Tennessee Housing Development Agency

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M E M O R A N D U M

TO: Interested parties

FROM: Multifamily Development Division

DATE: June 22, 2012

SUBJECT: Developer Forum

The Multifamily Development Division is in the process of assembling comments regarding the 2012 Low-Income Housing Tax Credit Qualified Allocation Plan ("QAP") and the 2012 Multifamily Tax-Exempt Bond Authority Program Description ("Program Description"). As part of this process, THDA hosted a developer forum. The forum gave interested parties the opportunity to give input to Multifamily Development Division staff regarding changes that the development community would like staff to consider and elements that the development community would like to remain unchanged.

The forum was held on Wednesday, June 13, 2012.

The following is a summary of the issues that were raised during the forum.

Additional comments are welcome. THDA will post a DRAFT of the proposed changes for the 2013 programs in August 2012. Please submit comments in writing via email, fax, regular mail, or express delivery. Comments received on or before June, 29 2012 will be included in materials sent to members of the THDA Board of Directors for the July 24, 2012 meeting.

Issues raised during the forum may be accepted, rejected, or modified in any respect. Changes or modifications not raised during the forums may also be made. By posting this summary, no representations are being made about any item that may be included, excluded, or modified in the preparation and approval of the final 2013 QAP or the final 2013 Program Description.

ISSUES RAISED AT DEVELOPER FORM FOR 2012

- Implement points for applicants that have previously successfully completed Tax Credit and/or Multifamily Bond developments in Tennessee
- Offering the most points for deepest rehabilitation may encourage applicants to replace systems that do not yet need replacement
- 5-year suspension for individuals committing “bad acts” is too long and may drive affected individuals out of the affordable housing business
- Too much emphasis placed on energy efficiency
- Energy efficient design is not as cost-effective as it is perceived to be
- Do not give incentive for Energy Star dryers or ovens as these types of appliances are prohibitively expensive
- Lack of secondary sources of funds (i.e. other than Tax Credit equity or mortgage proceeds) in Tennessee hampers applicants’ ability to afford incorporation of energy efficient design
- Focus should be on maximizing the number of affordable units placed in service
- Encouraging development features (e.g. energy efficient design, lowest income targeting) that tend to increase the amount of Tax Credit a development needs works against maximizing the number of affordable units placed in service
- Written comment(s) will be submitted regarding types of tenants (in addition to Section 8 HCV holders) that THDA may wish to allow to count toward lowest income preference targets
- In situations where multiple proposed developments may be approved in the same geographic area such that the rental market can’t accommodate all the proposed developments that may be approved, market analysts should not be allowed to make decisions about which proposed developments will likely perform best
- Requiring potential applicants to submit information about proposed developments so that information may be shared among market analysts may have the effect of increasing market study fees based on market analysts conducting a broader scope of analysis
- Do not require market study to be submitted until after Reservation Notice is issued
- Market analysts should be prohibited from engaging in consulting services such as appraisals, site selection advisement, or rent feasibility advisement
- Both an online electronic Initial Application (for submission purposes) and a downloadable/printable Initial Application (for application preparation purposes) should be available
- Existing affordable rental housing in need of rehabilitation should be prioritized
- Public Housing Authority Set-Aside should be maintained
- Rehabilitation of rental housing that is not currently under income/rent restrictions should qualify for the proposed Preservation Set-Aside
- 25% of available Tax Credit is too much for proposed Preservation Set-Aside
- New construction creates more jobs that preservation or rehabilitation