



Rich Smith Development, LLC

April 10, 2012

Mr. Don J. Hutchinson
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

RE: Comments to the 2013 Draft Qualified Allocation Plan

Dear Mr. Hutchinson,

Please accept the following comments in regards to the 2013 Draft Qualified Allocation Plan ("QAP").

- **HOME Funds** – Please consider decreasing the maximum amount per project to the lower of \$500,000 or the maximum amount allowed per HOME assisted unit under HUDs FHA 221(d)(3) limits for elevator structures. This decrease would make funds available to twice as many projects. The way it is currently written it is possible that only three projects could be awarded HOME funds.
- **CDBG Funds** – Please consider decreasing the maximum amount per project to \$500,000 to allow more projects to receive funding.
- **30% Basis Boost** – Please consider granting the 30% Basis Boost to other areas in addition to Difficult to Develop Areas and Qualified Census Tracts. Ideas of applying the discretionary 30% basis boost include – 1) to areas that have not had an allocation within the past 3 years; 2) projects that include PSH units; 3) projects located in census tracts in which the median income of the census tract exceeds 120% of the area median income; and/or 4) Project located in an Enterprise Community, Renewal Community or HUB Zone.
- **Application Due Date** – Move the application due date to July to allow applicants the opportunity to put together high quality applications once the QAP is finalized and adopted by the board.
- **Market Study** – Allow the applicant to order the market study from a market analyst approved by LHFA. With LHFA commissioning the market study the applicant has to pay for two market studies if they wish to have one done prior the application being submitted to LHFA. Allowing the applicant to order their own market study will cut down on development costs as well as provide the applicant with the necessary market information they need prior to application submittal. LHFA can require the applicant to use a market analyst from an approved list they compile so that they can be sure it is done by a reliable analyst.
- **Energy Star Version 3** – Some states have opted to stick with Energy Star Version 2 while all the "kinks" are worked out with Version 3. Please consider doing this as well.

- **Selection Criteria** – Please consider making the following changes:
 - Project Diversity –
 - Percentage of low income units in project does not exceed:
 - 90% of total project units = 4 points
 - 80% of total project units = 8 points
 - 70% of total project units = 10 points

Currently this section provides the maximum 10 points to a project that has 60% of its units as market rate. It is very difficult to make a project work financially at 20% market rate and to get above that amount you would have to have a considerable amount of soft funding which is nearly impossible to come by these days.

- Acquisition/Rehab Points – In the Draft QAP an Acquisition/Rehab project can score approximately 30 to 40 points higher than your typical New Construction project. This makes it almost impossible for anything but an Acquisition/Rehab project to be awarded credits. Please consider reducing the advantage an Acquisition/Rehab project has so that it is possible for a New Construction project to compete for tax credits.
- Superior Design – Please consider eliminating these points. This still seems to be very subjective and virtually impossible for your typical tax credit project to score very high in this section.
- On-site 24-hour Security – Please consider eliminating these points or consider allowing points for an on-site courtesy officer and/or a gated community. Providing 24-hour security as defined in the QAP can be cost prohibitive and isn't necessary for most locations.

We appreciate your consideration of our comments. Please contact me should you have any questions.

Sincerely,



Andrea Cooper
Vice President of Acquisitions