

2016/2017 Qualified Allocation Plan (QAP)

	Testimony Received		HHFDC Response
1	Stanford Carr Development, LLC	<p>a Minimum Threshold 11 - Minimum Affordability Period (4% LIHTC); recommend a minimum affordability period of 30 years for 4% LIHTC</p> <p>b Minimum Threshold 12 - 4% LIHTC Developer Experience; recommend minimum threshold of one LIHTC project Placed In Service; developers that have successfully completed 9% LIHTC projects should be encouraged to utilize the 4% LIHTC program</p> <p>c Criterion 1A - LIHTC Use "Total Federal Tax LIHTC Requested (Annual)/Total Number of Proposed Units"; recommend scoring similar construction types against one another as the proposed method of scoring fails to consider the type of construction; for example, a high-rise constructed of concrete and protected steel is much more costly to build than a typical two-story wood-framed structure</p> <p>d Criterion 3 - Overall Project Feasibility; recommend scoring the similar construction types against one another in the Reasonableness of Development Costs (RDC) section as the proposed method of scoring fails to consider the type of construction</p>	<p>No change. HHFDC feels that proposed 45 year requirement and the requirement that the affordability period must also exceed any pre-existing affordability period by no less than 30 years are reasonable requirements. 4% LIHTC applications are no longer required to meet a minimum threshold score thereby eliminating the incentive for an applicant to commit to a longer affordability period of 30 years that is required by IRC Section 42.</p> <p>Item a of Threshold 12 will be revised as follows: "Minimum of one (1) 4% LIHTC project Placed In Service by the Project Owner (General or Co-General Partner/Managing or Co-Managing Member)".</p> <p>No change. The purpose of Criterion 1A and 1B is to compare the Total Federal LIHTC requested against the total number of units produced and the total cost of the project. In other words, the scoring reflects how well the Federal LIHTC is being leveraged with other sources. An applicant can score the maximum points if it utilizes other financing sources.</p> <p>No change. Highrise projects tend to be more substantial in size and budget than other types of projects. Proposed scoring encourages highrise projects to use the less limited non-competitive 4% tax credits, where there is no cost disadvantage because projects are not scored. HHFDC will continue to seek a cost factor adjustment for the various types of construction for an affordable housing. Developers are encouraged to submit suggestions/proposals of a cost factor adjustment.</p>

		e	Criterion 4 - Developer Fee; criterion fails to account for the scope of the project, duration of construction and risk assumed by the developer such as personal guarantees as well as liquidity and net worth requirements	No change. HHFDC appreciates the hard work of the developers and the risks that are involved with affordable housing projects, however Criterion 4 was meant to compare the developer fee to the total project cost. The lower the developer fee, the higher the score. It is the developer that will determine whether the fee earned is commensurable with the scope of the project, duration of construction and risk assumed.
2	Hale Mahaolu	a	Minimum Threshold 1 - Market Study; recommend that the Market Study may be dated up to 12 months from the date of the application	No change. HHFDC feels that the requirement that the Market Study should not be dated over 6 months from the date of the application is reasonable.
		b	Minimum Threshold 12 - 4% LIHTC Developer Experience; recommend minimum threshold of one LIHTC project Placed In Service	Item a of Threshold 12 will be revised as follows: "Minimum of one (1) 4% LIHTC project Placed In Service by the Project Owner (General or Co-General Partner/Managing or Co-Managing Member)".
3	Hawaii Island Community Development Corporation	a	Minimum Threshold 12 - 4% LIHTC Developer Experience; recommend minimum threshold of one LIHTC project Placed In Service	Item a of Threshold 12 will be revised as follows: "Minimum of one (1) 4% LIHTC project Placed In Service by the Project Owner (General or Co-General Partner/Managing or Co-Managing Member)".
4	National Housing Trust	a	Policy - No more than one (1) acquisition/rehabilitation project may be awarded 9% (volume cap) LIHTC per calendar year; recommend removal of the limit of the preservation and rehabilitation of existing multifamily housing and create a set-aside	No change. The policy was established to utilize the 9% LIHTC for new construction.

		<p>b Recommend HHFDC to maintain a balance between balance incentives for investing in areas of high opportunity and improving affordable housing in existing communities in a way that makes sense for Hawaii.</p>	<p>No change. HHFDC will continue to seek a balance in the allocation of LIHTC for projects in areas of high opportunity and projects that preserve and improve existing housing in low-income communities.</p>
		<p>c Recommend HHFDC to partner with Hawaii's utilities to bring the benefits of energy efficiency to affordable, multifamily developments.</p>	<p>No change. HHFDC will continue to work with the utility companies and other state agencies to bring the benefits of energy efficiency to affordable, multifamily developments.</p>