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Louisiana Housing Corporation:

Thank you for allowing us the opportunity to address the 2015 draft Qualified Action Plan. I am representing a coalition of developers who have done work in Monroe, Shreveport, and New Orleans and share the goal of tackling the statewide need for affordable housing through the rehabilitation of Louisiana's existing historic blighted housing stock.

In short, the market has failed to get these properties back into commerce. Some of these properties are owned by the State of Louisiana through the Louisiana Land Trust and others are owned by municipalities and other governmental entities. Every day, the State and these parishes and municipalities spend millions of dollars cutting grass, maintaining lots, and citing blighted properties. Many are not paying property taxes at all.

The LHC has the power to get these properties back on the tax rolls, restore neighborhoods, and get people to work by developing these properties. Simply, this is an opportunity to use the QAP as an economic development engine.

I want to highlight several changes needed for the QAP if we are going to make this historic and economic development project a reality.

- 1) Incentivize rehabilitation of existing, historic, one and two family homes by adding 10 or more bonus points for these properties to the selection criteria.

The Internal Revenue Code, governing the low-income housing tax credit program, sets forth mandated selection criteria for these credits, which include this property type:

“The selection criteria set forth in a qualified allocation plan *must* include ... (iii) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan ... and (x) the historic nature of the project” (26 U.S.C. § 42(m)(1)(C)(iii) and (x) (emphasis added)).

The QAP can strengthen its compliance with the federal code by prioritizing rehabilitation of existing, scattered site housing that is historic in nature.

- 2) Increase the historic preservation cost containment guidelines to a level that more closely reflects actual costs. Specifically, reinstate the 2014 QAP's "per unit" maximums or in the alternative, increase the cost containment guidelines for historic rehabilitation by 35%.

The way the LHC has protected taxpayers by capping development cost per unit is effective, especially for historic rehabilitations. The way it was done for years, applying a per unit maximum, is far more effective. First, it simplifies the analysis for scattered site acquisition. A per unit model allows a developer to plan per home, within a single neighborhood, rather than get bogged down by size in determining feasibility.

Additionally, the maximum costs per square foot in the QAP do not reflect reality when compared with actual data or when comparing to the National Park Service data for actual development costs of historic properties.

Further, the construction index used by the LHC fails to capture all of the costs required for a LIHTC development. It does not capture exceptional soft costs such as accounting, legal, and syndication costs.

This year the LHC has made a difficult decision to use precious, limited tax credits to rehabilitate existing projects that have not made it through the compliance period. Why not avoid this problem in the future by ensuring that the projects approved now provide high-quality, sustainable construction that will last the entire compliance period and beyond. This type of construction cannot be delivered based upon the existing cost containment guidelines.

- 3) Tighten definitions that relate to historic properties and specifically, change the definitions and "historic rehabilitation project" such that historic properties must be developed in a historically appropriate manner.

Currently, a developer may obtain a historic property which may not fall within the QAP's definition of historic property and therefore it is not required that it be developed according to State Historic Preservation Office standards. The following additions would close this unintended loophole:

**HISTORIC PROPERTY:** Any property that meets the requirements for a successful Part I application from the LA Office of Cultural Development Division of Historic Preservation, or is determined eligible for designation as Historic by the local governmental historic commission.

**HISTORIC REHABILITATION PROJECT:** Rehabilitation of Historic Property performed in accordance with the Secretary of the Interior's Standards for Historic Rehabilitation.

- 4) Allow for flexibility of energy efficiency requirements for historic homes, so that both historic development and energy efficiency can be achieved. Specifically, allow the Architect for the LHC to grant waivers relating to energy efficiency

requirements if the State Historic Preservation Officer determines that strict adherence to the standards would make compliance with the Secretary of the Interiors Standards impossible or impracticable.

Historic preservation complexities and the premium energy efficiency guidelines are difficult, if not possible, to achieve simultaneously. Allowing historic homes an opportunity for a SHPO waiver is the best way to resolve this disconnect.

We look forward to a final QAP and the continued success of the state in funneling federal benefits to provide low-income housing to those requiring assistance. Thank you again.