



ALEXANDRIA HOUSING AUTHORITY

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November 1, 2016

Keith Cunningham
Interim Executive Director
Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, Louisiana 70808

RE: Louisiana QAP Comments 2017

Dear Mr. Cunningham,

Our organization recommends changing three areas within the QAP. The four changes that are being recommended are related to the Rural definition, Preservation Priority, and Market Study.

1.) Definition of Rural

The current definition is crippling small cities that are under 50,000 in population by use of the 2016 QAP definition. Small Cities in Louisiana that are under 50,000 should not be competing with Baton Rouge, New Orleans and the other cities over 50,000 or Parishes with 200,000 or more people. The larger the City the more infrastructure resources, transportation, and services available. The US Department of Housing and Urban Development defines a Small City as communities with populations of 50,000 or less.

The current definition of Rural is hindering affordable housing development in the City of Alexandria. This QAP factor is limiting low income families the choice to find safe and decent affordable housing. Low income families are having difficulties obtaining affordable housing in Alexandria in part due to LHC's current definition of Rural Communities.

The Current Definition of Rural

RURAL AREA PROJECT: Any area outside the corporate limits of the following 10 Louisiana cities: New Orleans, Baton Rouge, Shreveport, Lafayette, Lake Charles, Kenner, Bossier City, Monroe, Alexandria, and Houma.

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Current Points for Rural Projects

D. *Rural Area Project* (as defined in the QAP glossary)

10 _____

Our recommendation is to leave the current 10 points for a Rural Area. It is harder to develop in smaller communities. We do recommend changing the definition of Rural Communities.

Recommended Glossary Definition of Rural communities:

Rural Area Project: Any community outside of the corporate limits with populations of 50,000 as of the 2015 US Census Bureau estimates.

In addition to the comments related to the rural communities there is another scoring criteria that is limiting to the City of Alexandria and disaster recovery and revitalization efforts.

2.) Preservation Priority

The current LHC interpretation of a Preservation Property from 2016 QAP limits projects to only rehabilitation. LHC has ruled on several previous tax credit projects that if a new construction project has a HAP contract it does not meet the definition of a preservation project. If a project is new construction with any type of HAP contract (PBRA, PBV, RAD PBV, MOD REHAB) an entity would be preserving the affordable housing by allowing the project to use the subsidy in new construction. There are many cases in Louisiana where affordable housing has been built in environmentally impacted areas (flood zones, industrial areas, high crime). Preserving the housing could be tearing down the current housing and transferring the subsidy to a new construction site that is not environmentally impacted. The justification for interpreting Preservation as new construction or rehab should be based on preserving the funding available that is available to leverage the development or redevelopment of affordable housing. To further demonstrate this point is a Housing Authority's funding and utilization of housing choice vouchers. There are many times when the market impacts the utilization of vouchers inhibiting the use of the funds by tenants. Prime examples are after a disaster or plant shutdowns or even new job centers. To best utilize the funds as well as assist the tenants with choice affordable housing, PHAs can project base their vouchers. This helps with preserving funding and preserving the affordable housing options in a community.

Current QAP:

PRESERVATION PROPERTY: The preservation of existing affordable housing will receive a preference in funding ("Preservation Priority"). To qualify for the Preservation Priority, a development must meet at least one of the following and, if receiving federal historic credits and/or state historic credits, waive the right to opt out for an additional fifteen years beyond the Compliance Period:

- a. Have and continue to use, if possible, project-based rental assistance and/or operating subsidy;
- b. Have a loan made prior to 1985 from any of the following loan programs: HUD 202/811,221(d)(3) or (d)(4), 236, or USDA RD 515;
- c. Participate in HUD's Mark-to-Market restructuring program; or
- d. Have a previous allocation of low-income housing tax credits in which the first year of the Credit Period (as defined in §42(f)(1) of the Code) was 1999 or earlier and be in or have completed the final year of the Compliance Period for all buildings in the development;
- e. Public Housing Agency (PHA) Project as defined by the QAP glossary.

Preservation Priority Recommended Change:

Preservation Property: The preservation of existing affordable housing and existing rental subsidy funding will receive a preference in funding ("Preservation Priority"). To qualify for the Preservation Priority, a development must meet at least one of the following and, if receiving federal historic tax credits and/or state historic credits, waive the right to opt out for an additional fifteen years beyond the Compliance Period:

- a. Have and/or continue to use, if possible, project based rental assistance and/or subsidy;
- b. Have a loan made prior to 1985 from any of the following loan programs: HUD 202/811, 221 (D) (3), 236, or USDA 515;
- c. Participate in HUD's Market to Market restructuring program; or
- d. Have previous allocation of low-income housing tax credits in which the first year of the Credit Period was 1999 or earlier and be in or have completed the final year of Compliance Period for all buildings in the development;
- e. Public Housing Agency Project as defined by the QAP glossary.

3.) Market Study

The last issue is a process concern. The current process for obtaining market studies is led by LHC. LHC solicits and obtains the market study and provides these to the developer. **The recommendation is to change this process to a developer obtained market study that follows National Council of Housing Market Analysts, (NCHMA) guidelines.** Allowing developers to obtain the market study would afford the opportunity to test the market as well as make changes to project composition before the submission of an application. It would also save LHC time and effort in processing payments from the developers for the market study, getting the study ordered, and having to make corrections to the market studies in short time frames. The National Council of Housing Market Analysts recommends that developers should contract directly with market analyst due to numerous project development justifications.

(Examples: Quality of applications received by HFA, duplication of market studies order when the HFA obtains it, and use in the developer's project scope, unit mix, and marketing plan prior to agency funding request)

4.) Disaster Project

With Louisiana being devastated by disasters in 2016 there should be a priority for projects in the 2016 FEMA Disaster Declaration Parishes. These Parishes should receive an additional 10 points.

Disaster Points Recommendation:

Disaster Parish _____ 10 points _____
(Applicant must demonstrate that the Parish in which project is located was listed by FEMA as part of a Federally Declared Disaster Declaration in 2016. The applicant should provide the 2016 FEMA disaster declaration map as part of the application.)

Sincerely,



Joseph P. Page
Executive Director

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