MINUTES OF THE PUBLIC HEARING
November 2, 2017

The Idaho Housing and Finance Association ("IHFA") held a public hearing in The Payette Room of The Hampton Inn and Suites at 495 S. Capitol Blvd., Boise, ID on November 2 at 9:30 a.m. The purpose was to hear comments on changes to the 2017 Qualified Allocation Plan.

GUESTS:

Kathryn Almberg	The Housing Company
Denise Caruzzi	Self
Claire Casazza	Pacific West Communities
Corey Checketts	Community Development Inc.
Madeline Gregg	Thomas Development Company
Raquel Guglielmetti	Mountain West Bank
Ryan Hackett	Desert Ridge Investments, Inc.
Gary Hanes	Self
Dianne Hunt	Syringa Housing Corp.
Blake Jumper	The Housing Company
Julie Marple	Northwest Real Estate Capital Corp.
Russ Merrill	Aspect Investment
Douglas Peterson	Self
Maryann Prescott	Whitewater Development
Todd Prescott	Whitewater Development
Bob Reed	Boise City/Ada County Housing Authority
Jennifer Rogers	The Housing Company
Andrew Schank	Thomas Development Company
Rick Skinner	Skinner-Fawcett
Gwen Thomson	Northwest Integrity Housing Company
Molly Tomlinson	Boise Housing Corporation
John Vance	Northwest Real Estate Capital Corporation

PRESENT VIA TELEPHONE:

Tammy Clark, Gardner-Batt, Salt Lake City
Dr. David Cordes, President, Cordes & Associates, LLC, Colorado
Bonnie Mogen, Director, Costello Development, Sioux Falls, SD
Scott Niblack, Chief Operating Officer, Cordes & Associates, LLC, Colorado
Sharon Patterson Grant, LEED Advisor, Eco Edge, Ketchum
Trent Rogers, Travois
Greg Urrutia, Owner, New Beginnings Housing, Nampa

STAFF PRESENT:

Diana Baker, Project Finance Program Assistant/Recorder
Brady Ellis, Vice President, Housing Support Programs
Jack Hawkins, HOME Programs Manager
Jeri Kirkpatrick, HOME Technical Assistance Officer
Cory Phelps, Vice President, Project Finance Department
Teresa Rickenbach, Multifamily Finance / Closing Officer
Rick Skinner, Legal Counsel
Ernie Watkins, Sr. Multifamily Administrator

OPENING REMARKS:

Mr. Phelps opened the Hearing at 9:30 a.m. by introducing himself and welcoming guests. He introduced staff and explained that the purpose of the hearing was to take comment from the development community for discussion in IHFA's internal processes regarding changes to the 2017 Low Income Housing Tax Credit Qualified Allocation Plan ("QAP"). He also noted QAP changes were mostly for clarification, including the addition of the underwriting section.

TESTIMONY OF JULIE MARPLE:

Ms. Marple asked that careful consideration will be given to comments made by developers this year. There were concerns from last year that appeared to be ignored, and it was very disconcerting to the development group outside of IHFA. Ms. Marple hopes that careful consideration will be given this year.

TESTIMONY OF BOB REED:

Mr. Reed agreed with Ms. Marple's comments, as it also seemed to him that comments made at last year's hearing were ignored to some degree.

In the area of capacity building, Mr. Reed feels that opening up the program for new developers should not require them to have developments that have received 8609's and 3 years of compliance reviews, since the risk is already minimized by due diligence from equity investors before the time of application. Investors do a lot of extensive due diligence and review of who they are dealing with, so he feels that from the Association's standpoint it is already well mitigated. He has submitted this request in the past but has never received a response from the Association as to why it wasn't taken into consideration. If the Association decides not to amend this requirement for new developers, he respectfully requests a letter from IHFA as to why the current requirement stands.

Mr. Reed also sees good changes in the QAP on the developer side and how the Association is evaluating applications, and from a competition standpoint it helps with equal distribution of the credit.

Under Selection Criteria 6.4.16, Permanent Supportive Housing, there was a lot of detail last year as to what the Association was looking for which mirrored HUD's Housing First Program regarding emphasis on homelessness. This year it looks like IHFA is trying to combine a couple of programs into one, which he feels will be a bit complicated and which have already caused some issues in the 2017 Plan. He discussed the HUD definition of Permanent Supportive Housing which is chronically homeless individuals with disabilities. IHFA is creating their own definition by adding a lot of things that are going to cause some issues. For instance, on Page 29 regarding Targeted Populations there are several things for special needs such as individuals at 30% AMI, elderly, homeless and disabled. Is the Association asking for all four to be the criteria, or is it either/or in the category. It looks now like one must be an elderly individual with a disability and be homeless. That would be hard for one individual to meet four criteria. The confusion is elderly people tossed into the category. He noted that if he is developing a project strictly for families at 30% AMI, why put four units in at that level when he only needs 2 to meet the category. He is not sure if the agencies that track all this really have a list of those who will qualify under the category, yet he is being required to use all those agencies and have a supportive services program that the tenants may not even need. The concern is the confusion as to what the Association is trying to accomplish here by putting seniors into a category to which they do not qualify in trying to follow a Housing First program. These categories don't seem to combine very well. Mr. Reed has

concerns about the difficulty of trying to combine two programs into one and make it work from the development side with the investment they are making and trying to meet the criteria.

Mr. Phelps commented that the Association will take a hard look at the criteria.

Mr. Reed added he realizes that the HOME regulations sometimes conflict and trying to mix programs can cause problems between the two. If IHFA wants to focus on homelessness, developers could make what was in the QAP last year work, but mixing in the other classes becomes difficult.

TESTIMONY OF ANDREW SCHANK:

In Section 2.3, Housing Priorities, Mr. Schank feels lower scores over higher scores in the category seem to exclude higher scoring applications completely. It doesn't say that the higher scoring application would be considered first for a possible readjustment. He would like a chance for the higher scoring application to come back with better feasibility, and then at that point if it is still not feasible, go to another lower scoring application. Please consider providing a chance to modify and make applications feasible. Mr. Phelps noted the Association will take this concern under careful consideration. The Association is trying to keep from forward allocating credit.

TESTIMONY OF RYAN HACKETT:

Mr. Hackett feels the request about coming back and readjusting an application is not the normal process and may not be fair for other projects.

In following up on trying not to forward allocate credit (Section 4.11.2) why limit the credit to 2-3% of the credit available. What about 4% credit, when and if there is an application the Board wants to do that takes a little bit more credit.

On Page 43, Mr. Hackett asks if the additional requirement that all developments include broadband infrastructure installation includes putting wires in walls. From the standpoint of a rehabilitation or renovation view, it would be very cost prohibitive when wireless can be used.

TESTIMONY OF DIANNE HUNT:

Ms. Hunt is concerned about the intent of limiting credit to any one Developer on Page 47. She asked for more clarity in defining the identity of interest. In the case of developers who work with different partners at different times, and in her case of having an affiliated property management company, how will that identity of interest be defined when looking at the cumulative tax credit with three projects in process?

TESTIMONY OF COREY CHECKETTS:

Mr. Checketts agreed with Mr. Schank's comments on awarding lower scoring developments over those with higher scores in that the language is not clear as to whether the total amount of the application exceeds the total amount of credit in a given round, or whether or not the request exceeds what is left after IHFA has already awarded developments ahead of the one in question. He agrees that IHFA could either find a way to adjust the capital stack, maybe reducing the credit by 10%, or looking into reducing a unit to still make the deal feasible but stay within the credit amount that is left.

In Section 4.9.2, Readiness Threshold, Mr. Checketts noted that it looks like the language has now changed by allowing a Conditional Use Permit after an award. He asked how IHFA would evaluate a situation in which a Conditional Use Permit is denied.

In regard to the Affordability Threshold in Section 4.9.6, one of his concerns is limiting an AMI set aside for a project based on a Market Study at the time of application, and not looking at the full 30 or 15 years of the project. The way the language reads now is the AMI's are going to be set at or below the Market Rate rent in the Market Study. Conditions can change in 15 years. Should AMI's be set at 40% or 50% AMI when 60% AMI's could work in the future?

TESTIMONY OF MARYANN PRESCOTT:

Regarding Exhibit E, Underwriting Guidelines, there are some considerations for bond deals Mrs. Prescott suggests can be added to the language, since they do underwrite to construction loan standards differently than is typical, including loan-to-value.

On Page 76, she likes the underwriting for 20% of the highest cost applications, and asked to consider adding cost containment into the scoring criteria. Developers will be considerate when it is in the scoring criteria, which will create the most efficient allocation of the resource. There are many different models because everyone is struggling with this across the nation. Mrs. Prescott has seen it done quite effectively where allocating agencies look at the last 3 or 4 rounds of costs per square foot and, at the discretion of the allocating committee, the two lowest cost projects per square foot get extra points - one gets 3 points and the other gets 2 points. As long as reserves are included and a developer has a strong architect, allocating agencies can be assured they are not going to have poorly constructed projects. Because costs in resort communities cannot be held against the developer, they exclude land and permits in the calculation. Please consider this suggestion.

TESTIMONY OF JOHN VANCE:

Mr. Vance reiterated statements made earlier regarding lower scoring projects over higher scoring projects with a request to clarify the language.

Preservation and Rural Set Asides being together in Section 5.3 causes problems in that one large preservation project may get all the set-aside, leaving none for rural community projects. Separating these categories will assure at least one project in a rural community. With RD properties reaching 30-year terms in the next few years, we may see some problems in how rural housing remains in rural communities.

In Section 5.5, Eligible Basis increase, the allowance for any project to apply for the increase is too broad. This should be used to incentivize developers to provide an additional tool to supply affordable housing in areas that are normally not considered. Examples in some of the surrounding states are QCTs that have very low poverty rates, rural communities based on population parameters, and projects that are within certain distances from transit stops. IHFA can use these tools to help guide developers into providing different kinds of housing in different areas. Mr. Vance feels IHFA is not utilizing that tool effectively right now.

In Selection Criteria 6.4, some things that IHFA may consider is adding points for projects within a reasonable walking distance from grocery stores, schools, parks and greenbelts, because close proximities to such amenities add value to the development and provide extra incentives for the residents to live there. Also please consider adding a point to projects that provide 20% of the units at market rate such that projects with 10% receive 2 points while those with 20% receive 3

points. This would help provide more units across the state. There are many studies about the benefits of having mixed income communities.

It is Mr. Vance's opinion that the PSH program is needed but right now is a little bit backwards in that IHFA is asking real estate developers to come up with social services plans. IHFA might consider developing plans that vary by regions, because different regions have different needs, and different partnerships can be formed in different areas. That would increase the number of PSH units. Right now some developers have good projects but are failing in their social services programs. If they lose 2 points they fall out of contention.

ADDITIONAL TESTIMONY OF JULIE MARPLE:

Ms. Marple has seen instances in some states that are considering cost containment in the tax credit resource, not in actual costs, due to the fact that costs continue to rise and are an uncontrollable area for developers. If they put together a profoma and submit it, most times costs are nowhere near what they thought by the time of closing. What happens in the case of a developer who won an award based on a tie breaker? She asks IHFA to provide some clarity in the tie breaker section.

ADJOURN:

There being no further comments, Mr. Phelps adjourned the LIHTC portion of the public hearing at 10:04 a.m.

WRITTEN TESTIMONY FROM SCOTT NIBLACK AND DAVID CORDES:

In their letter of October 31, Mister Niblack and Dr. Cordes referred to Selection Criteria 6.4.10 regarding equal distribution of tax credits across the state. They agree with the 2 points given as stated where need exists with data analysis of percent of poverty, and suggest 2 points for specific projects that have the highest portion of the current units federally rental-assisted, and therefore serve the greatest number of the ultra-low-income population regardless of location in the state.

They suggest the wording be amended to read as follows:

> "The Association strives to achieve equal distribution of tax credits across the state where the need exists. Based on data analysis using the percentage poverty as a benchmark, the following counties have been determined to have an under allocation of resources compared to other counties in the state. Therefore, developments located in the following counties are incented under these point criteria. Developments located in Ada, Bannock, Bonneville, Canyon, Nez Perce and Twin Falls counties, **OR** any existing low income development with 90% or more Rental Assistance (points will be given for either/or but not both).

Under Exhibit B, item i), they suggest the need for a Level I Environmental Report at time of application for an acquisition rehabilitation development (existing project) is cost burdensome and suggest waiting until 3 months after an award is given to require such a report, especially since equity investors require a Phase I as part of their due diligence. The requirement at time of application places an added expense of doing two reports for the same project. He proposes the following wording to item i) in Exhibit B.

> "Phase I or Phase II environmental studies submitted with the application for acquisition rehabilitation developments must be dated within twelve (12) months of

> the application submission deadline. Applicants that have not included a Phase I or Phase II environmental study with their application must submit a full Level I Environmental Report conducted by a professional firm approved by the Association within 90 days of the date of the Housing Credit Reservation Agreement."

Mr. Niblack's and Dr. Cordes' comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM BOB REED:

In order to expand the field of affordable housing developers and not penalize their staff because an organization has not had the opportunity to develop tax credit housing, Mr. Reed proposes the following low risk option to Selection Criteria 6.4.9 regarding program sponsors. He explains that this is low risk because a financial lending institution and equity investor is putting up hard dollars based on the organization's staff and financial strength; therefore, IHFA should be willing to provide the following opportunity for building developer capacity.

> "Any organization that plans to submit an application for Low Income Housing Tax Credits and cannot meet the above requirements of having received Form 8609(s) and having completed no less than three (3) years of compliance reviews, can still qualify as a housing sponsor and meet this point scoring requirement if they have in their employ staff member(s) that have adequate experience and knowledge of the development/tax credit process to complete an affordable housing development. As part of this requirement the sponsor/developer should have submitted Letters of Interest from construction and permanent lenders and a tax credit equity investor. The sponsor/developer would receive the same point score as those applicants above."

Mr. Reed's comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM KARA ROUSSELLE:

Ms. Rousselle explained that she recently attended a conference in which discussion centered around green building program standards. Referring to Selection Criteria 6.4.13 in which there are six standards/guidelines from which to choose that are not all equal, she asks whether the goal behind the points for "green building" certifiable program standards is to lower utility costs for the occupants, or overall sustainable construction and site planning practices, or both? LEED for Homes, National Green Building Standard, and Enterprise Green Communities address energy use to a degree, but also address overall sustainable construction and site planning practices.

> Quoting Ms. Rousselle, "NW Energy Star is only looking at energy efficiency and is included as a prerequisite/requirement for LEED for Homes and Enterprise Green Communities and is an alternative bronze and silver level compliance path for National Green Building Standard. Indoor airPLUS is an add-on to Energy Star that focuses specifically on indoor air quality. 'For a home to earn the Indoor airPLUS label, it must also earn the Energy Star Certified Home Label.' PHIUS or PHI focuses on reducing heating and cooling demand. PHIUS+ uses the Energy Star and DOE Zero Energy Ready Home programs as prerequisites for all single family projects. They must also be third-party inspected and labeled to Indoor airPLUS. PHIUS+ has the most stringent requirements for energy use of all the options listed and encompasses two of the other options for achieving points for this section."

An example was provided, citing the State of Pennsylvania, on how the programs can be separated that address sustainability. She understands the value in both sustainable construction and site planning practices and reduced energy use, but sees even more value in reducing energy costs for tenants. Since the options currently listed are not equal, the developer will choose the cheapest path to gaining points, which she believes to be NW Energy Star, but it doesn't provide the energy savings of a PHIUS+ certified project. She has researched all options of Passive House and is confident that it is the best option at this time for a certifiable program to reduce energy usage. She believes these paths to points need to either be split between the two goals or the options need to be reduced to those that provide the greatest benefit. Ms. Rousselle attached a comparison of residential energy codes and standards starting with 2009. Even though outdated, it shows how each option compares to the others on the HERS index and she invites anyone to call her to discuss further.

Ms. Rousselle's comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM TOM MANNSCHRECK:

In Section 2.3, Housing Priorities, Mr. Mannschreck feels the wording "However in limited circumstances..." is a non-defined standard which will invite appeals. He suggests quantification of the language. In the same Section he also suggests the language "...have sufficient affordable renter demand for the..." is imprecise and suggests reference to specific sections in the QAP relative to market studies. His comments in this section are also relevant to Section 4.10, Development Ranking, as that language is also imprecise.

The language in Section 4.9.2 is difficult, since different cities around Idaho do not use the same nomenclature in their entitlement ordinances. Mr. Mannschreck has commented on this in previous Public Hearings, and suggests broadening the term "conditional use permit" to "any land use entitlement action required by the jurisdiction where the development is proposed to be located." This covers planned unit developments and Development Agreements which are now used extensively in Meridian and Caldwell.

Mr. Mannschreck feels the forward allocation language in 4.11.2, Succeeding Year Credit Utilization, makes good sense and should be tied into the language in Section 4.10, Development Ranking and Section 2.3, Housing Priorities.

In regard to Eligible Basis Increase (up to 30%) for certain State Designations in Section 5.5, Mr. Mannschreck feels that higher cost areas for construction may be in other than a "higher cost resort community" or a "higher cost urban center." His company has found that building in smaller towns away from an urban center can actually cost more per square foot, because contractors will typically come from the urban areas and add travel and lodging to their costs. He suggests it would be better to mention that if the developer has proof to show IHFA why costs for a particular construction development are likely to be higher, that should be sufficient to show need for the 30% boost.

In Selection Criteria 6.4.14, Developments which utilize Historic Rehabilitation Tax Credit as a funding source, he asks people who are experts to weigh in on whether the language added correctly tracks the procedure with the National Park Service.

The language in Selection Criteria 6.4.16, PSH Units, notes all three sections must be met to achieve points. He questions part 1) targeted population, and asks if the language means that 100% of the units in the development must be for the targeted population, as this is the way the

language reads in his view, and he feels it may not be IHFA's intended consequence. The language near the end of the new section which begins, "If a project is awarded the two points and does not comply..." raises issues regarding financing of support services. It has already caused considerable discussion among the New Path developers. If a PSH development falls out of compliance solely because the third party provider and financier of support services is no longer able or willing to do so, is putting the developer in the 'penalty box' appropriate? He feels the section needs further discussion and refinement.

In Preference Points under Selection Criteria 6.5.2, he feels that "While 30% and 35% units are important in the overall mix, absent complete financing of the units at this rent level with HOME or other very soft payment sources, the deep rent skewed units are an overall challenge for project feasibility. The rents generated barely pay operating expenses and provide no money for required debt service, deferred developer fees, etc.

Mr. Mannschreck likes the positive changes in Section 7.3.1, Development Cost Standard, which is always at the forefront of industry discussion.

In regard to 7.3.5, Developer and Consultant Fees, he senses the word "consultant" has been added because of an actual or perceived issue in prior years. If the consultant is preparing financial proformas and things that are within the developer's domain, he thinks the language is fine. However, it is more problematic when there is a complicated land use and entitlement set of issues (such as those present at both New Path Community Housing and Adare Manor) and architectural assistance is mandatory.

Mr. Mannschreck questions the construction contingency caps in Section 7.3.11 regarding rehabilitation. He feels capping the contingency at 15% of construction costs seems unwise because 1) the Capital Needs Assessment, plan review, and all due diligence that can possibly be done in the pre purchase inspection will not reveal surprises, which can include environmental issues, different interpretation of building code, increased costs, etc., 2) rehabilitation of a 17-year old two-story wood framed apartment community constructed under a prior version of the Section 42 program is entirely different than acquiring a 30 or 40-year-old Rural Development property, Section 8 property, or any other of that vintage, and 3) while a 'one size fits all' contingency cost cap might seem attractive, he feels it will discourage developers from taking on the more challenging rehabilitation projects, many of which are significant for redevelopment.

Mr. Mannschreck's comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM CHANCE HOBBS:

Mr. Hobbs pointed to Selection Criteria 6.4.12, specifically the new language "...with 100% of the units rent-restricted and..." which he feels is unnecessary because it will further reduce overall competitiveness and create more tie breakers. He wonders if the change came about because of one of his previous comments in regard to PSH units in that LIHTC eventual ownership allows for the sale of units beginning in year 15, while PSH units have a 30-year restriction. It would be hard to find a suitable buyer and would undermine the intent of the program. His solution would be that the unit would be allowed to be donated to a qualified non-profit to continue to own and manage. He thinks it is detrimental to leave the proposed change due to program competition and reducing options for a variety of housing types.

Regarding the tie breaker in Section 4.10.1, he would like to see additional Association federal sources added. If a developer is requesting the use of HTF or HOME funds, they will further reduce their tax credit award per rent restricted unit, yet they are still utilizing the same amount of

federal resources the Association has at its disposal. He feels the numerator should be tax credit requested amount + (HOME Funds + HTF Funds)/10/rent restricted units. Mr. Hobbs provided an example of the formula he has in mind in his written comment and feels the intent should be to incentivize developers to utilize funding sources other than what the Association administers in order to gain further leverage of scarce resources.

Mr. Hobbs believes Meridian should be added as a specific city with 1 point awarded in Selection Criteria 6.4, because he feels it has been heavily underserved by the Association due to its lack of qualified census tracts. He feels Nampa and Caldwell have received more tax credits, while Meridian has received less, although during the last 10 years Meridian has nearly tripled in size with no new construction of affordable housing. He believes this is largely due to allocating points specific to QCT's, though he understands it is an IRS program mandate. However, unless IHFA directs resources equitably, the 2nd largest city in the state will be left behind. He feels one point for a project in Meridian puts the city in the funding zone, and the one point could come from PSH units or market rate units. Either of those sections would not create any unfairness to any jurisdiction, in his opinion.

Mr. Hobbs' comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM JOHN VANCE:

Mr. Vance provided additional comment to clarify his testimony and included comments on two other sections:

In Section 2.3, Housing Priorities, and Section 4.10, Development Ranking, it is Mr. Vance's opinion that language that awards credits to a lower scoring project when the available tax credits are not enough to fund a higher scoring project is a bit lacking. He suggested that the State of Oregon has a thorough description of the process used in such an instance.

In Section 5.3, Preservation/Rural Set-Aside, he asks for separation of the set asides. The concern is that lumping them together could result in all of the money going to a single project or having multiple awards for Preservation projects, but not in rural communities, and vice versa. With many RD properties reaching their 30-year term, Idaho may experience a lack of adequate housing in these communities in the near future unless there is a separate set aside for rural communities.

Regarding the Eligible Basis Increase in Section 5.5, the allowance for any project to apply for the increase is far too broad. The basis increase should be used to incentivize developers, which would give IHFA an additional tool to provide affordable housing in areas that normally would not be considered. Mr. Vance provided three examples: 1) Allow the basis increase in QCT's that have a low poverty rate to offset the current incentive for low income QCT's; 2) Provide an increase to rural communities based on population parameters, i.e., counties under X number of residents, or cities under X number of residents; and 3) Give a basis increase to those projects within a certain distance of transit stops/transit oriented development.

Under Selection Criteria in Section 6.4, please consider adding extra points to those developments within a reasonable walking distance of grocery stores, schools, parks and greenbelts. Such amenities in close proximity to the development add value to the project and provide numerous benefits to the residents. Mr. Vance also asked IHFA to consider adding a point to those projects that provide 20% of the units at market rates. Those with 10% could receive 2 points, while those with 20% could receive 3 points.

The Permanent Supportive Housing program seems to be backwards. Instead of having real estate people develop a services plan, Mr. Vance feels IHFA should develop the actual services plan and request developer participation which would increase the number of PSH units.

Under Development Cost Standards in Section 7.3.1, Mr. Vance thinks the "at its sole discretion" language should be removed. For the projects in the top 20% costs per unit, IHFA needs to provide the developer/sponsor an opportunity to provide needed documentation and justification. Until all applications are received, the developer will not know if they are in that top 20%. Since the difference in costs per unit may be scant, to lose a project without the opportunity to provide information to show the reasons for the higher costs could produce unreasonable results.

In Section 7.3.5, Developer and Consultant Fees, having the developer fee drop from 15% for projects with 50 units or less to 12% for projects over 50 units will result in several projects with 50 units and no more. He understands the reasoning behind the reduction, but feels there should either be a less stark transition or another parameter used to determine when the fees should be lowered. Since 11 of 12 applications are 50 units or less (3 of which are at 50 units), he feels this section restricts the number of units that are built.

Mr. Vance's written comment is attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM JULIE MARPLE:

In her written comments Ms. Marple reiterated her suggestion that IHFA seriously consider bringing in Zoe LeBeau of LeBeau Development to present a toolkit series on Permanent Supportive Housing. She feels the Idaho community needs this type of housing, but that our community is struggling to develop a plan that will have long term feasibility. She has worked through two toolkits for Zoe in Utah and that State has recognized LeBeau Development for the huge contribution it is making toward a solution for their homeless citizens.

Ms. Marple attached a copy of the Utah Toolkit Application and a set of slides from one session to provide an idea of how this toolkit could be beneficial to the most difficult to serve citizens in Idaho. LeBeau Development has a national reach and numerous successful toolkits resulting in actual Permanent Supportive Housing in Minnesota, Colorado and Utah, and recently presented their first toolkit in New Mexico. They have support of some large funders as noted on the slides, and Ms. Marple asks for careful consideration. She personally recommends this toolkit, having experienced it and seeing the education and collaborative results that benefit the homeless.

She also provided the attached question and answer pages with application to the Pathways Home Supportive Housing Toolkit Community Application. If anyone would like the link to slides from the Pathways Home Utah presentation, please contact Ms. Marple.

Ms. Marple's comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY FROM GREG URRUTIA:

Mr. Urrutia appreciates IHFA's efforts to provide an option to 'waterfall' credits to allow more efficient use and disbursal of resources available within a specific funding found in Section 2.3, Housing Priorities, and Section 4.10, Development Ranking.

Regarding Section 4.1, Cumulative Limit per Round, Mr. Urrutia believes changing the limited entity to remove Sponsor will not achieve the Association's intent to simplify and increase the

transparency and consistency of limits. He recommends the wording be changed to "sponsor and/or developer", thereby becoming more all-inclusive and closing existing loopholes. He also recommends the threshold for identity of interest or related persons be decreased to 10%. Idaho has significant demand for projects, diversity of need and strong developer base. He feels the concentration of credit awards within a small group of sponsors/developers, with intertwined interests established to circumvent limitations reduces the diversity of projects approved and ultimately the sponsor/developer base.

In Section 4.11.2, Succeeding Year Credit Utilization, he believes the statement "generally not to exceed 2-3%..." may potentially lead to future disputes whereas a firm limit "not to exceed 5%" would provide slightly more award flexibility but remove uncertainty-related second guessing.

Mr. Urrutia asks for the following changes to Selection Criteria 16.4.16. Change the heading to include Transitional Housing to clarify both housing types are allowed; and under Targeted Population clarify that to be eligible the SHN population does not need to meet characteristics of ALL described populations.

In Section 12.1.1 – Limitation, he believes this should continue to refer to sponsor and/or developer, and should be clarified to include development consultants. He recommends including requirements for an affidavit at place-in-service requiring disclosure of any identity of interest, related parties and agents, including proportionate share of developer fee payments.

Mr. Urrutia's comments are attached and made a part of these Minutes.

WRITTEN TESTIMONY

Suggestions for the 2018 QAP for IHFA – Scott Niblack & Dr.David Cordes

Item 6.10. In order to achieve equal distribution of tax credits across the state, in addition to specific townships projects that have been stated, Existing Preservation projects with more than 90% Rental Assistance are some of the only projects in the State that truly serve the very, very lowest income communities population.

1) Only projects that have the majority of their units subsidized with some form of project based rental assistance (such as USDA-RD project based RA, HUD HAD Contract, 811 mentally disabled or 202 Senior complexes) can effectively serve the lowest income tenants-30% or below. Although these units can also have renters up to 60%, most projects with 90% or more actually have an average AMI or just above or below 30%.

Both objectives stated in the introduction to "equal distribution...across the state...where need exists" and data analysis...and percent [depth] of poverty can/should be served, either in those counties where % of need by pure numbers is worthy of 2 points.

OR

Specific projects that have the highest portion of their CURRENT units federally rental assisted and therefore, serve the greatest number of the ultra-low-income population, regardless of location in the state.

2.) Low Income Housing Tax Credits is currently acknowledged as the country's foremost affordable housing program. However, there is a set and very real cost of operation...and we all know that tax credits pay only part of development costs necessitating loans and, thus, additional costs of operations. 30% rental units cannot even pay the operation costs, much less debt, taxes, etc. Therefore, other units must subsidize or the feasibility is suspect.

The subsidy is limited to allow only a few, if any, 30% units per <u>most</u> tax credit projects not having a super majority of project based rental assistance. Projects with less than 50% RA and allocate the RA first to current tenants rarely serve ultra-low-income tenants; whereas, ultra-low-income tenants can easily get the rental assistance at projects with 90% or more project based RA.

3.) These deeply subsidized projects are statewide—not only in the 6 underserved counties.

4.) At least for the near future, there is no new construction funding for USDA-RD 515 projects, Hud Section 8, 202 Senior or 811 projects.

5.) The current existing, deeply-subsidized projects are among the oldest and most out of date, code non-compliant and least safe (health and fire safety) units in Idaho—yes, USA.

6.) these ultra-low-income tenants have no other options and often cannot rent a decent, safe apartment, even if the spent 100% of their income for rent and utilities.

7.) They are statewide and the MOST "in need". Any analysis of data will show their depth of poverty is totally underserved. Therefore, 90% RA is absolutely worthy of 2 points!

We propose that these assets to the state be added to this category. If you analyze the actual need that exists, taking into account the income level of the population and the Average mean income of tenants it would seem evident that having the ability to have 90% of the tenant population available to rental assistance which would charge them no more than 30% of their overall gross Income.

We respectfully request that the wording in section 10 be amended to read as follows:

"The Association strives to achieve equal distribution of tax credits across the state where the need exists. Based on data analysis using the percentage of poverty as a benchmark, the following counties have been determined to have an under allocation of resources compared to other counties in the state. Therefore, developments located in the following counties are incented under these point criteria.
Developments located in Ada, Bannock, Bonneville, Canyon, Nez Perce, and Twin Falls counties OR any existing low income development with 90% or more Rental assistance (points will be given from either or but not both) ....2"

This wording or something similar will allow the state to keep its existing housing stock that truly can never be replaced with current and most likely future legislation and Federal resources.

Item 6.20.i. It is burdensome and incredibly expensive for an existing development to be required to perform a Phase I BEFORE an application. As almost every initial development was required to complete at least a level I environmental report for their investor or construction lending bank at the time of initial construction and as almost all if not all existing projects in a Multifamily designation would not allow a commercial use to be located in the vicinity of residential usage there is very little chance that the existing site and usage has been contaminated during the life of the project. Most other states like Utah explicitly state that if there is an award of tax credits to an existing housing project that a Level I report is due within three months of the award letter. As almost all equity investors require a Phase one as part of their due diligence (usually within six (6) months of the equity closing) there is also the added expense of doing two reports for he same project simply due to timing of the report, the award and the closing. We respectfully propose the following wording change to section 20.1:

"Phase I or Phase II environmental studies submitted with the Application must be dated within twelve (12) months of the Application submission deadline. Applicants that

have not included a Phase I or Phase II environmental study with their Application must submit a full Level I Environmental Report conducted by a professional firm approved by the Association one within 90 days of the date of the Housing Credit Reservation Agreement."

By doing so the committee will reduce the Burdon on the individual projects, still insure that there is no environmental contamination move forward with their new allocation and streamline the process for projects that are at risk of leaving the Low-Income housing stock.