

From: [Marjorianna Willman](#)
To: [Marjorianna Willman](#)
Subject: FW: HOME Funds & 4% Comments
Date: Tuesday, April 02, 2013 9:25:49 AM
Importance: High

From: Tim Smith [<mailto:tsmith@hokeservices.com>]
Sent: Monday, April 01, 2013 4:27 PM
To: Brenda Evans; Marjorianna Willman; Louis Russell
Subject: HOME Funds & 4% Comments

Brenda,

Here are my comments to the HOME Funds Memo and the leveraging of 4% LIHTCs:

1. The 60 point minimum selection criteria score is from a QAP that is heavily 9% focused. Many of the selection criteria are only viable because of the extra funds that a 9% allocation allows versus a 4% allocation. Several of the selection criteria are geographic and locational in nature in order to spread the 9% funds over the entire state. These criteria will not make for a viable 4% scoring structure.
2. Project that were on the 9% waiting list should get no additional points. They will have a head start on meeting the environmental clearance and readiness to proceed points.
3. Participation by a CHODO should not receive points. The 4% transaction is highly leveraged with debt. It takes a very strong guarantor with a large balance sheet to get both the syndicator and construction lenders comfortable on a 4% structure. These deals are hard enough to finance and draw investor interest without diluting the development team with a financially weak partner.
4. Points should be given for projects that have HUD financing that are endanger of losing their subsidy due to the need of rehabilitation and financial restructuring.

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