



The Louisiana Housing Corporation (LHC), in compliance with Section 42 of the Code, has developed the Draft 2019 Qualified Allocation Plan (QAP). This document is a summary of proposed changes to the 2019 QAP as a result of policy considerations recommended as best practices in housing credit administration by the National Council of State Housing Agencies (HFA), internal data analysis, research and mandatory requirements to effectively achieve LHC’s housing priorities and objectives.

**QAP POOLS/CAPS**

CHDO/Nonprofit, Rehab Pool and New Construction Pool. We are proposing to remove the Rural Pool and Preservation Priority Pool and add a 25% set-aside for rural developments in the Rehabilitation and New Construction Pool. The Housing Credit Cap will be the same across all pools. Soft funds such as CDBG, Housing Trust Fund and HOME will not be available with the 9% housing credits.

Having one credit cap across the board for all pools, will allow projects to apply for funds in the pool that closely aligns to their development without being restricted by the caps or the amounts available in the pool.

*Option One: Three Allocation Pools and \$750,000 Housing Credit Cap in Each Pool*

<b>Allocation Pools</b>	<b>LIHTC Per Project Cap</b>	<b>2019 Approximate Amount</b>
Qualified Non-Profit/ CHDO Pool	\$750,000	\$1,929,230
Rehabilitation General Pool	\$750,000	\$5,466,154
New Construction General Pool	\$750,000	\$5,466,154
<b>Total</b>		<b>\$12,861,539</b>

*Option Two: Same Allocation Pools from 2018 QAP, and \$750,000 Housing Credit Cap in Each Pool*

<b>Allocation Pools</b>	<b>LIHTC Per Project Cap</b>	<b>2018 Approximate Amount</b>
Qualified Non-Profit/ CHDO Pool	\$750,000	\$1,929,230
Rural Pool	\$750,000	\$3,215,385
Preservation Priority Pool	\$750,000	\$3,858,462
General Pool	\$750,000	\$3,858,462
<b>Total</b>		<b>\$12,861,539</b>

**THRESHOLD**

Implement the following as mandatory threshold requirements:

**All Projects:**

- (1) Public Housing Priority (marketing to those on public housing waiting list)
- (2) Security - must provide cameras as a form of security (Additional points awarded for choosing more than one option)

**New Construction:**

- (3) Washers and dryers installed and maintained in units.
- (4) Green communities & Base LEED criteria with the option to earn additional points for higher levels of energy efficiency

All new construction and substantial rehab projects be required to incorporate universal design. Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaption or specialized design.

Increase the minimum rehabilitation threshold from \$6,000 to \$25,000 in hard cost (materials and labors).

Moved negative neighborhood characteristics from selection criteria to threshold requirements as no negative points are assessed to the application.

Removed language allowing waiver of the minimum threshold requirements for energy efficiency requirements if received from a federal funding agency.

## **UNDERWRITING**

**It is recommended that the 30% Basis Boost be tiered to incentivize developments in target areas for the 9 % credits:**

10% for projects located in Qualified Census Tracts

20% for projects located in census tracts with an AMI of at least 60% and no more than 80% AMI

30% of projects located in areas above 80% AMI

For projects located in a Difficult Development Area (DDA).

**Reserves for replacement for new construction developments for families and developments involving rehabilitation has been increased from \$300 to \$400.**

Placed a cap on developer fees:

Developer Fees - Shall not exceed fifteen percent (15%) of the Developer Fee Base plus either five percent (5%) of the Acquisition Cost Base or (ii) 8% of the Acquisition Cost Base in the case of the following project types:

RD, PHA or HUD Distressed Properties,

Developments in High Opportunity area

Mixed Income developments

**Developer Fees - Shall not exceed the following percentages of the Developer Fee Base for the following developments by project size:**

15% Max for up to 35 units

12% Max for 36 – 70 units

10% Max for 71 units and above

## APPLICATION SUBMISSION PROCESS

- **Complete application submission required as of initial submission deadline**
- **The Analysis fees will be collected for applications that have been identified for potential funding.**

## SELECTION CRITERIA SCORING

### Section I: Targeted Project Type

**Under “Geographic Diversity”, instead of the MSA AMI, the Parish AMI will now be used and the income thresholds have been changed from 120 and 150 to 100 and 120.**

**(1)** Under “Construction Type”, the three options of Rehabilitation of existing LIHTC, USDA, or other federally funded projects, Rehabilitation of Existing Residential Units, and Blighted Housing Remediation and/or replacement have been collapsed into one-line Item. **(2)** An additional 1 extra points is now being allowed for these 3 types of projects who also have HAP contracts creating a total of 9 possible points. **(3)** Historic Properties has been changed to “Blighted Historic Properties”

“Preservation Priority Project” has been removed and is addressed by the one additional point available to rehabilitation projects.

The “Public Housing Priority” has been moved to thresholds for all projects.

### Section II: Targeted Population Type:

“Increased affordability”, projects with HAP contracts are not allowed to receive points in this category”. The point differential is covered by the exclusion of new construction under the “construction type” section.

### Section III: Priority Development Areas and Other Preferences

**(1)** Under “Government Priorities”, Qualified Census Tracts have been replaced with “Choice Neighborhood Initiative Census Tracts”. **(2)** The options for both underfunded parishes and parishes that have 4 or more housing problems have been replaced with the option to select up to 5 housing indicators for which the parish the project is located in falls below the state average (% of elderly, % disabled, % rent burdened, % in poverty, and MHI).

### Section IV: Location Characteristics: NO MAJOR CHANGES

## **Section V: Project Characteristics**

**“Green Buildings” Has been moved to thresholds for new construction projects.**

**Under “Optional Amenities”, only the option pertaining to dishwashers applies to new construction projects. Covered parking has been moved to “Project Amenities”. Two options have been added that pertain to rehab projects only; Universal Design, and Green Buildings. The section has a total of 4 points available to rehab and 1 for new construction. The 3-point gap is closed in another section.**

**“Security Cameras” has been moved to thresholds with the option to select up to 2 additional forms of security for points within the selection criteria**

**“HUD Defensible Space” has been added as an additional option for new construction projects for a total of 3 points addressing the point differential.**

## **Appendix B.1 – Minimum Design Standards – New Construction**

Universal Design – Page 14

Added: Keyless entry at main entrance

Home Automation – Page 17

Added: \*Remote controls for heating and cooling

Defensible Space – Page 18-19

### **Added: SECURITY**

Page 1 of HUD’s Manual of Acceptable Practices cites two references for site design to achieve security: Architectural Design for Crime Prevention (U.S. Government Printing Office) and Defensible Space (Macmillan). Since security has become an increasingly important issue for public housing and for the communities that surround them, security should be given very serious consideration in the development of these site plans. The parameters to be used are as follows: The front yards, the fronts of buildings, and the main entries to units shall face existing streets or new driveways so as to facilitate normal patrolling by police cars and police response to residents’ request for assistance. This will also enable residents across the street, whose units also face the street, to survey their neighbors’ front doors.

**Added: PARKING**

All parking areas are to be positioned a minimum distance of 10 feet from any building and should be positioned to facilitate surveillance from the units. Parking may be placed between the side walls of townhouse groupings as long as the nearest automobile space is not closer to the street than the front line of the building. Concrete wheel stops at curbs are to be provided at every parking space.

**Added: WALKS**

Walks shall be provided for safe convenient direct access to each unit and for safe pedestrian circulation throughout a development between facilities and locations where major need for pedestrian access can be anticipated. Walks shall be located so that they are easily surveyed from the interior of units.

**Added: LIGHTING**

Lighting is to be provided for the entire developed site with concentrations at walks, ramps, parking lots, and entrances to units. The intensity shall be 0.5-foot candles minimum for parking lots and walkways; and 4.0-foot candles for townhouse entrances, ramps, and steps. Parking lighting poles shall have a minimum height of 25'0" and pedestrian walk lighting poles a height of 12'0" to 15'0".

**Added: PLANTING**

Planting should not be placed so as to screen the doors and windows of dwelling units from the street or from walks leading from the street to dwelling unit entries.

Plant material should be selected and arranged to permit full safe sight distance between approaching vehicles at street intersections. Additional attention is required where driveways enter streets, at crosswalks and especially in areas of concentrated mixed pedestrian and vehicular movement. Planting that hides the pedestrian from the motorist until he steps out on the street should be avoided.

**Appendix D – Asset Management****Vacancy Rate Assumptions – Page 3**

Updated: Assume a seven percent (7%) vacancy rate unless the project is located in a soft market as determined by the commissioned market analyst within which a higher vacancy allowance will be required.

### **Required Deposit to Reserves for Replacement – Page 3**

Updated: Minimum replacement reserves should equal \$250 per unit per year for new construction developments for seniors, and \$400 per unit per year for new construction developments for families and developments involving rehabilitation.

## **UNDERWRITING ASSUMPTION AND ANNUAL SUBMISSION REQUIREMENTS**

### **COMPLIANCE MONITORING FEE- PAGE 4**

Note: The Corporation shall charge an annual compliance-monitoring fee of \$40 per unit, for all units in the project. Compliance monitoring fees are due annually throughout the affordability period, beginning in the first year of the Compliance Period. The fee must be submitted to the Corporation by February 15th of each year for the preceding calendar year.

## **APPENDIX C – COMPLIANCE MONITORING AGREEMENT**

### **Average Income Test - Page 2**

Added: The applicable fraction of such projects must be 100%. Projects consisting of multiple residential buildings must answer “Yes” to question 8b on IRS Form 8609, thereby designating the development as a multiple building project.

### **Certification and Review – Page 2-5**

Added: The LHC will randomly select low-income units and tenant records to be inspected and reviewed.

## **LIHTC MANDATORY REGULATION UPDATES**

### **UTILITY ALLOWANCE**

The final utility allowance regulations to address situations in which a building owner purchases a utility from a utility company and then separately charges the tenants for the utility or in which a building owner sells to tenants energy that is produced from a renewable source that the owner did not purchase from or through a local utility company. The utility costs paid by a tenant to the

owner based on actual consumption in a sub metered, rent-restricted unit are treated as paid by the tenant directly to the utility and thus do not count against the maximum rent that the building owner can charge

The final regulations now permit the utility rate charged to the tenants of the unit to be less than or equal to “the highest rate that the tenants would have paid if they had obtained the utility from a local utility company.” The final regulations state that the owner of a building in which the tenant rent includes a sub-metering utility charge “may rely on the rates published by local utility companies.”

Effective Date: The Utility Allowance change is noted in 26 CFR Part 1. The effective date is March 4, 2019.

## INCOME AVERAGING

Forty percent (40%) or more (25% or more in the case of a project described in section 142(d)(6)) of the residential units in the project must be both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit. The average of the imputed income limitations designated must not be more than 60% of the area median gross income. The designated imputed income limitation of a unit can only be 20%, 30%, 40%, 50%, 60%, 70%, or 80% of the area median gross income.

Effective Date: The average income test is only available for elections made after March 23, 2018.

## MONITORING SAMPLE SIZE

The LHC must conduct on-site inspections and low-income certification review of not fewer than the minimum number of low-income units for the corresponding number of low-income units in the low-income housing project set forth in the table to below:

Number of Low-Income Units in the Low-Income Housing Project	Number of Low-income Units Selected for Inspection or for Low-Income Certification Review (Minimum Unit Sample Size)
1	1
2	2
3	3
4	4
5-6	5
7	6



8-9	7
10-11	8
12-13	9
14-16	10
17-18	11
19-21	12
22-25	13
26-29	14
30-34	15
35-40	16
41-47	17
48-56	18
57-67	19
68-81	20
82-101	21
102-130	22
131-175	23
176-257	24
258-449	25
450-1461	26
1462-9999	27

Effective Date: The Monitoring Sample Size change is noted in 26 CFR Part 1. The effective date is **February 26, 2019.**

## RURAL DEFINITION

Current Rural/ Definition in the 2018 QAP:

RURAL AREA PROJECT: Any USDA Rural Development eligible project or project located in a community with a population of 35,000 or less as of the latest US census bureau estimates.

Proposed Changes to 2019 QAP Rural/Urban Definition:

Using Population Density by Census Block Groups will provide a more accurate method of defining urban/rural areas within the State for resource allocation and scoring criteria under the QAP than the previous method which used USDA's defined areas.