AHFA 2022 Draft Low-Income Housing Credit Qualified Allocation Plan, HOME Action Plan, and National Housing Trust Fund Allocation Plan
Public Comment Form
Commenting Period July 28, 2021 – August 27, 2021

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.qap@ahfa.com as an attachment to the email. Other documentation, e.g., product information or photos, may also be submitted. All comments will be posted at www.ahfa.com for review.

8/27/2021

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Plan Section	Section Reference	Page #	Specific Comments
Housing Credit	Point Scoring	A-6	Match Contribution: 5 points for owner equity in the amount of 5% of the TDC. This could prove to be very difficult for smaller developers, espcialy ones who partner with non-profits, where they are already splitting development fees. With the rising construction costs, most projects are needing to defer even more development fee just to make the deals work. The incentive for developers to use the tax credit program to provide this much needed housing is tremendously diminished when their profit margin continues to decrease. Especailly since developers are required to maintiain a high level of liquidity to satisfy investors and are required to make business and often times, personal guarantees on these developments - not just for construction completion - but often through the entire compliance period.
Housing Credit	Point Scoring	A-7	Matching Contribution: 5 points for donated real property worth at least $100,000. AHFA needs to please provide much more specific criteria/guidelines on what its looking for to satisfy this point category. Will the land need to be donated by a city or municipality to qualify? Will developers be able to donate the land? How will this work on rehab developments? I think this particular point item has been available in the past and proved to be easy to manipulate in a way that it is not what the AHFA intended. Because the AHFA is incentivizing developers to go into higher AMI areas of the state, the cost of land is consequently increasing. If these points remain and a project needs these to be competitive, it won't be long before some or most of the developers in the state will have to find somethinig else to do. The land cost is a significant line item in any budget. The developer contributiing the total cost of the land will have a huge impact on the bottomline and may have a negative impact on incentive and unintended tax

			consequences for developers. Has AHFA considered that if the total land cost for a project is, for example, $300,000 - if the developer pay $100,000 of this purchase price as owner equity to get these points? Or would the developer be required to cover the entire cost of the land to receive points?
Housing Credit	Point Scoring	A-7	Project Type: AHFA should consider giving points to maturing HOME loan projects that don't have the ability to borrow or have cash on hand to pay down 30% of the HOME loan. Small rural developments generally don't cash flow well enough to have funds to pay down 30% of the outstanding HOME loan. Particularly if the outstanding HOME loan is large. In the small rural areas of the state are where a great number of these developments are located, the developments needed a very large HOME loan to make them feasible - so that rents were low enough to be affordable in these communities. These same projects have seen little to no economic growth; and in some cases the economy has declined making it even more difficult for these projects to raise rents and flourish. If the AHFA made this point category a sliding scale based on a project's ability to repay the HOME loan, i think it would make these proejcts more competitive. For example, 2 points for paying down 10% of the outstanding HOME loan, 4 points for 20% and 6 points for 30%.. I think that AHFA may then see less 5-year extension requests and more 15-year extension requests.
Housing Credit	Point Scoring	A-9	Negative Neighborhood Services: AHFA should consider allowing rehab proejcts, which have adjacent negative neighborhood services, to request a waiver for these since the location of these projects cannot be changed. These developments were approved in their location in their initial application and have not control over what has been built around them over time, nor what was there originally and now is considered to be a negative service.
Housing Credit	ENV Policy	B-9	AHFA should consider aligning its environmental requirements with those of the department of Housing and Urban Developnent. This is particiularly critical for rehab developments which cannot move forward with renovations due to results of a noise study, for example. The cost of providing a sound wall to projects that meet the HUD guidelines for noise, but not AHFA's guidelines, can cause a project to be stuck in limbo. The cost of the sound wall can often be so expensive as to make the development not financialoly feasible to move forward. Not to mention the impact that walling up a development can have on the tenant population - making them feel impisoned by walls. The AHFA should allow these proejct to request a waiver from AHFA if

			they can show that their environmental issues are within HUD guidelines and that providing such measures make the project financially infeasible.
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