

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.gap@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.

8/26/2021

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Plan Section	Section Reference	Page #	Specific Comments
Housing Credit	II	16	<p>C.16: We believe that barring an applicant from submitting a competitive application following submitting their first multi-family housing revenue bond Project is too stringent. It discourages all developers, novice and experienced, from applying and developing multi-family housing revenue bond projects in the state of Alabama, which already consistently underutilizes its multi-family revenue bond cap allocation.</p> <p>AHFA should instead seek to encourage developers to create housing from the currently underutilized source of Multi-family Housing Revenue Bonds. Under the proposed language if a first-time bond developer chooses to submit a bond application, they would likely miss three to four of 9% competitive application cycles in addition to other multi-family bond revenue opportunities:</p> <ul style="list-style-type: none"> - Bond Application Submission Review: 6 – 9 months - Design, Permit, and Close: 6 months - Construction: 18 - 24 months - Stabilization and Closeout: 6 – 9 months - Total Time Out of Competitive and Multi-Family Bond Revenue Cycles: 3 – 4 years <p>This heavily discourages new, first-time bond applications from being submitted as this is a high opportunity cost, particularly for a type of development that is more difficult and cumbersome to execute successfully than a 9% tax credit development. Prior to the recent change of a flat 4% credit rate, many developers were not able to present bond applications that met threshold criteria as most projects were not financially feasible. With the new flat 4% credit rate, this opens more opportunities for more developers to create more affordable housing with multi-family revenue bonds.</p>

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			<p>Therefore, most bonds opportunities in 2022 and beyond will be from “first time AHFA applicants.” Consequently, this discourages applicants from submitting bond applications and ultimately leads to the creation and preservation of less affordable housing for Alabamians, particularly during these trying times during the on-going COVID-19 pandemic.</p> <p>Alternatives: As an alternative, this requirement should be waived if the applicant exemplifies a good LIHTC development track record which can be easily measured by scoring section 2.ii. (successful development experience). Lastly, AHFA may also consider placing a limit on the number of competitive application awards for first-time multi-family bond revenue applications, rather than the prohibition of applications all together.</p>
Housing Credit	II	16	<p>C.16. To further encourage the utilization of multi-family housing revenue bonds, AHFA should allow Responsible Owners to apply for Multifamily Housing Revenue Bonds and a competitive application regardless of distance being greater than (1/4) mile apart. Current policy allows both to occur based on geographically proximity. To prevent oversaturation in market areas, the application’s market study must show that the additional proposed units can be supported and will not have adverse effects on the surrounding current and awarded AHFA developments.</p>
Housing Credit	II	18	<p>D.15: AHFA should allow Responsible Owners to apply for a second competitive application within the above mentioned 3–4-year cycle rather than sit out until stabilization. AHFA should examine developer’s LIHTC portfolio in Alabama and other states to determine the developer’s capacity to take on deals in consecutive years. With this proposed regulation, AHFA is discouraging new participants in their 9% program. This severely limits the breadth of affordable housing options for the citizens of Alabama.</p> <p>Alternatives: AHFA should allow Responsible Owners to submit subsequent applications after their first time AHFA funded development but prior to the first-time development from stabilizing so long as the Responsible Owner can exemplify their capacity to deliver additional developments. As recommended previously if the Responsible Owner qualifies for all 5 points under 2.ii. (successful developments experience), the Responsible Owner should be exempt from this Negative Action.</p>

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Housing Credit	II	21	<p>E.v.b. Due to the rampant construction costs increases due to the ongoing COVID-19 pandemic, it would greatly benefit applicants if they had more transparent expectations of what AHFA determines as reasonableness of project costs prior to submitting their applications.</p> <p>Alternatives</p> <p>It is suggested that AHFA utilize per-unit cost limits from the HUD PIH Office of Capital Improvements with increased levels of adjustments (e.g. increasing the calculated cost limits by 10% across each unit type) due to the rampant cost increases of COVID-19. As with several other neighboring states' QAP's, these project costs limits have been found to be reasonable costs calculations in their respective market areas. By AHFA providing these explicit cost limits, this will allow applicants to know if they are in the construction cost threshold limits prior submitting their application.</p>
Housing Credit	Point Scoring	A-2	<p>3.3. Tie-breaker #3: Priority should be given to the application located in a county with the least total number of units in (a) Active AHFA projects and (b) projects that have received Housing Credit allocations from AHFA but have not Placed in Service per the number of low income residents in the County. This more accurately addresses the need of affordable housing in a county while still evenly distributing resources on a per capita basis.</p>
Housing Credit	Point Scoring	A-6	<p>iii.a.1. Applicants should be allowed to include funds that are currently pending approval from the grant/loan making entity. Many of these entities' funding commitment deadlines do not align with AHFA's application deadline, but these funds often allow the applicant to need less LIHTCs to fund their developments thus allowing more developments to be funded.</p> <p>Alternative</p> <p>To allow the applicant to use these funds for this scoring section, they should provide proof that they have applied for the funds and are awaiting a funding commitment by the time they submitted their application. In order for the points to be eligible, the applicant would be granted the ability to submit the award for the commitment of funds after the application due date during a reasonable time window (e.g. 8-12 weeks). If the applicant does not provide a written commitment of funds by the expiration of the time window, the applicant is no longer eligible for these points. The funds would be replaced as a source by deferred developer fee and subject to underwriting review.</p>

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Housing Credit	Point Scoring	A-6	iii.a.1. Applicants should be able to have other municipality or nonprofit grants/loans be applicable toward this scoring section, particularly any funds that go toward infrastructure or demolition so long as they directly affect the proposed development. Additionally, any federal or state COVID-19 funds should be applicable to this section.
Housing Credit	Point Scoring	A-6	iv.a. We also object to the iv. matching contributions scoring section and suggest that it be removed entirely. As indicated in other comments, a Responsible Owner's 5% commitment of TDC as equity would often equate to more than half of the Responsible Owner's Developer Fee which could cause significant underwriting issues should the equity be considered to be Deferred Developer Fee. If the project runs into significant cost overruns, this could push the deferred developer fee to a point that it not able to be paid back in the IRS mandatory 15-year period. Lastly, Responsible Owner equity contributions go against the entire methodology of how developers are compensated in LIHTC developments. During much of the LIHTC program, Responsible Owners / Developers compensation of developing LIHTC developments has come in the form of a developer fee and not the return of the owner's equity in the development.
Housing Credit	Point Scoring	A-8	<p>vii.2. Applicants should be awarded points for being in Qualified Census Tract areas with revitalization plans as these areas which are often in desperate need for affordable housing in order to spur economic growth. As stated in IRS Section 42 and stated on page one of this QAP, a QAP should give preference to projects which are located in Qualified Census Tracts and contribute to a concerted community revitalization. As currently written in the QAP, preference for developments in QCT areas with community revitalization plans is only given as a fifth tie-breaker, a tie breaker that is frequently not reached. Thus, communities located in QCTs and have revitalization plans rarely receive awards for affordable housing.</p> <p>The current draft of the QAP heavily favors applicants in high income, non-QCT communities. To balance, it is suggested that an application should be awarded 3 points for being located in QCT and will actively contribute to a revitalization plan that has been formerly adopted by a municipality in an appropriate time frame (5-10 years). As an additional balancing measure, an applicant may not be awarded both 2. Census Tract Location points and QCT revitalization plan points.</p>

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Housing Credit	Point Scoring	A-9	4. Accessibility: This point deduction section is too subjective. How does AHFA define "unsatisfactory" sidewalks or streets? Often new construction and rehabilitation developments will already be required by municipalities to build new or improve existing sidewalk or streets during construction.
Housing Credit	DQS	C-4	What are the expectations for single-room occupancy (SRO or studio) projects? What is the minimum unit net area for an SRO (i.e. studio units)?
HTF	I	5	F. Maximum Allocation HTF: It is agreed that applicants should be able to be committed more than the \$1.35MM cap of HTF's if 1. AHFA has unallocated HTF funds at risk of expiring; 2. the Project needs additional HTF funds to balance proposed sources and uses; 3. There are not enough viable applications. However, how will an applicant be able to know if they meet all three of the criteria, particularly 1. & 3.? An applicant should be able to communicate with AHFA on the status of the outstanding HTF funds, when they expire, and how many viable HTF applications are pending prior to submitting their application and without constituting any Negative Actions. Putting together applications, particularly those with HTF and Project Based Vouchers, takes an immense amount of effort and time. The applicant needs to know with some surety that their request of additional HTF beyond the \$1.35MM will be granted.
Housing Credit	Point Scoring	A-8	Many residents of LIHTC developments do not have access or have difficulty accessing proper transportation to work and other essential services. It is suggested that AHFA incentive applicants with additional location-based points to develop LIHTC developments near public transportation, particularly transit hubs.
General Comment	Section		What is the definition of "applicant"? Is the applicant the proposed Ownership Entity, the Responsible Owner(s), or something else?
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