

AHFA 2017 Draft Low-Income Housing Credit Qualified Allocation and HOME Action Plans
Public Comment Form
Commenting Period October 11, 2016 – November 10, 2016

All comments regarding the Draft Plans must be submitted using this form. General Comments may be submitted at the bottom of the form. **Comments which include cut-and paste text (or redlined/re-worded sections) of the proposed Plans will be rejected.** AHFA will not respond (or seek to interpret) to suggested change in language without a complete explanation of the suggested language change. Please provide full explanatory and careful comments regarding your proposed changes, keeping in mind that your proposed changes might have an unintended consequence for a different project or location in the state. All forms should be submitted to ahfa.mf.gap@ahfa.com as an attachment to the email. Other documentation, e.g., product information or photos, may also be submitted. Upon close of the commenting period, all comments will be posted at www.ahfa.com for review.

11/4/2016

Name: Evette Hester Organization: Montgomery Housing Authority Email: ehester@mhatoday.org Phone: (334) 206-7255

Plan Section	Section Reference	Page #	Specific Comments
Housing Credit	Add A - Point Scoring	5	<p>Section (1)(iii.) - Development Costs provides up to 4 points to projects that demonstrate total development costs less than the median from current year applications.</p> <p>Issue: There is a scarcity of resources available to support the development of affordable housing. This scoring criteria seems intended to reward developers that can build affordable housing at a lower cost. The unintended consequence of this scoring is projects that are located in urban areas and projects receiving federal subsidies are penalized. Demolition, environmental remediation, and infrastructure costs are often more expensive in urban areas than rural or suburban locations. Projects that receive federal subsidies are often required to use Davis Bacon wage rates which may increase labor costs and raise the overall cost of construction. There is an additional concern that this scoring criteria may provide incentive to developers to reduce the quality of certain components of construction, which would impact residents over time and increase maintenance costs.</p> <p>Recommendation: In order to reduce the unintended consequence impacting urban areas, the recommendation is to reduce the total available points in this section from 4 points to 2 points. Under this recommendation, a maximum of 2 points would be available for projects with TDC of at least 15% below median, and a maximum of 1 point would be available for projects that are at least 10% below. This change would reduce the impact of this scoring criteria on projects located in cities or urban areas.</p>

AHFA 2017 Draft Low-Income Housing Credit Qualified Allocation and HOME Action Plans
Public Comment Form
Commenting Period October 11, 2016 – November 10, 2016

Housing Credit	Add A - Point Scoring	6	<p>Section (iv.) (b.) and (c.) - Rent Affordability - The proposed 2017 QAP adds two (2) new categories of subsidy - USDA Rural Development 515 and RAD - eligible for points.</p> <p>Issue/Comments: Sections (b) and (c) of this scoring criteria rewards RAD and USDA 515 projects. It is true that securing operating subsidies allow projects to serve very-low income households. The AHFA scoring supports these two specific programs. While RAD and USDA Rural Development 515 funds are important sources of operating subsidy, there are other operating subsidy programs that can serve the same policy goal of serving very-low income households.</p> <p>The public housing program provides ongoing project-based, long term operating subsidies to projects with very-low income residents. Under the public housing program each housing authority enters into a Annual Consolidated Contract (ACC) with HUD that provides operating subsidies to projects. RAD is a program that converts federal project-based public housing subsidy to federal Section 8 voucher subsidy. If AHFA included public housing operating subsidy as part of the scoring criteria of (b) or (c), LIHTC developers would have access to another program that could serve very-low income households.</p> <p>Recommendation: The recommendation is to add points for public housing operating subsidies through ACC contracts. Specifically, language could be added to (c) as follows: "A maximum of 3 points will be given to projects which have a commitment for additional rental subsidies from Rental Assistance Demonstration funds or an Annual Assistance Contract under the public housing program."</p>
Plan	Section		
Housing Credit	Add A - Point Scoring	7	<p>Section (vii.)(a.) Project Type – Overall this section provides up to 10 points. Of these points nine of the ten points in this section are only available to rehabilitation projects instead of new construction projects. Specifically under section (a) of this scoring criteria, rehabilitation projects that include existing HOME loans can earn between 1 and 7 points.</p> <p>Issue: While it is recognized that AHFA may want to prioritize projects that have repaid existing HOME loans to increase scarce affordable housing resources, awarding points in the QAP unfairly advantages rehabilitation projects with existing HOME funds. Project sponsors who have not utilized the HOME Program are not eligible to secure the associated</p>

AHFA 2017 Draft Low-Income Housing Credit Qualified Allocation and HOME Action Plans
Public Comment Form
Commenting Period October 11, 2016 – November 10, 2016

			<p>points. This scoring provides an unfair advantage to rehab projects over new construction.</p> <p>Recommendation: It is recommended that the points associated with this section be returned to the 2016 levels so as not to further exacerbate this unfair advantage to rehab HOME projects.</p>
Housing Credit	Add A - Point Scoring	8	<p>Section (viii).(b.) Project Type – Overall this section provides up to 10 points. Of these points nine of the ten points in this section are only available to rehabilitation projects instead of new construction projects. Specifically, under section (b) of this scoring criteria, projects seeking state or federal historic tax credits are eligible for 4 points.</p> <p>Issue: Historic preservation is an important policy goal, and the use of historic preservation tax credits increases the resources available for affordable housing development. However, increasing this scoring criteria from 1 point to 4 points further increases the unfair advantage to rehab projects.</p> <p>Recommendation: It is recommended that the points for this subsection be reduced from 4 points to 2016 level of 1 point.</p>
Housing Credit	Add A - Point Scoring	8	<p>Section (viii).(c.) Project Type – Under section (c) of this scoring criteria, rehabilitation and replacement of previously existing multifamily housing receive 1 point.</p> <p>Issue: From a public policy perspective, we appreciate AHFA’s intent to support local initiatives to revitalize neighborhoods. We believe the replacement of “existing multifamily housing” and “previously existing multifamily housing” preserves important affordable housing assets in a community. However, the current definition of “previously existing multifamily housing” is "housing that has been removed within the last 2 years or will be removed for new replacement housing on the same site." The revitalization of a large-scale residential development typically requires an implementation plan that includes multiple phases. The timeframe for the implementation often exceeds two years.</p> <p>Recommendation: It is recommended that the definition of “previously existing multifamily housing” be modified. The recommendation is to increase the timeframe from 2 years to 5 years. This allows for a multi-phase implementation plan for</p>

