Louisiana Housing Finance Agency
Stakeholder Meeting- New Orleans, LA
March 28, 2011- 10 AM

Commissioners Present
Guy Williams
Donald Vallee
Michael Airhart
Adena Boris
Frank Thaxton

Staff Present
Milton Bailey
Alesia Wilkins-Braxton
Brenda Evans
Wayne Neveu
Marjorianna Willman
Louis Russell
Nicole Carter
Ronald Burrough
Jeff DeGraff
Eva Martinez

Meeting started promptly at 10:00 am; Chairman of the Multifamily Committee welcomed participates and explained this meeting is strictly for the commissioners and staff listening purposes for input into the 2011 Qualified Allocation Plan (QAP).

Pres Kabacoff, HRI Properties- Would like to see the Agency increase the project cap from $1.5 Million to $2.5 Million for projects that are a part of a transformational effort (housing, hospital & transportation). Consider bringing PSH back; would like to bring substantial social services to provide case management and substance abuse services. UNITY and Common Ground organizations could bring strong services to allow residents to function in society. He also asked for priority points for PSH.

Martha Kegal, UNITY- Affordable rental housing aligned to services for regular tenants with full time staff with offices on-site to assist residents. Not asking for a mandatory set aside, just incentives.

Ed Washington, New Orleans East (NOE) Resident/ NOE Neighbor Advisory- Seems to be a glut of senior housing in NOE, with no reasoning behind it; entirely too many units being built and there are currently vacant units with vacancy signs. In addition, there is no infrastructure (jobs, transportation, other amenities) in place for the residents. CDBG dollars were not meant to concentrate poverty in any one area of the city. The Agency needs to take into consideration the needs of the community prior to building housing.

Joan Hisser, New Orleans East Resident/ Realtor- NOE has over 40 percent of the city's low income housing and has the large vacancy rates. Federal government did not intend to saturate a particular area with low income housing.

Gionne Jordan, Michaels Development- Give points for projects partnering with a housing authority or increase set aside for such. Eliminate Superior Design.

Larry Jackson, Citywide Development Services- Develop blighted properties with own funds since financing is not available. Would like to see a Tax Credit set aside for such and some incentives for developing this type of project; this would provide affordable housing quickly.

Todd Little, Little and Associates/ LAAHP- Would like the definition of rural to be clearer. In addition, a precise definition of "pools" and how the set aside will collapse.

James Freeman, Standard Enterprises- Lower project cap to $700,000-$800,000 range. Superior site should be on level playing field to allow rural projects to compete.

Steve Perry, Perry Property- The simplest way to get projects on the ground would be to forward allocate.

Rebecca Rotherberg, HANO- Increase cap for transformational projects.

Pierre Walker, CCNO Development- Did not participate in last funding round and would like to see the Agency allow developers to participate even if they haven't fulfilled every task and permanent financing on previous awarded projects.

Yvonne Emerson, USDA Rural Development (RD) - In favor of a statewide rural development pool; RD would like to focus on rehabbing existing properties that the federal government has already invested in.

Charlotte Bourgeois, LAAHP- Has submitted written comments prior to the meeting. Some of the comments are as follows:

- Revise guidelines for "community notifications"
- Eliminate selection criteria duplicate points
- Superior Design
    - Delete superior design
    - If deleting is not an option, revise the way it is managed for more clarity and not as subjective.
    - Urban areas currently have an advantage over rural areas
    - Revise point options from 5 or 10 points to a sliding scale of 1-10 points dependent upon scoring. (For example if a project scores 30 points, they would get 3 selection criteria points)
    - Delete cash equity contribution; this can only be assessed at the end and can be manipulated.
    - Revise comment period to allow additional time to review market study and initial ranking. Possibly set a day or two for a panel to review challenges prior to board meeting.
    - Change developer cap to 10%
    - Revise rural housing definition
    - Expand listing of 15-year maintenance free exterior

Tim Hardy- would like to see more scattered site developments

Michael Gross, LDG Multifamily-

- Against forward allocation
- Current QAP is being skewed to new construction projects, wants a level playing field.

- Against lowering the developer cap
- Superior design- would like a checklist to be provided
- Eliminate community support points from mayor and/or metro council
- Have separate selection criteria for urban and rural areas
- Have paperless applications, or 1 paper and 2 electronic copies

Michelle Whetten, Enterprise Community- Would like the Agency to encourage the use of Green Communities.

Bob Watkins, Phoenix Development- In favor of homeowner units and green communities.

Jakob Von Trapp, Columbia Residential- Wanted to know if the Board plans to target certain parishes.

Jack Guatreau, LA Homebuilders Associations- Wants the Agency to encourage the use of local builders, suppliers, and sub-contractors.

Monica Gonzales, Enterprise Community- Supports Green Communities and offers training to developers interested in Green Communities.

Billy Ward, LA Homebuilders Association- Interested in building communities, not just housing.

Lisa Mazie, CD Capital- Would like to see lending for distressed housing.

Murray Calhoun- Rural cannot compete with urban new construction; would like to see a set aside for rural projects. Also, rural is at a disadvantage with superior design as well. Wants to see a greater emphasis placed on the restoration of existing properties.

Jonathan Wright, Olympic Construction- Supports scattered site developments.

George Turner, The Peoples Workshop- Would like to see the Agency better serve rural Louisiana.

Connie Decuir, Urban Planner NOE- Wants the Agency to consider the infrastructure that will be needed to support tax credit multifamily housing.

Commissioner Williams- The Agency's strategy/ plan will be developed after all comments are heard. (Opened the floor to other commissioners for comments and questions)

Commissioner Vallee-

- Asked the New Orleans East group if they had seen the UNO market study completed recently, if they haven't, he suggested they do so.
- HANO is to report the number of subsided and assisted living structures.
- Wanted to know if Larry Jackson with Citywide Development had any suggestions to assist in the development of blighted housing.
  - o Mr. Jackson suggested a set aside and since no financing is available, maybe CDBG funds.
  - o Would like Mr. Jackson to discuss these options with staff.
- Asked how we could help with superior design and criteria to provide nicer projects.
  - o Charlotte Bourgeois stated LAAHP had met with the architect firm that completed the superior design assessment last year and found the problem was the firm did not have

extensive knowledge of tax credit properties and how they work. Would like to meet with the architect firm again to discuss the superior design criteria.

- Asked Murray Calhoun to further discuss the problems rural housing is facing. In particular rural housing's difficulty in finding investors. In his opinion, what is the ideal size and dollar amount for rural housing to get investors interested in rural housing?
    - Mr. Calhoun stated a typical 32 unit project building 1985 would need approximately $125,000 to $175,000 to rehab. In addition to the credits needs, it is difficult to find a partner for the credits.
    - Commissioner Vallee asked in Mr. Calhoun's opinion how would he divide the pools (urban to rural, new construction to rehab, residential to multifamily)?
        - 6-8 projects a year for rural (about 10% for rural)
        - In addition, rural projects also have to work with the existing spaces and adding amenities like washer/dryers and dishwashers are taking away from living spaces.

Commissioner Thaxton- Two issues to discuss:

- Market Studies: Market studies are now being done after the site is picked (in-house); he believes this should be done prior to ensure the right site was picked for the project. In addition, the price has doubled to obtain the market study and a lot of firms completing the market studies are out of state. This is causing some conflict between the developer and the analyst. Would like some feedback to in order to improve the process.
- Community endorsement- Whether it is from the mayor or the city council, it involves politics. Another issue is zoning for the projects; in order to get the proper zoning one must either convince the zoning officer to change it or buy the property first and then try to get it zoned properly.
- Todd Little stated the reason why the Agency probably opted for in-house market studies is to not have the developer "buy" a favorable market study. However, he hasn't seen a project (maybe one or two) done the old way and gone under because the developer had an incorrect market study. Plus he agrees the cost of a market study is way too high.
    - Will Belton also stated the investor/ financial backer gets their own market study done as well to prior to committing to the project.

Commissioner Airhart- Understands the concern over the definition of rural; would like the Agency to use the federal definition of rural for tax credit purposes. Wants to encourage developers to use local builders and subcontractors. Also would like for developers to build where the projects are wanted.

Meeting adjourned

USDA Rural Development

United States Department of Agriculture
Rural Development
State Office

March 3, 2011

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

Dear Mr. Bailey:

Louisiana USDA Rural Development (RD) would like to take this opportunity to present items for consideration for development of the 2011 Qualified Allocation Plan (QAP).

In Louisiana, USDA RD has an outstanding affordable housing portfolio of nearly 400 multi-family housing properties consisting of over 12,000 units. This represents an investment by the federal government of nearly $350 million in rural affordable housing for the state of Louisiana.

RD is committed to working with LHFA in an effort to achieve the goal of both agencies; that of providing affordable housing which is decent, safe and sanitary to low income residents of our state.

Resources provided by programs through your agency has been critical to the mission of the RD Multi-Family Housing Program; particularly the Low Income Housing Tax Credit Program. Funding opportunities provided by LHFA have enabled developers to successfully leverage LHFA resources with RD or other third party resources to complete necessary rehabilitation of existing properties within an aging RD portfolio. We believe RD owners have evidenced their abilities to deliver.

Therefore, we are requesting consideration of the following:

1. A statewide RD pool specifically allocated for RD financed properties with no minimum scoring threshold due to inherent limitations attributable the location of these existing properties. A requirement for a letter from USDA confirming existing USDA Financing for the project would qualify the project for the pool. We would request this Pool be 10% of the Qualified Allocation Plan total credits.

2. In previous years we've requested point changes in order to make RD properties competitive in the selection criteria. With a separate set aside USDA financed properties could compete within their own pool, making it less important to have changes within the selection criteria for our properties. We all understand that our existing properties have been somewhat less competitive due to our rural locations and limited resources for these areas.

3727 Government Street • Alexandria, Louisiana 71302.
Telephone: (318) 473-7962 • Fax: (318) 473-7662 • TDD/TTY: (318) 473-7655 • Web: http://www.rurdev.usda.gov/la.

3. We also ask for waiver considerations for Project Threshold Requirements. Specifically we would ask for language to be included in the QAP that grants waivers for USDA Rural Development properties if such requests are submitted to the LHFA with USDA approval. There are a few Project Threshold Requirements that are either impossible or unfeasible for existing USDA properties in rural areas. We also ask that the LHFA continue to waive unit size limitations, including minimum bathroom and bedroom size, for existing RD properties.

We appreciate the opportunity to share our thoughts and concerns and ask that you give the items noted your full consideration during the development of the 2011 QAP. Should you have any questions, please let me know.

Sincerely,

YVONNE R. EMERSON
Multi Family Housing Program Director

cc: Brenda Evans
Board of Commissioners

RECEIVED
MAR 07 2011
LOUISIANA HOUSING FINANCE AGENCY

HRI PROPERTIES

March 21, 2011

Brenda Evans
Louisiana Housing Finance Agency
2415 Quail drive
Baton Rouge, LA 70808

Re: Comment to 2011 Qualified Allocation Plan

Dear Mrs. Evans,

Please accept this letter and its proposed language for consideration in the upcoming draft of the 2011 Qualified Allocation Plan (QAP).

Within Section I.C. "Maximum Tax Credits," we propose the addition of a subsection "3" which would read as follows:

I.C.(3) The Agency will allow for an exception to the annual LIHTC reservation limit of $1,500,000 to up to $2,500,000 for a large master planned and sustainable community developed in a public private partnership, whether or not developer participates in some or all of the development pieces, which transforms the larger community economically, socially and environmentally. Examples are proposed developments that include, in addition to affordable housing, schools, retail, medical facilities, improve the environment and ecology and access to public transportation. A letter from the highest elected official from the local jurisdiction would be required to evidence the transformative impacts. Only one project would be eligible for this designation per funding round.

HRI respectively requests that the Agency consider this exception in drafting the 2011 QAP. Should you have any questions, or if you would like to discuss further, please do not hesitate to contact me. Thank you.

Sincerely,

Pres Kabacoff
Chief Executive Officer

909 POYDRAS TOWER
909 POYDRAS STREET, SUITE 3100 · NEW ORLEANS, LOUISIANA 70112 · 504/566-0204 · FAX 504/525-3932

HRI PROPERTIES

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Louisiana Housing Finance Agency
2415 Quail drive
Baton Rouge, LA 70808

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LAAHP

Louisiana Association of Affordable Housing Providers

Suggestions for upcoming LHFA's Qualified Allocation Plan (QAP)

March 21, 2011

1. Revise guidelines for Community notification

   As experienced last year, there was confusion on the Community Notification requirement. Here are several suggestions for improvement:

   a. QAP require that all notices must run no sooner than 21 days before the close of the cycle and be complete prior to 7 days before the cycle ends.
   b. Remove this pre-application requirement and revise to become a post application requirement (i.e. notices must be published within 12 days after the application is submitted).

2. Review Selection Criteria Points to eliminate duplication of points for same item.
   a. Superior design scorecard points that duplicate selection criteria points for Site Selection and Neighborhood Features, Energy Efficiency and Green Building.

3. Delete or modify points for Superior Design
   a. Delete superior design.
   b. At the end of this report, please see the summary of other State Housing Agencies QAP and Superior Design. The survey indicates Superior Design is only included in a few states.
   c. If Superior Design is retained in the QAP, provide written specific criteria to meet the definition in the QAP.
   d. In the 2010 Funding round, the majority of the projects awarded Selection Criteria points were in urban areas.
   e. Revise the awarding of points for Superior Design as the current system is very subjective. Suggestions include:
      i. Award 10 points for only one project per round.
      ii. Award between 1 and 10 points based on scoring for superior. For example, since the scorecard awards between 10 and 100 points, award 1 point for each 10 points scored design rather than awarding only two levels of 5 and 10 points.

4. Delete Cash Equity Contribution
   a. This criterion can be manipulated to receive points.
   b. Funding sources and amounts change during development. Cash Equity contribution can only be evaluated at the completion of a project not at the outset.

5. Revise Timeline to allow adequate time for comment by developers
   a. The time between application submission (June 30th) and award recommendations to board (Sept 14th) does not allow time for comment on the results of the Market Studies once they are complete.
   b. Provide a time and a format for responding to initial ranking letters prior to award announcements. This can be accomplished by designating a panel of staff who are scheduled to be available on a specific day and anyone wishing to walk through their response / score can come to the agency and do so.

6. Review and Revise the maximum TDC to insure that these are reasonable for all developments. For example, scattered site developments are more costly to develop than single site apartments.

7. Change the developer cap limits back to 10% of states cap, or 15% if partnering with a CHDO, instead of having a hard figure.

8. Revise Rural Housing Definitions in the QAP
    a. Utilize the US Department of Agriculture definitions for Rural Development
        i. RD New Construction: in a place designated by RD of the US Department of Agriculture in open country and communities up to 20,000 in population.
        ii. RD Target Area – An area designated in writing by RD of the U.S. Department of Agriculture as a priority area for housing currently financed under the Section 515 Program.
        iii. Rural Pool: Developments meeting the definition of RD New Construction and/or RD Targeted Area

9. Expand listing of construction methods that meet the for 15 year maintenance free exterior requirement
    a. 75% brick exterior
    b. HardiPlank and other fiber cement based products
    c. Stucco

HERMAN & KITTLE PROPERTIES, INC.

Real Estate Development • General Contracting • Property Management

March 21, 2011

SENT VIA EMAIL

Ms. Marjoriana Willman
Tax Credit Manager
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2011 Qualified Allocation Plan ("QAP")

Dear Ms. Willman:

On behalf of Herman & Kittle Properties, Inc., the following comments and recommendations are respectfully submitted in connection with the creation and adoption of the 2011 QAP:

1. Per Capita Credits: utilize the Agency's 2011 and 2012 Per Capita Credit Ceiling in the 2011 9% LIHTC funding cycle.

2. Rural Pool:
   a. Allocate twenty-five percent (25%) of the Per Capita Component of the State's 2011 Credit Ceiling to the Rural Pool. There are numerous places designated by the Louisiana Office of Rural Development, U.S. Department of Agriculture ("RD") in open country and communities with a population up to 20,000 with a significant lack of quality affordable rental housing and RD Target Areas with existing rental housing financed under the Section 515 Program in need of Substantial Rehabilitation.
   b. Implement the following definitions:
      i. RD New Construction: New Construction activity in a place designated in writing by RD in open country and communities up to 20,000 in population;
      ii. RD Target Area: An area designated in writing by RD as a priority area for housing currently financed under the Section 515 Program; and
      iii. Rural Pool: Developments meeting the definition of RD New Construction and/or RD Targeted Area, as evidenced in writing by a support letter from RD included with the application for Low-Income Housing Tax Credits, shall be ***eligible*** to compete in the Rural Pool.
   c. Experience Requirement:
      i. Developer Experience: previous experience with a minimum of five (5) Developments meeting the definition of RD New Construction and/or RD Targeted Area, however, not limited to the State of Louisiana and
      ii. Property Management Agent Experience: previous experience with a minimum of five (5) Developments meeting the definition of RD New Construction and/or RD Targeted Area, however, not limited to the State of Louisiana.

3. Maximum Tax Credits
    a. Project Limits:
        i. Developments participating in the Rural Pool shall be capped at an annual Credit allocation of $800,000 and
        ii. Developments participating in the General Statewide, QNP/CHDO and PHA Pools shall be capped at an annual credit allocation of $1,200,000 if located in a Metro Area and $800,000 if located in a non-Metro area.
    b. Developer Limits: No Developer, related persons thereof or agents thereof or any person having an identity of interest with any Developer, related persons thereof or agents thereof or any combination of the foregoing shall be reserved Credits in excess of $1,600,000.

4. 30% Basis Bump Up Determination:
    a. Developments ***shall*** qualify for the 30% Basis Bump Up if located in a Difficult Development Area (DDA) or a Qualified Census Tract (QCT);
    b. The Agency ***may*** otherwise consider Developments not located in a DDA or QCT on a case-by-case basis for the 30% Basis Bump UP; and
    c. Developments participating in the Rural Pool or located in a non-Metro area ***shall*** automatically receive the 30% Basis Bump Up.

5. Communication with Contact Person: modify the QAP language and application to allow for a maximum of two (2) contact persons per Development/Application.

6. Maximum Average TDC Per Unit by Development Type: ***increase*** the limit by 20% for all Development Types for Developments/Applicants electing the Green Buildings selection criteria (Selection Criteria V.A. in the 2010 QAP).

7. Pro Form Cash Flows:
    a. Rate of Increase Assumptions for Revenues and Expenses:
        i. Revenue: permit a range of 2% - 6% annual increase for existing Developments if supported by a minimum 3 years of historical operating data, which shall be included as evidentiary materials with the application for low-income housing tax credits. Otherwise, 2% annual increase;
        ii. Expense:
            1. All expenses except real estate taxes: permit an annual increase rate less than 3% for existing Developments if supported by a minimum 3 years of historical operating data, which shall be included as evidentiary materials with the application for low-income housing tax credits. Otherwise, 3% annual increase and
            2. Real estate taxes: permit an annual increase rate less than 3% if supported by a minimum 5 years of historical operating data, which shall be included with as evidentiary materials with the application for low-income housing tax credits. Otherwise, 3% annual increase.
    b. Vacancy Rate Assumptions: permit a range of 2% to 10% (including vacancy and bad debt) for existing Developments if supported by a minimum 3 years of historical

operating data, which shall be included as evidentiary materials with the application for low-income housing tax credits.

8. Financing Commitments: modify the current language to read: "All sources of funding identified in the application for low-income housing tax credits must be supported by a letter of interest/letter of intent executed by the party providing such letter. Each letter must clearly identify the Development and its location, state the terms of the proposed financing source, including interest rate, amortization, term, prepayment penalty, anticipated tax credit amount, equity pricing per credit dollar, pay-in schedule and any other terms material to the nature and source of the financing proposed in the letter."

9. Market Study and Appraisals:
   a. Require the Market Study to be submitted at the time of application for low-income housing tax credits. This process will have the following result:
      i. Developers/Applicants will not duplicate costs associated with obtaining a Market Study (i.e., obtaining one prior to application and then paying the Agency an additional fee to obtain one after the application for low-income housing tax credits is submitted);
      ii. Developers/Applicants will have the opportunity and ability to develop a project concept well in advance of the application process that meets the specific needs (i.e., senior versus elderly, appropriate rental rates, AMI set-asides, etc.) of a particular market; and
      iii. Significantly reduce or potentially eliminate the need for Agency Staff and Developers/Applicants to spend time and resources disputing the results of the Market Study during the 10-day challenge period.
   b. For rehabilitation projects where there is ***not*** an identify of interest between the buyer and seller, require an Appraisal to be submitted at the time of application for low-income housing tax credits when Acquisition Costs exceeding $1,500,000 are included in Eligible Basis. The 30% Value Credit this month is 3.33%, which means the resulting annual credit request from Acquisition Costs of $1,500,000 would be approximately $50,000. Any downward adjustments to the acquisition price resulting from an Appraisal would most likely have a nominal impact on the annual credit request associated with Acquisition Costs and overall Development sources and uses (i.e., the feasibility and viability). This modification to the QAP would reflect a meaningful cost savings/reduction of up to $10,000 to many Developers/Applicants who already go" out-of-pocket" $20,000 - $40,000 preparing one low-income housing tax credit application.

10. Green Building Definition:
    a. LEED Criteria: incorporate LEED for Homes.
    b. Green Communities Criteria: strike reference to "project" and revise to include only residential buildings, thereby excluding Community Facilities and detached garage buildings, if applicable.

11. Selection Criteria
  a. Targeted Project Type
    i. Permit Developer/Applicant to check "All that Apply" and eliminate the "Select Maximum of One" limit;
    ii. I.A.(i). Eliminate the category. This category currently promotes a mixed income structure that was successful under the Piggy-Back Program, but will have limited or no success without a significant amount of soft financing sources. Rather, implement a selection criterion that promotes a variety of income targeting (e.g., 30%, 40%, 50%, 60% AMI and unrestricted market units) in a particular Development. As an example, assign points to the various AMI set-asides based on the number of each as a percentage of the over total number of units in the Development, with the ideal AMI set-aside mix consisting of some combination of 30%, 40%, 50%, and 60% AMI or unrestricted market units;
    iii. Selection Criteria I.B.(i) Substantial Rehabilitation or Conversion: award more points to this scoring category to encourage focusing the State's resources on the acquisition and rehabilitation of existing properties;
    iv. Selection Criteria I.B.(ii) Rehab of Historic Property: modify the definition, or provide clarity to the current definition, of Historic Property to include a Development/Property that includes with its application for low-income housing tax credits a letter from SHPO indicating the Developer/Applicant has filed a Part 1 and SHPO subsequently determined the Development/Property to be eligible;
  b. Priority Development Areas and Other Preferences
    i. Selection Criteria G.(iv): revise so that either of the following are sufficient to receive the points: (a) letter of support on official letterhead specifically identifying the Development and its location signed by the highest ranked public official of the City or Parish in which the Development is located; (b) a resolution of support specifically identifying the Development and its location passed by a majority of the members of the City or Parish Council of the City or Parish in which the Development is located; or (c) a letter of support on official letterhead specifically identifying the Development and its location signed by a majority of the members of the City or Parish Council of the City or Parish in which the Development is located;
    ii. Selection Criteria H. Make this a more meaningful scoring category by identifying specific/select Parishes throughout the State and publish this list in the first draft of the QAP. Otherwise, eliminate this scoring criteria;
    iii. Add a 5 point category to award Developments located in a census tract with no other same type (i.e., elderly, general occupancy) Developments supported by rental housing tax credits. Evidence of the census tract in which the Development is located must be submitted with the application for low-income housing tax credits. Additionally, the Market Study must identify the location and specify the target occupancy/households served (i.e. elderly, general occupancy) of all other Developments supported by rental housing tax credits located in the same census tract as the Development under consideration by the Agency.

c. Location Characteristics IV.(A.)(ii): define "Industrial" and eliminate Liquor Store
d. Project Characteristics V.E.: eliminate this selection criteria
e. Leverage, Efficiency and Viability VI.B.(i) and (ii): eliminate this selection criteria as it relates to Actual Cash Equity Contribution (Investment) by Developer. Add an emphasis to HOME Funds, AHP, NSP or other funding provided by 3rd parties not related to the Developer.

Herman & Kittle Properties, Inc. has been a participant in the 9% competitive application process in the State of Louisiana since April 2006 and appreciates the opportunity to participate again in 2011. Thank you in advance for considering the above comments and recommendations. If you should have any questions, please feel free to contact me via phone at 317.403.5420 or email: mroderer@hermankittle.com.

Sincerely,

Michael A. Roderer
Senior Development Associate

cc: Mr. Milton Bailey, President, Louisiana Housing Finance Agency
Ms. Brenda Evans, Housing Program Administrator
Ms. Allison Jones, Chairwoman, Louisiana Housing Finance Agency Board of Commissioners
Mr. Michael Airhart, Vice Chairman, Louisiana Housing Finance Agency Board of Commissioners
Mr. Guy Williams, Chair, Multifamily Rental Committee, Louisiana Housing Finance Agency Board of Commissioners
Mr. Wayne Neveu, Foley & Judell

Enterprise

MEMO

Date: March 28, 2011
To: Brenda Evans
From: Monica Gonzalez
Re: 2011 QAP: Enterprise Green Communities

We would first like to commend LHFA on continuing its strong commitment to green and sustainable affordable housing development the QAP and inclusion of the Enterprise Green Communities Criteria 2008 in the scoring categories. Enterprise is committed to making evidence-based improvements to its Green Communities initiative in order to advance the economic, health, and environmental benefits that can be achieved through green measures and methods. Towards that end, we released an updated version of the Green Communities Criteria in February 2011 and have a corresponding Certification process for developers of affordable housing seeking to meet the Criteria. We would like to share this update with the LHFA staff for inclusion in the 2011 QAP.

Developers can begin the two-step Enterprise Green Communities Certification process through the online application process. For Step 1, the project team should submit the required documentation during the design phase by the expected construction start date. Step 2 is required to be submitted within 60 days of construction completion. Certification Process is available here: http://www.greencommunitiesonline.org/tools/certification/

To achieve Enterprise Green Communities Certification under the 2011 Criteria, all projects must achieve compliance with the Criteria mandatory measures applicable to that construction type. Additionally, New Construction projects must achieve 35 optional points, and Substantial and Moderate Rehab projects must achieve 30 optional points.

In order to establish a stronger baseline for green development and achieve a significant amount of the benefit from the utilization of the Green Communities Criteria, we are recommending that LHFA include the 2011 Enterprise Green Communities Criteria in the scoring criteria as either a threshold or incentive measure.

(Additional text for your consideration on the benefits)

A major obstacle to greening affordable housing has always been the perceived tension between increased cost and affordability. Enterprise recently released research which assessed the associated financial benefits resulting from reduced energy and water utility costs over the life of the housing. From a strictly financial standpoint, the projected "lifetime" utility cost savings, averaging **$4,851** per dwelling unit (discounted to today's dollars), are sufficient to repay the average **$4,524** per-unit cost of complying with the Green Communities Criteria. The

ENTERPRISE
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average cost per dwelling unit to incorporate the energy and water criteria was **$1,917**, returning **$4,851** in predicted lifetime utility cost savings. In other words, the energy and water conservation measures not only paid for themselves but also produced another **$2,900 in projected lifetime savings per unit**.

We look forward to working with the Louisiana Housing Finance Agency and developers to help create affordable, sustainable housing for the residents of Louisiana. If you have any questions or concerns, please feel free to contact me at 504.335.2307.

V. Martin And Associates LLC

March 29, 2011

From: Vernon Martin

To: Mr. Milton Bailey, President
LHFA

In addition to our letter dated, Friday, March 25, 2011 concerning the new Q.A.P. we suggest the following:

1. Let the Agency consider a turn-key method for awarding Tax Credits.

2. The Developer will not be paid for the Tax Credits until the project is completed and placed in service. (50 points.)

3. The Developer who receive City and Local Government approval. (15 points.)

4. An Economic Development Area and/or a Government recently declared disaster area. (30 points.)

Vernon Martin

RECEIVED
MAR 30 2011
LOUISIANA HOUSING FINANCE AGENCY

MICHAELS DEVELOPMENT COMPANY

3 E. Stow Road
P.O. Box 994
Marlton, NJ 08053
p: 856.596.3008
f: 856.797.8956

TO: Milton Bailey, Louis Russell, Brenda Evans, LHFA Multifamily Housing Committee
FR: Gionne Jourdan
CC: Milton Pratt, Steve Yeary, Steve Lawrence, Richard Herrington, Toni Jackson
RE: Comments to the 2011 QAP
DATE: March 30, 2011

This memo is in follow-up to the Stakeholder meeting held Monday, March 28th in New Orleans. Below please find our comments regarding the most recent QAP.

General Comments:

- Increase the current 10% Set Aside for Public Housing Authority (PHA).
- Increase the number of points available for projects that receive local government support or funds received from a PHA. (Page 5 of Selection Criteria)
- Give points to projects that are developed on PHA property.
- Give points for any project with a long-term subsidy contract with 50% of units from a PHA or HUD.
- Neighborhood Features: Eliminate or limit the negative deductions assessed to PHA properties if they are located within ½ of mile the stated negative neighborhood services. (Page 7)
- Consider bifurcating the QAP to allow rural and urban projects their own set of criteria points, so that such projects are weighted equally under its own category.
- Consider an electronic application and/or fewer paper submissions.

Definition Comments:

- **Redevelopment Project:** Expand the definition of a redevelopment area to include PHA projects (p. 48 of QAP).
- **Abandoned Project:** Expand definition to include a project that HUD has declared functionally obsolete or a PHA project that has been vacant more than 6 months due to a relocation plan.
- **High Vacancy:** Same as above – HUD declares functionally obsolete.
- **Scattered Site:** To increase the viability of scattered site projects, we propose that scattered site projects be joined with other projects to be considered one tax credit project and application.

Superior Design Comments:

- Eliminate the duplication of scoring for selection criteria items and Superior Design scoring criteria items for Site Selection, Neighborhood Features, Energy Efficiency, and Green Building. (From LAAHP)
- Eliminate the subjectivity of awarding Superior Design points and implement specific written criteria on how to meet the definition in the QAP.

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

4-1-11

Dear Ms. Evans,

I would like to provide these comments relative to the 2011 QAP.

The time has come to discourage big-box developments in New Orleans. We should not be funding and building Mega-plexes when thousands of empty homes and vacant lots sit nearby. New and renovated homes will help our neighborhoods in a way that a big-box complex never can.

Research has shown that neighborhoods have a tipping point. Many experts think that if 80% of the homes within a neighborhood are occupied then the neighborhood will "tip" toward full occupancy.

With so many of our neighborhoods delicately balanced at a point where they could either tip toward full occupancy or decline to jack-o-lantern status Scattered Site housing needs to be encouraged so that new and renovated singles and doubles replace blight in our neighborhoods.

1) **Scattered Site**: The way to discourage Big Box and encourage singles and doubles is to give as many points as possible for Scattered Site Development.

2) **Clustering**: I have learned through experience that if one wants to leverage additional construction and renovation within a neighborhood then it is necessary to "cluster" scattered site development. Doing so can help create a critical mass of construction. However, don't fall into the trap of saying, "All scattered site development must be within 'x' miles of this particular development." Or, "Each unit within a scattered site development must be within 'x' miles of each other. A) It would drive up land prices in that area, and B) it doesn't take into account that we may have 2 or three distinct clusters of scattered site development within one project. Or put another way, 2 individual properties may be 4 miles apart from each other but each is within its own cluster of development. So if you want to create critical mass and clusters of scattered site development please be prepared for developers who ask for exceptions because they may have more than one cluster of development within the same project.

3) **Maximum Total Development Costs**. Just as Historic Rehabilitation costs more per unit to build than new construction, please be aware that the historic rehabilitation of scattered homes costs more than the rehabilitation of a unit within a large complex. Each building has a different floor plan, existing conditions, scope of work, etc.. The only

reason we have been able to develop a successful model of rehabilitating historic homes is because the maximum allowed total development cost for historic rehabilitation has allowed us to do so. (And we have learned that if you want to do historic rehabilitation that is *also* LEED or Enterprise compliant then it is ***really*** expensive.)

With that said, the TDC for new construction and the historic rehab of big-box developments is probably too high. We would suggest that you leave the historic rehab TDC the same as last year's levels and lower the maximum TDC for other unit types by about 5%-10%.

4) **Superior Design.** Points should be given for Superior Design but consider the way you are going about it. Even when you enumerate the standards for "superior design" with ten or twenty criteria you are still awarding points for something that is subjective.

Take a close look at the "standards" that your consulting architect produces for you. Do they have words like, "well thought out," "innovative," "aesthetically pleasing," and "memorable" ? "Aesthetically pleasing" is just as subjective as "Superior," yet one is supposed to define the other. It is still just their opinion and it is not objective because good design is subjective.

Instead, what the Agency needs to do is embrace the fact that design is subjective and say, "We have retained the services of architects that we feel are independent, subjective arbiters of taste and we are going to follow their counsel."

The biggest thing you can do to keep the howls of protest from the development community to a minimum is to award points on a sliding scale. If it is not an all or nothing proposition then you will see that you will not have as many protests during the objection period.

I appreciate the opportunity to make these comments. If you have any questions please feel free to contact me.

Sincerely,

Neal Morris B.A., M.B.A., J.D., LF '10

ROAK
REAL ESTATE LLC

April 1, 2011

Louisiana Housing Finance Agency
Tax Credit Commissioners and Staff
2415 Quail Drive
Baton Rouge, LA 70808

Re: Stakeholder Written Comments for 2011 Qualified Allocation Plan ("QAP")

Dear Honorable LHFA Commissioners and Staff:

At the stakeholder's meeting on March 28, 2011, the LHFA Commissioners requested that specific comments on the QAP be directed in writing. We are writing to you in response to that request.

Although there were a number of requests by different individuals, two general themes emerging from the meeting were: (1) the need for a greater focus on remediation of blight and transformational projects and (2) the preference, as stated by the federal government, that low income housing should not be a series of large apartment complexes.

Both of these themes resonate with Roak Real Estate's core strategy, as we exclusively focus on restoring, renovating, and modernizing blighted duplexes. Our finished product retains the charming aspects of an old New Orleans home, such as the hardwood floors, 11+ foot ceilings, and interior exposed brick; however, our homes are also highly energy efficient, as we use, to name a few, the latest spray foam insulation, top-of-the line energy efficient windows, and LED recessed can lighting. Annex A to this letter shows a picture demonstrating the quality of these units.

Because smaller projects such as ours rebuild neighborhoods and allow low income tenants such luxuries as backyards, we believe that similar projects should be encouraged through the tax credit program. These projects help eliminate the unseemly blight that has disproportionately affected lower income neighborhoods and provide tenants with the greater sense of ownership that inevitably accompanies lower density housing. And these projects do all of this while still furnishing the same level, if not better, of modern amenities present in the so-called "Katrina cottages."

With that in mind, we respectfully submit to you the following specific suggestions on how these ideals could be promoted in the forthcoming QAP:

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1) Blighted Property Set-Aside Pool. Because remediation of blight rebuilds communities more expeditiously than new construction and also maintains the character of the neighborhood, we suggest a 10% pool for applications targeting existing blighted properties.

2) Exterior and Roof Threshold Requirements.

   a. *Exterior*: We appreciate the flexibility to be able to use hardiplank for the exterior. However, certain rehabilitation projects, particularly of older duplexes, would be more aesthetically pleasing, more cost-effective, and just as maintenance-free by rehabilitation of existing weatherboards, which are often made from high-grade materials, such as cedar. Disposal of perfectly good cedar weatherboards for the sole purpose of complying with this threshold requirement is the antithesis of green building. Therefore, we suggest extension of this requirement to allow for use of cedar or other high-quality weatherboards.

   b. *Roof*: Likewise, many older homes have roofs that have are already in good condition and were constructed with higher grade materials than would be present in a modern roof with a 25-year roof warranty. Again, to discard a roof that is already in good condition and that was built using high-grade materials is extremely wasteful. For rehabilitation projects, we would suggest relaxation of the 25-year roof warranty requirement to allow for certification by a roofing specialist that the roof is currently in working condition and is expected to be in working condition for 25 years.

3) Development Experience. The development experience threshold currently requires a developer who has administered tax credit programs before. However, this requirement grossly favors large corporations and large-scale development projects and ignores the benefit that smaller scale projects have on communities. It also allows no opportunity for a small business who has never received tax credits. It is simply not feasible for most small businesses to hire someone with this type of experience for the sole purpose of administering the credits. We would suggest a tiered approach where applicants requesting less than a certain dollar amount (perhaps $250,000) worth of credits can overcome this requirement.

4) Minimum Square Footage and Bathrooms Per Unit. For rehabilitation projects, there is a potential waiver if the project is financed by a federal program. Because most 3 bedroom units available for rehabilitation do not already have a second bathroom, we would suggest that the potential for this waiver be extended to any rehabilitation project that exceeds the

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minimum square footage. Essentially, we suggest that the minimum number of bathrooms for 3 bedroom units – only for rehabilitation projects – be reduced to 1 bathroom, rather than 2.

5) Actual Cash Equity Contribution. As was stated by a gentlemen in the stakeholders meeting, rehabilitation of blighted properties on a home-by-home basis often is financed in large part by the developer. We would suggest a higher point total for these types of projects.

6) Targeted Project Type. Because studies have shown that lower density housing is tied to lower crime rates, higher prospects for employment, and more meaningful childhood development, we suggest adding a targeted project type called "Low Density Housing" worth 10 points.

7) Project Characteristics – Optional Amenities. Because single family homes and duplexes afford low income individuals more privacy, more pride of ownership, and significantly lower density housing, we suggest adding an optional amenity worth 3 points for providing a backyard of at least 500 square feet.

We believe that the above suggestions will help address many of the comments made at the stakeholders' meeting and capture the spirit of the noble goals of the LHFA. We thank you for reviewing our suggestions and ask that you please contact us should you have any questions.

We look forward to this round of applications.

Sincerely,

/s/ Walter Baudier

Walter J. Baudier III
Co-Founder
Roak Real Estate LLC

/s/ Paul Dufour

Paul J. Dufour
Co-Founder
Roak Real Estate LLC

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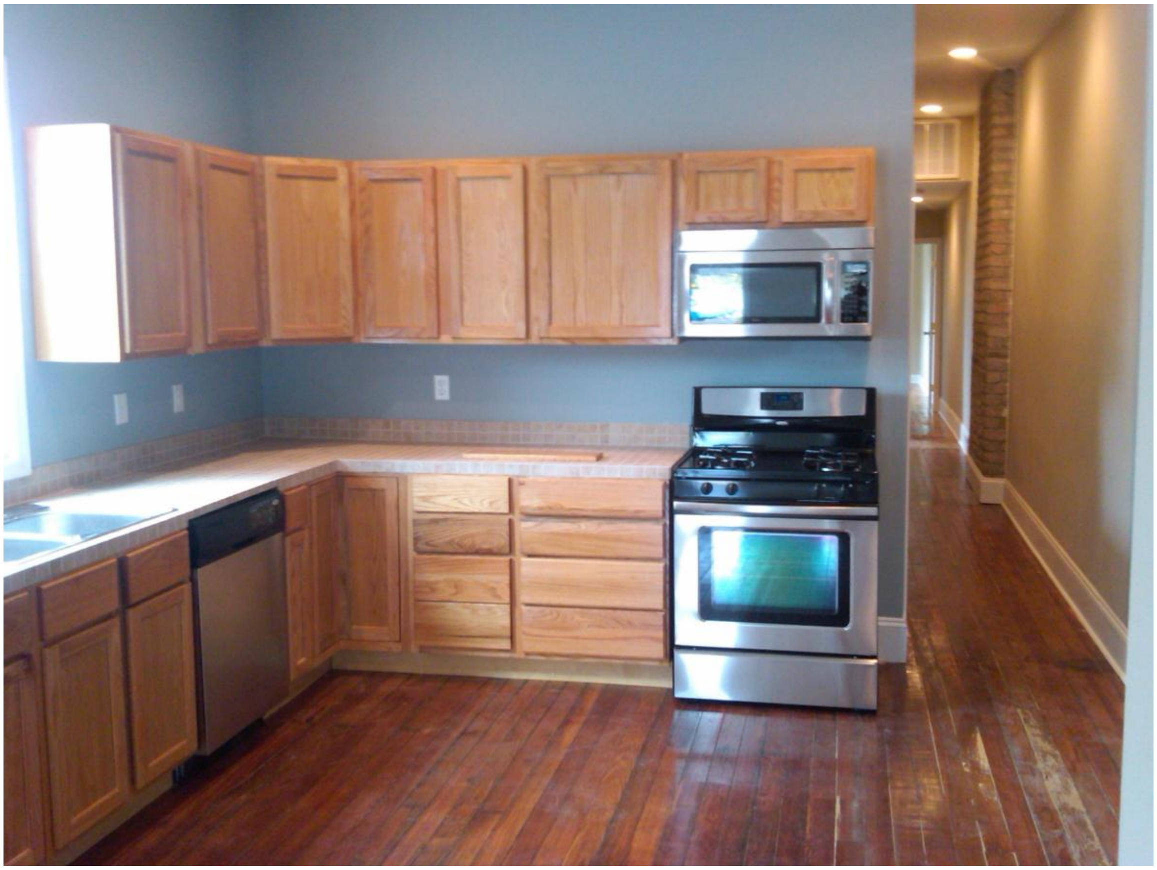
Annex A

Sample Kitchen and Hallway



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Standard Enterprises, Inc.

James Freeman
Vice President

Development • Construction • Management

April 1, 2011

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

Re: 2011 QAP comments

Dear Brenda:

Thank you for the opportunity to present the LHFA staff and BOC with the following comments concerning the creation of the 2011 QAP. Our comments are as follows:

Maximum project allocation: The maximum project allocation should be reduced back to $750,000. The smaller allocation allows more projects to be funded better serving all of Louisiana regions.

Cash Equity Contribution: This criterion should be deleted as it creates an avenue to generate unearned points. The amount of cash invested by a developer or other source is only preliminarily evaluated during the application stage and cannot be verified prior to cost certification. What happens after cost certification if the cash equity contribution is not made?

Superior site design: The superior site design criterion should be deleted or revised to eliminate subjective scoring by staff or third party professionals. After a review of other southeastern states (see attached) only a few have any mention of superior site in their current QAPs. If the LHFA wants to keep this criterion in place we suggest modifying the current scoring process so that either only one submitted project receives the superior site design points or the scoring scale be adjusted so that a project can earn 1-10 points based on its score from a third party review. This way a project scoring 74 and one scoring 56 would not have an overwhelming 10 point advantage when they were actually pretty close in terms of their superior site characteristics. Under this example one would score a 7 and the other a 5.

Single family/scattered site points: Points should be awarded to single family/scattered site developments as in the past. The lower density single family developments create a better quality of life for residents and are more accepted by local government bodies and neighborhood groups. To date we have developed almost 1,000 single family units under

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3104 Breard Street • Monroe, Louisiana 71201
E-Mail jamesf@standardenterprises.com

the LIHTC program. Residents within our single family units love their home and yard. The turnover rate in our single family developments is approximately 20% annually. We have over 4,000 multi-family units within our portfolio as well. We experience almost a 50% turnover rate in our multi-family developments.

Residents within our single family properties have a sense of ownership as they become part of the neighborhood and experience all the benefits of owning a home without being burdened with the financial responsibility of maintaining their home and its systems. The majority of the residents are single mothers with young children. Having a yard gives them defensible space thereby eliminating people hanging out at another resident's front door or stairway. These mothers all say they want a safe place for their children to play and the yards they get with single family homes provides that. They like the fact they can park their car in their own carport and not have people hanging around like in a multifamily type parking lot. We feel confident that if the LHFA looked at the single family developments around the state they will see the life changing quality they create for the citizens of the state.

Points for substantial developers: The LHFA should award points for substantial developers. The equity market is improving but equity providers are still "cherry picking" projects and developers. Substantial developers are more likely able to sell their deal to a investor and get market pricing as opposed to new developers that are unproven or have unsuccessful track records. Other southeast states, such as Mississippi, are providing points in their QAP for experienced developers that are in good standings with state programs.

Government Support by providing assistance or funding: Points should only be given in this section if the applicant can produce a firm, irrevocable commitment of funds from the local government. Points under this criterion should not be awarded to a development that has only secured a good intention letter by the local government. We have seen where a project received points with a letter from the local government jurisdiction stating their intent to apply for federal grants to cover infrastructure cost. A letter of this magnitude is nothing more than an effort to generate unearned points. Commitment letters under this criterion should be binding and not dependent on any condition other than construction of the development.

Please consider our comments upon your creation of the 2011 Qualified Allocation Plan.

Sincerely,

James Freeman
Vice President

Enc.

Selection Criteria Summary
Review by: James Freeman

I have reviewed multiple state QAP's for comparison to the LHFA's recent introduction of the Superior Site design. In my review I looked at the southeast geographical region of the U.S., which I believe is the best comparison to Louisiana. The states reviewed are ***Alabama, Arkansas, Florida, Georgia, Mississippi, Oklahoma, North Carolina, South Carolina, Tennessee and Texas.*** I also selected 2 states that are in the eastern part of the U.S. and are considered progressive states, they are ***Indiana and New York.*** Below are my findings relative to each. NOTE that most all QAP's incorporate minimum building standards.

Southeastern states:

Alabama- The QAP provides specific points for building criteria and implementation of GREEN construction. *No subjective points for site design or building practices*

Arkansas- The QAP provides specific points for building criteria and implementation of GREEN construction. *No subjective points for site or building practices.*

Florida- *No subjective points for site or building practices.*

Georgia- The QAP provides specific points for building criteria and sustainable (GREEN) construction. This QAP is the only one in my review that specifically mentioned Superior Project Concept and Design. Under this QAP the state housing agency may, but is not required, to give points to one submitted application based on written narratives submitted with the applications. These points and awards are at the agency's sole discretion. The value of this particular point criterion is 6 points which other criterions range between 1 and 10 points.

Mississippi- The QAP provides specific points for both building criteria and for GREEN features. There are also points given for specific amenities incorporated into the site. *No subjective points for site design or building practices.*

Oklahoma- The QAP provides points for specific building amenities. *No subjective points for site design or building practices.*

North Carolina- The QAP provides specific points for building criteria etc. However it also provides points based on Neighborhood Characteristics, Surrounding Land Uses and Site Suitability and building location. While there are suggested criteria given to each component, the award of points appears to have some subjectivity involved as evaluation involves comparison with other applications in the same geographical area. The QAP also provides points for Site Layout, Quality Design and Construction and Adaptive Re-use. These points as well as the aforementioned items do provide suggested criteria but are still subjective as they are evaluated against other submitted projects. The maximum available positive points in this QAP are 200, the mentioned criteria's account for 150 of them.

<u>South Carolina-</u> The QAP provides points for specific building criteria. This QAP also provides two scoring components that are dependent on third party review. First is topography of the site being consistent with adjacent sites and buildings. Second is project (building) compatibility relative to surrounding area within ¼ mile. Both of these criterions are worth 2 points each in the QAP and are small point values in the overall scoring process. Both criterions also provide guidance as to the review process.

<u>Tennessee-</u> The QAP provides points for specific building criteria and building amenities. *No subjective points for site design or building practices.*

<u>Texas-</u> The QAP provides points for specific construction criteria and specific location characteristics. Also GREEN points are given for specific green criteria's. *No subjective points for site design or building practices*

<u>Other eastern progressive states:</u>

<u>New York-</u> The QAP provides GREEN points and points for project location etc. *No subjective points for site design or building practices.*

<u>Indiana-</u> The QAP provides points for specific construction criteria and GREEN criteria. The QAP also has a section titled Unique Features. The section requires a written narrative and gives guidance of what to submit but gives no specific direction. The section also gives an expected breakdown of percentage of applications that will receive what point values. This section appears to have some subjectivity.

Commissioner Donald Vallee 2011 Draft QAP Comments
April 13, 2011

QAP

- Section B- Allocation Pools
  - Limited to 2011 allocation ONLY
  - Total Funds Split 70% Urban and 30% Rural
  - Split Urban and Rural pools into funding 50% Acquisition / Rehab projects and 50% New Construction/ Scattered Site projects. 50% of rural pool to be set aside for RD Target Area projects.

  Example:

  - Total Ceiling: $10,036,206 USE ONLY 2011 allocation for breakdown
    - Urban (70%): $7,025,344
      - 50% Acq/Rehab: $3,512,672
      - 50% NC/SF: $3,512,672
    - Rural (30%): $3,010,862
      - 50% RD (USDA): $1,505,431
      - 50% All Others: $1,505,431

  - Non-profit/ CHDO projects directed to very, very low income residents ; need to be in good standing on existing and closed by March 31, 2011. Also Included special category for LLT acquired properties
  - PHA limited to very, very low income families, not being currently served
  - Unused pools to collapse to General Pool of both Urban and Rural proportionally

- Maximum Tax Credits
  - No project will be reserved in excess of $750,000.
  - Rural RD projects not to exceed $300,000

- Other Funding Sources
  - Limit HOME funds to $500,000 per project

- Allocation Process- Submission of Applications
  - Online Application required, as well as, Market Study and Superior design to be completed online for comparison and review prior to final approval

- Timeline
  - Not enough time allocated between the Public Hearing (May 2nd) and the Final Draft approval (May 11th)
  - Application workshop, May 25th- would like to have 2 different day workshop and training

- Non-refundable Fee Schedule
  - Would like to go to legislature to increase fees
  - Market Study and Superior Design fees are too high
  - Subsidy Layering Review- Should be reduced to ¼ Analysis Fee

- Competitive Evaluation
  - Noncompliance in Agency Program- Not just cited for non-compliance, but inspected upon compliant and randomly
  - Minimum Score and Threshold Requirements- Increase minimum score from 39 to 61?
    Rather go out for additional funding rounds for BEST projects
- Project Threshold Requirements
  - Site Control- Cea or Mou Page 11
  - Minimum Internet/ Cable Capacity Requirements- with exception to rehab and historic projects
  - Rehabilitation projects, FEMA guidelines- Unless waived
  -

- Project Team/ Developer Threshold Requirements
  - Development Experience REMOVE this requirement, allow more developers to participate
  - Management Experience- A MUST,,,,,,management is key to success and long term viability
  - Project Team Disqualifications- Would like a list available for projects falling under the letters g-m Staff must disclose this in advance

- Other Program Requirements
  - Total Development Cost and Unit Size Limitation- Increase square footage for 1 bedroom- 4 bedroom units,

Efficiency	1 Bath	450 sq ft
1 BR	1 Bath	650 sq ft
2 BR	1 Bath	800 sq ft
3 BR	2 Baths	1100 sq ft
4 BR	2 Baths	1400 sq ft

  - Maximum Average TDC Per Unit by development type- Lower the TDC Per unit
    - Acquisition/ Rehab (incl. Elderly)- remain the same $125,000
    - New Construction/ Conversion (incl. elderly, non-elevated)- $150,000
    - New Construction/ conversions (incl. elderly, elevated)- $175,000
    - Historic Rehab- $200,000
    - Scattered Site- $150,000
  - Profit Limits- No take down until PIS and complete. Deferred Fees.

- Remove the statement under Developer Fees “plus either (i) five percent (5%) of the Acquisition Cost Base or (ii) 8% of the Acquisition Cost Base in the case of RD or HUD Distressed Properties.”
- Required Deposit to Reserves for Replacement- Change minimum replacement reserves from <u>$250 per unit to $500 per unit</u> for new construction developments and change from <u>$300 per unit to $600 per unit</u> for new construction developments for families and development involving rehabilitation.
- Maximum Rents- must follow local HUD approved Rent Reasonableness Study

- Post-Award Processes & Requirements
  - Placed in Service and Annual Audit- quarterly online reports instead of annual

- Fees to CHDO or Non-profit General Partner
  - total developer’s fee limited to 15%
  -
- Reasonable Professional Fees and Other Soft Costs
  - Limit architect fees to 5%

Selection Criteria

- Scattered Site Project- Blighted housing remediation and/or replacement: Change from 4 points to 8 points
- Single Room Occupancy Shelter- Change from 5 points to 3 points
- Difficult Development Area (QCT/ DDA)- eliminate
- PHA Referrals and Sponsorship-current law, no points
- Location Characteristics- Should have positive points items or minus (?) (page 6 of 9)
- Optional Amenities, Washer/Dryers in every unit- or on site facilities, not rehab too restrictive
- Superior Design- Change from 10 Points to 1-10 points. Allow for review and challenge prior to final and evaluation (?) Page 7 of 9
- Viability Penalty Points (ii) - Development fee exceeds 25% (change to 15%) of hard costs for rehabilitation. Change points from -5 points to -10 points.
- Penalty Points, Incomplete or Missing Exhibits, Appendices or documents- why deduct points, should be rejected.
- Quality of Life Amenities – Range of 1 to 10 points
- Onsite Security – 5 points

HRI PROPERTIES

May 5, 2011

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

Re: Comment to 2011 Qualified Allocation Plan

Dear Mrs. Evans,

Please accept this letter and its proposed language for consideration in the 2011 Qualified Allocation Plan (QAP). For your convenience in review, these comments will be organized with a section citation followed by the comment.

QAP Section I.C. – Maximum Tax Credits

- We request that the QAP implement a separate developer cap for each the Pools. These caps would be non-cumulative (ie. A credit request from the Rural Pool would not be counted towards the same developer's General Pool cap.) The need for affordable housing must be addressed across the state, and these revised credit limits would incentivize capable developers to pursue much needed developments in all areas/markets without being limited to just one project type.
- In deals co-developed by separate development partners, we suggest that the amount of credits applied to each partners' credit cap be prorated based on each of their percentage of the total development fee listed in the LIHTC application. This will prevent developers, who are not realizing the benefit of the project's entire development fee, from having their ability to seek other deals reduced disproportionately as compared to their compensation.
- We propose the addition of a subsection "3" which would define "Transformational Project," and read as follows:
  "The Agency will allow for an exception to the annual LIHTC reservation limit of $1,500,000 to up to $2,500,000 for a large master planned and sustainable community developed in a public private partnership, whether or not developer participates in some or all of the development pieces, which transforms the larger community economically, socially and environmentally. Examples are proposed developments that include, in addition to affordable housing, schools, retail, medical facilities, improve the environment and ecology and access to public transportation. A letter from the highest elected official from the local

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jurisdiction would be required to evidence the transformative impacts. Only one project would be eligible for this designation per funding round, and this project will not be counted against the developer's tax credit cap."

QAP Section II.F.(12) – Threshold Requirements – Historic Rehabilitation Projects

- We suggest that Rehabilitation Projects be allowed the same opportunity for waivers of design features and energy efficiency requirements as are afforded to Historic Rehabilitation Projects. Certain design or energy efficiency threshold items simply cannot be accommodated within certain structures. Without the opportunity for waivers, some buildings (blighted though not designated historic) in need of rehabilitation will be ignored and will not be brought back into commerce to the detriment of the community and the affordable housing market. A letter, from a licensed architect, justifying the inability to incorporate certain items should be required for requested waivers.

QAP Section II.G.(1)a – Project Team/Developer Threshold Requirements – Development Experience

- By the current language, only the Managing Partner's or Sponsor's experience will be considered to meet this Threshold Requirement. We request that this section be amended to allow for the Developer's experience to be considered as well. Since the Developer is included in credit cap calculations, the Developer's experience should benefit the project in meeting this threshold.

QAP Section II.H.(c) – Other Program Requirements – Exclusion of Government Grants

- We suggest that the definition of Historic Tax Credits be clarified to include both Federal and Louisiana State Historic Tax Credits. Additionally, we also suggest that proceeds from CDBG, NSP II, HOME, or other types of State and Federal subsidies taken in the form of a loan be subtracted from development cost limits in order to maximize the leverage derived from LIHTCs.

Selection Criteria I. – Targeted Project Type

- To promote projects of great impact that involve large scale community revitalization, we request that "Transformational Project," be added as a Targeted Project Type and afford a point opportunity of 25 points. To be eligible for these points, the project must meet the criteria as described in this letter's earlier comment on "Transformational Project."

Selection Criteria I.B.(ii) – Targeted Project Type - Rehabilitation Project – Rehab of Historic Property

- We suggest reducing the point allocation for the rehabilitation of a historic property to 5 points. Non-historic rehabilitations face most of the same hardships (design, construction, financial, etc.) as do historic rehabilitations and as such historic rehabilitations should not be given an excessive competitive advantage.

Selection Criteria II.C. – Targeted Population Type – Special Needs Households

- We suggest the addition of an additional 15 point scoring option for Special Needs set asides of 50%. This would further incentivize developers to create additional housing and Supportive Services for Special Needs tenants.

Selection Criteria II. – Targeted Population Type

- Given the recent large efforts to redevelop public housing across the State, consideration should be given to developers who target displaced public housing residents as tenants. We recommend a sixth classification awarding 6 points to deals that provide Replacement Housing for displaced residents.

Selection Criteria V.E. – Superior Design

- We understand that the Agency will be holding a workshop to discuss the scoring process for this item. We would suggest that the Agency and its architect(s) develop a clear and concise set of scoring criteria so that developers can be aware of what is needed to obtain a certain point score. Also, a method of allocating points for specific design characteristics and features will allow developers to better accommodate what the Agency would consider to be a "Superior," project.

Selection Criteria III. – Priority Development Areas and Other Preferences

- We request that the Agency reinstate the Selection Criteria "Governmental Support," from the 2010 QAP. Evidencing local support for the project and its anticipated positive community impact, the leveraging of LIHTC with additional subsidy should be awarded through additional scoring points.

HRI respectively requests that the Agency consider these comments in finalizing the 2011 QAP. Should you have any questions, or if you would like to discuss further, please do not hesitate to contact me. Thank you.

Sincerely,

Pres Kabacoff
C.E.O.
HRI Properties

Nicole C. Carter

From: Marjorianna Willman
Sent: Thursday, May 05, 2011 11:46 AM
To: Nicole C. Carter
Subject: FW: 2011 QAP Selection Criteria Suggestions - Additional comments

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From: Brenda Evans
Sent: Tuesday, May 03, 2011 4:11 PM
To: 'Guy Williams'; Allison Jones; Alesia Wilkins-Braxton
Cc: Marjorianna Willman; Nicole C. Carter
Subject: 2011 QAP Selection Criteria Suggestions - Additional comments

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From: James Neville [mailto:jneville1@cox.net]
Sent: Tuesday, May 03, 2011 3:09 PM
To: Brenda Evans
Subject: 2011 QAP Selection Criteria Suggestions

Brenda:

I am not sure if the Agency is still considering changes to the QAP, but please consider awarding additional points for Rehab of property in Historic District. Often times, properties are not historic, but are in established historic neighborhoods. Even if slightly less than 10 points is awarded rehab projects in a National Historic District, this will help with beginning to redevelop the thousands of existing vacant homes and buildings in New Orleans. At this times, there is little need for new construction, especially on a wide scale.

Thank-you,

Jamie Neville

USDA Rural Development

United States Department of Agriculture
Rural Development
State Office

May 3, 2011

Board of Commissioners
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Dear Commissioner:

Louisiana USDA Rural Development (RD) has completed our review of the draft 2011 Qualified Allocation Plan (QAP) and would like to take this opportunity to provide comments regarding development of the final 2011 QAP.

With an investment by the federal government of nearly $350 million in affordable housing in rural Louisiana and the continued need for such housing, Louisiana USDA-RD respectfully requests consideration of the following:

- We request 50% of the proposed "Rural Pool" specifically for existing RD financed properties with a $750,000 cap per project. A threshold requirement to qualify for this pool should be a letter from RD confirming the property is currently financed under the USDA-RD Section 515 Program.

- We ask that the LHFA dispense with a minimum score for RD properties because they are restricted in adding amenities or changing site locations to garner higher points to compete with a new construction project.

- In previous years we've requested point changes in order to make RD properties competitive in the selection criteria. With a separate set aside RD financed properties could compete within their own pool, making it less important to have changes within the selection criteria for RD properties. We all understand that our existing properties have been somewhat less competitive due to our rural locations and limited resources for these areas.

- In addition, we are requesting waiver considerations for Project Threshold Requirements. Specifically we would ask for language to be included in the QAP that grants waivers for RD properties if such requests are submitted to the LHFA with RD approval. There are a few Project Threshold Requirements that are either impossible or unfeasible for existing RD properties in rural areas. We also ask that the LHFA continue to waive unit size limitations, including minimum bathroom and bedroom size, for existing RD properties.

3727 Government Street • Alexandria, Louisiana 71302
Telephone: (318) 473-7962 • Fax: (318) 473-7662 • TDD/TTY: (318) 473-7655 • Web: http://www.rurdev.usda.gov/la

We appreciate the opportunity to provide comments and ask that you give the items noted your full consideration during the final development of the 2011 QAP. Should you have any questions, please let me know.

Sincerely,

YVONNE R. EMERSON
Multi Family Housing Program Director

cc: Brenda Evans
Board of Commissioners

LAAHP
Louisiana Association of Affordable Housing Providers

May 5, 2011

LHFA Board of Commissioners
2415 Quail Drive
Baton Rouge, LA 70808

Re: LIHTC – 2011/2012 Qualified Allocation Plan

Dear Commissioners:

Attached is LAAHP's feedback on the draft of the 2011/2012 Qualified Allocation Plan. These comments were gathered from the LAAHP membership which now total 158 people involved in the development of affordable housing in Louisiana.

We will present these ideas at the Public Hearing on Monday, May 9th as well.

Thank you for your consideration of our feedback.

Yours truly,

Charlotte Bourgeois

Charlotte Bourgeois
Executive Director

Cc: Ms. Alesia Y. Wilkins-Braxton, Vice President
Ms. Brenda Evans, Program Administrator

PO Box 4058 • Monroe, La 71211 • Phone (504) 905-9433
• Email: info@laahp.org

LAAHP
Louisiana Association of Affordable Housing Providers

Feedback on LIHTC 2011/2012 Qualified Allocation Plan

1. **Selection Criteria: Section V. E Superior Design**
   a. Draft QAP states in Selection Criteria V. E " The agency will arrange for the architectural firm selected to evaluate the Superior Design criteria to hold a workshop for applicants proposing to submit in this category." This workshop is not on the timeline listed in Section II. C. Developers need written specific criteria well in advance of the application submission date of July 28, 2011.
   b. The Superior Design 2010 worksheet criteria favored projects in urban areas. The Superior Design points should be available for projects in rural and urban areas.
   c. Revise the awarding of points for Superior Design As follows:
      i. Award between 1 and 10 points based on scoring for superior. For example, since the scorecard awards between 10 and 100 points, award 1 point for each 10 points scored design rather than awarding only two levels of 5 and 10 points.
   d. There is duplication of characteristics that are in Selection Criteria Neighborhood Features and the Superior Design Architect's Review of Superior Design worksheet. This duplication awards double points for same criteria. Examples are:
      i. Site Selection:
         1. Superior Design: Close to schools, shopping, work and transit;
         2. Selection Criteria: Points awarded for less than 1 mile from grocery store, public transportation, elementary school, Pharmacy/Drug Store, Convenience store; Maximum of 10 points;
      ii. Project Characteristics:
         1. Green Buildings
            a. Superior Design: Energy Efficiency: Use building elements with less energy than a home built to the International code Council's standards for minimum energy efficiency; US Government Energy Star
            b. Selection Criteria: Green Buildings: 10 points

2. **Selection Criteria Section II. Targeted Populations Type:** Scoring is heavily weighted toward rehabilitation over new construction in this section. Is this the intention of the agency staff and Board of Commissioners?

3. **Selection Criteria Section II. Targeted Populations Type** The definition of Redevelopment Project in the glossary refers to 4 other glossary definitions which creates confusion. Clarification of Redevelopment Project is needed.

4. **Selection Criteria: Section II. D. Lease to Own (Section 8)**
   a. With the addition of "(Section 8)" after Lease to Own, there needs to be clarification that lease to own projects without Section 8 are eligible for the 10 points in the selection criteria.

5. **Section I: B: Allocation Pools:**
   a. Applicants should not be allowed to submit an application in a pool that exceeds the maximum credits available in that pool.
   b. Clarification is needed on the process for how projects in a pool are funded and at which point the pool will be collapsed. If the next highest scoring feasible and viable project in a pool exceeds the maximum remaining in the selected pool, the pool should be collapsed and remaining credits added to the General Pool. This should occur even if there are projects which scored lower and the project's credit request can be funded with credits remaining in the pool.

6. **Section I: B: 4 Rural Pool:**
    a. To be eligible for this pool, the QAP states the project must "meet the rural definition." The glossary offers two definitions for rural: Rural Project and Rural Area.
    b. Change the definition of Rural Area to be consistent with the USDA definitions and regulations rather than using the HUD MSA to define "area."

7. **Section I: F: 3: 30% Basis Bump up Determination**
    a. Allow developers with projects not in a DDA or QCT to request the 30% Basis Bump as was allowed in previous QAP's.

May 5, 2011

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

Re: Comment to 2011 Qualified Allocation Plan

Dear Mrs. Evans,

Please accept this letter and its proposed language for consideration in the 2011 Qualified Allocation Plan (QAP). For your convenience in review, these comments will be organized with a section citation followed by the comment.

QAP Section I.C. – Maximum Tax Credits

- We request that the QAP implement a separate developer cap for each the Pools. These caps would be non-cumulative (ie. A credit request from the Rural Pool would not be counted towards the same developer's General Pool cap.) The need for affordable housing must be addressed across the state, and these revised credit limits would incentivize capable developers to pursue much needed developments in all areas/markets without being limited to just one project type.
- In deals co-developed by separate development partners, we suggest that the amount of credits applied to each partners' credit cap be prorated based on each of their percentage of the total development fee listed in the LIHTC application. This will prevent developers, who are not realizing the benefit of the project's entire development fee, from having their ability to seek other deals reduced disproportionately as compared to their compensation.
- We propose the addition of a subsection "3" which would define "Transformational Project," and read as follows:
  "The Agency will allow for an exception to the annual LIHTC reservation limit of $1,500,000 to up to $2,500,000 for a large master planned and sustainable community developed in a public private partnership, whether or not developer participates in some or all of the development pieces, which transforms the larger community economically, socially and environmentally. Examples are proposed developments that include, in addition to affordable housing, schools, retail, medical facilities, improve the environment and ecology and access to public transportation. A letter from the highest elected official from the local

jurisdiction would be required to evidence the transformative impacts. Only one project would be eligible for this designation per funding round, and this project will not be counted against the developer's tax credit cap."

QAP Section II.F.(12) – Threshold Requirements – Historic Rehabilitation Projects

- We suggest that Rehabilitation Projects be allowed the same opportunity for waivers of design features and energy efficiency requirements as are afforded to Historic Rehabilitation Projects. Certain design or energy efficiency threshold items simply cannot be accommodated within certain structures. Without the opportunity for waivers, some buildings (blighted though not designated historic) in need of rehabilitation will be ignored and will not be brought back into commerce to the detriment of the community and the affordable housing market. A letter, from a licensed architect, justifying the inability to incorporate certain items should be required for requested waivers.

QAP Section II.G.(1)a – Project Team/Developer Threshold Requirements – Development Experience

- By the current language, only the Managing Partner's or Sponsor's experience will be considered to meet this Threshold Requirement. We request that this section be amended to allow for the Developer's experience to be considered as well. Since the Developer is included in credit cap calculations, the Developer's experience should benefit the project in meeting this threshold.

QAP Section II.H.(c) – Other Program Requirements – Exclusion of Government Grants

- We suggest that the definition of Historic Tax Credits be clarified to include both Federal and Louisiana State Historic Tax Credits. Additionally, we also suggest that proceeds from CDBG, NSP II, HOME, or other types of State and Federal subsidies taken in the form of a loan be subtracted from development cost limits in order to maximize the leverage derived from LIHTCs.

Selection Criteria I. – Targeted Project Type

- To promote projects of great impact that involve large scale community revitalization, we request that "Transformational Project," be added as a Targeted Project Type and afford a point opportunity of 25 points. To be eligible for these points, the project must meet the criteria as described in this letter's earlier comment on "Transformational Project."

Selection Criteria II.C. – Targeted Population Type – Special Needs Households

- We suggest the addition of an additional 15 point scoring option for Special Needs set asides of 50%. This would further incentivize developers to create additional housing and Supportive Services for Special Needs tenants.

Selection Criteria II. – Targeted Population Type

- Given the recent large efforts to redevelop public housing across the State, consideration should be given to developers who target displaced public housing residents as tenants. We recommend a sixth classification awarding 6 points to deals that provide Replacement Housing for displaced residents.

Selection Criteria V.E. – Superior Design

- We understand that the Agency will be holding a workshop to discuss the scoring process for this item. We would suggest that the Agency and its architect(s) develop a clear and concise set of scoring criteria so that developers can be aware of what is needed to obtain a certain point score. Also, a method of allocating points for specific design characteristics and features will allow developers to better accommodate what the Agency would consider to be a "Superior," project.

Selection Criteria III. – Priority Development Areas and Other Preferences

- We request that the Agency reinstate the Selection Criteria "Governmental Support," from the 2010 QAP. Evidencing local support for the project and its anticipated positive community impact, the leveraging of LIHTC with additional subsidy should be awarded through additional scoring points.

HRI respectively requests that the Agency consider these comments in finalizing the 2011 QAP. Should you have any questions, or if you would like to discuss further, please do not hesitate to contact me. Thank you.

Sincerely,

Pres Kabacoff
C.E.O.
HRI Properties

Southeast Louisiana Legal Services

1010 Common St., Suite 1400A
New Orleans, Louisiana 70112
Phone: (504) 529-1000 Fax: (504) 596-2241
Web Address: www.slls.org
See www.lawhelp.org/la – free legal information for low-income people

Wednesday, April 27, 2011

Ms. Annie Clark
Policy Director
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Copy forwarded by Email
aclark@lhfa.state.la.us

Re: Lease Addendum and Instructions to Landlords Regarding the Good Cause Requirement for Evictions from Low Income Tax Credit Housing

Dear Ms. Clark,

This is to follow up on correspondence between you and Laura Tuggle, who left our office at the end of August.

Our office remains concerned about the increasing number of tax credit evictions we are seeing, and that property managers seem unaware that they must have "good cause" if they will be refusing to renew a lease in a tax credit unit. Tenants are being evicted without the landlord setting out good cause in the notice to vacate or eviction pleadings ("rule to show cause"). You followed up by email on October 18, with Amanda Golob after Laura left our office. The individual case Ms. Golob was working on at the time was resolved prior to going before a judge. This issue has come up again since and is likely to continue to recur. Your agency has power over the most logical point in the process for ending these problems.

We appreciate that you consulted counsel before responding to us. However, your counsel may have been unaware of some of the legal aspects of the situation. So I am following up with some clarification of the legal situation and again requesting that:

1) LHFA issue instructions to tax credit landlords that "good cause" is needed to evict reduced rent tax credit tenants, even through non-renewal of a lease;
2) LHFA instruct tax credit landlords that the notices to vacate and rules to show cause used in court should set out the good cause; and
3) LHFA require tax credit landlords use a uniform lease addendum identifying the unit as a reduced rent tax credit unit, setting out that the lease can only be terminated or not renewed if there is good cause, and requiring that notices to vacate and rules to show cause must specify any good cause the owner has for an eviction so that all parties (and the judges) can understand that the good cause standard governs.

To head off any misunderstandings, we also request the chance to review drafts of the instructions and addendum requested above, before they are finalized.

I believe we are in agreement that federal law requires good cause for these lease terminations, including at lease renewal. The issue becomes whether there is any reason to leave property managers, tenants, and eviction judges in the dark on the matter. We believe that instead the program purposes would best be met by taking these three steps to make sure that all are aware of the program requirements. By taking the requested steps LHFA would avoid the need to have this issue resolved multiple times, and by preventing unnecessary mistakes it would reduce the eviction costs that landlords must face.

When we requested this before, the response you forwarded (on October 18) from your attorney asked, and then stated:

> Have they asked or served interrogatories on the owner/property manager as to whether or not good cause exists to not renew the lease?
>
> From my research, I know that good cause is required for lease nonrenewal of Tax Credit affordable tenants. However, I have not seen anything that the good cause has to be stated in the eviction notice. I did find in a Compliance training manual that "the owner must demonstrate if challenged in state court that good cause exists to support eviction, nonrenewal of lease, or termination of tenancy."

As to the question your attorney posed, discovery is not available in eviction actions. They do not proceed with the leisurely back and forth of most lawsuits ("ordinary proceedings"), so as to allow discovery and development of the claims of the parties. Instead, under Louisiana law, they are summary proceedings, usually heard by the court within a week after the tenant is first served with the eviction suit:

> If the lessee or occupant fails to comply with the notice to vacate required under this Title, or if the lessee has waived his right to notice to vacate by written waiver contained in the lease, and has lost his right of occupancy for any reason, the lessor or owner, or agent thereof, may cause the lessee or occupant to be cited summarily by a court of competent jurisdiction to show cause why he should not be ordered to deliver possession of the premises to the lessor or owner. The rule to show cause shall state the grounds upon which eviction is sought.

Code of Civil Procedure, Article 4731(A).

> The court shall make the rule returnable not earlier than the ***third day after service*** thereof, at which time the court shall try the rule and hear any defense which is made.

Code of Civil Procedure, Article 4732(A)(emphasis added). As a result, tenants have no time to develop the facts and most lack the time needed to retain counsel, even if they were so inclined.

And unfortunately, since tax credit property managers often do not know that good cause is required, for the "grounds" required by the above-quoted Article 4731(A), they currently consider "owner wants possession" or "lease expired" sufficient. This leaves the tenant in the potential position of trying to prove on three days notice both that the good cause provision applies and that there is no good cause. However, most tenants we encounter are not even aware of the good cause protection.

While you counsel recognizes that owners must be able to demonstrate good cause in court, ***the courts currently see nothing that puts the courts on notice of this.***

The burden left on the tenant to prove the good cause standard applies and refute any unstated good cause the landlord comes up with is inappropriate and contrary to the intentions of the program. In addition, it denies the tenant due process, by failing to give them notice of the specific issues as to which they must prepare a defense. Without specification, they must be ready to meet, and provide evidence in opposition to, any cause the landlord comes up with at the summary eviction hearing.

As a result, Louisiana courts have previously found that when a good cause requirement must be met in order to evict, the landlord must specify the good cause in the court papers. In *Louisiana State Museum v. Mayberry*, 348 So.2d 1274, 1276, 1277 (La.App. 4 Cir., 1977), a Louisiana Court of Appeal upheld denial of an eviction because "lack of time available to a good-faith lessee to prepare his case and make the defense to which he is entitled under Civil Code Article 4732 at least requires he be notified of the reason for which his eviction is sought." Instead, there had been "no reason for eviction ... given in either the notice to vacate or the rule for eviction. Especially since the lease contains grounds for eviction other than nonpayment of rent, minimum requirements of due process require notification of the reason for eviction to allow preparation of a defense if any is available."

The Court of Appeals set out that

> If a written lease with a definite term is to be terminated for a reason other than the mere passage of time, the tenant must be appraised of the substantive reasons for his desired eviction, and a mere indication that the lessor wishes to terminate the lease and obtain possession does not afford sufficient notice to meet basic due process requirements.

In *Apollo Plaza Apartments v. Gosey*, 599 So.2d 494, 494-45 (La.App. 3 Cir.,1992), a Louisiana Court of Appeal held that the "failure of the notice to specify the grounds for termination with enough detail to permit the defendant to prepare a defense ...[is prejudicial and causes us to] reverse the trial court's judgment." The lease at issue required, as we are suggesting, that termination notices "state the grounds for termination with enough detail for the Tenant to prepare a defense."

As to the low income tax credit units, such a good cause requirement applies, yet the courts will not currently find it in the leases, giving property managers the ability to inadvertently violate tenant rights and the LIHTC program requirements. This can be avoided with lease addendums setting out the requirement, and instructions in the interim to the landlords.

I hope that with continued dialogue we can resolve this in a manner that will enhance program compliance. I look forward to hearing back from you.

Sincerely,

David Williams
Litigation Director
(504) 529-1063

Nicole C. Carter

Subject: FW: Comments on the 2011 DRAFT QAP

From: Ryan Juneau [mailto:RJuneau@LTPGroupLLC.com]
Sent: Friday, May 06, 2011 2:15 PM
To: Alesia Wilkins-Braxton; Brenda Evans; Terri Ricks
Cc: Louis Russell; Marjorianna Willman; Neil Juneau; Sheila Sims; Sjuneau69@aol.com
Subject: Comments on the 2011 DRAFT QAP

Ms. Alesia Y. Wilkins-Braxton,
Ms. Brenda Evans,
Ms. Terri Porche Ricks, Esq.,

I am pleased to offer the following comments for consideration when developing the Final 2011 Qualified Allocation Plan:

1. **QAP Section I, B, 4 on Rural Pool:** No rural definition appears to be provided. Please clarify.

2. **QAP Section I, F, 3 on 30% Basis Bump Determination:** Given the inherent disadvantage that Rural Developments are at we feel that any development participating in the Rural Pool or located in a Non-Metro Area shall automatically receive the 30% Basis Bump Up.

3. **QAP Section II, G, 2 (a) on Management Agent Experience:** Please include a provision to accept management companies that have successfully managed similar tax credit properties in the past, though they may not currently have a tax credit property in their current portfolio and/or to accept management companies that currently manage a tax credit property who's compliance period has expired.

4. **QAP Section II, J on Market Studies:** We ask in an effort to streamline the application process and to avoid incurring double expenses that the Agency accept a Developer procured Market Study at the time of the application provided that the Market Study was performed by an Agency Pre-Approved Market Analyst and adheres to all the Market Study standards/requirements set forth in the QAP.

5. **Selection Criteria Section III, G on Government Support:** It appears that this has been removed from the 2011 Draft. We ask that this Section G be reinstated as written with in the 2010 QAP with respect to Governmental Assistance/Funding and a signed Commitment Letter / City Proclamation in support of the Project. These points effectively incentivize/reward developers to work with local governments to ensure that community specific needs are being addressed which will ultimately yield a better overall development.

Thank you for your consideration of these items and I look forward to discussing in greater detail at the Public Hearing on Monday, May 9, 2011.

Le Triomphe Property Group or its principals have been participants in the LIHTC Program here in Louisiana essentially since the program's inception over the 20 years ago. Through our various affiliates and companies we have directly developed and managed well in excess of 2,000 LIHTC Units. We look forward to again becoming active in this critically important industry. Should you require any additional information please do not hesitate to contact me directly. Thanks again, and we'll see you all on Monday.

CC
NO

CCNO DEVELOPMENT, L.L.C.

May 10, 2011

Ms Brenda Evan, Program Director
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: Requested Changes to 2011 QAP Draft

Dear Brenda:

I hope this letter finds you well. Attached, please find a copy of the formal request by my companies for changes in the language of the Draft QAP. We are excited about the opportunity to apply in this round, but, as you know, have been held up in converting to permanent financing due to timing of other matters. I hope that you and the Committee will seriously consider this minor change, which will allow us to participate and still maintain the integrity of the QAP process.

Thanks again for your time and attention.

Sincerely,

Joseph A. Stebbins, II

RECEIVED
MAY 11 2011

4127 S. Claiborne Avenue ■ New Orleans, Louisiana 70125 ■ Office (504) 822-4811 ■ Fax (504) 822-4881

C|C
N|O

CCNO DEVELOPMENT, L.L.C.

May 4, 2011

Louisiana Housing Finance Agency
Board of Commissioners
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2011 Draft QAP – Formal Comment and Request for Change

To the Honorable Board of Commissioners:

I write to comment on and request minor changes to the language proposed in the Louisiana Housing Finance Agency's April 9, 2011 Draft QAP, with specific respect to language contained in your disqualifications section.

Section G.3, "Project Team Disqualifications", Part (g) states;

> The Agency shall disqualify any owner, Principal or management agent who is not in good standing because:
>
> g. has been or is currently involved in any project awarded tax credits in 2007 or earlier for which either the permanent financing or equity investment has not closed.
>
> **4/9/11 Draft QAP, pages 14 & 15 of 67.**

I respectfully request that Section G.3(g)'s language be changed to the below language:

> g. has been or is currently involved in any project awarded tax credits in 2007 or earlier for which **final cost certifications have not been submitted to the Agency.**

The intent of the disqualifications section is to ensure that current or future awards are not given out to parties involved in projects which are unfinished, troubled, or out of compliance. However, Section (g)'s language allows for disqualification of a QAP submission even if the project is completed, placed in service and fully occupied, with all agency and other inspections had and passed, with even final cost certifications issued.

One of the three projects my company has developed since 2007 has not yet converted to permanent financing. All other matters are complete and satisfactory to the Agency. While fully occupied, inspected and approved, placed in service, a truly solid development, we have been hampered by the timing of the Final Cost Certification from the auditors and the SLR/TCRA from the Agency. We should not be penalized and have current potential QAPs disqualified as we negotiate the final conversion to permanent financing .

In conclusion, We ask that the Honorable Members of the Board of Commissioners, based upon the above and foregoing, amend the April 9, 2011 Draft QAP to remove the language of Section G.3(g), as currently drafted, and in its place, use the proposed language as stated above.

Thanking you for your time and attention in this matter, and looking forward to our future work together to aid in the rebuilding of New Orleans, I am,

Sincerely,

Joseph A. Stebbins, II

Joseph A. Stebbins, II
Managing Member,

Classic Construction of New Orleans, LLC
Classic Construction of New Orleans Venture II, LLC
Classic Construction of New Orleans Constance Lofts, LLC
Tudor Square Apartments, LLC

cc: Ms Brenda Evans, Program Director
Ms Alesia Y. Wilkins-Braxton, Vice President
Ms Terri Porche Ricks, Esq., General Counsel

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LOUISIANA HOUSE OF REPRESENTATIVES

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Fax: 504.361.6971

Commerce
House and Governmental Affairs
Municipal, Parochial, and
Cultural Affairs

GIROD JACKSON III
State Representative ~ District 87

May 12, 2011

Marjorianna Willman, Manager
Tax Credit Department
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: Comments for the Qualified Allocation Plan (QAP)

Dear Ms. Willman:

Thank you for the opportunity to comment on QAP released by the Louisiana Housing Finance Agency's for the upcoming tax credit funding round. In accordance with your request for comments, I am requesting the inclusion of special consideration and points for Elderly Housing.

In my district, primarily the Marrero area, there is a real need for housing for the elderly. Whereas, many constituents of my district are older; they too are in need of affordable housing and housing services to complement the aging process. I feel a deep responsibility and commitment to see that the elderly are provided for with a standard of living they deserve.

In addition, regarding Selection Criteria II. E. (Adult Residential Care Project), please explain what is acceptable to the LHFA as is relates to proof that personal care for activities of daily life and instrumental activities of daily living is available 24 hour a day? Further, in light of sever Medicaid cuts in Louisiana, I request that the Agency remove the requirement relative to the Project's approval to receive Medicaid waiver funds. I am perplexed as to why the Agency has such a stringent requirement. As currently drafted, I believe that such requirement will cause developers not to select this criterion, thus, limiting the creation of Adult Residential Care Projects. As such, I presume that the inclusion of this selection criterion reflects the Agency's desire to build such facilities and therefore, incentives and not disincentives should be encouraged and offered to the development community.

Your consideration of this request is greatly appreciated.

Yours truly,

Girod Jackson
State Representative
District 87

MICHAELS DEVELOPMENT COMPANY

3 E. Stow Road
P.O. Box 994
Marlton, NJ 08053
p: 856.596.3008
f: 856.797.8956

TO: Louis Russell, Brenda Evans, LHFA Multifamily Housing Committee
FR: Gionne Jourdan
CC: Milton Pratt, Steve Yeary, Steve Lawrence, Richard Herrington, Toni Jackson
RE: Comments to the 2011 QAP
DATE: May 23, 2011

This memo is in follow-up to the public comment meeting held Monday, May 9th at LHFA. Below please find our comments regarding the most recent QAP.

General Comments:

- Eliminate or substantially increase the $1.5 million developer cap because it limits the creation of affordable housing units by developers working on multiple projects, particularly with Public Housing Authorities or quasi governmental development authorities, throughout the state. Developers are forced to submit one application though they may be working on several viable and financially feasible projects in strategically targeted areas in various parishes that are in desperate need of new and/or rehabilitated housing.
- Increase the current 10% Set Aside for the Public Housing Authority (PHA) pool to 20%, specifically as most authorities are in receipt of HOPE VI or CNI planning or implementation funds or have replacement housing factor funds that must be obligated within HUD required deadlines. These funds can be better leveraged as Authorities go beyond mere site development, transforming entire neighborhoods that have traditionally experienced disinvestment. Housing will need to be developed in multiple phases of more than 50 to 60 units at a time, but the current QAP limits large scale development that deconcentrates poverty through the creation of mixed-income, mixed-finance developments.
- Return the number of points available for projects that receive local government support or funds received from a PHA. (Page 5 of Selection Criteria)
- Give points to projects that are developed on PHA property.
- Give points for any project with a long-term subsidy contract with 50% of units from a PHA or HUD.
- Neighborhood Features: Eliminate or limit the negative deductions assessed to PHA properties if they are located within ½ mile of the stated negative neighborhood services. (Page 7)
- Bifurcate the QAP to allow rural and urban projects their own set of criteria points, so that such projects are weighted equally under its own category.
- Consider an electronic application and/or fewer paper submissions.

Definition Comments:

- **Redevelopment Project:** Expand the definition of a redevelopment area to include PHA projects (p. 48 of QAP).
- **Abandoned Project:** Expand definition to include a project that HUD has declared functionally obsolete or a PHA project that has been vacant more than 6 months due to a relocation plan.

- **High Vacancy:** Same as above – HUD declares functionally obsolete.
- **Scattered Site:** To increase the viability of scattered site projects, we propose that scattered site projects be joined with other projects to be considered one tax credit project and application.

Superior Design Comments:

- Eliminate the duplication of scoring for selection criteria items and Superior Design scoring criteria items for Site Selection, Neighborhood Features, Energy Efficiency, and Green Building. (From LAAHP)
- Eliminate the subjectivity of awarding Superior Design points and implement specific written criteria on how to meet the definition in the QAP.

Housing Authority of the City of Lake Charles

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

Commissioners:
Pastor Charles Robertson
Margaret Jackson
Lollion Elmer
Robert Shannon
Joseph Thomas

S. Benjamin Taylor, JR.
Executive Director

May 17, 2011

To: Louisiana Housing Finance Agency Board Members

From: S. Ben Taylor, Jr., Executive Director of the Lake Charles Housing Authority

RE: Response on the 2011 LIHTC QAP

Dear Board Members,

The Lake Charles Housing Authority response to the Low-Income Housing Tax Credit Program for 2011 Qualified Allocation Plan (QAP) is as follows:

A. **LHFA Scoring Criteria and Public Housing Rehabilitation**

Many of the public housing developments in the state are 50 to 70 years old and have become non-viable, non-marketable living units. There is only one option open to these public authorities when it comes to redevelopment. That option is to leverage tax credits with both public and private financing techniques.

Redevelopment utilizing tax credits can take several forms. These include:

1. Demolition and replacement of units on the same site
2. Demolition and replacement of units on another site where the existing site has negative features not conducive to family living or reduction in density is desired
3. Renovation of existing units
4. Reconfiguration of existing buildings by converting buildings with small, non-functional units into larger, more functional units by reducing the number of units in each building, thereby reducing site density
5. Combination of any of the above

In all cases, the housing authority seeks to preserve its affordable housing stock. The above options are considered by a housing authority to be a substantial rehabilitation, whether the rehabilitation involves renovations, reconfiguration or

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

new construction. The LHFA agrees that rehabilitation can encompass replacement of housing on the same site. However, there are instances when environmental, density or location factors dictate that a new site be considered as part of the replacement plan. As such, the Louisiana Housing Council requests that the LHFA agree with this position and allow a public housing rehabilitation project to be reconstructed on alternate sites as described above for the rehabilitation points.

B. Basis Boost for Public Housing Authority Projects

It is a financial necessity to any public housing authority project to utilize a DDA, HUB Zone or Qualified Census Tract in a community for the 130% basis boost in investor equity.

A public housing authority project that encompasses the redevelopment or rehabilitation of public housing units has additional cost burdens not associated with a conventional, non HUD-assisted development. The additional costs are associated with the following:

1. Davis-Bacon Wage decision applies to all units resulting in higher wages paid to construction labor
2. Uniform Relocation Act-requires the PHA to pay for relocation of residents from units requiring work and relocation back to completed units.
3. State bond commission costs-if a PHA is required by the investor to guaranty the construction loan or a completion guaranty of the project, state laws requires the PHA obtain state bond commission approval. This requires additional underwriting, legal and issuance costs.
4. Evidentiary documents to HUD-this is a complete set of additional approvals of legal documents unique to a PHA transaction that requires considerable additional legal fees
5. Many of Louisiana's public housing sites are located in rural areas where competitive pricing of construction work is not available

Based on the above circumstances unique to public housing, the LHC requests that the LHFA grant a 130% basis boost to all PHA projects involving the redevelopment of public housing units, whether rehabilitation or new construction for all sites that are not located in a QCT, DDA or HUB Zone.

If you have any questions or comments, please contact me at (337)439-4189.

Sincerely,

S. Ben. Taylor, Jr.
Executive Director

HERMAN & KITTLE PROPERTIES, INC.
Real Estate Development • General Contracting • Property Management

May 26, 2011

SENT VIA EMAIL

Ms. Marjoriana Willman
Tax Credit Manager
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: 2011 and 2012 Qualified Allocation Plan ("QAP")

Dear Ms. Willman:

On behalf of Herman & Kittle Properties, Inc., the following comments and recommendations are respectfully submitted regarding the Draft 2011 and 2012 QAP:

1. Rural Pool:
   a. Implement the following definitions:
      i. RD New Construction: New Construction activity in a place designated in writing by RD in open country and communities up to 20,000 in population;
      ii. RD Target Area: An area designated in writing by RD as a priority area for housing currently financed under the Section 515 Program; and
      iii. Rural Pool: Developments meeting the definition of RD New Construction and/or RD Targeted Area, as evidenced in writing by a support letter from RD included with the application for Low-Income Housing Tax Credits, shall be ***eligible*** to compete in the Rural Pool.

   b. Many rural development properties in need of Substantial Rehabilitation, even those located in areas that are now urban in character or part of a MSA, were not designed to include or do not include washers and dryers, garbage disposals, dishwashers or Community Facilities, all items that are Selection Criteria. In the case of washers and dryers, units were not designed to include hook ups and, therefore, including space to accommodate these appliances as part of the Substantial Rehabilitation is impractical from a design perspective or would eliminate existing livable area. With respect to Community Facilities, building a new Community Facility is likely prohibited by available space on the property or the Maximum Average TDC Per unit of $125,000. Altogether, Community Facilities, washers and dryers in each unit, dishwashers and disposals add up to seven (7) points, a significant figure considering the overall maximum number of points achievable per the Selection Criteria. Another challenge is Neighborhood Features. Many rural development properties that may now be located in urban areas or part of an MSA are still not located close enough to Neighborhood Features to earn enough points to be competitive with other Substantial Rehabilitation properties competing in the General Pool.

2. Other Funding Sources

    a. HOME Investment Partnership Program: Consider modifying language in the third sentence to specify the rate of interest or indicate that interest will accrue at the rate specified by the Applicant in the Application for low-income housing tax credits.

3. 30% Basis Bump Up Determination:
    a. Developments ***shall*** qualify for the 30% Basis Bump Up if located in a Difficult Development Area (DDA) or a Qualified Census Tract (QCT);
    b. The Agency ***may*** otherwise consider Developments not located in a DDA or QCT on a case-by-case basis for the 30% Basis Bump UP; and

    c. Developments participating in the Rural Pool or located in non-Metro areas should automatically receive the 30% Basis Bump Up.

4. Communication with Contact Person: modify the QAP language and application to allow for a maximum of two (2) contact persons per Development/Application.

5. Maximum Average TDC Per Unit by Development Type: ***increase*** the limit by 20% for all Development Types for Developments/Applicants electing the Green Buildings selection criteria (Selection Criteria V.A.) and/or Super Design Selection Criteria (Selection Criteria V.E.)

6. Market Study and Appraisals:
    a. Require the Market Study to be submitted at the time of application for low-income housing tax credits. This process will have the following result:
        i. Developers/Applicants will not duplicate costs associated with obtaining a Market Study (i.e., obtaining one prior to application and then paying the Agency an additional fee to obtain one after the application for low-income housing tax credits is submitted);
        ii. Developers/Applicants will have the opportunity and ability to develop a project concept well in advance of the application process that meets the specific needs (i.e., senior versus elderly, appropriate rental rates, AMI set-asides, etc.) of a particular market; and
        iii. Significantly reduce or potentially eliminate the need for Agency Staff and Developers/Applicants to spend time and resources disputing the results of the Market Study during the 10-day challenge period.

7. Definitions
    a. Green Building Definition:
        i. LEED Criteria: incorporate LEED for Homes.

ii. Green Communities Criteria: strike reference to "project" and revise to include only residential buildings, thereby excluding Community Facilities and detached garage buildings, if applicable.

b. Rural Area: delete current definition and reference comments in Section 1. above
c. Rural Project: delete current definition and reference comments in Section 1. above

8. Selection Criteria
   a. Targeted Project Type
      i. Permit Developer/Applicant to check "All that Apply" and eliminate the "Select Maximum of One" limit. As an example, a Development could meet the definition of Substantial Rehabilitation or Conversion (I.B.(i)) and also be a Redevelopment Project (I.C.);
      ii. Add a 5 point category as I.A.(iii) to award Developments located in a census tract with no other same type (i.e., elderly, general occupancy) Developments supported by rental housing tax credits. Evidence of the census tract in which the Development is located must be submitted with the application for low-income housing tax credits. Additionally, the Market Study must identify the location and specify the target occupancy/households served (i.e. elderly, general occupancy) of all other Developments supported by rental housing tax credits located in the same census tract as the Development under consideration by the Agency; and
      iii. Selection Criteria I.B.(i) Substantial Rehabilitation or Conversion: award more points to this scoring category to encourage focusing the State's resources on the acquisition and rehabilitation of existing properties.

   b. Targeted Population Type: II.C. Special Needs Households
      i. Elderly Households is included in the definition of Special Needs Households. Do not exclude projects designed for Elderly Households from scoring points in this category;
      ii. Include all household types under the definition of Special Needs Households as selection options in this scoring category. For example:
         ...(Check one or more)
         (i) Homeless Households ___
         (ii) Disabled Households ___
         (iii) Single Parent Households ___
         (iv) Large Family Household ___
         (v) Foster Parent Household ___
         (vi) Elderly Household ___

   c. Priority Development Areas and Other Preferences:
      i. III.A. Extended Affordability Agreement: add "(iv) 40th year 5____"
      ii. III.D. Rural Target Area (RD):
         1. Delete the text "Copy of Final Concerted Community Revitalization Plan adopted by local governmental unit included in Application"

2. Add text "Written documentation provided by Rural Development of the U.S. Department of Agriculture indicating the Project Site is located in a priority area for financing housing under the 515 housing program included in the Application"

d. Location Characteristics IV.(A.)(ii):
   i. Define "Industrial" and "Distribution facilities"
   ii. Eliminate Liquor Store

Herman & Kittle Properties, Inc. has been a participant in the 9% competitive application process in the State of Louisiana since April 2006 and appreciates the opportunity to participate again in 2011/2012 application process. Thank you in advance for considering the above comments and recommendations as you move towards finalizing the QAP. If you should have any questions, please feel free to contact me via phone at 317.403.5420 or email: mroderer@hermankittle.com.

Sincerely,

Michael A. Roderer
Development Director

cc: Ms. Alesia Y. Wilkins-Braxton, President, Louisiana Housing Finance Agency
Ms. Allison Jones, Chairwoman, Louisiana Housing Finance Agency Board of Commissioners
Mr. Guy Williams, Vice Chairman, Louisiana Housing Finance Agency Board of Commissioners
Ms. Brenda Evans, Housing Program Administrator
Mr. Wayne Neveu, Foley & Judell

LOUISIANA HOUSING COUNCIL, INC.

CHAPTER OF NAHRO

600 Eugene St
Denham Springs, LA 70726
Phone (225) 664-3301
Fax (225) 664-3309

May 27, 2011

Brenda Evans, LHFA Program Administrator
Louisiana Housing Finance Agency
2415 Quail Dr.
Baton Rouge, LA 7088

Dear Ms. Evans:

LHFA Scoring Criteria and Public Housing Rehabilitation

Many of the public housing developments in the state are 50 to 70 years old and have become non-viable, non-marketable living units. There is only one option open to these public authorities when it comes to redevelopment. That option is to leverage tax credits with both public and private financing techniques.

Redevelopment utilizing tax credits can take several forms. These include:

1. Demolition and replacement of units on the same site
2. Demolition and replacement of units on another site where the existing site has negative features not conducive to family living or reduction in density is desired
3. Renovation of existing units
4. Reconfiguration of existing buildings by converting buildings with small, non-functional units into larger, more functional units by reducing the number of units in each building, thereby reducing site density
5. Combination of any of the above

In all cases, the housing authority seeks to preserve its affordable housing stock. The above options are considered by a housing authority to be a substantial rehabilitation, whether the rehabilitation involves renovations, reconfiguration or new construction. The LHFA agrees that rehabilitation can encompass replacement of housing on the same site. However, there are instances when environmental, density or location factors dictate that a new site be considered as part of the replacement plan. As such, the Louisiana Housing Council requests that the LHFA agree with this position and allow a public housing rehabilitation project to be reconstructed on alternate sites as described above for the rehabilitation points.

Basis Boost for Public Housing Authority Projects

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- Evidentiary documents to HUD-this is a complete set of additional approvals of legal documents unique to a PHA transaction that requires considerable additional legal fees
- Many of Louisiana's public housing sites are located in rural areas where competitive pricing of construction work is not available

Based on the above circumstances unique to public housing, the LHC requests that the LHFA grant a 130% basis boost to all PHA projects involving the redevelopment of public housing units, whether rehabilitation or new construction for all sites that are not located in a QCT, DDA or HUB Zone.

Fred Banks, Chairmen
LHC Diversified Housing Opportunities Committee

Nicole C. Carter

From: Brenda Evans
Sent: Friday, May 27, 2011 5:19 PM
To: 'Guy Williams'; Alesia Wilkins-Braxton
Cc: Marjorianna Willman; Nicole C. Carter; Louis Russell; Amy York
Subject: QAP Public Comment

Please see below additional QAP comments.

From: Tim Smith [mailto:tsmith@hokeservices.com]
Sent: Friday, May 27, 2011 4:23 PM
To: Brenda Evans
Subject: QAP Public Comment

Brenda,

I have been asked by some of my clients to comment on the QAP. Specifically, that the provisions regarding previous experience in the tax credit program be removed. It is viewed as an attempt to keep only the current set of active developers the only people who can apply to LHFA from now on. There are many experienced developers that are capable of handling a tax credit development from start to finish, with the help of an trained management company, that are not eligible because they have market rate development or construction experience instead of LIHTC experience. Additionally, even though a housing authority or a Non-Profit developed an affordable development years ago, it does not mean that people with any real experience are still administering the progress today.

Thank you for your time.

Tim Smith
Hoke Development Services, LLC
832.443.0333 (cell)
713.490.3143 (fax)
tsmith@hokeservices.com

May 27, 2011

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

Dear Ms. Evans,

On behalf of Bowen National Research, I would like to submit the following comments/suggestions as they relate to the market study requirements outlined in the latest draft version of the 2011-2012 Qualified Allocation Plan.

- Under the "**Executive Summary**" heading, the text currently reads that analysts are required to provide "*A statement summarizing the findings of the market study.*" We recommend that an additional statement be added that reads "*This should include, but not be limited to, summary statements addressing each of LHFA's five threshold requirements.*" We would think that it would be helpful to LHFA and the developers/applicants to know within the first page of the Executive Summary if the project meets or fails any of LHFA's thresholds.

- Under the "**Demographic Analysis**" heading, the text currently reads that analysts should provide "*Analysis of the Income Qualified Renter Demand in the market area.*" We believe this is a broad statement and allows for a variety of interpretations among analysts on how they determine who would qualify for a particular project, which could lead to a variety of methodologies and conclusions. We recommend that LHFA adopt and incorporate language that provides a standardized method for qualifying renter households in their demand calculations. The following is recommended language we ask LHFA to consider, "*The demand analysis should include a capture rate, which must be derived by dividing the number of proposed units by the number of income-eligible renter households. The demand analysis must clearly indicate the minimum income and maximum income range for each targeted group. Analysts are required to assume no family households are able to pay more than 35% of gross income towards total housing expenses and that no elderly households are able to pay more than 40% of gross income towards total housing expenses. For the maximum household income for one-bedroom units the analyst must use the average of one and two person households, while two-bedroom units should assume a three-person household income limit. For three-bedroom units the analyst must use the average of four and five person households. Note: For elderly projects, the analyst must use a maximum income based on two person households*."

- Under the "**Market Area**" heading, we suggest that the additional requirement be added, *"A map delineating the boundaries of the primary and secondary market areas must be provided."*

- Under the heading of "**Operations and Development Comparisons**", we recommended that a statement requiring analyst to provide a comparison and analysis of amenities, square footages, and number of bathrooms be provided. We ask that LHFA consider adding text within this section of the requirements that reads, "*Analyst must provide, in a table format, a comparison of the subject project's and comparable properties' amenities, unit sizes (square footage), number of bathrooms and other pertinent project details. Analyst must provide analysis and conclusions as to the project's overall market position and make recommendations for necessary changes to make the project feasible, if needed."*

- As it relates to the "**Appraisals**" heading, it was my understanding that market analysts would not have to provide this and that this requirement applied to the developer/applicant. If correct, this line should be removed.

These recommendations are not sweeping changes, but provide clarification as to expectations that seem reasonable. Our concern is that the guidelines in their current state are too broad and leave too much up to interpretation. Further, they don't ask for certain work elements that we believe would be helpful to LHFA and the developers.

While it may not need to be addressed in the market study requirements, we ask that LHFA provide analysts some guidance on calculations of demand within the Certification of Demand, as it is unclear whether the data that analysts are to use is from the US Census or from data collected during the analyst's research, or a combination of the two sources. It would also be helpful, at least to our firm, if we understood how the Certification of Demand is used in LHFA's decision making process.

If our recommendations cannot be adopted as part of the formal market study requirements in this year's QAP, we ask that LHFA consider issuing a memo to the selected market analysts that provides guidance to said analysts to ensure a more uniform approach to conducting market studies on behalf of LHFA.

We would be glad to discuss this with you if you have any questions. Thank you for your consideration.

Respectfully,

Patrick M. Bowen

Patrick Bowen, President
155 E. Columbus Street, Suite 220
Pickerington, Ohio 43147
patrickb@bowennational.com
Phone: 614.833.9300

Bowen National Research

APPENDIX A

Market Study Standards and Requirements

Section 42(m)(1)(A)(iii) of the IRS Code and Section IV(A)(2) of the 2010 Qualified Allocation Plan ("QAP") require market studies for all low-income housing tax credit ("LIHTC") allocations. In addition to the requirements of those provisions, applicants and analysts must follow the procedures and rules described in this Appendix.

I. Market Study Process

A. **Bid:** Agency will accept bids from market analysts to perform third party market studies for the 2010 tax credit round between November 9 and December 7, 2009.

B. **Market Study Fee**: A fee for the market study will be paid by applicant at the time of submission of the preliminary tax credit application.

C. **Assigning Projects:** Upon receipt of the preliminary applications the Agency will contract with market analysts. The Agency will make its assignments by January 25, 2010. The number of projects assigned will be based upon the following: stated capacity, experience with studies in the LIHTC program, number of preliminary applications submitted, conflicts of interest and the Agency's evaluation of the analyst's capacity based on prior studies submitted.

D. **PMA Designation:** Analysts must provide the Agency with a proposed Primary Market Area (PMA) for review as soon as possible but no later than February 12, 2010. Each site must include a map of the PMA **clearly depicting the census tracts** on the map that make up the PMA. The analyst must use a conservative, market supported PMA delineation and conduct local interviews to determine cultural nuances, geographic factors or other relevant factors. The analyst must describe the methodology and reasoning used to define the PMA. The Agency will respond to the analyst via e-mail within 48 hours of receipt.

E. **Analyst Contact with Applicants:** Once the PMA designation is complete, market analysts may contact the applicant to ensure they have all the information necessary to complete the market analysis. Analysts **<u>must not discuss PMA delineations</u>** with the applicant until the study is complete.

F. **Schedule:**

after PMA is designated-	analyst may contact applicant regarding general information
March 8 -	deadline for the Agency and applicant to receive a 3-hole punch hard copy of the market study
March 29 -	deadline for analyst and Agency to receive any revisions from the applicant
April 5 -	deadline for the Agency and applicant to receive a brief addendum or revised market study, if applicable

G**.** **Process for Revisions to Proposals:** The initial market study must be based solely on information contained in the preliminary application. The revised market study may only vary based on revisions from the Agency or applicant. The following alterations will be permitted: rent structure, project size, targeting and bedroom mix. The following alterations will not be permitted: change in location and/or project type (i.e. switching from a family proposal to elderly).

II. Market Study Requirements

A completed market study must include the following information:

A. **Executive Summary**

1. A brief summary of the proposed project including the population to be served.

2. The average vacancy rates for all comparable properties in the PMA and the average vacancy rate for the

LIHTC projects among those comparable properties. See Section H.

3. A table outlining the capture rates determined in Section G(5)(b).
4. Absorption rate for the proposed project to reach stabilized occupancy.
5. Conclusions about the strength/depth of the market for the project as proposed, including suggested changes.
6. Any recommendations for altering the proposal. The analyst should provide a table that reflects what would be the new capture rate and absorption rate for the recommendation(s). The analyst may not act as income driven consultants performing such actions as recommending increase rents or unit mix changes for increasing cash flow.
7. A brief discussion of the long term impact of the proposed project on existing or upcoming LIHTC projects in the PMA.

B. **Project Description**

1. Project location
2. Construction type (new construction/rehab/adaptive reuse)
3. Occupancy type (family, elderly)
4. Target income group (LIHTC and market rate, if applicable)
5. Special population target (if applicable)
6. Number of units by unit type
7. Unit size
8. Structure type (i.e. townhouse, garden apartment)
9. Proposed rents and utility allowances
10. Existing or proposed project based rental assistance
11. Proposed project amenities (i.e. community building, playground, laundry)
12. Proposed unit amenities (i.e. washer/dryer hookups, dishwasher etc.)
13. If project is a rehab, include current rental rates, occupancy levels, and proposed scope of work including a dollar amount of investment, if included.

C. **Site Evaluation**

1. The market analyst **must** physically visit each site and the PMA.
2. Describe physical features of the site and adjacent parcels. Negative attributes of the site must be described in relation to their possible impact on overall project feasibility. This discussion must reflect any negative curb appeal, any problematic surrounding land uses in relation to marketability, lack of transportation, poor amenities, etc. Only include site related pictures, not the surrounding amenities (e.g. grocery stores, etc.), with a description of vantage points.
3. Include a map clearly identifying the location of the proposed project, identifying the closest shopping areas, schools (not applicable for elderly projects), employment centers, medical facilities and other amenities that would be important to the targeted population. Indicate proximity in miles to the proposed project.
4. Include a map identifying existing subsidized low-income rental housing (LIHTC, Rural Development, public housing, HUD 202, project-based Section 8) within the PMA. Also include projects "in the pipeline" that have received funding but are not yet complete. Indicate proximity in miles of these properties to the proposed project.

D. **Primary Market Area**: Include a map of the PMA, the description of method(s) used and other relevant information listed in Section I(D) above. Secondary market areas are not permitted for purposes of calculating demand.

E. **Market Area Employment Trends**

1. Employment by industry--numbers and percentages (i.e. manufacturing: 150,000 (20%)).
2. Major employers and anticipated expansions, contractions in their workforces, as well as newly planned employers and their impact on employment in the market area.
3. Employment and unemployment trends for the PMA since 2000 and, where possible, the county-total workforce figures and number and percentage on both. Provide annualized figures on these trends (i.e. average annual increase of employment of 1.2%).
4. A narrative analysis of data provided, including discussing the cause for the trend and the overall conclusions. Relate data to the impact on rental housing demand.
5. Analysts should use recent data sources (less than one year old) at the county level (or smaller) where available. Non-traditional data sources are acceptable if identified as such and linked to housing demand.

F. **Community Demographic Data**: Information on population and household trends from 2000 to 2009 projected to 2012. Projections must be prepared by a reputable source such as Claritas, ESRI, NC State Demographic Unit or the State Data Center. U.S. Census data prior to the 2000 Census is only acceptable as historical data. The market analyst should provide the reasoning for any disagreements with these projections, along with substitute projections. Both numbers and percentages must be shown for the data below, including annualized growth figures. Please include a narrative description of the data including significant changes and overall conclusions.

1. **Population Trends**
   a. Total Population
   b. Population by age group
   c. Number of elderly and non-elderly (elderly projects only)

2. **Household Trends**
   a. Total number of households, average household size and group quarters
   b. Household by tenure; that is, the number of owner and renter households; (if appropriate, breakout by elderly and non-elderly)
   c. Households by income and by tenure (elderly proposals should reflect the income distribution of elderly households only)
   d. Renter households by number of persons in the household

G. **Project-Specific Demand Analysis**: Market analysts must use the most recent rent and income limits effective at the time market studies (or preliminary applications) are assigned from the Agency's website: http://www.nchfa.com/Rental/Mincomelimits.aspx

1. **Income Restrictions:** Market studies must evaluate the proposed project based on the occupancy restrictions indicated in the preliminary application. Analysts should be aware of specific income restrictions in the QAP, such as 25% of qualified units affordable to and occupied by those at 30% of area median income.

   The study must include data for each income group targeted by the proposed project as described in the application. For example, if the proposed project targets households between 40% to 50% of the median income and households between 50% to 60% of the median income, demand projections using the methodology below must be provided **for each income group and bedroom size**. Additional data deemed by the analyst to provide further explanation should be referenced in an appendix.

2. **Affordability:** Analysts are required to assume no family households are able to pay more than 35% of gross income towards total housing expenses and that no elderly households are able to pay more than 40% of gross income towards total housing expenses. The demand analysis must clearly indicate the minimum income and maximum income range for each targeted group.

For the maximum household income for one bedroom units the analyst must use the average of one and two person households. For three bedroom units the analyst must use the average of four and five person households. Note: For elderly projects, the analyst must use a maximum income based on two person households.

Studies may only include **one demand calculation** for projects proposing federal project-based rental assistance. Analysts are required to use the lesser of maximum allowable tax credit rents or the proposed project rents based on income targeting designated in the application.

For proposed projects with market rate units, the analyst must make some reasonable determination of a maximum income level beyond which a household would not likely be a participant in the rental market. The analyst must clearly state the assumptions used in making this determination.

3. Demand: Demand must be derived from the following sources below using data from a reputable source such as Claritas, ESRI, NC State Demographic Unit or the State Data Center.

a. **Demand from New Renter Households:** Determine **new** units in the PMA based on the projected renter household growth. This must be determined by using the current base year of 2009 projected to 2012**.**

The population projected must be limited to the age and income cohort. The demand for each income group targeted (e.g. 50% of median income) must be shown separately.

- Proposed projects targeting elderly households age 55+ must pull data for age 55 and older. Proposed projects targeting elderly households age 62+ or utilizing the RD/HUD elderly designation must pull data for age 65 and older. (The latter corresponds to Census data breaks; interpolation to age 62 is not acceptable).
- In instances where a significant number (more than 20%) of proposed units are comprised of three-and four-bedroom units, the analyst must refine the analysis by factoring in the number of large households (generally 4+ persons).

b. **Demand from Existing Households:** This source of demand must be derived from the 2000 census.

- **Rent over-burdened households,** if any, within the age group, income cohorts and tenure (renters) targeted for the proposed project. In order to achieve consistency in methodology, analysts must assume the rent-overburdened analysis includes households paying greater than 35% or, in the case of elderly, 40% of their incomes toward gross rent.
- **Households living in substandard housing** (units that lack complete plumbing or are overcrowded) must be adjusted for applicable age, income bands and tenure. The analyst must use a conservative, market supported estimate of demand from both households that are rent-overburdened or living in substandard housing.
- **Income eligible elderly homeowners likely to convert to renting** must not add more than 20% of total demand. For migration purposes in urban markets analysts may add up to 2% of income eligible senior homeowners in demand calculations and up to 5% for rural markets. Data from the Annual Housing Survey and interviews with property managers of active projects regarding renters who have come from homeownership must be used to refine the analysis. Include a narrative of the steps taken in arriving at this demand figure.
- Analysts may not use household turnover rates other than for elderly projects.

4. **Method**

a**. Demand**: The two overall demand components added together 3(a) and 3(b) above represent demand for the project.

b**. Supply**: Comparable units (vacant or occupied) funded, under construction or placed in service in 2009 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2009 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of the supply. Do not subtract units in existing, stabilized LIHTC properties.

c**. Capture rate**: calculated by dividing the number of units in the proposed project by net demand. Capture rate analysis must be completed for each targeted income group and bedroom size proposed. The analyst must include a narrative on what the capture rate means for the project proposal (e.g.

given the market area, is this the average capture rate or is it one that should cause concern?).

5. **Example of Method:**

a. **Demand and Net Demand**

	HH at 50% Median Income (min. income to max. income)	**HH at 60% of Median Income** (min. income to max. income)
Demand from New Households (age and income appropriate)		
+		
Demand from Existing Households Rent-Overburdened		
+		
Demand from Existing Households Renters in Substandard Housing		
+		
Demand from Existing Households Elderly Homeowner Turnover (if applicable)		
=		
Total Demand		
-		
Supply (As indicated in Section II(G)(4)(b))		
=		
Net Demand		

b. **Net Demand and Capture Rates**

Bedrooms	**Total Demand**	**Supply**	**Net Demand**	**Units Proposed**	**Capture Rate**
1 Bedroom at ___% AMI					
2 Bedroom at ___% AMI					
3 Bedroom at ___% AMI					
4 Bedroom at ___ % AMI					
Market Rate					
Overall					

6. **Absorption rate** is the estimated time needed to reach 90% occupancy. The absorption rate determination should take into consideration the overall estimate of new household growth, the available supply of competitive units, observed trends in absorption of comparable units, and the availability of subsidies and rent specials. The absorption period starts as soon as the first units are released for occupancy. If a comparable project's absorption rate is unusually rapid, the analyst must research and state the reason.

H. **Supply Analysis (**Comparable Rental Projects)**

1. The analyst must determine which properties in the PMA are most comparable to the proposed project ("Comps"). Elderly projects cannot be included as Comps for family (open occupancy) projects. Representative sample/survey of the PMA rental stock should be included in an appendix.

a. Provide the overall average vacancy rates for all Comps in the PMA. In the case of proposed rural projects where a sufficient number of Comps do not exist, include data on at least three (3) projects in adjacent markets with similar characteristics.

b. Separate out the LIHTC properties among the Comps in the PMA and provide the overall vacancy rates for such properties. Do not provide average vacancies for assisted properties (RHS, Section 8) if the proposed is not receiving rental assistance.

c. Other information about vacancies should be separated from the data above.

d. Analysts should provide an explanation of vacancy rates that he or she feels are not indicative of the market. For example a Comp may have occupancy problems due to poor management.

The analyst must contact all Comps and indicate the date, the person they made contact with, and how contact was made with each. Indicate all Comps on a map of the PMA.

2. Specifically describe the proposed project's long term impact on existing or awarded LIHTC properties. For example, the analyst may conclude that lower rents and/or better amenities will likely lead some tenants to relocate to the proposed project. In this example, the analyst should also indicate what the vacancy rate might increase to at the existing project(s) due to the proposed project. Vague comments such as "may have a limited effect" do not meet this requirement.

** Comparable being defined as properties that are similar to the proposed in terms of rents, amenities, unit size and unit mix in the PMA. This can include both market rate and LIHTC properties.

3. The following information must be included for each Comp:

a. Name, address and phone number of the comparable property
b. Photograph
c. Breakdown of unit sizes by bedroom count
d. Square footage for each comparable unit type
e. Monthly rents and what utilities are included in the rent
f. Year built
g. Description of amenities
h. Concessions given, if any
i. Current vacancy rates by bedroom size
j. Type of affordable housing program, if applicable (i.e. LIHTC, Rural Development, etc.)
k. Number of units receiving project based rental assistance
l. In rural areas lacking sufficient three or four bedroom rental comparables, provide data on three and four bedroom single-family rentals, or provide information on rental trailer homes and single family homes in an attempt to identify where potential tenants are currently living.

The above information must be provided in a comparative framework with the proposed project. For example, in addition to providing a page of information along with a picture for each comparable, the analyst must also provide comparative charts or tables that show such factors as the proposed project's rents, square footages, amenities, etc. as compared to the other projects.

4. If the proposed project represents an additional phase of an existing project, include a tenant profile as well as additional information related to households on a waiting list of the existing phase.

5. The analyst must also provide a description of any multi-family projects in the PMA currently under construction, or scheduled to begin construction within the year. The following information must be included:

a. address/location,
b. name of owner,
c. number of units,
d. unit configuration,
e. rent structure,
f. estimated date of market entry, and
g. any other relevant market analysis information.

I. **Interviews**

Analysts must interview property managers, town planning officials and others with information relating to the demand for the proposed project. The results of these interviews should appear in an appendix at the end of the market study.

J. **Recommendations**

Analysts must provide any suggested alterations to optimize the proposed project's fit to the market. If recommended alterations affect demand, include a table reflecting the new capture rate and absorption rate, preferably in tabular format. (Refer to Section I (G) for restricted alterations/recommendations)

K. **Analyst Qualifications**

The market analyst must have an undergraduate degree in Economics, Business, City and Regional Planning, or other relevant course of study. Additionally, the analyst must have at least two (2) years experience as the primary author of market studies for LIHTC projects.

L. **Signed Statement Requirements**

The signed statement must include the following language:

I affirm the following:

- I have made a physical inspection of the site and market area and that information has been used in the study.
- I have followed Agency's market study requirements.
- The information included is accurate and that the report can be relied upon by the Agency to present a true assessment of the market.
- I understand that any misrepresentation of this statement may result in the denial of further participation in the North Carolina Housing Finance Agency's rental housing programs.
- I have no interest in the project or relationship with the applicant, developer, ownership entity or application preparer.

318-325-0836 Fax

MARTIN & ASSOCIATES
213 N Avenue A
Crowley, LA 70526
337- 783-6128 Off

June 1, 2011

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

RE: Comments on Upcoming QAP

Dear Ms. Evans:

As a follow up to the meeting in Baton Rouge, please review the following for consideration in the upcoming QAP.

1. Provide Selection Criteria Points for documented proof of local government support. The support of the local government is very important to the successful development of affordable housing.

2. Make provisions for developments not located in either a QCT or a Difficult Development Area ("DDA") to be designated as a DDA in order to receive the 30% bump in basis. We are particular interested in having this designation for developments within a 10 mile radius of Rayne where a large number of housing units were damaged by a tornado which touched down in the area on March 4th of this year.

3. The demand for affordable housing will be increased in areas that are experiencing Economic Development such as (1) the Lamb Weston Sweet Potato processing plant in Delhi, LA, (2)the Nucor Steel Plant in Donaldsonville, LA and (3) the Frog Land Water Park in Rayne, LA. The LHFA can promote affordable housing for workers in these areas by providing Selection Criteria Points for Economic Development Areas that can justify the need for the additional housing. At a bare minimum, areas such as these should be able to earn Selection Criteria Points as an Enterprise Community or Renewal Community.

Thank you for your assistance.

Sincerely,

Vernon Martin

District 12 Office

724 Avenue F

Bogalusa, LA 70427

Telephone: (985) 732-6863

1-800-881-2749

Fax: (985) 732-6860

Email: neversb@legis.state.la.us

Capitol Office: (225) 342-6090

STATE OF LOUISIANA
SENATE

BEN NEVERS
District 12

Education, Chairman
Health & Welfare
Agriculture
Retirement
Joint Legislative Committee on Capital Outlay
Legislative Audit Advisory Council
Postsecondary Education Review Commission
Senate Select Committee on Vocational & Technical Education
Education Commission of the States
LA High School Redesign Commission

June 2, 2011

Ms. Marjorianna Willman, Manager
Tax Credit Department
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: Comments for the Qualified Allocation Plan (QAP)

Dear Ms. Willman:

Thank you for the opportunity to comment on the QAP released by the Louisiana Housing Finance Agency for the upcoming tax credit funding round. In accordance with your request for comments, I am requesting the inclusion of a special set aside and/or points for Economic Development and Lease to Own housing in Bogalusa, Louisiana.

In the Bogalusa area, which is part of my Senate District, you will find incentives for businesses locating in our community. Notwithstanding providing monetary incentives, we know that it is imperative to offer affordable housing options as well. We have one of the best manufacturing industries in the country, as Temple-Inland Inc., ranks as one of the most outstanding manufacturers of pulp, paper, boxes, bags and other paper products in the nation. In addition, we have developed a well-established 100-acre industrial park suitable for expansion for large businesses. Additionally, we have a city based school system that is embarking on an aggressive improvement plan and a private parochial school, as well as a fast growing Northshore Technical College – Sullivan Campus, helping to train our workforce.

In spite of all the good and progressive economic development activities, we lack good, quality and affordable housing to complement and continue our economic growth. I have a deep responsibility and commitment to see that the economic development that has been generated in Bogalusa, continues with the addition of safe, decent, affordable housing that can offer wealth building opportunities to the citizens of Bogalusa.

Accordingly, I respectfully request that my request for a special set aside and/or points for Economic Development and Lease to Own housing in Bogalusa, Louisiana, be given every possible consideration.

Thank you for your time and attention in this matter.

Sincerely,

Ben W. Nevers

Ben W. Nevers
State Senator District 12

BWN/lel

RECEIVED
JUN 03 2011
LOUISIANA HOUSING FINANCE AGENCY

Standard Enterprises, Inc.

James Freeman
Vice President

Development • Construction • Management

June 3, 2011

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

Re: 2011 and 2012 draft Qualified Allocation Plan

Dear Brenda:
Please consider my comments relative to the latest draft of the 2011/2012 QAP when preparing the final version for approval. My comments are as follows:

- **Allocation Pools:** The latest draft established a new pool called the Transformational Pool. Should this pool exist it should be limited to 10% of the states per capita credits and should have the same per development and per developer limits as other applications throughout the state.

- **Developer experience:** The latest draft deleted all developer experience requirements. There should be some developer experience requirement as the LHFA should try and award credits to proven developers that can obtain an investor and finish the project per the time allowed.

- **Maximum per unit TDC:** The latest draft reduced the max per unit TDC for scattered site units to $150,000. This is unachievable. The LHFA requires minimum building criteria and minimum size criteria for all units funded under the LIHTC program. Achieving the minimum standards set forth in the QAP raises construction cost. Why go back to cost limits that was used over 10 years ago when adding minimum requirements that ultimately affect the final cost? Please consider raising the max TDC for scattered site units back to $203,000. Leaving scattered site TDC limits at $150,000 would almost prohibit any single family developments from applying in this round.

Sincerely,

James Freeman
Vice President

P.O. Box 4086 • Monroe, Louisiana 71211 • (318) 387-2662 • Fax (318) 322-1945
3104 Breard Street • Monroe, Louisiana 71201
E-Mail jamesf@standardenterprises.com

LOUISIANA HOUSING COUNCIL, INC.

CHAPTER OF NAHRO

600 Eugene St
Denham Springs, LA 70726
Phone (225) 664-3301
Fax (225) 664-3309

June 3, 2011

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

Dear Ms. Evans:

The Louisiana Housing Council, representing its 104 public housing authority members, is opposed to the proposed change to reduce the TDC limits in the 2011 QAP.

A public housing authority project that encompasses the redevelopment or rehabilitation of public housing units has additional cost burdens not associated with a conventional, non HUD-assisted development. The additional costs are associated with the following:

- Davis-Bacon Wage decision applies to all units resulting in higher wages paid to construction labor
- Uniform Relocation Act-requires the PHA to pay for relocation of residents from units requiring work and relocation back to completed units.
- State bond commission costs-if a PHA is required by the investor to guaranty the construction loan or a completion guaranty of the project, state laws requires the PHA obtain state bond commission approval. This requires additional underwriting, legal and issuance costs.
- Evidentiary documents to HUD-this is a complete set of additional approvals of legal documents unique to a PHA transaction that requires considerable additional legal fees
- Many of Louisiana's public housing sites are located in rural areas where competitive pricing of construction work is not available

A reduction in the TDC directly reduces the amount of investor equity in the project by reducing the project tax credit cap. The result creates a large, unnecessary funding gap. With the current cuts by Congress to all PHA programs and funding, a housing authority will be placed in a severe disadvantage. Our LHC member agencies manage 23,151 units and have more than $600 million in unmet capital needs!

Based on the above circumstances unique to public housing, the LHC requests that the LHFA increase the TDC limits rather than reduce the TDC limits.

Fred Banks, Chairman
LHC Diversified Housing Opportunities Committee

LaTosha Overton

From: Marjorianna Willman
Sent: Monday, June 06, 2011 2:21 PM
To: LaTosha Overton
Subject: FW: QAP

QAP Comments

From: Brenda Evans
Sent: Sunday, June 05, 2011 1:39 PM
To: Williams Guy; Alesia Wilkins-Braxton
Cc: Marjorianna Willman; Nicole C. Carter; Amy York
Subject: Fwd: QAP

Additional comments

Begin forwarded message:

> **From:** "Steve " <stevesj@bellsouth.net>
> **Date:** June 3, 2011 3:13:06 PM CDT
> **To:** <singlewebinfo@lhfa.state.la.us>
> **Subject: QAP**
>
> Mrs. Evans,
>
> I have looked over the latest draft QAP and I have concerns. It will be very difficult, if not impossible, to put together a deal with single detached homes at the new TDC limits. The only type of development that can be constructed ,with these limits, will be multifamily apartments and most cities are not in favor of this type property. This change came late in the process and was a surprise, after the QAP input meeting that the agency sponsored. I would ask that the board and staff revisit this issue and adjust the TDC limits to a more realistic number.
>
> Another concern would be the new energy star ratings that the agency is mandating. This and the superior design features will add cost to an already unattainable limit on per unit cost.
>
> **Steve Perry**
>
> **109 East Madison Avenue**
>
> **Bastrop, La. 71220**
>
> **318-281-4120**

LaTosha Overton

From: Marjorianna Willman
Sent: Monday, June 06, 2011 2:20 PM
To: LaTosha Overton
Subject: FW: Comments on Latest QAP Revisions

QAP Comments

From: Brenda Evans
Sent: Sunday, June 05, 2011 1:43 PM
To: Williams Guy; Alesia Wilkins-Braxton
Cc: Marjorianna Willman; Nicole C. Carter; Amy York
Subject: Fwd: Comments on Latest QAP Revisions

Additional comments

Begin forwarded message:

From: "Sara Meadows" <tolleson@gchp.net>
Date: June 3, 2011 4:21:38 PM CDT
To: <bevans@lhfa.state.la.us>, <mwillman@lhfa.state.la.us>, <lrussell@lhfa.state.la.us>
Subject: Comments on Latest QAP Revisions

Memorandum

To: Brenda Evans, Louisiana Housing Finance Agency

From: Sara Meadows Tolleson, Gulf Coast Housing Partnership

Date: June 3, 2011

Re: Comments on the Latest Revisions to 2011 QAP

1. Decrease in Maximum Average TDC Per Unit: We do not support the decreases in maximum average TDC per unit. **Based on an analysis of LHFA pipeline projects awarded 9% credits from 2009 to present, over half of those projects report TDCs that exceed the lower proposed development cost limits.**

At least 30 of the 54 projects awarded credits between January 2009 and March 2011 would not be eligible to compete for credits, under the proposed reductions to TDC per unit. That is, at least 30 of the 54 projects have Total Development Costs that exceed the revised limits. Construction costs have not gone down enough post-Katrina to justify the proposed decreases in Maximum Total Development Costs per Unit. **When coupled with the requirement to increase SF per unit, this TDC per unit revision would deliver larger but lower quality rental housing to our State's workforce, elderly and homeless.**

2. Increases in Minimum SF requirements per unit: The QAP proposes to reduce maximum TDC per unit at the same time that it increases the minimum square footage per unit requirement? These tandem revisions are at odds with one another. It would be more appropriate to *either* increase minimum SF requirements *or* decrease TDC per unit limits.

3. Maximum Tax Credit Limits: The maximum project and developer limit has been arbitrarily reduced by $500,000. Given the typical size of tax credit awards per project from 2009 to the present, it may make sense to limit the per-project allocation to $1,000,000, especially if the LHFA's intent is to generate a larger number of smaller projects. But reducing the per-developer limit to $1,000,000 is ill-conceived. There is a greater need for experienced developers in the State of Louisiana than what this limit will allow. The limit should be restored to $1,500,000 per developer to ensure that experienced, capable developers can maximize the benefits of their experience to serve the state's housing needs.

4. Eligible Applicants: The QAP should expressly prohibit state elected officials from materially participating in an application for tax credits.

5. Elimination of Developer Experience Requirement: The threshold requirement for developer experience should be restored. Moreover, experienced developers should receive preference through selection criteria or an increase in the per-project, per-developer limit over their inexperienced counterparts. Not requiring developer experience exposes the agency to the risk that tax credits will not be utilized effectively, efficiently and in the prescribed time frame. Given the ongoing challenges in the market, the LFHA should place a higher priority on experience.

6. SRO Square Footage Requirements: SROs should be exempt from the minimum square footage requirements, as requested at the public hearing.

7. SRO Maximum TDC Waiver: Applicants submitting SRO projects should not be required to have an endorsement from local government to be exempt from maximum TDC limits. Given the lack of education among some local officials on the subject of affordable housing, this requirement may have an unintended consequence.

Sara Meadows Tolleson

Gulf Coast Housing Partnership

1610 Oretha Castle Haley Blvd

New Orleans, LA 70113

Phone 504.525.2505

Cell 504.218.6927

Fax 504.525.2599

tolleson@gchp.net

LAAHP
Louisiana Association of Affordable Housing Providers

June 6, 2011

LHFA Board of Commissioners
2415 Quail Drive
Baton Rouge, LA 70808

Dear Commissioners:

In reviewing the latest draft of the 2011-2012 QAP that was distributed on the evening of June 1, 2011, LAAHP and its members have concerns on the significant changes made from the previous draft that was released on April 13, 2011.

The vast majority of the changes in this last version of the QAP do not reflect comments made at public hearings. Allowing such major changes from the April draft to the final draft is very unusual occurrence and makes a marked difference from LHFA's practice in previous years. Developers have been working on applications using the previous drafts as a guideline and to change such a significant part of the QAP one week before it is voted on by the board and less than 2 months prior to application submission deadline, requires adjustments by the entire development and syndication community so late in the process.

These substantial changes include:

1. Creation of Transformational Projects with a $2,000,000 project limit.
2. Reduction of the Project and Developer Limits (except for Transformational Projects) from $1,500,000 to $1,000,000 and rural projects reduced from $1,000,000 to $750,000.
3. Creation of a Transformational Pool with $2,000,000 in credits and the resulting reduction of $2,000,000 in the General Statewide Pool from $9,891,477 to $7,891,477.
4. Major reductions in the Maximum Average TDC per Unit by Development Type for all types except Acquisition/Rehab inc. Elderly.
5. Increases in the minimum square footage requirement for units other than Studio apartments.

In addition, LAAHP's request that the 30% bump-up in basis be allowed on a case by case basis as was allowed in previous QAP's, was not included in this revised draft.

Attached to this letter is a summary of the comments multiple LAAHP members have submitted on these changes and the rational for why these changes are not in the best interest Louisiana's efforts to develop affordable housing.

PO Box 4058 • Monroe, La 71211 • Phone (504) 905-9433
• Email: info@laahp.org

LAAHP will be present at the LHFA Board of Commissioners meeting on Wednesday, June 8th to comment on the proposed QAP prior to adoption. We urge each of you to review these comments and consider the effect these major changes will have on the development and syndication community.

Yours truly,

Charlotte Bourgeois

Charlotte Bourgeois
Executive Director

Cc: Alesia Y. Wilkins-Braxton
Brenda Evans
Commissioner Paul Rainwater

LAAHP
Louisiana Association of Affordable Housing Providers

LAAHP Members' Comments on the 2011-2012 QAP Draft of June 1, 2011

General Comments

- Developers have been working on applications using the previous drafts as a guideline and to change such a significant part of the QAP one week before it is voted on by the board and the month before applications are due results in last minute changes being made and requiring adjustments by the entire development and syndication community which were not expected so late in the Draft QAP process.
- None of these items were discussed in the public comment meetings and we are perplexed at the purpose for the new Transformational Pool and the Agency's overall goal of including these changes in the latest draft.
- There is a need to get some clarification from LHFA on why these changes are needed in the current QAP vs. next year's QAP round which would allow the development community to adjust the product design and overall process
- These major changes were never discussed or brought up as options in any public meeting that we attended.

Transformational Project Pool

- Our objections here are three-fold:
    - 1) this pool was clearly created for the benefit of one specific project that will benefit one specific developer;
    - 2) the credits allocated to this pool were stripped from the general pool; and
    - 3) the project cap (and consequently the developer cap) for this pool is double that for ANY of the other four allocation pools. This pool should be eliminated, the credits returned to the general pool and the project for which this pool was created should be required to compete in the general pool on the same playing field as all other projects;
- We are against the creation of a special pool for Transformational Projects.
- The transformational pool of $2,000,000 should be eliminated immediately and returned to the general pool. This pool was allegedly created and tailor made by the Agency for one lone project of HRI Properties. This pool is an embarrassment to the Agency and State as it includes qualifications that only one bidder/applicant can win as it is tailored to the letter to its project. What type of signals does this send out to the nation about Louisiana? Let this project compete in the general pool with the rest of us in fair competition at the maximum credits allowed to all of us and for the same maximum credit dollar amount for one developer; not an exception of $2 million for one entity. If I lived in any parish out of New Orleans I would be upset that this $2 million dollars is going there instead to the general pool where it should be spread throughout the state.
- There needs to be clarification of the definition of Transformational Project. As it is written, almost any development can fit into this category. If they plan for any development to be eligible for the Transformational Pool, then the credits should be

simply allocated out of the General Pool and the Transformational Pool should be eliminated.

- We recommend that they take this out completely.
- We recommend that the Transformational Pool be deleted and the $2,000,000 be allocated back to the Statewide Pool.

- We do not support the creation of a Transformational Project pool. However, if the LFHA Board approves this new pool, the QAP should incorporate the following additional provisions in the QAP to ensure fairness to other projects:
    a. Any applicant submitting in Transformational Project pool should be explicitly prohibited from submitting any other applications during this round.
    b. Transformational Project applications should be ineligible for awards of HOME funds because transformational projects, by the QAP's definition, are already part of a "public-private partnership" and supported with resources by the highest elected official of the community where the project is located. HOME dollars should be reserved for projects that may not have the explicit support of local governments.
- As it pertains to LAAHP's position on the Transformational Projects Pool, I would like to offer a compromise to the amount of $2M subtracted from the General pool and suggest a pool of $1M for the next four years. This would accomplish the goal of providing the required amount for the identified transformational project, while preserving the $1M cap. Creating a special pool with different funding criteria sets a bad precedent.
- Based on my experience in preparation of a CHOICE Neighborhood application, I can only assume, that the recipient displayed some form of tax credit award to leverage the monies from HUD. Additionally if the local municipality and state agencies provided letters of support to the project, they will need to make good on their promise. Recognizing that the Federal Gov't has made a commitment with the award of a CHOICE Neighborhood Grant, we can see that the Governor's office has also prioritized this project.
- The best we can hope to do at this point, is see that the funding process remains fair and objective across the board.
- While I general agree we should continue to focus recovery efforts in NOLA, the best interest of the QAP would first be to provide equal opportunity in the definition of special projects and incorporate all classes of special projects, which could range from PHA, Fannie and Freddie, CDFI's, etc.

Maximum Tax Credit Limits

- The maximum project and developer limit has been arbitrarily reduced by $500,000. The previous $1,500,000 limit should be restored.
- The Project and Developer Limits should stay at $1,500,000. The lower amount gives much less sources of funds which can make many projects infeasible and lower the quality of some.
- The project cap was reduced from $1,500,000 to $1,000,000 for non-rural projects and from $1,000,000 to $750,000 for rural projects. The developer cap was reduced from $1,500,000 to $1,000,000. We strongly recommend the caps established in the first draft of the QAP remain in place.

- We are strongly against lowering the per project/developer limit from $1,500,000 to $1,000,000;
- This reduction in Project and Developer Limits results in a reduced number of units in each development which causes the operating expenses to increase substantially per unit. Also, by limiting the credits in conjunction with the pricing of tax credits in today's market, fewer projects will be feasible and viable without other soft funding, whereas, a higher credit limit allows for more equity to be obtained and a more likely feasibility for projects.
- Project and Developer Limit – we recommend that they go back to $1,500,000 project and developer limit. This reduction will allow developers only one project to be funded in this round. $1,500,000 would at least give developer's a chance of possibly two smaller project awards.

Decrease in Maximum Average TDC Per Unit

- We do not support the decreases in maximum average TDC per unit. Based on my analysis of LHFA pipeline projects awarded 9% credits in 2009 and 2010, over half of the LHFA pipeline for this time period reports TDCs that exceed the lower proposed development cost limits. Specifically,
    - Of the 54 projects awarded 9% TCs between January 1, 2009 and March 2011, at least 30 would not qualify under these lower TDC limits. In other words, at least 30 of the 54 projects have Total Development Costs that would exceed these new, lower limits. Construction costs have not gone down enough post-Katrina to justify the proposed decreases in Maximum Total Development Costs per Unit.
- Reductions in the Maximum Average TDC per Unit by Development Type will be a significant problem, especially for historic rehabs.
- The scattered site TDC per unit reduction to $150,000 makes it very difficult, if not impossible to make work. I would hope that the board would reconsider this number as $53,000 per unit is a severe reduction.
- The $150,000 TDC limit for scattered sites is ridiculously low. With the current energy star 3 requirements and LHFA minimum building requirements in place achieving this limit could only obtained by having free land and reducing the developer fee to almost nothing. Is it the LHFA's intent to secretly defer developers from doing single family units?
- Generally, the Agency is expecting more in terms of design and quality (i.e., superior design selection criteria, Green Buildings, energy efficiency standards increase every year, etc.), however the Agency has not increased the TDC for acquisition/rehab deals and reduced the TDC in all other categories. The threshold and selection criteria in fact dictate an increase in all of the categories outlined in this section of the QAP. Our position is that the Agency should increase the TDC in each category by at least 10% above the caps established in the first draft of the QAP.
- Reduction in the Maximum Average TDC per Unit by Development type significantly changes the design of scattered site housing as it is currently being developed. Capping these costs affects the land that can be purchased as well as the characteristics that are enjoyed by developments that have been recently built.
- Increase total development costs per unit back to what they were in the last draft.

30% Basis Bump Up Determination.

- The QAP provides for only those projects located in a QCT or DDA to receive the 30% basis boost. In the 2010 funding cycle the QAP provided for the same, but also gave the Agency and its Board discretion to award the 30% boost on a case-by-case basis. We strongly recommend that the language and policies of the 2010 funding cycle be implemented in the 2011-2012 QAP, which is to review requests on a case-by-case basis for those projects not located in a QCT or DDA.
- The QAP needs to allow the 30% basis boost to continue on a case-by-case basis, as they have in the past.
- We completely agree with LAAHP's recommendation of a case-by-case basis on the 30% basis bump and would echo returning to this policy.

Increases in Minimum SF requirements per unit

- The QAP proposes to reduce maximum TDC per unit at the same time that it increases the minimum square footage per unit requirement. These simultaneous revisions are at odds with one another and should be rejected.

LaTosha Overton

From:	Marjorianna Willman
Sent:	Monday, June 06, 2011 4:07 PM
To:	LaTosha Overton
Subject:	FW: Additional Comments on the QAP
Attachments:	QAP Comments from single LAAHP members.pdf

From: Brenda Evans
Sent: Monday, June 06, 2011 11:42 AM
To: Marjorianna Willman; Louis Russell; Amy York; Nicole C. Carter
Cc: Alesia Wilkins-Braxton
Subject: FW: Additional Comments on the QAP

See attached.

From: Charlotte Bourgeois (LAAHP) [mailto:CharlotteB@laahp.org]
Sent: Monday, June 06, 2011 10:10 AM
To: Brenda Evans; Guy Williams
Subject: Additional Comments on the QAP

Dear Brenda and Guy,
In addition to the email that I sent earlier this morning that contains comments on issues made by several members of LAAHP, here are comments that were made on various other issues that were made by just one member. It is hoped that these additional comments, while not reflecting a consensus of LAAHP members, will provide additional feedback to you as you review the final draft.

Charlotte Bourgeois
Executive Director
LAAHP
504-905-9433

LAAHP
Louisiana Association of Affordable Housing Providers

Comments on the 2011-2012 QAP from individual LAAHP members

Process for Awarding credits for 2011 and 2012: There needs to be language to allow acquisition/rehab deals to be allocated credits from the credit year in which the transfer of the building utilizing the acquisition credits will be transferred.

Eligible Applicants: State elected officials and LHFA Board members should not be permitted to apply for tax credits. Please add this prohibition to the QAP language.

Elimination of Developer Experience Requirement: At a minimum, experienced developers should receive preference or an increase in the per-project, per-developer limit above inexperienced developers. Not requiring developer experience opens the agency to the risk that inexperienced applicants may win credits but they will have a harder time putting credits to work within the prescribed timeframes.

Rural Pool: For the second year now, the Louisiana RD Office has recommended the rural definitions be modified so that existing developments with Section 515 Direct Loans are eligible to compete in the rural pool, even if they are located in areas that don't meet the Agency's current definitions. Many such properties will not be as competitive in the general pool as they would be in the rural pool. One reason is due to these properties not currently including a community facility or adding one would push the total development cost over the cap (this is a 2 point category). Another reason is because many of these properties were built 30 years ago, the units were not equipped with dishwashers, garbage disposals and/or washer and dryer connections, and, because the units were not originally designed to accommodate these features, either space is prohibitive or it would cost too much to reconfigure the units. Dishwashers, garbage disposals and washers and dryers total 5 points. When you add the categories of community facilities and the three optional amenities together, the total points is 7, a large number of points relative to the maximum number available under the selection criteria as a whole. Additionally, some or many of these older rural development properties are still located in lesser developed areas, even if now technically located in an area having a population of 20,000 or more, and, therefore, are at a disadvantage with respect to neighborhood features selection criteria. The Agency should implement the definitions for rural provided to them by the rural development office so that the types of properties described above are eligible for the rural pool versus being required to compete in the general pool.

HOME Investment Partnership Program: The per project cap was reduced from $1,000,000 to $500,000. The only project to receive an allocation of 9% credits and HOME funds in the 2010 funding cycle requested a total HOME amount of $56,476, which is less than 2% of the $3,000,000 made available in that same funding cycle. Reducing the per project cap would make sense had these resources been oversubscribed in the last funding cycle. We recommend the per project cap remain at $1,000,000.

Selection Criteria Scoring : Decrease minimum score from 60 to 50 since scoring is so heavily weighted towards rehabs.

Timeline: Put superior design training on their schedule.

LaTosha Overton

From: Marjorianna Willman
Sent: Monday, June 06, 2011 2:46 PM
To: LaTosha Overton
Subject: FW: Scattered Site- Maximum Average TDC Per Unit by Development Type

QAP Comment

From: JEREMY MEARS [mailto:jmears@mearsdevelopment.com]
Sent: Monday, June 06, 2011 1:46 PM
To: Brenda Evans
Cc: guywilliams@gulfbank.com
Subject: Scattered Site- Maximum Average TDC Per Unit by Development Type

Ms. Evans,
Would you please forward this email to all board members concerning the 2011/2012 QAP. I really appreciate your help in this matter.

Thanks,

Jeremy Mears
210-669-3081
Brownstone Development

Dear Mr. Williams and Commissioners:

In the latest draft of the 2011/2012 QAP the Maximum Average TDC per unit by Development Type has been greatly reduced. The Scattered Site TDC/unit has been ***reduced from $203,000 to $150,000.*** This cost reduction does not allow enough funds to build single family homes and this TDC/unit is considerably less than elevated new construction/unit shown in the QAP. There are many sites being targeted in Rural markets this year for new single family construction, but this large reduction of allowable TDC for Scattered sites will too cost prohibitive to allow these developments to move forward. *I want to urge the board to reconsider increasing these allowable TDC for Scattered sites back to last years levels.*

I have two single family developments that were awarded HOME funds in the 2010 cycle (Villages of Trinity Oaks and Gary Street Village) and we had planned on resubmitting these developments in the Rural Set aside in hopes of receiving Tax credits this year. If these TDC limits for Scattered sites is not raised then these developments will not have enough funds to move forward and we will not be able to provide the much needed housing in these rural markets. We would greatly appreciate your consideration in this matter.

Sincerely,

Jeremy Mears
210-669-3081
Brownstone Development

RichSmith Development, LLC

June 6, 2011

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

RE: 2011/2012 Qualified Allocation Plan – May 31st Draft

Dear Ms. Evans,

Please accept our comments below regarding the May 31st draft QAP.

- Transformational Pool of $2,000,000 – We recommend that this be taken out completely. It was my understanding that this was briefly requested by the New Orleans Housing Authority at the public hearing but wasn't discussed in detail therefore no one has really been given an opportunity to comment on it.
- Statewide Pool – lowered by $2,000,000 to accommodate Transformational Pool. We recommend that the Transformational Pool be deleted and the $2,000,000 be allocated back to the Statewide Pool.
- Project and Developer Limit – decreased to $1,000,000. We recommend that this be raised back to $1,500,000 per project and Developer limit. This decrease will allow Developers only one project to be funded in this round when you have almost $20 million to allocate. $1,500,000 would at least give Developer's a chance of possibly two smaller project awards, which is reasonable.
- Minimum Score - Decrease minimum score from 60 to 50 since scoring is so heavily weighted towards rehabs.
- Total Development Cost Per Unit - Increase total development costs per unit back to what they were in the last draft (Acquisition/Rehab - $125,000; New Construction/Conversions $175,000; New Construction/Conversions elevated - $225,000; Historic Rehab - $275,000; Scattered Site - $203,000).
- Superior Design Training – It is my understanding that LHFA will be providing training for the superior design criteria. It would be beneficial if you could put this training on the Timeline on Page 10.

Please contact me should you have any questions or if you would like additional information.

Sincerely,

Arby Smith, Manager

9800 Maumelle Boulevard North Little Rock, Arkansas 72113 501-758-0050 Fax: 501-758-7186