From:	Brenda Evans
To:	"jimtuck@cox.net"; "fhthaxton@aol.com"
Cc:	Don Hutchinson; Marjorianna Willman
Subject:	RE: 2013 QAP Comments
Date:	Friday, April 13, 2012 2:39:58 PM

Mr. Tucker,

We appreciate your taking the time to provide comment. We will make sure your comments are made available to the Board of Directors as well.

Thanks,
Brenda

-----Original Message-----
From: jimtuck@cox.net [mailto:jimtuck@cox.net]
Sent: Friday, April 13, 2012 12:55 PM
To: Brenda Evans
Subject: 2013 QAP Comments

Brenda,

It was good to see you the other day at the meeting. I would like to add three comments to the QAP and suggest where the board may wish to consider modifying its procedure to place its limited 9% LIHTC resources.

First, as I was on my way out the door, Sujit Patel stopped me and we visited about an idea that Kentucky has done to make its allocation go further. He suggested giving additional points in the QAP for leveraging 4% tax credits with 9% credits. Reward developers who are willing to risk capital in a deal by doing a 50/50, 4%/9% match. So if there is a $5 million deal, half would be done with 4%'s and half with 9% credits. I think a large point bonus, maybe 15 or 20 points should be added for this structure.

I thought this sounded like a good idea but thought it might increase cost of a transaction. I spoke with two credit syndicator's today who told me that would not be the case. That they would underwrite as one deal.

So the benefit t the agency is that you will get twice as many deals done with limited resources. And you will separate the "wheat from the chaff" when it comes to real developers. Putting up real equity tends to do that.

Secondly, I know the board is contemplating a credit ceiling of $500,000. That would eliminate many urban deals from consideration because the syndicators are looking for an investment of a minimum $30,000 per unit for rehab, net. At an .80 credit price that limits a deal to a property with less than $133 units. (500,000*10*.8)/30000= 133 units. I think the board should look at a cap per unit of something...say $35,000 a unit, and give additional QAP points for using less than that. Say minus five points over $35,000, five points for $30,000-35000 per unit and maybe seven to ten points for $25,000 - 30000 a unit if they can find a syndicator willing to do it. This would significantly help spread credits to more deals.

My comment about congressional district allocation, I hope will not be ignored. You may know in Texas there is a law suit pending dealing with this. I do think a similar problem exists in Louisiana under the current plan. There should only be a 70/30 split between urban and rural and leave it at that. It would be fairer, and easier to defend. Particularly if there is no minimum score as it sounds like is coming.

Third and finally, there is not a market in Louisiana right now that does not have excess capacity in the eight to twenty percent vacancy range. That's just a fact. Therefore, no new construction should be contemplated at this time. It will only damage the market further and while everyone knows tenants tend to move to new product, in this case it will create blight in other complexes and development across the state because the softness of the current market. In the scattered sight arena, if a new unit is built, two vacant blighted units should come down. Otherwise this program will be exacerbating the problem.

Just my thoughts. Thanks for taking the time to read them.

Have a great weekend.

Jim Tucker