Chris Austin

From: Stephen Brock <stephen@brockvi.com>
Sent: Friday, September 02, 2016 4:19 PM
To: rentalhelp
Subject: QAP Comment

Income Targeting — while I salute lower income targeting efforts, the income targeting in the first draft is far too severe. 35% at 30% AMI or 40% AMI causes severe DCR crashing, forcing a need to use way more credits than should be required to reduce debt. This is because 30% and some 40% AMI unit rents do not even cover their respective OPEX costs on a per unit basis making them a drag (not a contributor) to OPEX and debt carry — this transfers more burden to 60% AMI units and does not set up properties for healthy, long term performance. *Relative to 2016 deals, a deal for 2017 under this structure will require 35-40% more tax credits and certainly result in less deals and units*. When we had the NC LIHTC, this kind of deep income targeting was feasible but the WHLP is not substantial enough to make this possible.

I suggest doing 30% or 40% AMI at 10% of units and then 10% at 50% AMI...OR just do 20% at 50% AMI….then, leave 80% of units at 60% AMI. This will balance fairness and address some lower income brackets without cutting into credits and production too severely. At the same time, deals will not trend down so fast and be on better footing for the long term.

Regards,

Stephen Brock