networks and simply require that a system be in place to provide the capability of cable TV, telephone and internet rather than specifying the number and type of networks.

2. **30-50 year roof**: Reduce this requirement to an Architectural 20 year roof, since due to weather conditions in Louisiana, most roofs have to be replaced before 30 years.

3. **Brick:** Eliminate the 75% requirement for brick or stucco and require that the construction be made of **acceptable durable materials** and then provide a list of acceptable durable materials including products such as brick, stucco, and Hardiplank. In addition, provide a process for a developer to apply to have a new product added to the list of acceptable durable materials after review by the staff of LHFA's construction program team.

Thank you for considering these changes.

Yours truly,

Charlotte Bourgeois

Charlotte Bourgeois
Executive Director

P. O. Box 4058 • Monroe, LA 71211 • www.laahp.org

**Nicole C. Carter**

**From:** Brenda Evans
**Sent:** Monday, May 03, 2010 10:05 AM
**To:** Tax Credit; Guy Williams; Milton Bailey
**Subject:** Comments to LHFA for 2010 QAP

We are still receiving comments so we will continue to compile them.

Thanks,
Brenda

---

**From:** Kirsten Vaselaar [mailto:kvaselaar@hriproperties.com]
**Sent:** Monday, May 03, 2010 9:57 AM
**To:** Brenda Evans
**Subject:** Comments to LHFA for 2010 QAP

Brenda,

My apologies for the very late response to your request for input from QAP stakeholders. We would like to make two recommendations for the 2010 QAP:

1) Raise the number of projects that can be awarded to one developer to four (4) projects
2) Increase the annual allocation cap to $1,500,000

Thank you so much for hosting the stakeholder meetings and requesting our input.

Kirsten Vaselaar

HRI Properties
909 Poydras Street, Suite 3100
New Orleans, LA 70112
504.679.5076 (Direct)
504.566.0204 (Main)
504.525.3932 (Fax)
kvaselaar@hriproperties.com

**Nicole C. Carter**

| | |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Friday, May 07, 2010 8:28 AM |
| **To:** | Tax Credit; 'Dan Strange' |
| **Subject:** | FW: PHA Pool Comments |
| **Attachments:** | LHC comments for PHA Pool 4-15-10.doc |

Got it – thanks.

---

**From:** Dan Strange [mailto:dan@callhsa.com]
**Sent:** Friday, May 07, 2010 7:15 AM
**To:** Brenda Evans
**Subject:** PHA Pool Comments

Brenda, I am sending you the comments from the Louisiana Housing Council for the PHA Pool as presented in Baton Rouge on April 15th and Shreveport April 16th at the Stakeholders Meetings conducted by the LHFA.
I am not sure Fred Banks or Richard Murray emailed or submitted a complete copy, as found attached.
Thank you,

Daniel Strange, Executive Secretary
Louisiana Housing Council
1450 Blue Run Road
Minden, LA 71055
318-377-9268
318-371-1224 (fax)
817-366-2322 (cell)
dan@callhsa.com

April 15, 2010

TO: Louisiana Housing Finance Agency Board Members

FROM: Cindy Martin, President-Louisiana Housing Council

Fred Banks, Chair-LHC Diversified Housing Opportunities Committee

The Louisiana Housing Council (LHC) is the state chapter of the National Association of Housing and Redevelopment Officials (NAHRO) based in Washington, D.C. For forty-eight years the LHC has been the largest and most effective organization of its kind in the state of Louisiana. Our chapter consists of 104 Public Housing Agencies, 87 Section 8 Agencies, and 15 Community Development Block Grant Agencies which administer 30,400 units of public housing and 32,200 units of Section 8 Housing Choice Vouchers. Based on the national averages, these Louisiana housing programs assist more than 200,000 low to moderate income family members and more than 50,000 elderly and disabled individuals. As you can see, we have a big stake in the affordable housing arena. The LHC and LHFA share a common goal in providing affordable housing for low and moderate income families in our great state.

These agencies are rooted in rural and urban areas across the state and in many instances are the only providers of housing for low to moderate income families within their community. As quasi-state political entities these agencies follow local, state, and federal regulations in administering these housing programs. However, their only source of funding is a direct subsidy or administrative fee from the Department of Housing and Urban Development that has consistently declined over the past several years. There have been no funds allocated for any new development of housing units since 1990, yet the need for low income affordable housing has continued to rise each year. In view of this lack of funding, the Department of Housing and Urban Development has urged these agencies to aggressively seek alternative resources to meet the challenge of providing for the affordable housing needs of their communities. Because preservation of Public Housing is a priority of the current Administration and HUD, our Louisiana PHA's are actively involved in the redevelopment of Public Housing utilizing the Tax Credit and Mixed Finance Programs available to them.

Through a special working relationship and in partnership with the LHFA over the past 6-7 years, several of our PHA's have been able to compete for and receive allocations of tax credits to add to the housing stock they manage. PHA's such as Monroe, Baton Rouge, Bossier City, Denham Springs, Lafayette, Ruston, New Iberia, Covington, Ville Platte, Lake Charles, and Sulphur have been successful in developing new properties in their communities. Many of our

PHA's look forward to using these tax credit allocations to develop Mixed Income Housing in their communities.

These new developments would not exist without the partnership existing between the LHFA and the LHC. We appreciate the opportunities provided to our public housing agencies and we are asking today that this partnership be extended and strengthened in the coming years by continuing to give consideration to public housing agencies in the Low Income Housing Tax Credit program.

Specifically, we request your consideration of the following in the 2010 Qualified Allocation Plan:

1. **Maintain the PHA sub-Pool containing 10% of the credits**

We request that the LHFA give serious consideration to the Changes to Definitions, as found attached below.

We strongly recommend that any PHA Sponsored Application be required to submit the attached certification by the Louisiana Housing Council, that the application is a certified PHA project. This process worked very effectively in 2009.

On behalf of the Louisiana Housing Council and the Public Housing Authorities in Louisiana, we want to offer a commitment to do our part in making the most of these opportunities for the families we serve. Thank you for your consideration of our request.

Sincerely,

Cindy Martin, President

Louisiana Housing Council

Fred Banks, Chair

Diversified Housing Opportunities Committee

## PHA POOL

Public Housing Agency (PHA) Pool: Ten Percent (10%) of the State's Per Capital component will be allocated to qualified applications from Public Housing Authorities. To qualify for this pool, applicants must have a certification from the Louisiana Housing Council and have at least 51% ownership in the project.

## Changes to Definitions:

**AFFILIATE:** Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has a majority ownership or governance interest either directly or indirectly through one or more subsidiaries.

**DISTRESSED PROPERTY:** Add "public housing property with excessive vacancies or excessive deferred maintenance or rehabilitation needs"

**PHA SPONSOR (add):** A PHA that receives an ACC contribution from HUD and owns 51% of the interests in the project at the time 8609s are issued, either directly or through its affiliate or instrumentality. Prior to 8609, it must control the GP through its affiliate or instrumentality. If a PHA partners with a for-profit developer and/or partner, the PHA must certify that any for-profit or non-profit development partners were selected in accordance with HUD's procurement requirements.

**ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING:** comment-will public housing Residents qualify as "most-at-risk of homelessness"? Will DSS make this determination and will LHFA accept? If so, PHAs can also compete in PSH pool.

## Changes to Project Threshold Requirements: Design Features:

1. Change exterior to allow thin-set brick or any fiber-cement type product that has a manufacturer warranty of 30-years. 75% brick exterior may not be appropriate design solution. Brick is not a characteristic of "Coastal" design and "Craftsman" design.
2. Remove requirement for storm windows when energy efficient insulated windows are used. Storm windows add no energy value when used on top of an insulated window and add maintenance costs. Storm windows are appropriate in a rehabilitation project when installing over a non-insulated existing window.

## Scoring:

**Add PHA public housing redevelopment project (35 points)** this is in addition to the set-aside. The set-aside is not large enough to accommodate multiple PHA redevelopment projects. This allows an opportunity to compete competitively in other pools such as Non-Profit, Permanent Supportive Housing and Elderly.

- Must conform to definition of PHA Sponsored project (above)
- Organizational documents are required with the application to qualify for these points.
- Must be part of 5-year CFP plan (evidence)
- Certified by LHC

STATE OF LOUISIANA:

PARISH OF ______________:

LOUISIANA HOUSING COUNCIL

PUBLIC HOUSING AGENCY (PHA) POOL CERTIFICATION

BEFORE ME, the undersigned authorities, Notaries Public in and for said respective Parishes and State and in the presence of the undersigned competent witnesses, came and appeared the below listed Housing Authority officials and officials of its wholly owned and controlled non-profit, do hereby certify and warrant that with regard to said Housing Authority's PHA Application for 2010 Tax Credits that the following are true and correct at the time the application is submitted and shall remain true and correct as indicated below:

1. The Housing Authority and its wholly owned and controlled non-profit are submitting the application;

2. The Housing Authority and its wholly owned and controlled non-profit jointly or one of them will be the sole and only general partner of the development limited partnership and in control of the development;

3. The Housing Authority and its wholly owned and controlled non-profit as the case shall remain the general partner of the development limited partnership for at least the fifteen (15) year compliance period;

4. The Housing Authority and its wholly owned and controlled non-profit shall ensure that in the provision of the development limited partnership that the general partner which is either the Housing Authority or its wholly owned and controlled non-profit shall have the option or the right of first refusal to purchase the development at the end of the compliance period;

5. The Housing Authority hereby certifies and warrants that they have selected a development partner in accordance with proper procurement procedures as prescribed by HUD, and as found in the attached evidentiary materials;

6. The Housing Authority further certifies and warrants that this PHA, Housing Authority of the City of ______________________, meets all requirements to satisfy this certification process for the Louisiana Housing Council by Resolution # ________, dated ______________, 2010, a copy of which is attached.

7. The Housing Authority and its wholly owned and controlled non-profit hereby further certify and warrant that they have not entered into any agreement with any developer to have an option or right to become the owner of the proposed development during the development stage, during the compliance period or after the compliance period;

8. The Housing Authority, and its wholly owned non-profit, hereby certifies and warrants that they will control at least a 51% ownership in the development as required by Public Housing Agency (PHA) pool.

9. The representations and warranties of the Housing Authority, and its wholly owned non-profit, set forth herein shall survive the application process and shall be deemed remade by the Housing Authority, and its wholly owned non-profit, as of the Tax Credit closing and at all financial closings involving the proposed development with the same force and effect as if made at that time; and

10. All representatives and warranties made in this agreement shall survive in full, during and after the compliance period and shall not merge into any instrument delivered with regard to the proposed development.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of

___________________, 2010.

______________________________ ______________________________

Housing Authority Executive Director Housing Authority Chairman

By:______________________________ By:______________________________

Authorized Signor Authorized Signor

______________________________________________

NOTARY PUBLIC

Printed Name: ______________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of _________________, 2010.

_______________________________ _______________________________

Non-Profit Officer Non-Profit Officer

By:_______________________________By:_______________________________

Authorized Signor Authorized Signor

_______________________________

NOTARY PUBLIC

Printed Name: ___________________________

In and for ___________ Parish, Louisiana

Notary Identification Number:____________

My Commission Is Permanent.

SWORN TO AND SUBSCRIBED, before me, Notary Public, on this _____ day of __________________, 2010.

______________________________

Louisiana Housing Council

By: Cindy Martin

President

______________________________

NOTARY PUBLIC

Printed Name: ______________________

In and for __________ Parish, Louisiana

Notary Identification Number:__________

My Commission Is Permanent.

**Nicole C. Carter**

| | |
|---|---|
| **From:** | Brenda Evans |
| **Sent:** | Wednesday, May 12, 2010 3:03 PM |
| **To:** | Tax Credit |
| **Subject:** | FW: LHFA - 2010 QAP Program |
| **Attachments:** | BAILEY, MILTON - CERTIF. LTR - 5-12-10 (00088279).PDF; ATT1383235.htm |

**From:** Milton Bailey
**Sent:** Wednesday, May 12, 2010 2:57 PM
**To:** Alesia Wilkins-Braxton; Brenda Evans; Wayne Neveu; Terri Ricks
**Cc:** Allison Jones; Guy T. Williams
**Subject:** Fwd: LHFA - 2010 QAP Program

FYI

Milton J. Bailey, President
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808
(225) 763-8700 x. 110
(225) 636-8847 cell
www.lhfa.state.la.us

Begin forwarded message:

**From:** "Morrow, Chad" <cmorrow@SHERGARNER.com>
**To:** "executivewebinfo@lhfa.state.la.us" <executivewebinfo@lhfa.state.la.us>
**Cc:** "Sher, Leopold" <LSher@shergarner.com>
**Subject: LHFA - 2010 QAP Program**

Dear Mr. Bailey,

Please see attached a copy of the letter that we are sending to you today. Please let us know if you have any questions. Thanks.

Chad P. Morrow

Sher Garner Cahill Richter Klein & Hilbert, L.L.C.

909 Poydras Street, 28th Floor

New Orleans, LA 70112

Tel: 504-299-2100

Fax: 504-299-2300

cmorrow@shergarner.com

LAW OFFICES OF

SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.

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STEVEN I. KLEIN[1,9]
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ROBERT P. THIBEAUX
DARNELL BLUDWORTH[2]
MARTHA Y. CURTIS[2]
NEAL J. KLING
JOSHUA S. FORCE[2,4]
DEBORAH J. MOENCH
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ALVIN C. MIESTER, III
HOWARD T. BOYD, III[2]
CHRISTOPHER T. CHOCHELES
SHARONDA R. WILLIAMS[5,10]
KAREN T. HOLZENTHAL
RYAN D. ADAMS
THOMAS J. MADIGAN, II[6]
KEVIN M. McGLONE
CHAD P. MORROW
JEFFREY D. KESSLER[7]
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MARY BETH AKIN
EMMA E. ANTIN DASCHBACH[7,8]
ANDREA M. ALBRIGHT
JENNIFER M. HOFFMAN
PAUL R. TRAPANI, III

OF COUNSEL:
TIMOTHY B. FRANCIS
DAVID A. MARCELLO

[1] LAW CORPORATION
[2] MEMBER OF LOUISIANA AND TEXAS BARS
[3] MEMBER OF LOUISIANA AND ALABAMA BARS
[4] MEMBER OF LOUISIANA AND CALIFORNIA BARS
[5] MEMBER OF LOUISIANA AND GEORGIA BARS
[6] MEMBER OF LOUISIANA AND MISSISSIPPI BARS
[7] MEMBER OF LOUISIANA AND NEW YORK BARS
[8] MEMBER OF LOUISIANA AND DISTRICT OF COLUMBIA BARS
[9] BOARD CERTIFIED TAX ATTORNEY LOUISIANA BOARD OF LEGAL SPECIALIZATION
[10] REGISTERED TO PRACTICE BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE

ALL OTHERS LOUISIANA BAR

cmorrow@shergarner.com
Direct Dial: (504) 299-2129
Direct Fax: (504) 299-2329

(504) 299-2100
FAX (504) 299-2300

May 12, 2010

**VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED**
**E-Mail:** executivewebinfo@lhfa.state.la.us
Mr. Milton Bailey
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")
Our Ref. No. 21059.0002

Dear Mr. Bailey:

Please find enclosed a copy of a letter we previously sent to Ms. Brenda Evans of the Louisiana Housing Finance Agency (the "LHFA") on April 22, 2010, as well as a copy of a follow-up letter we are transmitting to Ms. Evans today.

Both letters were delivered to the LHFA in connection with the LHFA's request for public comments and input with respect to the rules and regulations governing the 2010 QAP Program.

LAW OFFICES OF
SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.



We appreciate your consideration and look forward to an open dialogue with the LHFA regarding the QAP Program.

Very truly yours,

Chad P. Morrow

CPM:lm

Enclosures

LAW OFFICES OF

SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.

TWENTY-EIGHTH FLOOR
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(504) 299-2100
FAX (504) 299-2300

April 22, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attn: Brenda Evans, Tax Credit Department

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")

Dear Ms. Evans:

We understand that the LHFA has requested comments and input from the public with respect to the rules and procedures governing the 2010 QAP. As a law firm that has represented numerous affordable housing developers, as well as other parties on all sides of these types of transactions, we appreciate the opportunity to voice our thoughts with respect to the 2010 QAP.

Based on our experience representing affordable housing developers and our review of the current 2009 Qualified Allocation Plan for the Low Income Housing Tax Credit Program ("LIHTC"), we respectfully submit the following comments to be entered into the public record for discussion in connection with the 2010 QAP:

1. **I. General Program Information, Section (G)(2) HOME Investment Partnership Program.** We respectfully request that LHFA consider adding HOME fund allocations for elderly housing and rural development under this section of the 2010 QAP. It is difficult for our clients and other developers to develop housing in rural areas of the Louisiana without the assistance of soft funds such as HOME funds due

to lower median incomes in rural areas and lower rent revenues. The same holds true for elderly housing as development costs will be higher because of heightened construction requirements. Louisiana also has an increased need for elderly housing and low-income housing in the rural areas of the state.

2. **I. General Program Information, Section (G)(4) 30% Basis Bump Up Determination.** We respectfully request that LHFA consider designating St. Landry Parish as a Difficult to Develop Area ("DDA"). This parish has very low incomes which translate into very low rents, making it difficult for our clients and other developers to develop affordable housing for residents in St. Landry. Designation of the parish as a DDA will allow developers to provide affordable housing for very low income families in the parish community.

3. **II. Allocation Process, Section (G)(7)(g) Maximum Rents.** We respectfully request that, for projects utilizing both LIHTC funds and HOME funds, this section of the QAP be revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents only for those units in the project that are subsidized by HOME funds. The HOME program and the HUD guidelines require only the units to which HOME funds are allocated to meet the HOME rent requirements. [1]

   The remaining units in the project would need to meet the LIHTC rent requirements if LIHTC funds are used, but LIHTC rents are usually higher than fair market rents (or HOME rents) in low-income parishes.[2] Allowing the Pro-Forma Rents to reflect the higher LIHTC rents for units in the project to which HOME funds are not allocated makes affordable housing development more financially feasible in these parishes. An example would be:

   -Proposed project with 40 units
   -Development cost per unit is $120,000.00
   -HOME funds allocated is $500,000.00
   -In this example, four (4) units in the project would be HOME units and thirty six (36) units would be LIHTC units.

---

[1] See http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/ and 24 CFR 92.252
[2] According to 2009 HOME program rent limits published by HUD, fair market rents equal HOME rents for all Louisiana parishes besides Natchitoches parish and the New Orleans Metro Area - http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/2009/la.pdf ; to calculate LIHTC rents for any Louisiana parish, see http://www.novoco.com/products/rentincome.php

-Rent requirements for the HOME units would be the lesser of HOME rents (fair market rents) or LIHTC rents.

-Rent requirements for the thirty-six (36) LIHTC units would be in accordance with LIHTC program requirements under Section 42 of the Internal Revenue Code.

Based on our clients' research, allocation programs in other states, including but not limited to those listed below, do not place fair market rent (or HOME rent) requirements on units in a project to which LIHTC funds, but not HOME funds, are allocated:

-Nebraska
-Idaho
-Nevada
-New Mexico
-Alaska
-Utah
-North Dakota
-South Dakota

4. **<u>II. Allocation Process, Section (G)(7)(h) Minimum Operating and Maintenance Expenses.</u>** We respectfully request that LHFA revise this section to clarify whether the $3,600.00 per unit figure includes the replacement reserve amount. The current language could be interpreted to include the replacement reserve amount within the $3,600.00 per unit figure, but our clients' experience has been the opposite.

   We also respectfully request that exceptions be granted to this minimum requirement in special circumstances for projects that can demonstrate lower operating expenses, as a result of low property taxes or otherwise, without sacrificing maintenance requirements.

5. **<u>II. Allocation Process, Section (G)(12) Financing Commitments.</u>** We respectfully request that LHFA revise this section to delete the words "Fully Executed Financing Commitments," as it is unlikely that any developer will be able to receive a full financing commitment at the time of application. Generally, most investors and lenders will not fully commit to a developer at this stage of the development process, but they will provide letters of interest subject to a variety of conditions. Provided the developer represents in its application that it will use its best efforts to satisfy those conditions, the LHFA should consider accepting this form of financing commitment in the application.

LAW OFFICES OF

SHER GARNER CAHILL RICHTER
KLEIN & HILBERT, L.L.C.



We thank you for taking our comments under consideration and look forward to the continuation of open dialog and assistance from the Louisiana Housing Finance Agency in assisting our clients with the development of affordable housing in the State of Louisiana.

With warmest regards, I am

Respectfully yours,

Leopold Z. Sher
Chad P. Morrow

From: Origin ID: NEWA (504) 299-2201
Laura Jones
Sher Garner
909 Poydras Street

New Orleans, LA 70112

FedEx Express

E

Ship Date: 22APR10
ActWgt: 1.0 LB
CAD: 9449347/INET3010

Delivery Address Bar Code

SHIP TO: (504) 299-2129 BILL SENDER
Brenda Evans, Tax Credit Dept.
Louisiana Home Finance Agency
2415 QUAIL DR

BATON ROUGE, LA 70808

Ref # 20159.0002
Invoice #
PO #
Dept #

TRK# 0201 7985 9648 4057

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May 12, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attn: Brenda Evans, Tax Credit Department

RE: 2010 Qualified Allocation Plan for Low Income Housing Tax Credit Program ("2010 QAP") by the Louisiana Housing Finance Agency ("LHFA")

Dear Ms. Evans:

As you may recall, we previously sent a letter dated April 22, 2010 to the LHFA in connection with the LHFA's request for public comment and input with respect to the rules and procedures governing the 2010 QAP. As a law firm that has represented affordable housing developers, as well as other parties on all sides of these types of transactions, we appreciate the opportunity to voice our thoughts with respect to the 2010 QAP.

In that prior correspondence, we respectfully requested that, for projects utilizing both LIHTC funds and HOME funds, Section (G)(7)(g) of the QAP be revised to require that the Pro Forma Rents not exceed the lesser of fair market rents (or HOME rents) or LIHTC rents <u>only for those units in the project that are subsidized by HOME funds</u>. We also brought to the attention of the LHFA the fact that, based on our clients' research, allocation programs in many other states, including but not limited to the eight (8) states listed in our prior correspondence, do not place fair market rent (or HOME rent) requirements on units in a project to which LIHTC funds, but not HOME funds, are allocated.

We are writing to you today to update that list to also include **TEXAS** and **ARKANSAS** based on information we have received from our clients.

We thank you again for taking all of our comments under consideration and look forward to the continuation of open dialogue and assistance from the Louisiana Housing Finance Agency in assisting our clients with the development of affordable housing in the State of Louisiana.

With warmest regards, we are

Respectfully yours,

Lee Sher

Leopold Z. Sher
Chad P. Morrow

cc: Ms. Allison A. Jones
Mr. Mark Madderra
Mr. Milton Bailey
Mr. Wayne Neveu

## Marjorianna Willman

**From:** Leslie Strahan
**Sent:** Thursday, May 06, 2010 10:35 AM
**To:** Brenda Evans
**Cc:** Marjorianna Willman
**Subject:** FW: 2010 QAP Legal Notes
**Attachments:** Legal Department QAP Notes.docx

Dear Brenda,

Here are the notes from Legal of items Legal is requesting to be in the QAP. I had forwarded the notes to Terri for review for accuracy and she provided the following:

Actually, the "process for establishing state debarment that is similar to Federal debarment" is really #4, not a part of #3.

I will work with you on these, but just wanted Legal's request on your radar.

---

**From:** Marjorianna Willman
**Sent:** Wednesday, May 05, 2010 11:14 AM
**To:** Leslie Strahan
**Subject:** 2010 QAP Legal Notes

Here are the QAP notes from the legal meeting.

Thanks