

## Chris Austin

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**From:** Scott Redinger <sredinger@saredinger.com>  
**Sent:** Monday, September 26, 2016 1:07 PM  
**To:** Chris Austin  
**Cc:** Scott Farmer; April Counts  
**Subject:** 2017 QAP. and 2017 FHLB Atlanta AHP Application  
**Attachments:** 2017-2019 AHP Schedule.pdf

I received the 2017 Atlanta FHLB AHP application schedule (attached) from James Monaghan. As you will see the applications are due on February 2nd and Funding Decisions are to be made on May 25<sup>th</sup>. As you know the FHLB AHP Program can offer up to a \$500,000 grant or low interest loan. This can be a very helpful funding source for LIHTC projects that will target lower income families. I have not been able to use FHLB AHP funds with LIHTC applications in the past because their funding schedule varies from year to year and it was not possible to obtain an AHP funding commitment by the LIHTC final application deadline in May.

Based on the LIHTC final application deadline of May 12<sup>th</sup> and the FHLB decisions on funding AHP applications by May 25<sup>th</sup> it would still not be possible to have the FHLB AHP commitment by the deadline date for LIHTC applications this year. However the NCHFA final application deadline date and the FHLB Decision Date for AHP funding is only 13 days apart this year. I think it would be very helpful to NCHFA LIHTC applicants and the NCHFA, if the NCHFA would either postpone the final application deadline for LIHTC applications this year to May 31<sup>st</sup> this year or would be willing to accept funding commitments from applicants that received a FHLB AHP grant or loan commitment after the May 12th LIHTC application deadline.

Developer Experience: God has blessed me and allowed me to assist several nonprofits with the development of more than one LIHTC project. Unlike for profit LIHTC developers and large nonprofit LIHTC developers that are located in large cities and/or develop affordable housing throughout the state the rural nonprofits that I have assisted with more than one LIHTC development such as the Laurinburg Housing Authority's nonprofit Opportunity Inc. and CADA generally serve the communities located in their service area. They may not want to or need to submit LIHTC applications every 5 years. However when they need to submit a LIHTC Rehab application more than 5 years after their last LIHTC project was placed in service in order to maintain an existing older LIHTC development I think they should be allowed to submit a LIHTC Rehab application provided that the property they are proposing to renovate and/or their other properties have remained in compliance with LIHTC regulations and/or if they had an audit finding that needed to be corrected they corrected the problem in a timely manner.

I realize that the QAP allows them to team up with an experienced productive LIHTC developer. However they may not be able to afford to do that depending on the property's condition and location. LIHTC properties located in rural areas of NC often have lower rents whether they have Section 8 PBV or the lower rents limited by the LIHTC rules. Because of the lower rents even with an allocation of Rehab Credits, RPP and Workforce funding they may not be able to pay off the existing debt and/or support a market rate loan because of the areas low rents.

Based on my experience the nonprofits who have developed an affordable LIHTC project with modest rents whether they received HUD Section 8 PBV rental assistance or a modest LIHTC rent often do not have the financial capacity to guarantee the equity and may have to co-develop with an experienced financially capable developer.

They should be able to hire an experienced LIHTC consultant who can assist them from the Preapplication to the issuance of the 8609 for less money than a co-developer who will require more of the developer fee because the developer most likely will have to guarantee the equity. Because it may be possible for the Equity Syndicator to limit the payment of most of the developer fee until the older LIHTC property is Renovated and back up and running with a new 8609.

Rehab Credit Set Aside: Due to the age of a number of LIHTC applications I think the NCHFA should increase the Rehab Credits Set Aside to at least 30%

The reason I sent this email is because Sallie Surface has asked me to assist CADA with a LIHTC Rehab application for Woodland Olney School. CADA will be able to serve as the sole developer because the last project they completed Enfield School on November 2, 2010.

Thank you for your consideration of this email.

Thank you,  
Scott Redinger

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