

November 13, 2014

Mr. Frederick Tombar III
Executive Director
LA Housing Corporation
2415 Quail Drive
Baton Rouge, LA 70808

Re: LAAHP Comments on the 2015 QAP

Dear Fred,

As a follow-up to the public hearing on the QAP for 2015, the following are LAAHP's comments on the QAP.

1. **Project and Developer Limits:** *No project will be reserved Credits in excess of \$750,000 from the 2015 credit ceiling. No Developer, including related persons thereof or agents thereof or any person having an identity of interest with any such Developer, related persons thereof or agents thereof or any combination of the foregoing shall be reserved tax credits in excess of \$750,000 under the 2015 housing credit ceiling.*
 - The limit of \$750,000 per developer penalizes professional efficient developers who are able to present the best quality projects for development. **LAAHP suggests that the one deal per developer be changed to \$1,500,000 per developer.**
2. **Developer Fees-** *Shall not exceed fifteen percent (15%) of the Developer Fee Base. DEVELOPER FEE BASE: The Development Costs of a Project reduced by (i) any Acquisition Costs, (ii) any Land Costs, (iii) any payments deemed lease payments for self-owned equipment, (iv) any payments to related persons or to persons with an identity of interest to the Developer, and (v) any Developer Fees (including Builder Profit and Overhead when there is an identity of interest between the Builder and the Developer).*
 - The Developer Fee Base removes cost of any acquisition costs from the developer's fee. By removing the acquisition costs, this also reduces the incentive to do acquisition/rehab projects which are often difficult to complete due to the need to resolve issues with previous mortgages, and often HUD related concerns. Points are given in the selection criteria for rehabilitation projects and so it seems that LHC wants to encourage acquisition/rehabilitation projects. But removing the cost of acquisition from the developer's fee seems to be contrary to this direction. **LAAHP suggests that the development costs not be reduced by acquisition costs.**
3. **Selection Criteria III. PRIORITY DEVELOPMENT AREAS AND OTHER PREFERENCES**
 - D. Rural Area Project 10 points
 - By awarding 10 points for Rural Area Projects, does the LHC prefer rural projects over urban projects? If this is the policy, then this may not be consistent with the LA Housing Needs Assessment which recognized the need for affordable housing in urban areas that are experiencing economic growth and development. LAAHP supports developments in both rural and urban areas as its members work in all areas of Louisiana. By awarding negative points near waste water treatment facilities and electrical utility substations, further limits development in urban areas. **LAAHP questions the need for awarding rural projects over urban projects by awarding 10 points for rural area projects.**

PO Box 4058 • Monroe, La 71211 • Phone (504) 905-9433

• Email: info@laahp.org

4. Selection Criteria I H Preservation Priority Project

ii Developments that include at least three previous housing tax credit developments that have passed their initial 15-year period.

- **LAAHP asks that this qualification be clarified.**

5. Selection Criteria III E Governmental Support (Maximum 4 points allowed)

(iii) 2% but less than 4% of total project development costs.

- Governments have experienced a decrease in funding levels as a result of budget cuts, thus having fewer dollars to allocate. Having the minimum standard of 2% of total project development costs is too high a standard to receive points. **LAAHP suggests that that projects be awarded 2 points if they receive 1% to less than 4% of total project development costs rather than 2% but less than 4%. The remaining levels of 3 points for greater or equal to 4% but less than 7% and 4 points for 7% or more remain unchanged.**

6. Veterans Housing:

- Research if housing veterans were identified in the LA Housing Needs Assessment **and if so**, LAAHP suggests adding Veterans to the Special Needs List.

7. Historic/ Blighted Especially single and double rehab:

- **LAAHP suggests that the QAP change the requirement to qualify for historic to having an approved Part I at application and project must submit a Part II by carryover date.**

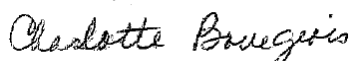
8. Cost Containment Guidelines:

Note: All costs are based on total development cost per dwelling unit per square foot.

- The cost per dwelling unit is too low, especially in urban areas. RSMeans data does not include soft costs such as attorney fees, accountant fees, etc) and so it is not a good measure for total development cost. **LAAHP recommends going back to the previous QAP limits per unit costs.**

Thank you for considering these recommended changes in the 2015 QAP.

Yours truly,



Charlotte Bourgeois
Executive Director