

COMMENTS TO THE 2015 QAP

To: Bob Kucab, Scott Farmer, Chris Austin and Mark Shelburne

From: Frankie W. Pendergraph and Fred Mills

Date: September 25, 2012

Re: 2015 QAP

Bob, Scott, Chris, and Mark,

Although we agree with adding more amenities in the site scoring section, we understand that it might be too late to implement that type of change for the 2015 QAP considering that many people have already found sites or are recycling sites from last year. If that is the case, we hope that the Agency will consider this specific comment for the 2016 QAP.

Also, after running more and more numbers, we hope that the deep rent targeting will either be reduced to 10% of the total units or preferably done away with altogether (except in situations involving HOME funds where a 50% target is required). The deeper targeting probably is better suited for the metro regions than the other regions. The metro counties have better access to other soft money in addition to having higher income limits.

Notwithstanding the comments above, rent affordability is one of the top priorities of the LIHTC program, but it cannot be fulfilled at the expense of project feasibility or by increasing the financial burden on the 60% tenants. In order to leverage the credits, which are a limited resource, the Agency should allow the developers to obtain the highest possible tax credit pricing and the benefit of that pricing should go towards reducing permanent debt and keeping rents as low as possible.

We have to be realistic as to the resources that we will have in 2015. Without the former State Credit, we will have to make some changes to the rent structure. If, at some time in the future we are fortunate enough to increase the WHLP or revive the State Credit, then we can revisit the deep rent targeting at that time.