

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.

8/25/2021

Name: Fred Bennett Organization: The Bennett Group, LLC Email: fred@thebennettgrp.net Phone: 334-321-0529

Plan Section	Section Reference	Page #	Specific Comments
HOME	Point Scoring	A-6	Awarding 5 points for an equity commitment of 5% of the total development cost of the project from the Responsible Onwer makes this a "must do" item in the QAP to be competitive. This will likely create issues with the investment structure for the project, and raise investor concerns as to the "cushion" that the tycpial 15% development fee provides in the event of cost overruns. It is fairly typical for 10-20% of the developer fee to be deferred in any event, and this equity contribution reduces the "cash" fee further. The construcion cost increases in 2020 and 2021 have proven catastrophic for our industry, threatening the financial viability of many currently approved projects, even those where the developer and investor agree to defer up to 70% of the development fee as an added "source." This proposed policy runs counter to the realities the development community is facing, and may yet be facing in 2022. The LIHTC program has been successful as a "public-private partnership" for more than a generation, but must rely on the "public" partner to stay in place, standing with the "private" partners to ensure the financail viability of the program.
Housing Credit	Point Scoring	A-6	Awarding 5 points for an equity commitment of 5% of the total development cost of the project from the Responsible Onwer makes this a "must do" item in the QAP to be competitive. This will likely create issues with the investment structure for the project, and raise investor concerns as to the "cushion" that the tycpial 15% development fee provides in the event of cost overruns. It is fairly typical for 10-20% of the developer fee to be deferred in any event, and this equity contribution reduces the "cash" fee further. The construcion cost increases in 2020 and 2021 have proven catastrophic for our industry, threatening the financial viability of many currently approved projects, even those where the developer

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Housing Credit	Point Scoring	A-7	1-3 points are given to projects located in census tracts with a higher AMI (Area Median Income) ranking. Developers are paying up for land in higher income areas. It is not unusual for a site in one of these higher income census tracts to cost \$75,000/acre or more. Adding 5 points for donated land makes donated land a "must do" item in the QAP to be competitive. Adding several hundred thousand dollars to the developer's costs reduces both the incentive to participate and the "cushion" provided by the net development fee, which is relied upon by both the developer and the investor in the event of cost overruns. It is fairly typical for 10-20% of the developer fee to be deferred in any event, and this cost of land contribution reduces the "cash" fee further. The construction cost increases in 2020 and 2021 have proven catastrophic for our industry, threatening the financial viability of many currently approved projects, even those where the developer and investor agree to defer up to 70% of the development fee as an added "source." This proposed policy runs counter to the realities the development community is facing, and may yet be facing in 2022. The LIHTC program has been successful as a "public-private partnership" for more than a generation, but must rely on the "public" partner to stay in place, standing with the "private" partners to ensure the financial viability of the program. If AHFA elects to retain this point item in the 2022 QAP as well as the other "match" point item for contributing 5% of the total development cost, the appraised value of the land donated should be included in calculating 5% of the total development cost.
HOME	Point Scoring	A-6	1-3 points are given to projects located in census tracts with a higher AMI (Area Median Income) ranking. Developers are paying up for land in higher income areas. It is not unusual for a site in one of these higher income census tracts to cost \$75,000/acre or more. Adding 5 points for donated land makes donated land a "must do" item in the QAP to be competitive. Adding several hundred thousand dollars to the developer's costs reduces both the incentive to participate and the "cushion" provided by the net development fee, which is relied upon by both the developer and the investor in

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Housing Credit	ENV Policy	B-9	9.d. Noise Abatement and Control. AHFA currently requires noise abatement at the property line. There are some properties in need of renovation where the property line may be in a depression or topo contour or at the edge of a retention pond that makes the required height of a "sound wall" prohibitive, requiring a wall 40-50' tall to protect second-story windows. If/when multi-story buildings in urban settings on constrained sites require noise mitigation, it may be impossible. AHFA should either adopt HUD Guidelines that apply only to outdoor common areas; or, where indicated, allow mitigation measures within the property lines as dictated by the topography of the site.
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