

LISTING AND EXPLANATION OF MAJOR REVISIONS  
DRAFT 2011 QUALIFIED ALLOCATION PLAN AND  
DRAFT APPENDIX B (DESIGN)  
POSTED SEPTEMBER 1, 2010

The listing below is generally in order of appearance in the draft Qualified Allocation Plan (“QAP”) and does not include all material changes. The entire draft QAP is preliminary and subject to further revision; nothing is final at this point.

**\$750,000 for RD and LIHTC Properties** (QAP page 4)

The USDA Rural Development and Housing Credit preference means projects with less need for rehabilitation are funded over other competing applications. As a result, these resources are not available to improve the housing of low-income households living in worse conditions.

**Principal Limit** (QAP page 6)

As described in the Developers’ Workshop session of the 2009 Annual Conference, the number of awards has decreased from past cycles (from 50 to 30, approximately). Various factors are responsible, including larger projects and more Housing Credits per unit. However there has been no reduction in active development groups, which is three to four dozen each year.

The proposed limit of two projects per Principal reflects both: (1) this decrease, and (2) the fact that receiving nothing is substantially more damaging to an organization than not having three projects to develop. Restricting to two increases the likelihood of being awarded at least one.

**Previously-Funded Counties** (QAP page 7)

The counties listed in draft QAP Section II(F)(1)(b) have a 2010 Housing Credit project and relatively small population. Awarding to these counties again in 2011 would be contrary to the Agency’s interest in widespread geographic distribution of resources, and may result in a disproportionate per-capita allocation across the state.

**Tax-Exempt Bond Allocation Fee** (QAP page 9)

The calculation for projects using tax-exempt bond volume produced a lower allocation fee than would apply to a comparable 9% project, despite there being no difference in the Agency’s work. Using the same approach corrects this imbalance.

**Length of Deadline Extension** (QAP pages 10 and 26)

Generally all discretionary land use approvals and funding source commitments must be finalized as of the full application deadline. The QAP allows limited extensions to meet these requirements, which slows down the Agency’s review. Reducing the time period from 45 to 30 days decreases the chance of a delay in making awards. Additionally, applicants will pay a \$250 fee for requesting an extension within ten calendar days of the deadline.

**Site Evaluation Criteria** (QAP page 11)

Based on comments from developers and consideration of the 2010 site scores, the draft proposes changes in the emphasis and operation of the evaluation criteria.

**Mortgage Subsidies** (QAP pages 12-13)

There are different reasons for FHLB Affordable Housing Program and public housing authority loans to not automatically qualify for points. AHP is not local, state or federal funding, and some owners have experienced serious difficulties with the program (such as not being able to close the loans). The concern with the latter is fairness: in most cases this source is available only to an entity affiliated with the PHA itself; other competing applicants do not have the same access.

Both may be used as funding sources, and if approved by the Agency in advance of the preliminary application deadline would qualify for points. In particular applications with previous AHP awards would be considered favorably in 2011, although likely not in future years.

The other change in this section is to create more options to earn points in the East, Central, and West regions. The increments more closely match those of the Metro region. Other than at the highest and lowest end of the scale, the same amount of funding would earn more points in 2011 than in 2010.

**RPP Award Limits** (QAP page 15)

Rental Production Program funding was a limiting factor on awards this year, meaning some higher-scoring applications were passed over for those not requesting an RPP loan. The sources available will be similarly constrained in the 2011 cycle; limiting the amount an application may request would help avoid the same outcome.

**Minimum Number of Units** (QAP page 17)

Projects with fewer than 24 units would have difficulty securing equity in the current market.

**Radon Ventilation** (Appendix B)

Because the level of radon inside apartments has become an increasing challenge, the Agency will require projects in certain counties to incorporate a ventilation system. Doing so during construction is far more efficient than remediating a problem later on.

**Various other “green” requirements** (Appendix B)

The draft design requirements propose Watersense faucets, 14.5 SEER HVAC systems, and energy efficient lighting.