

Chris Austin

From: Lee Cochran <lcochran@laurelstreetres.com>
Sent: Friday, September 01, 2017 8:21 PM
To: Chris Austin
Cc: Dionne Nelson; Kemena Brooks; Andrew Miller
Subject: Comments to Draft 2018 QAP

Chris,

Thank you for considering the following comments to the 2018 QAP:

- We are supportive of the changes that were made to allow projects to include community space within a residential building even when the project has more than one building and the reduction in the minimum parking requirement to 1.75 spaces per unit for family projects. These changes will provide greater flexibility to build tax-credit developments in an urban context.
- We believe the per project and per principal maximums should be restored to \$1,000,000 and \$1,800,000 respectively. The change several years ago to allow projects as large as 120 units in metro areas recognized the sufficient demand in metro areas for projects of this size. A side effect of reducing these two maximums will be to limit the size of metro projects to well below the 120 unit maximum. The current county and regional maximums insure that credits are spread across the state. Within those county and regional limits, larger projects up to 120 units are appropriate in metro counties.
- The combination of awarding points for being within 5% of the average credits per unit for a region and limiting the amount of credits per project (whether \$900,000 or \$1,000,000) will have the unintended consequence of limiting the size of projects well below the maximum of 120 for metro areas. To preserve the use of average credits per unit to award points but also avoid this unintended consequence, we would propose that, in the metro region, two averages be used to award points for credit per unit. One average would be calculated for projects below 90 units and one average calculated for projects between 90 and 120 units. If the per project maximum credit amount is lowered to \$900,000, the dividing line between the two averages should be lowered to 80 units.
- We believe the use of 5% and 10% for the hurdles for points awarded based on credits per unit requested worked well in 2017 and should be retained with no changes from 2017.
- Because of the appropriate underwriting requirements in the QAP, the actual use of Operating Reserves to fund operating deficits is rare. Increasing the Operating Reserve on tax-exempt bond projects will require these projects to seek out more subordinate financing with no increased benefits to residents. This requirement will make tax-exempt bond projects less likely to be built.
- Please provide more clarity on the requirement for playground requirement to have 4 activities. Can this requirement be satisfied by providing four different activities on one piece of equipment (i.e. slide, climbing rope, monkey bars, pole) or are 4 separate pieces of equipment required? What counts as an activity?

Thank you.



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