

SUMMARY OF 2013 DRAFT QAP COMMENTS AND RESPONSES

I. General Program Information

A. **Pool Allocations** – Describes how credits are distributed. All credits are awarded competitively based upon final rank and scoring of each project.

Submitted Comments:

- Comment – Allocate credits evenly according to Congressional Districts. *Chris Clement, HRI Properties*
- Comment – Allocate credits evenly according to Congressional Districts with sub-pools including PHA (10%), QNP/CHDO (10%), Rural (10%) and General Pools (70%). *Greg Gachassin, President, The Cartesian Company*
- Comment - RD Pool - Set aside a separate pool for properties financed through the USDA in order to assure that the properties in the RD portfolio are able to compete fairly with other projects. *Clarence Hawkins, State Director, USDA-RD*
- Comment – PHA Pool – Remove requirements for 51% ownership in the general partner and equivalent fee sharing. The requirements create disincentives for developers and deter investors. The participation requirements should include: written sponsorship of a certified PHA, ownership of the project site by the sponsoring PHA or local government with a signed commitment of land to the partnership, and project includes ACC public housing units. *Chris Clement, HRI Properties*
- Comment – PHA Pool - Remove requirement of the minimum developer fee portion to a PHA. *Greg Gachassin, President, The Cartesian Company*
- Comment – Homeless and Disabled Veterans Pool - Set aside a pool with a minimum of \$2M in tax credits to fund projects serving homeless and disabled veterans. *Debbie Cary, Director, Affordable Housing Development VOA; James LeBlanc, President, Volunteers of America of Greater New Orleans*
- Comment – Conversion Pool – Set aside 5% of the credit ceiling for projects dedicated to conversion to permanently affordable community land trust homeownership. *Van Temple, Executive Director, Crescent City Community Land Trust*
- Comment – Recapitalization and Preservation Pool - Set aside 10% of the annual allocation for the recapitalization and preservation of existing affordable housing units. Require that all projects enter into an extended affordability period of no fewer than 15 years beyond the IRS compliance period. *Van Temple, Executive Director, Crescent City Community Land Trust*
- Comment – Allow nonprofit qualified projects to compete for credits in both the Nonprofit and the General Pools simultaneously in order to elevate qualified projects. *Jonathan Leit, Director, New Orleans Office Alembic Community Development*
- Comment – Awarding credits by congressional district may have a negative effect on housing. There should only be a 70/30 split between urban and rural and leave it at that. *Jim Tucker*

Recommendation:

- 1) Each Congressional District will be allotted a specific amount of funds. Each Congressional District will contain a \$300,000 sub- pool for Rural Development Rehab Projects.
- 2) Qualified Non-Profit/CHDO Pool will be a State-wide pool of \$1.2M in order to insure that we meet no less than the minimum set aside.

Example:

State Allocation (Estimated) \$10,200,000.00

 QNP Pool \$ 1,200,000.00 (Rounded to get 2 projects and meet minimum)
 Balance \$ 9,000,000

Divided by 6 Congressional Districts = \$1,500,000 per District

Each District would set-aside \$300,000 for the RD Rehab Pool therefore having approximately \$1,200,000 for General Funding.

B. Pool Collapse

- Comment – Provide a clear definition of the allocation of pools and process for collapsing the pools. *LAAHP*

Recommendation:

Subject to the above being acceptable:

Projects will have a choice of competing in either the QNP Pool or the Congressional District of the projects.

For projects choosing to compete in the Congressional District Pools:

- Each Congressional District will have two sub-pools: Rural Development and General.
- Projects will compete in their chosen sub-pool until insufficient credits remain.
- At such time, the balance in each sub-pool will transfer into a Collapsed District-wide Pool as well as all unfunded projects in that district (excluding those competing in the QNP Pool.)
- Any credits remaining in a Collapsed District-wide Pool after awarding will transfer to a Collapsed Statewide Pool.

For projects choosing to compete in the QNP Pool:

- Projects are not eligible to compete simultaneously in the Congressional District Pools.
- Projects will also not compete in the Collapsed District-wide Pools.
- Any funds remaining AFTER the mandated 10% of the 2013 Credit Ceiling has been reserved will transfer to the Collapsed Statewide Pool.

Regarding the Collapsed Statewide Pool:

All unreserved credits as well as any unfunded projects that are deemed feasible and viable will transfer into this pool and be awarded based upon ranking score until insufficient credits remain.

C. Project and Developer Limits

- Comment – Credit limit per developer should be increased to \$1.5M. *Tracy Doran, President, Humanities Foundation*
- Comment – Include in the developer limits an exception that would increase project and developer limits to \$1.5M for transformational projects. *Chris Clement, HRI Properties*
- Comment – Limit credits per project to \$700,000.00 and developer limit equal to 10% of the State's per capita authority. *Greg Gachassin, President, The Cartesian Company*
- Comment – Increase the TDC limits for historic singles and doubles to \$260,000 and decrease the TDC limits for historic complexes. *Sandra Stokes, Board of Directors, Foundation of Historical Louisiana*
- Comment – Raise the maximum TDC allowances for small (under 40-unit) and scattered site projects to be able to afford energy efficiency and superior design standards. *Jonathan Leit, Director, New Orleans Office Alembic Community Development*
- Comment – Remove cost of infrastructure from TDC limits for scattered site projects. *Greg Gachassin, President, The Cartesian Company*
- Comment – Cap the amount of credits available on a per unit and per project basis but not limit the TDC. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment – Statewide TDC limits should not be used due to being unable to account for differences in construction and operating costs in different parts of the state. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment – Due to current vacancy rates, new construction should not be allowed. *Jim Tucker*

Recommendation:

Per Developer Limit and Per Project Limit shall be \$600,000.

D. Other Funding Sources

- Comment – Provide further information regarding CDBG funds. *Helena Cunningham, National Housing Consultant Services*
- Comment – Applicants should be allowed to apply for HOME and CDBG funds rather than selecting only one of the funding sources. Applicants should be allowed to receive one of the funding sources if either of the sources are exhausted. *LAAHP*
- Comment – 30% Basis Bump Up should not be limited to projects in a DDA or QCT but available to projects in any part of Louisiana. *LAAHP*

Recommendation:

- 1) Applicants may apply for HOME and CDBG funds and be allowed to receive one (but not both) of the funding sources.

- 2) CDBG funds will be restricted to awarded Tax Credit Projects in the Gustav/Ike Disaster Area. The maximum amount of CDBG funds allowed to a single project is \$1,000,000.00.
- 3) Restrict 30% Basis Bump up to DDAs, QCTs.

II. Allocation Process

A. Electronic Application

- Comment – Provide confirmation that LAAHP's recommendations regarding the electronic applications are being incorporated into the 2013 Electronic Application process. *Helena Cunningham, National Housing Consultant Services; LAAHP*

Recommendation:

Pending input from IT staff

B. Timeline

- Comment – Mid or late June application deadline. *Butch Richardson, Manager of Development, The Olympia Group*
- Comment – Delay application deadline. *Helena Cunningham, National Housing Consultant Services; Jonathan Leit, Director, New Orleans Office Alembic Community Development*
- Comment – Application deadline should remain similar to the 2011/2012 Funding Round. *Tracy Doran, President, Humanities Foundation*
- Comment – Develop a consistent annual schedule of allocation of LIHTC. *LAAHP*
- Comment – Change process of adopting final QAP to include consideration of amendments prior to final vote. Change the timeline to as follows: 4/25 Release of revised Draft QAP, 5/2 Deadline for proposed amendments for discussion and board action, 5/9 BOD meeting to hear and take action on proposed amendments and on Final QAP, 5/11 Final QAP distributed to public, 8/10 final application deadline, and 10/10 final rank and allocation approved by BOD. *Greg Gachassin, President, The Cartesian Company*
- Comment – The public should be given an opportunity to view any updated drafts prior to the QAP's adoption by the Board. *Chris Clement, HRI Properties*
- Comment – Improve consistency in the QAP and FAQ's, prohibit modifying QAP after public input, distribute FAQ's prior to release of QAP. *LAAHP*
- Comment – Develop a standard QAP and annually modify the scoring criteria from year to year to reflect current priorities and needs. *(LAAHP)*

Recommendation:

- 1) Timeline attached as Exhibit A
- 2) A draft of the revised QAP will be simultaneously made available to the Agency's Board of Directors and the public for review.
- 3) Set definitive timeline for FAQs – specifically a 48-hour window from time of final approval of QAP. Staff feels this is reasonable based upon the public receiving the comments at the same time that the Board of Directors receives the final QAP.
- 4) It would be in the interest of Staff and Public if a definitive standard timeline is developed for future QAPs.

C. Threshold Requirements

- Comment – Require all applications to clearly demonstrate consistency with the locality's and/or neighborhood's revitalization and planning efforts. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment – Maintain threshold requirements and incentive points for proximity to transit in the final QAP and selection criteria. *Michael Bodaken, President, National Housing Trust*
- Comment – Zoning should be required at the time of the application. *Greg Gachassin, President, The Cartesian Company*
- Comment – Internet/cable/TV requirements relating to wiring requirements each bedroom and living area should be changed to include wiring of COAX and CAT 5e. *Greg Gachassin, President, The Cartesian Company*
- Comment – Maintain green building incentives and threshold requirements. *Michael Bodaken, President, National Housing Trust*
- Comment – Revise documentation requirement for energy efficient products. Remove requirement to individually list components and submit cut sheets, allow architect letter stating “project will comply with Energy Star Qualified Homes Version 3 and the 2009 International Energy Conservation Code” and waive requirement of architect letter if Green Buildings are selected for selection criteria points. *Greg Gachassin, President, The Cartesian Company*
- Comment – LHFA should partner with Louisiana's utilities to make energy-efficiency programs more accessible to affordable, multifamily developments. *Michael Bodaken, President, National Housing Trust*
- Comment – Eliminate the reference to storm windows and using the following language in its place “double paned, double insulated”. *Greg Gachassin, President, The Cartesian Company*.
- Comment – Waiver language should be inserted to provide for the approval of waiver requests submitted by the owner/developer and accompanied by a letter from USDA. *Clarence Hawkins, State Director, USDA-RD*

Recommendation:

- 1) Correct storm window language to reflect “double paned, double insulated” requirements.
- 2) *Staff will follow up concerning additional more concise “Energy and Green” language.

D. Project Team/Developer Threshold Requirements

- Comment – Project Team/Developer Threshold Requirements allow an “exception that the manager must be on-site for scattered site developments and for homeownership projects if the manager or owner is located within 2 miles of the project.” *Stephanie Dugan, Director, National Development Council*
- Comment – Developer experience should be encouraged either by mandating minimal experience as a threshold factor or allowing selection criteria points for experience. *James Freeman, Vice-President, Standard Enterprise*

Recommendation:

None

E. Local Community Notification

- Comment – Local Community Notification should be reduced to 2 publications. *Helena Cunningham, National Housing Consultant Services; LAAHP*

Recommendation:

Include mix of units language in Local Community Notification

F. Market Studies

- Comment – Allow the developer to engage market analyst and to submit the market study. *Helena Cunningham, National Housing Consultant Services; Tracy Doran, President, Humanities Foundation; James Freeman, Vice President, Standard Enterprise; LAAHP; Greg Gachassin, President, The Cartesian Company*

Recommendation:

- 1) Allow developers to submit market studies from any Market Analyst that is a member of the National Council of Affordable Housing Market Analysts (NCAHMA) or similar professional organization.

G. Selection Criteria

- Comment – Applicants should be allowed multiple selections in Section I and II. *Helena Cunningham, National Housing Consultant Services; LAAHP; Greg Gachassin, President, The Cartesian Company*
- Comment – Section I - insert a 10 point category for Transformational Project (as defined by suggested definition). *Chris Clement, HRI Properties*
- Comment – Assign additional points in support of housing for homeless and disabled veterans within the general pool. The following design components should be incorporated: support from local VA centers, owners with experience working with VA, location, building type, architectural design, rental subsidies, set-aside for homeless and disabled veterans, and housing prioritized for chronically homeless veterans. *Debbie Cary, Director, Affordable Housing Development VOA; James LeBlanc, President, Volunteers of America of Greater New Orleans*
- Comment- Ten bonus points should be given for rehabilitating historic singles and doubles in historic districts when done so in accordance with the applicable section of the Interiors Standards for Historic Rehabilitation confirmed by the State Historic Preservation Office. 100% of the units should meet the criteria to receive the bonus points. *Sandra Stokes, Board of Directors, Foundation of Historical Louisiana*
- Comment – Incentivize Historic Properties – Points should be allowed for projects that leverage historic tax credits from both State and Federal programs. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment – Increase points for Redevelopment Projects, High Vacancy Projects and Scattered Site Projects to 10 points under Section I to level the playing field. *Helena Cunningham, National Housing Consultant Services*

- Comment – Scattered site should be pointed on an even basis with other types of developments to allow multifamily apartment style units to compete with equal opportunity. *Butch Richardson, Manager of Development, The Olympia Group*
- Comment – Scattered site should be moved from Section I Targeted Project Type to Section III Other Preferences. *Sandra Stokes, Board of Directors, Foundation of Historical Louisiana*
- Comment – Scattered site projects should receive more than 8 points. *Sandra Stokes, Board of Directors, Foundation of Historical Louisiana*; should receive 10 points *Greg Gachassin, President, The Cartesian Company; New Orleans Neighborhood Development Collaborative*
- Comment – Scattered site projects should be able to receive up to 10 additional points for rehab based on the percentage of units that are rehabbed. *New Orleans Neighborhood Development Collaborative*
- Comments – Lease-to-Own - allow property and improvements in a land trust structure to be conveyed to the homebuyer as long as the trust structure ensures affordability. *New Orleans Neighborhood Development Collaborative*
- Comment – Lease-to-Own should be classified as a priority development and moved to Section III. *New Orleans Neighborhood Development Collaborative*
- Comment – Allow Lease-to-Own Projects to qualify for Abandoned Points in order to encourage homeownership. Abandoned properties should only be redeveloped as rental units. *Helena Cunningham, National Housing Consultant Services*
- Comment – Remove the reference to “Section 8” in the Lease-to-Own criterion. *Helena Cunningham, National Housing Consultant Services; LAAHP; Greg Gachassin, President, The Cartesian Company*
- Comment – Strengthen conversion from tenant to homeownership by requiring developers to ensure affordability for 30 years or offer homeownership to qualified residents in 15 years, allow 10 points for Lease to Own, and 10 points to developers choosing lease-purchase options provided the submittal includes a homeownership plan involving counseling and education. *Van Temple, Executive Director, Crescent City Community Land Trust*
- Comment – Include Elderly Households under Special Needs Households. *Helena Cunningham, National Housing Consultant Services; LAAHP*
- Comment – Allow points under Section III Priority Developments for Louisiana developers. *Greg Gachassin, President, The Cartesian Company*
- Comment – Increased Unit Affordability – remove paragraph included in criterion as PSH financial support is no longer available. *Greg Gachassin, President, The Cartesian Company*
- Comment – “at” should be included to the Increased Unit Affordability criterion to read “at and below”. *Helena Cunningham, National Housing Consultant Services; LAAHP*
- Comment – Increase HUB zone points from 3 to 6 to match Enterprise or Renewal points. *Greg Gachassin, President, The Cartesian Company*
- Comment – Increase points for QCT/DDA and Copy of Final Concerted Community Revitalization Plan to 6 points to match Rural Target Area (RD). *Greg Gachassin, President, The Cartesian Company*
- Comment – Increase points for Copy of Final Concerted Community Revitalization Plan to 6 points. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*

- Comment – Delete scoring points for Rural Target Areas as points awarded offer a redundant advantage by already having a set aside. *Chris Clement, HRI Properties*
- Comment – Projects located within RD Targeted Areas should be allowed to receive points notwithstanding whether such developments have RD funding. *Helena Cunningham, National Housing Consultant Services*
- Comment – Governmental Support – Lower the requirements to “up to 2% “for 2 points, “2% to 4%” for 3 points and “5% and higher” for 4 points. Achieving current level is challenging due to local government having fewer dollars to allocate. *Helena Cunningham, National Housing Consultant Services*
- Comment – Governmental Support – should not be measured by the amount of funds available as funds are diminishing and not a true indicator of support. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment – Points should be allowed for projects having support of the local jurisdiction. *James Freeman, Vice President, Standard Enterprise*
- Comment – Neighborhood Features – The radius should be widened. Requirement for live teller for bank classification and public transit should be removed. Each of the neighborhood features should be defined. *Helena Cunningham, National Housing Consultant Services; LAAHP*
- Comment – Neighborhood Features – Remove post office (subject to budget cuts and many transactions can be done online) and after school care (located in schools which makes item redundant). Remove wastewater facility, distribution facility, electrical utility substations, and bar/club/lounge from points deducted. *Greg Gachassin, President, The Cartesian Company*
- Comment – Green Building – add an additional item that either disqualifies an applicant or assesses a 10 point penalty if a developer or a member of a development team selected such points in any previous round beginning in 2006 but has not provided documentation of certification to satisfy the requirement of selection. *Greg Gachassin, President, The Cartesian Company*
- Comment – Amenities – Include ceiling fans, microwaves, mini blinds, hardwood floors, ceramic flooring, alarm systems and security gates. *Helena Cunningham, National Housing Consultant Services*
- Comment - Remove Superior Design. *Helena Cunningham, National Housing Consultant Services, Tracy Doran, President, Humanities Foundation; James Freeman, Vice President, Standard Enterprise; LAAHP*
- Comment – Better define and clarify superior design standards. *Jonathan Leit, Director, New Orleans Office Alembic Community Development*
- Comment – Maintain Superior Design and establish minimum thresholds to support consideration. *Greg Gachassin, President, The Cartesian Company*
- Comment – Superior Design scoring criteria should be drafted to give maximum consideration to the rehabilitation of existing, historic neighborhoods. *Sandra Stokes, Board of Directors, Foundation of Historical Louisiana*
- Comment – Improve superior design scorecard to improve the “feel” and “own-ability” of a home by clarifying aesthetics, functionality, scale and amenities. *Van Temple, Executive Director, Crescent City Community Land Trust*
- Comment – 24 hour security should include the installation of cameras/monitoring system which are more cost effective than having a person in place 24 hours per day. *Butch Richardson, Manager of Development, The Olympia Group; allow security cameras*

and security plan *Helena Cunningham, National Housing Consultant Services; LAAHP; Jonathan Leit, Director, New Orleans Office Alembic Community Development*

- Comment – Remove on site security. *Greg Gachassin, President, The Cartesian Company; Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment – Add a point category for on-site management and/or maintenance staff. *Greg Gachassin, President, The Cartesian Company*
- Comment – Disability Funding section should be removed as governmental assistance is accounted for in Section III.G of Selection Criteria. In the same section in lieu of “other assistance” as a category for “Government Support Resolutions/Letters”. *Greg Gachassin, President, The Cartesian Company*
- Comment – Allow additional points for leveraging 4% tax credits with 9% credits. *Jim Tucker*

Recommendation:

- 1) Allow multiple selections in Sections I and II.
- 2) Assign additional points (minimum of 8) for projects that incorporate support from local VA centers and/or VASH vouchers.
- 3) Assign additional points (minimum of 8) for rehabilitation of historic singles and doubles in historic districts which incorporates an in-fill component and which is done with the applicable section of Interiors Standards for Historic Rehabilitation.
- 4) Include language for “at” and below for Increased Unit Affordability Criterion.
- 5) Delete additional scoring points for Rural Target Areas
- 6) Remove Superior Design
- 7) Allow definition of 24 hour security system to include installation of cameras and monitoring system within a gated community.
- 8) Increase scattered sites to 10 points.
- 9) Delete Section 8 reference in the Lease-to-Own selection criteria item.
- 10) Allow additional points for leveraging 4% tax credits with 9% credits.

H. Awards

- Comment - City Council Offices should be able to give input in the final decision making process of awarding projects. “Offices are uniquely positioned to comment on the pros and cons of particular projects and how they would relate to the context of particular neighborhoods and areas within the District.” *Stacy Head, Councilmember District B, City of New Orleans.*

Recommendation:

None

I. Underwriting

- Comment - Developer fees should be allowed on acquisition costs in order to incentivize rehabilitation of existing or blighted structures. *James Freeman, Vice President, Standard Enterprise; LAAHP*

- Comment – Eliminate the maximum amount of reserves that can be funded from development sources. The following should be used to calculate the maximum amount of reserves from development sources: 6 months of debt service to include principal and interest, 6 months of escrow for taxes and insurance, 6 months of escrow for replacement reserves and 6 months of all budgeted operating expenses. *Greg Gachassin, President, The Cartesian Company*
- Comment – Implement consistent underwriting criteria to review operating costs and development costs to prevent over-subsidizing. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*

Recommendation:

*Let's get to Wayne for input

J. Glossary

- Comment – Definition of Concerted Community Revitalization Plan should be revised in order to acknowledge and encourage localities and neighborhoods to implement their own procedures and processes to develop and implement revitalization plans. *Brian Lawlor, Director of Housing and Community Development, City of New Orleans*
- Comment - Transformational Project should be defined as a “Large master planned community, developed in a public private partnership, which transforms the larger community economically, socially and environmentally through tangible additions to affordable housing, schools, retail, medical facilities and includes measurable improvements to the environment, 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”. *Chris Clement, HRI Properties*
- Comment – Scattered Site definition should be revised to include three- or four- plexes. *Jonathan Leit, Director, New Orleans Office Alembic Community Development*
- Comment – Each location Characteristics/Neighborhood Features should be defined. *James Freeman, Vice President, Standard Enterprise; LAAHP*
- Comment – Green definition should include ICC700-2008 (ANSI). It is the National Green Building Standard and recognized by those in the construction industry as being superior or equal to LEED and Green Communities. *Michael Luzier, President & CEO, NAHB Research Center*
- Comment – On-line supportive services should be allowed and included in the definition of supportive services. *Kerry Kirby, President, 365 Connect, LLC*

Recommendation:

1) Developers will be allowed to select their market analyst – the decision of the market analyst on location characteristics/neighborhood features will be final.

III. Post Award Process

A. Construction

- Comment – Remove requirement for submission of building permits, draw documentation and other construction related documentation. Information regarding

the project's status is received via monthly compliance monitoring emails. *Greg Gachassin, President, The Cartesian Company*

Recommendation:

None

B. Site Changes

Recommendation:

Site Changes are not allowed – Any site changes will result in cancellation of Tax Credit reservation.

C. Appeal Process

Recommendation:

Institute a Board Review Panel – composed of a revolving 3 member panel to review any staff decision deemed reviewable by the Board. Requests for such review require submittal by no later than two (2) weeks prior to the following board meeting.