Chris Austin

From: hollylsmith [hollylsmith7@gmail.com]
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To: rentalhelp
Subject: comments on the Workforce Loan distribution

My recommendations are as follows (in addition to eliminating the lower targeting of 30% units in high income, and 40% units in moderate income, counties):

1. Eliminate the funds for high income counties/ metro areas—projects and developers in these areas have access to federal home funds through entitlement cities, etc, where moderate and low-income counties do not. Moreover, many of these counties and municipalities have their own affordable housing departments, which provide sources of financing for LIHTC projects whereas municipalities in low and moderate income counties, do not. Thirdly, as many NC-based market analysts will contend, the tax credit rents in high income/ metro areas are the same as conventional apartment rents, and therefore can be financed with a higher proportion of conventional debt. This is not true in moderate and especially, low-income counties—the rents in these communities cannot support much conventional debt.
2. Distribute those funds to moderate and low income counties, equally. As we know, projects in moderate income counties are, for the most part, filled with low-income tenants but the County income designations are skewed by higher income individuals who reside there, none of whom meet the income limitations of the LIHTC program for that county. So, although the Novogradac rents are higher in moderate income counties than in low income counties, potential LIHTC tenants cannot afford those "moderate income" rents.
3. Eliminate the tie-breaker of "fewest federal credits/unit" for those projects in low-income counties, which need a larger proportion of tax credit equity to be feasible (per comment # 1). Projects in low income counties should compete only with projects in low income counties.
4. Low income projects located in QCTs or DDAs should not have access to this source of financing.
5. Point scoring—add more retail and professional amenities to the scoring—based on the last two years, it is apparent that most communities have a CVS/Dollar Store and grocery within a mile of all available sites. Deferring to the tie breaker of "fewest federal credits/unit" encourages much larger-sized projects (90- 120 units) by spreading fixed costs over more units, which may lead to a concentration of low income people in a community as well as projects being started which can't be finished due to under-budgeted costs. Larger projects also reduce the housing choices for low income people, since it takes longer to lease up a 120 unit complex versus a 60 unit complex.

Thank you!

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