



## SUMMARY

This document is a preliminary summary of proposed changes to the 2022 Qualified Allocation Plan (QAP). The items considered are the result of written comments received, comments made during the focus group meetings and hearings, internal data analysis, and research to achieve LHC's housing priorities and objectives effectively.

### Inclusion of 2023 Credit Ceiling:

Staff is recommending the approval to include the 2023 Credits in this 2022 QAP for the purpose of addressing rising costs for developments as well as the lingering effects of COVID-19 and the Hurricanes of 2020 on the current housing market.

### Highlights of Additional Changes:

- Federal Disaster Credits
- Changes to Threshold Requirements
- 1 Award per Metro area
- CNI – Designated Areas
- Changes to Basis Boost Eligibility
- Developer fee for 9% projects
- Extraordinary Site Cost
- Glossary Terms

## ORGANIZATIONAL EFFICIENCY

- The 2022 QAP will reflect
  - (1) the addition of approx. **\$8 M in Federal Disaster Credits** related to several Hurricanes that affected Louisiana.
    - Priority given to Calcasieu Parish - \$6 M (Inclusive of priority project designated by the local municipality)
  - (2) forward allocation of the **2023 credit ceiling**
    - in response to rising costs for developments and
    - in response to the deleterious effects of both COVID-19 and the Hurricanes of 2020

## THRESHOLD CATEGORIES

The following changes are recommended:

**Threshold Requirements removed due to COVID-19 related cost increases and added as a point option in the Selection Criteria section:**

- Washers and Dryers
- Universal Design Requirements
- Green Building Requirements
- Waiver of the minimum BR/ Sizes for Rehab of existing LIHTC developments

**The following changes relates to 811 Projects and the DOJ agreement have been proposed by The Louisiana Department of Health:**

**Section 811 Project-Based Rental Assistance:**

- All Applicants for 4% and 9% Credits that have units without rental assistance must indicate a commitment to accept Section 811 project based rental assistance (Section 811 PRA) or other LHC sponsored rental

assistance for **up to 10% of the total restricted units for the purpose of providing integrated housing opportunities to persons with disabilities.**

- All new construction properties that fall within this category must have at least 10% of the total units as 1 bedroom. This requirement is separate and distinct from the 30% AMI requirement outlined in #8.

### **30% AMI and Target Population:**

- **At least 80% of the units under the mandatory 5% set aside will be the Permanent Supportive Housing Program to house the “Target Population” in the DOJ Agreement** (DOJ units) in projects which LHC has determined:
  - are in areas where sustainable supportive services are provided
  - make the units affordable to the Target Population.
  - Are in areas identified as having a need for PSH units.
  - and contain sufficient accessible units and one- and two-bedroom units.

The DOJ units will be set aside for households at or below 20% AMI (unless LHC allows a higher percentage). LHC may waive the 40% minimum requirement when there are not a sufficient number of members of the Targeted Population available for the project to meet the requirement.

### **ONE AWARD PER METRO AREA BOOST**

- One CNI development per each CNI designated area
- One Award per remaining Non-CNI Metro Area

### **BASIS BOOST**

- To ensure that low-income residents have options and are not inadvertently excluded from higher income areas and areas of opportunity, the LHC implemented a tiered basis boost approach.
  - **30% - Projects Located in a QCT (Qualified Census Tract)**
  - **30% - Projects Located in a DDA (Difficult to Develop Area), 120% AMI Census Tract, or Federally Declared Disaster Area.**
  - **30% - 4% Bond Financed/LIHTC located in a QCT, DDA**

### **IMPROVED POOL CATEGORIES**

**Staff is proposing to set-aside \$1,500,000 per each Metropolitan area except for Calcasieu Parish. Calcasieu Parish will receive 75% of the disaster credits.**

### **DEVELOPER FEE FOR 9% LIHTC PROJECTS**

- Rural Area Developments - \$ 2 M
- Metro Area Developments - \$2.5 M
  - CNI projects not subject to cost Limits

ALLOCATION POOLS	PERCENT AWARDED
Nonprofit/CHDO	10%, as taken from Rehab and New
Reprocessing Sub-pool	10% of 2022-2023 Housing Credit Ceiling
Qualified Disaster Area Pool	\$8,000,000 Priority given to Calcasieu Parish at 75% (\$6,000,000)
Rural Areas	25% Rehab Sub-Pool
50% of remaining pool	25% New Construction Sub-Pool
Metro (Non-CNI) Areas remaining pool	\$1.5 M Per Remaining Metro Areas
Choice Neighborhood CNI-Set Aside (\$1.5M) per grant	EBR, Caddo, New Orleans

**\*Metropolitan:** *E. Baton Rouge; Jefferson; Orleans; St. Tammany; Caddo; Lafayette; Ouachita. Calcasieu Excluded from metro projects and will receive 50% of disaster credits.*

### ENHANCED COST CONTROL POLICY

LHC will continue to implement better cost control policies through developer fee calculation:

- 9% LIHTC Projects -
  - (35%) of **hard costs** for **Rehab** projects and
  - (**\$35 K**) maximum dollar **per unit** for **New Construction** projects.
  - The maximum developer fee for 9% projects has been adjusted to **\$2,500,000.00** for Projects in Metro Area
  - The maximum developer fee for 9% projects has been adjusted to **\$2,000,000.00** for Projects in Rural Area
- 4% Tax-Exempt Bond Financed Projects
  - Will not be subject to the developer fee cap applied to 9% projects.

### EXTRAORDINARY SITE COST

- Maximum Unit Development Cost: LHC may approve increases up to 30% above the per unit maximum based on: Special purpose projects (i.e. historic, Innovative, and Economic Development) that exceed the TDC per unit max must be supported with other subsidy sources, especially in those cases where proposed costs significantly exceed those of other projects that meet LHC's per unit maximum.

## SELECTION CRITERIA

### The selection criteria will be modified as follows:

- **Points designated specifically to Rehabilitation/Preservation projects or New Construction projects must be selected relative to the pool selection of the applicant.**
- **Diversity:** **(1)** Project diversity points will only be applicable to projects Restricted to developments with Market Rate Units, **(2)** A Tiered Approach that allows for 20% market units and **(3)** the AMI percentage for geographic diversity has been revised to allow for 100%, 110% and 120% AMI.
- **Neighborhood Features:** **(1)** Cultural and Educational Facilities, Laundry/Dry Cleaner, and Gym/Health Club have been removed and **(2)** the maximum points available has been reduced from 10 to 5.
- **Optional Amenity points** added for **(1)** Washers and Dryers, Green Building, and Universal Design ceiling and **(2)** ceiling fans in living room and all bedrooms and Smart thermostats installed in each unit.

environmental items (except to the limited extent described in Addendum B) or any other item not specifically described in this paragraph.

QAP 2022-2023 Program Schedule		
Date	Applicant	LHC
May 12, 2021		Presentation of Draft QAP to Board of Directors
May 14, 2021		2022-2023 Draft QAP Posted online
May 14-July 7, 2021	Written Comments accepted	Begin Public Comment Period
June 3, 2021		1 <sup>st</sup> QAP Public Hearing (In-Person)
June 9, 2021		Presentation of Revised Draft QAP Timeline and proposed changes to the BOD
June 28, 2021		Statewide Publication of Revised Draft and Public Hearing Notice
July 8, 2021	Deadline to request changes to QAP draft & deadline for submission of written QAP comments.	2 <sup>nd</sup> Public Hearing for QAP (In Person)
July 14, 2021	Written QAP questions accepted	Presentation of Staff Recommendations, Adoption of Final QAP and Submission to the Governor for Signature
July 23, 2021	Deadline for submission of written QAP questions	
August 25, 2021		QAP Workshop/Application Process and Posting of FAQs
October 20, 2021	Submission of Underwriting Application, Financial Commitments, Evidentiary Materials to support the Appendixes and Financial Commitments, Selection Criteria Application and Market Study Fees Due	
December 17, 2021		Score Reconciliations Provided to Developers
December 22, 2021	Deadline to Submit Written Request for Appeal of Reconciled Score	
February 9, 2022		Approval of Final Rank, Scoring and Reservation of LIHTCs

2. **Evaluation of Competitive Applications:** Aggregate rankings or scoring under Appendix A will in no way guarantee an award of LIHTCs to a particular project. During the application review process and throughout the allocation process, LHC will utilize its sound and reasonable judgment and will exercise its discretion consistent with sensible and fair business practices. LHC reserves the right not to reserve LIHTCs to any Applicant for a Project, regardless of the Project’s score.

- a. **Notice to Applicant:** LHC will not provide information as to the Application’s processing status.
- b. **Joint Review:** LHC may conduct joint reviews with or obtain information from other funding sources.