

2014 Low Income Housing Tax Credits Targeting Single Family Infill Development

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By Charles Tate

The LHC Board has asked for input as to how to motivate Developers to develop *Single Family Infill Scattered Site Development*. This one-pager seeks to provide some input the Board might like to consider when it forward commits its 2014 Low Income Housing Tax Credits.

Challenges in Contrast to Multi-Family Projects:

Pre-Construction

- 1) Sites Controls
- 2) Physical Needs Assessments
- 3) Environmental Clearances
- 4) Construction Contracts

Post Construction:

- 1) Architect Inspections
- 2) Draw Requests
- 3) Management, Maintenance (Lawns, etc.)

Input: Developer can work around the Post Construction challenges, but needs help from LHC and QAP in handling the noted Pre-Construction Challenges. Here are potential solutions to these challenges for Single Family Infill Development for Single Family Infill Development:

- 1) *Provisional Awards of Tax Credits*, with Developer given time (6 months?) to perfect Needs Assessments, Environmental Clearances, and Construction Contracts.
- 2) LIHTC Application still must contain Pro Formas and Investor Commitment Letters.
- 3) Remaining *Challenges*:
 - a. Site Control Required at time of Application, or within a suitable period after the Provisional Award of Tax Credit? (Recommendation: Submission within 4 months of Provisional Award.)
 - b. Additional Time for Physical Needs Assessments, Environmental Clearances, Construction Contracts.
 - c. How to reconcile need for Pro Forma with imprecise estimated cost of acquisitions and rehabs of multiple single family houses? (Recommendation: Adopting a Total Development Cost Ceiling Per-Dwelling (e.g., \$150,000 Rehab, \$175,000 New), with extra points offered for reduced costs per unit.)
 - d. Urban v. Rural consideration? For example, Rural community developments have no (*need for*) public transit, and all Sites are close to all things good (e.g. schools) and bad (e.g., railroad track). Pools, Points, Disregards?
 - e. Operating Costs higher, for Owner (maintenance) and Renter (utilities) alike? (Mitigation like HOME or CDBG funds, or Project Based Rental Assistance?)

END