



Louisiana Housing
Corporation

Board of Directors

Agenda Item #7

Discussion regarding 2019 Qualified Allocation Plan (“QAP”); and providing for other matters in connection with the foregoing.

March 18, 2019

The following policy considerations are recommended as best practices in housing credit administration by the National Council of State Housing Agencies (NCSHA) and internal data analysis and research to effectively achieve LHC's housing priorities and objectives.

THRESHOLD

1. **Implement the following as mandatory threshold requirements:**
 - a. **All Projects:**
 - i. (1) Public Housing Priority (*marketing to those on public housing waiting list*)
 - ii. (2) Security - must provide one form of security (*Additional points awarded for choosing more than one option. If Cameras are selected, a monitoring requirement should be added to ensure equipment is operational 24/7 and that recorded footage is kept for at least 30 days*).
 - b. **New Construction:**
 - i. (3) Washers, dryers, & dishwashers
 - ii. (4) Green communities & Base LEED criteria with the option to earn additional points for higher levels of energy efficiency
2. **All new construction and substantial rehab projects be required to incorporate universal design.** Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaption or specialized design.
3. **Establish Minimum Selection Criteria Points for 9% projects.**
4. **Increase the minimum rehabilitation threshold from \$6,000 to \$25,000 in hard cost (materials and labors).**
5. **Require that rehabilitation properties also follow energy efficient protocols.**

UNDERWRITING

1. **Allow applications using Historic Tax Credits to reduce the applicant's calculation of Total Development Cost by the amount of equity proceeds generated from the Federal and State Historic Tax Credits.**
2. **It is recommended that the 30% Basis Boost be tiered to incentivize developments in target areas.**

Example of possible Basis boost Structure: (1) 10% for QCTS, (2) 20% for areas above 60 % but less than 80% AMI and for developments located in unfunded parishes (3) 30% for areas above 80% AMI and for developments located in DDA's.

QAP POOLS/CAPS

1. **Create a separate pool for Aging 100% LIHTC developments.**
2. **Place a cap on Developer Fees.**
 - a. **Max 15% for developments in High Opportunity areas/Mixed Income-Mixed financing**
 - b. **Tiered by Development size - 15% max for up to 30 units; 12% for 31-69 units; 10% or 70 and above**

PROJECT CHARACTERISTICS/LOCATIONS

1. **Incentivize new construction projects that incorporate HUD Defensible space.** HUD Defensible space is designing the physical layout of communities to allow residents to control the areas around their homes. This includes the streets and grounds outside of their buildings to help people preserve areas in which they can realize their commonly held values and lifestyles.
2. **Give higher preference points to select neighborhood characteristics:**
 - a. Grocery Stores with the addition of Farmers Markets & Fruit Stands
 - b. Public Libraries
 - c. Hospitals
 - d. Adult/Child Day Care/After Care Centers
 - e. Public Recreational Facilities that provide additional park amenities such as walking/trails, tennis courts, indoor gyms, etc. (weighted above public parks)
3. **Consider expanding "Special Needs" populations to include survivors of domestic violence and youth exiting foster care.**
4. **Prohibit preservation projects from automatically receiving points for existing project amenities but instead be required to demonstrate that an upgrade/rehab to these amenities will be completed.**
5. **Remove the additional points awarded to developments located in QCTs under "Governmental Priorities".**

6. Change the current “Geographic Diversity” selection criteria to place more emphasis on moderate to high income census tracts between 80% - 100% AMI and 100% AMI and above.

LIHTC Mandatory Regulation Updates

UTILITY ALLOWANCE

The final utility allowance regulations to address situations in which a building owner purchases a utility from a utility company and then separately charges the tenants for the utility or in which a building owner sells to tenants energy that is produced from a renewable source that the owner did not purchase from or through a local utility company. The utility costs paid by a tenant to the owner based on actual consumption in a sub metered, rent-restricted unit are treated as paid by the tenant directly to the utility and thus do not count against the maximum rent that the building owner can charge

The final regulations now permit the utility rate charged to the tenants of the unit to be less than or equal to “the **highest rate** that the tenants would have paid if they had obtained the utility from a local utility company.” The final regulations state that the owner of a building in which the tenant rent includes a sub-metering utility charge “**may rely on the rates published by local utility companies.**”

Effective Date: The Utility Allowance change is noted in 26 CFR Part 1. The effective date is March 4, 2019.

INCOME AVERAGING

Forty percent (40%) or more (25% or more in the case of a project described in section 142(d)(6)) of the residential units in the project must be both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit. The average of the imputed income limitations designated must not be more than 60% of the area median gross income. The designated imputed income limitation of a unit can only be 20%, 30%, 40%, 50%, 60%, 70%, or 80% of the area median gross income.

Effective Date: The average income test is only available for elections made after March 23, 2018.

MONITORING SAMPLE SIZE

The LHC must conduct on-site inspections and low-income certification review of not fewer than the minimum number of low-income units for the corresponding number of low-income units in the low-income housing project set forth in the table to below:

| Number of Low-Income Units in the Low-Income Housing Project | Number of Low-income Units Selected for Inspection or for Low-Income Certification Review (Minimum Unit Sample Size) |
|--|--|
| 1 | 1 |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5-6 | 5 |
| 7 | 6 |
| 8-9 | 7 |
| 10-11 | 8 |
| 12-13 | 9 |
| 14-16 | 10 |
| 17-18 | 11 |
| 19-21 | 12 |
| 22-25 | 13 |
| 26-29 | 14 |
| 30-34 | 15 |
| 35-40 | 16 |
| 41-47 | 17 |
| 48-56 | 18 |
| 57-67 | 19 |
| 68-81 | 20 |
| 82-101 | 21 |
| 102-130 | 22 |
| 131-175 | 23 |
| 176-257 | 24 |
| 258-449 | 25 |
| 450-1461 | 26 |
| 1462-9999 | 27 |

Effective Date: The Monitoring Sample Size change is noted in 26 CFR Part 1. The effective date is February 26, 2019.