MINUTES OF THE PUBLIC HEARING  
March 10, 2020

The Idaho Housing and Finance Association ("IHFA") held a public hearing in its main conference room at 565 W. Myrtle, Boise, ID on March 10, 2020 at 9:30 a.m. The purpose was to hear comments on changes to the Qualified Allocation Plan.

GUESTS:

Kathryn Almberg
Rhiannon Avery
Chris Bent
Claire Casazza
Corey Chekettes
Zach Clegg
Bart Cochran
Hunter Gascay
Jess Giuffré
Gary Hanes
Dianne Hunt
Michelle Landay
John McDevitt
Tom Mannschreck
Russell Merrill
Bob Reed
Shellan Rodriguez
Jennifer Rogers
Mike Titus
John Vance

The Housing Company
City of Boise
Northwest Integrity Housing
Pacific West Communities, Inc.
Community Development, Inc.
Galena Opportunity Fund
Leap Charities, Inc.
Community Development, Inc.
Northwest Real Estate Capital Corp.
Self
Syringa Housing Corp.
Thomas Development
Skinner-Fawcett
Thomas Development
Chrisman Development
Boise City/Ada County Housing Authority
SMR Development
Idaho AHMA (Affordable Housing Management Assn.)
Infinity Management
Northwest Real Estate Capital Corporation

PRESENT VIA TELEPHONE:

Neil Bradshaw
Alex Burkhalter
Tyler Currence
Greg Dunfield
Ryan Hackett
Maryann Prescott
David Shepherd
Greg Urrutia

Mayor, City of Ketchum
Housing Solutions LLC
Housing Solutions LLC
GMD Development
Desert Ridge Investments, Inc.
Whitewater Development
Whitewater Creek
New Beginnings Housing

STAFF PRESENT:

Diana Baker, Multifamily Program Assistant / Recorder
Jack Hawkins, HOME Programs Manager
Maudi Hernandez, HOME Asset Management Officer
Cindy Lancaster, Multifamily Finance Officer
Cory Phelps, Vice President, Project Finance
Brian Poe, HOME Multifamily Finance Officer
Teresa Rickenbach, Sr. Multifamily Tax Credit Officer
LIHTC Public Hearing
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OPENING REMARKS:

Mr. Phelps opened the Hearing at 9:30 a.m. by introducing himself, welcoming guests and introducing telephone participants. He 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 Low Income Housing Tax Credit (“LIHTC”) Qualified Allocation Plan (“QAP”). He added IHFA wants to be good stewards of Tax Credit funds.

TESTIMONY OF MAYOR BRADSHAW:

Mayor Bradshaw thanked IHFA for the work put into changing the selection criteria and he simply wanted to highlight a few changes. Notably, he supports larger local contributions with more points in Selection Criteria 6.4.8; supports new changes in cost scoring in Selection Criteria 6.4.13 which deemphasizes hard cost scoring and awards for lower land cost; he appreciates the addition of new scoring in Selection Criteria 6.4.20 with the 9 percent focus on hybrid deals and creating more 4 percent deals. He suggested that a 60-unit bond deal minimum is too high for small cities to score and feels a 50-unit minimum would be better. Mayor Bradshaw appreciates what IHFA has done to address housing needs across the State of Idaho.

Mayor Bradshaw provided written comment attached and made part of these Minutes.

TESTIMONY OF GREG DUNFIELD:

Mr. Dunfield is generally in agreement with most changes to the QAP, especially in emphasizing local contributions, more geographic diversity, and more dynamic scoring within the selection criteria. He asks for more focus on self-certification and local contributions, with focus on dollar contributions vs. in-kind contributions, which can sometimes be hard to value. Like Mayor Bradshaw, Mr. Dunfield likes the hybrid 4 percent/9 percent deals, but feels the 60-unit minimum is difficult for smaller communities to achieve. He is supportive of more self-certification and dispersing competitive 9 percent credits to diverse projects in more locations.

Mr. Dunfield provided written comment attached and made part of these Minutes.

TESTIMONY OF RYAN HACKETT:

Mr. Hackett feels the interpretation of two projects per sponsor and development partner needs interpretation. He asks for an explanation as to the intention regarding limits per person/developer/party, as well as clarification regarding the cumulative tax credit in Section 4.1, and if consultants count. Mr. Phelps noted this is in reference to the ownership of developers and sponsors and limiting applications to two per round.

TESTIMONY OF TOM MANSCHRECK:

Mr. Mancshreck asked if IHFA received comments from architects on Green Building Thresholds in Section 4.9.4. He asked if the time out provision for management companies is going to be published or available, and for clarification of material noncompliance for management companies who have unresolved 8823’s. In Section 5.6, Mr. Mancshreck felt the language is confusing as to what qualifies as the need for additional resource assistance to ensure economic feasibility. He also inquired as to why there is still no basis boost for 9% deals.

In Section 6.3, Mr. Mancshreck asked why IHFA struck points for developments with a mix of rent restricted and market units.
Mr. Phelps explained points are not necessary for market units, because the market is providing them, but developments can still include a mix with market units.

Regarding Selection Criteria 6.4.13, Mr. Mannschreck asked IHFA to publish a list of counties that have not received awards.

Mr. Mannschreck discussed residential square footage in Section 6.4.14 as the sum of all the square footage of the units. Some developers add patios to dilute the price per square foot. Since there are many ways to compute square footage, he encouraged IHFA to be very specific regarding the calculations.

It seems to Mr. Mannschreck that Selection Criteria 6.4.15 incents new developer criteria instead of experienced developers. In Section 6.4.20, he feels the 60-unit minimum for 4 percent tax-exempt bond development is too high, especially in small communities that do not need that many units. Perhaps using X population or greater could set a threshold for size determination.

TESTIMONY OF BART COCHRAN:

Mr. Cochran likes the move of green building criteria to a threshold instead of selection criteria in Section 4.9.4, the tiebreaker in 4.10.1 supporting the lowest Area Medium Income of the rent-restricted units and not based on cost, and thanks the Association for resolving the eventual tenant ownership issue in Section 6.4.12 so that market units are included. He also appreciates including counties that have not received allocations in the past 5 calendar years in Selection Criteria 6.4.13.

In 6.4.18 on Page 33 Mr. Cochran pointed to a minor name change in that Our Path Home should be Our Path Home CONNECT. On Page 34 CATCH should be Our Path Home Connect.

Regarding Section 6.4.20, Mr. Cochran likes incenting the creation of 9% units adjacent to 4% units, although this rules out development in smaller rural communities. He suggested keeping this section as a 1-point incentive instead of 3 points.

Mr. Cochran suggests awarding more points for extending the rent-restriction period beyond 40 years, including options for perpetual affordability.

In Section 9.1, Minimum Unit Size Standards, Mr. Cochran asked the Association to consider adjusting the minimum unit size for studio apartments to 320 square feet, and larger 3-bedroom size to 960 square feet, as in some states, to avoid needing waivers.

Mr. Cochran provided written testimony attached and made part of these Minutes.

TESTIMONY OF COREY CHECKETTS:

Mr. Checketts feels that due to the acute housing shortage facing the state overall, it would be good for developers to determine their highest priorities and decide whether the QAP is meeting those priorities. In his opinion, the four priorities facing the state are cost per unit, supplier production overall, AMI targeting, and quality. He appreciates moving the green building criteria to a threshold. He cautioned IHFA on its use of the phrase “at its sole discretion” in Section 4.9.5 and elsewhere, and called for better definition of that phrase. He would like to see clarification in Section 6.6 regarding negative points. In his opinion, tiebreakers can be categorized based on priorities in Section 4.10.1 with cost per unit being first, the second being availability, and the third being AMI targeting. He also asked if IHFA would identify areas with the greatest need.
Mr. Checketts asked if IHFA will have the Special Housing Need Set-Aside in the next round, and if so, please identify areas in the State that have special housing needs.

Regarding Section 5.4, Mr. Checketts suggests elimination of this section on Preservation and make it compete as if it were like any other project. As in Nevada, he encouraged IHFA to create geographic set-asides, i.e., a set-aside for Boise, Idaho Falls, and others. He suggested that if the incentive is for local funding, IHFA should eliminate the federal program language.

In Section 6.4.8, Mr. Checketts suggested eliminating federal program language if the intent is for local funding.

Asking for clarification of the intent in Section 6.4.13, the limit on past awards, Mr. Checketts feels there is more need in the other 40 counties. It seems to him that development is steered toward Boise, Nampa and Caldwell.

It is Mr. Checketts' opinion that the Association should not focus on costs from the last application rounds in Section 6.4.14, but instead focus on present applications and define the metric by geographic region.

Mr. Checketts does not understand the purpose of Section 6.4.15 as it seems to offset Section 6.4.4. He suggests the elimination of both categories.

In Section 6.4.20 regarding adjacent developments, IHFA should define the term “adjacent to” or eliminate it, and should also reconsider the use of “at its sole discretion”. Open up the category to collaborative scattered-site tiered-partnership structures that would leverage the 4 percent/9 percent resource and help alleviate possible concerns over the concentration of units in one specific location.

Mr. Checketts suggests the elimination of Preference Point 6.5, numbers 2 through 5, thereby eliminating the distinction based on number of units, which he feels has an unintended consequence of steering developers to smaller deals.

As to negative points in Section 6.6, Mr. Checketts suggests keeping them to a minimum. He asked for further definition of the term “watch list” in sub category 2, and is not sure what the request for information means in sub-category 3. Maybe the Compliance Department could please provide definitions of objective criteria and concrete examples to help some of us understand these terms.

Mr. Phelps mentioned that Section 6.6 is not meant to be punitive. IHFA is just trying to hold developers accountable to what they say they are going to do, and not just build it and then let somebody else manage the property.

Other suggestions from Mr. Checketts include eliminating the distinction based on number of units in Sections 7.3.5 and 7.3.10. These sections cover developer fee limits based on number of units.

Mr. Checketts provided written testimony attached and made part of these Minutes.

TESTIMONY OF JENNIFER ROGERS:

Regarding the parameters in Section 6.6.2, AHMA, understands and agrees that management agents need to be accountable. The assessment of negative points does not appear to take into
consideration agents who take on troubled properties, thereby penalizing them for the performance of their predecessors. Please clarify, expand and create objectivity in this section. It feels punitive, subjective and unsure. There has been no update to the Compliance Manual for several years and it contains no language regarding a “watch list”. The inspection policy that places properties on the watch list is retroactively implemented with financial penalties and is currently under scrutiny and protest by seven sponsor/agents in Idaho. Notification issued by IHFA contains scoring information, but not the criteria for the scores.

Ms. Rogers provided written comment attached and made part of these minutes.

TESTIMONY OF DIANNE HUNT:

Ms. Hunt feels that management agents were blindsided by these negative points and do not understand the consequences of noncompliance. She also agreed that the Compliance Manual is outdated, incomplete, and needs better communication. Since her focus is on preservation, the elimination of rural set-asides is detrimental with current scoring.

Regarding amenities in Section 6.4.2, tenants are more tech-savvy than they used to be and do not want cable. They do not use the computer rooms, but do benefit from high-speed internet.

TESTIMONY OF JOHN VANCE:

Mr. Vance's impression is that overall there were good changes in the QAP, but that some need refinement. In Section 4.9.5, the previous experience requirement needs work. He understands that unresolved Forms 8823 in this section may result in the failure of a proposed development to meet the Management Capacity Threshold, but that some agents are not getting the authorization they need to make changes. This may deter agents from taking control of non-performing assets. He feels the Tiebreaker as AMI is the best idea for getting projects built.

Mr. Vance disagrees with the elimination of the preservation set-aside. There are rural properties in their portfolio with unresolved issues that are in need of renovation. Removing the preservation set-aside is a disincentive to take control and, in his opinion, a mistake.

In Section 4.10.1, Tiebreaker Criteria, Mr. Vance suggests the use of scaling criteria to reduce the need for tiebreakers. Adding to the ceiling would make tie breakers less of a factor.

Scoring Criteria 2 in Selection Criteria 6.4.2 needs further definition of hard flooring in residential units. Does that mean any portion of the flooring could be hard surface? NWRECC has not put carpet in bathrooms for 40 years, does this count for points or is it for living areas in residential units such as kitchen, living, bathroom? In addition, central air conditioning is not a need in all climates, some would benefit with just a ceiling fan. If warranted cement siding (material durability) is what you are after, also make other 30-year materials, like brick, the criteria. Incentivize more outdoor space as it is important for lots of residents.

Mr. Vance feels removing the incentive for market-rate units is a mistake, as evidence suggests mixed-income properties are beneficial for all residents. He suggested adding handrails, ADA units, elevators, and gardens in elderly properties. He appreciates the scaling criteria in Section 6.4.8. As to Areas of Opportunity in Criteria 6.4.10, he encourages the consideration of job growth and schools. Relatively wealthy neighborhoods are not an indicator of opportunity.

Mr. Phelps noted it is difficult to find an ideal metric for what an “area of opportunity” is. He would be happy to take part in discussion about grading criteria.
Referring to Section 6.4.13, Mr. Vance suggested that using developments located in counties that have not received an allocation of tax credit the past 5 years is too broad. Small developments in areas such as Starr and Garden City block equitable distribution within Ada County. Please consider the size of the projects, because they seem to be measured the same. He suggested staff check the Wyoming QAP relating to the number of affordable units according to population.

In Section 6.4.14, he understands the need for reducing costs, but excluding common areas from square footage dis-incentivizes developers from building landscaping and other valuable areas for tenant wellbeing. Since costs are higher in several areas, i.e., Blaine County and Boise, there is fluctuation in the types of products you get. Therefore, he suggested that just measuring overall hard construction costs is a not good measure, and suggests a third party cost estimate.

After receiving an allocation of credit in Idaho, Mr. Vance feels 5 years is too long to wait for Sponsors/Developers to come back into the state, as stated in Selection Criteria 6.14.15.

Regarding 6.4.20, the 60-unit limit is probably good, but he takes issue with doubling the number of 4% units. This dis-incentivizes a 40-unit 9% deal, because we would have to double the number to 80-units for the bond project.

Concerning negative points in Section 6.6.2, companies with larger portfolios, or those who acquire troubled properties, need understanding of management issues. He suggested a larger limit than two properties.

In Section 7.5, Mr. Vance suggested the inclusion of a larger fee to dis-incent appeals, and suggested striking the reference to an informal hearing. Hearings should be public, because if somebody makes an appeal against his project, he should have the right to attend the hearing and defend his development.

Training for property managers would be nice (Section 14.5), either on or off site. Mr. Vance thanked IHFA for the removal of property management documentation in Exhibit B.

Mr. Vance provided written testimony attached and made part of these Minutes.

TESTIMONY OF GREG URRUTIA:

Mr. Urrutia likes the simplification of Tax Credit per Application Round in Section 4.1; the green building as a threshold in Section 4.9.5; and asks if the management company must be active in Idaho to qualify to meet the threshold. He likes the tiebreaker criteria in Section 4.10.1.

In Section 6.4.4 the principal office is a defined term; however, it is not included within the language.

Referring to Section 6.4.5, he thanks IHFA for including senior housing on the same status as family housing.

Mr. Urrutia suggests the elimination of Section 6.4.6, as duplication of points for Selection criteria #5 and #6 is not clear.

In Section 6.4.8, he likes more layering for development costs, but feels there is no support for rural resort towns. Having no CDBG or other funds puts smaller rural communities at a disadvantage.
Concerning Section 6.4.14, Mr. Urrutia feels that by providing points for projects that are equal to or greater than 100% of the benchmark, the category automatically grants 2 points to all applications. He feels it would be better to eliminate the 100% or greater line item. He also noted that there is no mechanism to require the sponsor/developer maintain consistency between the application numbers and the completion numbers when it comes to costs or net residential square footage and suggested imposing a penalty.

Mr. Urrutia agrees with other testimony that square footage which excludes corridors and common space puts interior properties at a disadvantage and limits the ability of infill and multistory communities to qualify for points.

Regarding 6.4.15, Mr. Urrutia asks why developers from out of state who have no existing presence within the State are encouraged. There does not appear to be a shortage of engaged developers and sponsors within the state.

Permanent Supportive Housing Unit requirements in Section 6.4.18 have become very detailed and specific. Mr. Urrutia questions the extent of limiting the flexibility to meet the supportive housing needs of rural areas, and feels it excludes beneficial programs that cannot meet the regimented guidelines.

Mr. Urrutia supports including negative points in Section 6.6 relating to long-term management and feels it an appropriate method to incent performance by active sponsors and developers. He asked IHFA to develop a streamlined process to monitor and confirm management company performance. He also suggested removing the property management agent from Point 2.

Mr. Urrutia provided written comment on these and other matters attached and made part of these Minutes.

TESTIMONY OF MARYANN PRESCOTT:

Mrs. Prescott addressed Section 4.9.4 and xeriscape landscaping, which turned out to be problematic. Whitewater Development had to remove xeriscape landscape and replace it with traditional lawns in Washington due to vandalism of the rock scape.

As to Section 5.4, Preservation, Whitewater has problems with keeping preservation stock affordable at year 15. She suggested re-syndication would keep preservation units in the portfolio. She recommended striking the "federally assisted" language and adding 1 point for bond projects.

In Section 6.4.2, it is Mrs. Prescott's opinion that there are better systems than central air conditioning, such as split ductless systems. She finds computers highly utilized and suggested a maximum of three per development, as a computer for every 16 units is too many. The bed bug machine/hood room is a dangerous situation for owners. A third party certification would avoid litigation for the owner.

Regarding the stricken Item 3, Mrs. Prescott would like to see the mix of rent-restricted and market rate units kept in the Plan. The mix provides role models for deep-skewed units and helps keep properties attractive for market-rate, as well as reducing the need for credit.

Concerning Section 6.4.8, Mrs. Prescott feels 10% for contributions and donations is high for small communities that do not have the resources and recommends staying at the 2.5% of total development cost level.
Mrs. Prescott suggested striking Section 6.4.13 until it is determined why applications are not coming in from these counties. She found that rent structure was not favorable and demand was so great she could not get investors in these counties.

In Section 6.4.14, Mrs. Prescott would like land costs taken out of the calculation as reductions in land cost incents poor locations. Location is important for lower income families so they can work, have transportation and be close to services. Instead, incent lower developer fees.

Mrs. Prescott suggested that the problem of asking for additional credit could be solved with no negative points if the 10% cost increase is buffered in Section 6.6.

Cautioning on cost controls, Mrs. Prescott noted Whitewater is trying to rescue a 3rd party property that was poorly built years ago and is in bankruptcy, which would not happen if it had been well built.

In other miscellaneous comments, Mrs. Prescott finds eventual tenant ownership extremely effective, but tricky in other states, and suggests that a plan could be submitted prior to the round to ensure it meets criteria. She believes bond deals do not work well under 60 units due to the fees associated with private placement. In addition, the fees are not in eligible basis.

Mrs. Prescott provided written testimony on these and other matters attached and made part of these Minutes.

ATTACHED FOR REVIEW IS WRITTEN TESTIMONY FROM THE FOLLOWING:

Mayor Bradshaw, City of Ketchum
Greg Dunfield, GMD Development
Bart Cochran, Leap Housing Solutions
Corey Checketts, Community Development, Inc.
Jennifer Rogers, Idaho AHMA
John Vance, Northwest Real Estate Capital Corp.
Greg Urrutia, New Beginnings Housing
Maryann Prescott with Whitewater Creek Comments
Claire Casazza, Pacific West Communities
Gary Hanes
Michael Luzier, Home Innovation Research Labs
Chance Hobbs
Tyler Currence, Housing Solutions, LLC
David Shepherd, Whitewater Development, Notes from the Hearing
Rhiannon Avery, City of Boise
Tom Mannschreck, Thomas Development Co.

ADJOURN:

There being no further comments, Mr. Phelps thanked guests and adjourned the public hearing at 10:45 a.m.
CAUTION: External email.

Thanks for all you hard work on this Cory and IHFA team
We appreciate all you do.
Cheers
Neil
March 11, 2020

Cory Phelps  
Vice President Project Finance  
Idaho Housing and Finance Association  
565 West Myrtle Street  
Boise, Idaho 83707

RE: DRAFT 2020 QAP Comments

Dear Corey,

We appreciate the proposed changes in the draft QAP recently made available, most of the proposed changes offer more scoring diversity and will give funding opportunity to more types of projects with different types of strengths, not just one. We are generally supportive of these types of changes which will disperse competitive 9% tax credits to different types of projects in more locations that have historically not been competitive for federal housing resources.

After reviewing the draft changes to the 2020 QAP and participating in the Public Hearing yesterday I wanted to summarize some final thoughts on the proposed changes.

Selection Criteria 8 – We strongly support the proposed changes to Private / Local Assistance that will make this criteria meaningful and help leverage Federal housing funds. This will also help resort communities which have acute housing needs which do not compete well in other “mainstream” scoring criteria.

Selection Criteria 20 – the refinements to this scoring criteria are generally good to ensure the production of more rent restricted housing units with the 4% program, however the minimum of 60 units for the 4% portion of the proposed development is hard to achieve in smaller communities. While I recognize it is important to achieve scale with the hybrid model, this can also be achieved with a 40-50 unit minimum 4% deal which is more achievable in a smaller community. Please reconsider this minimum number of units and reduce the proposed 60 units to 44 units, or create two minimums for smaller and larger communities.

Selection Criteria 15 – We support this new point category to encourage new sponsors/developers to participate in the program, and those whose affordable housing project efforts in Idaho have not been successful in the past because of the less dynamic scoring in past QAP’s.
Selection Criteria 14 - Regarding the calculation of Residential Square Footage only including the actual unit square footage distorts the real total square footage being built in higher density internal corridor/elevated buildings. While these have more typically been senior developments, it also affects higher density family developments. This materially disadvantages internal corridor/elevated buildings when compared to garden style. The Residential Square Footage should at least include the internal corridors/circulation square footage of the building.

We support the elimination of market rate units as a scoring criteria to better leverage the tax credit for rent restricted units and easier integration of income averaging, which enables projects to serve higher income households.

While not proposed in the QAP, we would strongly support selection criteria points for projects that commit to perpetual affordability. We need to create and maintain the pool of affordable house created with public dollars.

High Speed Internet (fiber optic), 30 year roofs, and external unit decks should be included in Selection Criteria 2 as an amenities. A computer room with computer and bed bug machine should be eliminated.

I hope you find these comments useful and again appreciate the move to a more dynamic scoring system for allocating LIHTC in the State of Idaho.

Sincerely,

[Signature]

Gregory M. Dunfield
President / Owner
GMD Development
March 10th, 2020

Cory Phelps
Project Finance Department
Idaho Housing and Finance Association
PO Box 7899
Boise, Idaho 83707-1899

RE: Proposed changes to the Low-Income Housing Tax Credit Qualified Allocation Plan (QAP)

Dear Cory Phelps,

Thank you for your attention to the QAP striving to keep it updated and incentivizing current priorities. LEAP Charities, Inc an Idaho based affordable housing non-profit would like to provide the following comments regarding the proposed changes to the 2020 LIHTC QAP. I testified today in the hearing verbally and as a follow up I am providing my written comments as well.

1. **4.9.4 page 10: Green Building Threshold.** Affirming that moving Green Building standards from Selection Criteria to a Threshold Criteria seems appropriate. It is great to see Green Building practices as a norm and no longer an elective.

2. **4.10.1 page 14: Tie Breaker Criteria.** Affirming and supporting that lowest Area Median Income as a tie breaker aligns with a mission to provide housing to the most vulnerable in the community (lowest AMI) and also some of the most challenging housing to make the financing work in. I am hopeful this shift will create an increase in additional low AMI units.

3. **12 page 27: Eventual Tenant Ownership.** LEAP believes that the Eventual Tenant Ownership provision is a valuable aspect of the QAP. Last year, I commented that it was mutually exclusive with the 2 point award for 10% of units being market rate (Section 3). I see this year it has been resolved by striking Section 3, so thank you. LEAP believes that Eventual Tenant Ownership has the ability to create long lasting affordability including the empowering opportunity for homeownership. Our belief is that it should be preferred.

4. **#13 page 30 : County preference.** LEAP supports the county preference and feels it is a creative strategy to spread tax credits throughout the state into areas that have not participated
in the past five year but are likely experiencing some of the same acute needs for affordable housing.

5. **#18 Permanent Supportive Housing: Section #3 Coordinated Entry.** I verified this with Maureen Breweer Our Path Home Administrator and Stephanie Day at CATCH. #3 on page 33 should be called ‘Our Path Home CONNECT.’ Also on page 34 the Ada County agency should also be listed as ‘Our Path Home CONNECT’ which is located in the CATCH office so the contact information listed is correct.

6. **#20 page 35: Adjacent Projects:** I see the intent of incentivizing adjacent and simultaneous projects using both 9% and 4%. That incentive has been increased this year from 1 to 3. I support the effort to increase the creation of affordable housing and incentivizing it is a good strategy. However, this provision requires a minimum of 90 rent restricted units to get created and as a result this strategy will not work in many rural communities because the market simply won’t support that many units. At the end of the day it puts rural communities at a disadvantage and therefore I’d recommend that the point stay at 1 instead of increasing to 3.

7. **Section 6.5 (1) page 35: 40 Year Obligation.** LEAP believes that incentivizing a longer affordable period should be addressed. Currently for going from 15 years to 40 years a developer can pick up 15 preference points. We recommend that additional points should be given to a developer willing to extend beyond 40 years including an option for perpetual affordability.

8. **Minimum Unit Size Standards page 48:** Although a waiver is offered, the minimum unit sizes essentially eliminates a local building resource, indieDwell. This company has committed itself to serving affordable housing providers and in a market where construction resources are tight it is important to allow this an an option. This could either be done by eliminating the minimum unit size altogether or reducing the minimum unit sizes to a range including 320 sf for a studio to 960 sf for a 4 bedroom. Again this is minimum size.

Please feel free to contact me with any questions or clarifications. Thanks again for your work and ongoing support.

Regards,

Bart Cochran
Executive Director
LEAP Charities, Inc
208-284-0389
bart@leapcharities.org

Info@leapcharities.org 1220 S. Vista Ave.
www.leapcharities.org Boise, ID 83705
Date: Tuesday, March 10, 2020

To: Mr. Cory Phelps
Idaho Housing Finance Association (“IHFA”)

RE: 2020 DRAFT Qualified Allocation Plan (“QAP”)

Dear Mr. Phelps,

I appreciate the opportunity to share with you my comments, questions, and concerns following a comprehensive review of the QAP together with the proposed changes. I understand that some of these ideas may be better addressed in future QAPs, especially given the short timeline of IHFA’s goal to finalize the document; however, it is with great hope that these ideas can be incorporated at some point into future QAPs.

My initial recommendation would be for IHFA to list out the most pressing goals facing the state, and then look at the QAP, specifically the “set-asides,” “selection criteria,” and “preference points” with those stated goals in mind. We should all ask ourselves whether this document, the QAP, appropriately addresses these priorities consistently.

In providing comments, I will follow this convention:

x.x.x (section numbering) — “terms” shall distinguished with quotation marks — my comments, questions, and concerns will use regular text.

4.9.5 — “good standing” — I am hopeful that on the next iteration of the QAP that IHFA will define this term and contrast it with its opposite term “not-in-good standing.” By “define,” I mean provide as concrete, clear, and complete of a definition as possible taken together with working examples to eliminate as much vagueness as reasonably possible. That said, my hope and suggestion is that the term “good standing” should serve as a “baseline,” for evaluating properties, a reasonable minimum floor; for example, having no open non-compliance issues (i.e., something which would warrant opening an IRS Form 8823) would be a necessary and perhaps a sufficient condition for being in “good standing.”

4.10.1 — “Tie-Breaker Criterion” — IHFA is proposing targeting lowest average AMI. However, as I indicated above, I feel that before one can establish the criteria, one must first revisit the priorities and goals IHFA, the development community, and the public seek to address through use of these limited federal resources.

Not necessarily in a particular order, though I think ordering is deserved, here is my quick working list of the priorities from most important to least to help govern administering these federal programs in light of current market and economic conditions:

A. Cost Per Unit;
B. Supply / Production of Units;
C. AMI Targeting; and,
D. Quality.
I think we all understand that sometimes these priorities can, and unfortunately often, stand diametrically opposed to one another. However, by clearly outlining the top priorities IHFA, the development community, and the public can know what we deem as most important and then collectively we can act accordingly. I recognize that some of these priorities are intentionally addressed in other areas of the QAP; yet, some degree of redundancy seems appropriate, especially in a competitive environment where the "Tie-Breaker" seems to more frequently determine the outcome of these application rounds.

I caution against IHFA leaving the final determination “at its sole discretion.” This type of language, to me, comes across as subjective, lacks transparency, and does not promote the level of openness that I would prefer to see in the administration of these public resources. The alternative is a detailed process or algorithm that more objectively determines how the resources will be allocated.

My proposal would be a multi-tiered approach. The first tier “Tie-Breaker” as the lowest overall (could be development) cost per unit. It makes sense to pull out land costs. Preemptively foreseeing the main criticism to this position, I would recommend that IHFA utilize a way to distinguish “higher cost areas,” by formally defining the term, and contrasting those areas with the balance of the state. This is especially important since this plays into the 30% discretionary basis boost section of the QAP.

By creating, the distinction between the various cohorts of communities that have higher costs from the balance of the state you can create a "Tie-Breaker" that attempts to compare apples-to-apples. This can be accomplished if IHFA were to establish a “discount” or “adjustment” factor to apply to the “higher cost areas” allowing for direct comparison across various proposals. Granted, we might not be able to agree on that discount factor.

The second tier “Tie-Breaker” should, in my opinion, simply be awarded to the project with greater number of units. We are facing an extreme shortage of housing opportunities across the state. Yes, lower AMI levels matter, but for many communities a 60% unit produced is still better than its alternative, of say nothing, and frankly, by focusing on the number of units and incentivizing more production of units we all will by way of the preference point criteria proportionately contribute to the creation of additional deeper skewed units anyway.

An example might better illustrate this point. Under the current language for the Tie-Breaker, a ten unit project with only 30% AMI units would (all things being equal) beat out, in a Tie-Breaker environment, an 100 unit project, which might also include ten 30% AMI units. The latter proposal would also provide an additional ninety units of higher AMI set-aside units.

I think that the public would, when faced with a choice between the two, prefer a proposal that better addresses the acute housing shortage facing our state. This may not be the best example, but I wanted to call out extremes to better illustrate the point. Personally, I think we, as a community, may be willing to accept some trade-offs that result in more units, at the lowest cost to the public (via less credits allocated, and lower development costs), while still meeting a quality threshold, even if those units are targeting a slightly higher AMI level.

I would recommend a third tier “Tie-Breaker” awarded to the project with the lowest average AMI levels. By having multiple "Tie-Breaker" tiers the public can clearly follow IHFA’s top priorities, and the development community can adapt accordingly. I understand that adjustments elsewhere in the QAP may attempt to minimize the odds of "Tie-Breaker" hypotheticals, but I still recommend having a clear set of criteria to pre-empt even what may become more of an unlikely situation in the future.
5.2 – Special Housing Needs – This priority should be announced with the next iteration of the QAP. Alternatively, if IHFA does not intend to have one for the 2020 round, then announce that formally and concurrently with the next QAP update. That said, my recommendation to address the lack of supply in many of our communities, in future drafts, would be to identify the top three or four markets within the state that have the most acute housing need, and have the set-aside fund the top ranked application in one of those markets that best meets this priority.

5.4 – Preservation – I feel IHFA should eliminate this set-aside. The state is facing an acute shortage of housing. Although preservation is important, it should no longer, in my opinion, receive preferential treatment via a “set-aside” category.

General Comment towards “Set-Aside” categories – I encourage IHFA to take a page out of NHD’s QAP. I feel IHFA should outline an algorithm to determine how various set-aside will be funded, what happens if there’s not enough credits to completely fund a proposal in a particular set-aside, and look to an overall revision to the set-asides such that allocations can be based on targeted areas as a ratio of the populations within that area compared to the entire state.

6.4.8 – “Leveraging” Points – I feel IHFA should eliminate other federal programs from counting towards this point category, and include language to avoid pass-through loans or other ways of circumventing the intent of this statement. Further, perhaps IHFA should consider a more formulaic calculation of points on a sliding scale up to an established ceiling, but should include any type of private or local public donation, including a reduction of development fee or agreement to a fixed level of deferral of that fee.

The points should be awarded to projects that receive private or local public donation. Admittedly, I am presuming intent of this section, but my understanding is that the points are there to highlight efficient use of the tax credit resource. Adding HOME, CDBG, or AHP resources to projects that may be viable without these resources does not appear to be the intent of the category, though it does appear to be an unintended consequence by allowing other federal resources to count towards this point category.

6.4.13 – “Past Awards” – This language should be eliminated. An unintended consequence is that it may punish the counties with the greatest need for additional housing units, and will have developers chasing a list of areas that get the point over the areas that may have a greater need for additional housing. Further, if IHFA were to adjust its “set-asides” to address where it is allocating credits, focusing on geographic areas instead of project types (preservation for example), then that will eliminate the need, in my opinion, to have these types of point categories.

6.4.14 – “Costs” – This language should not focus on the last application round costs, as it will not allow for an apples to apples comparison. Instead, IHFA should compare applications within their respective cohorts within the current round. My recommendation is to award the points to the application within the current round in a targeted geographical area that best addresses costs per unit. For example, if IHFA has six applications in “higher cost areas,” those six applications would be evaluated against each other within that round to determine pointing.

Also, I caution IHFA from focusing too much on land costs, as that runs counter to the other scoring incentive to focus on “areas of opportunity.” Low poverty areas typically have higher land valuations. My recommendation would be to exclude land costs from the evaluation since it is a non-basis generating expenditure for the project anyway and there exist location-based benefits (i.e., community amenities
that often coincide with superior real estate locations) currently unaccounted for within this point category.

6.4.15 – Previously non-awarded Sponsors – I do not understand the purpose of this category. It seems to offset 6.4.4. IHFA should consider the elimination of both of these categories if an offset is its intention. The elimination of these point categories will free IHFA up to place greater weight of some of the other bigger priority issues rather than diluting those categories by keeping these types of point categories in place.

6.4.20 – “Adjacent Developments” - IHFA should either define the term “adjacent to,” or eliminate it, and should reconsider the use of “at its sole discretion” and instead make a best effort to clarify IHFA’s intent. Through the elimination of “adjacent to,” I think IHFA could open the category up to collaborative scattered-site tiered-partnership structures. Admittedly, this type of move would complicate the transactional structure, but would help alleviate possible concerns over the concentration of units in one specific location. Additionally, by eliminating “adjacent to,” it provides greater flexibility, and allows developers to focus on maximizing LIHTC resources and unit production.

6.5 preferences number two through five – I recommend that IHFA eliminate the distinction based on number of units. This disincentives proposals that have more total units.

6.6 “Negative Points” – This is an interesting proposal, not at all unfamiliar to those of us who have worked in Wyoming and other states; however, I caution IHFA from going too heavy into this down the road. I suggest keeping the negative points to a minimum amount. Overall, these changes at face value appear to do that for applicants.

Sub-point 2 – The term “watch-list” should be formally defined it will stay in the next draft. I do not believe any of us want to guess at intent here. How is a project, owner, manager, etc. placed on the “watch-list?” How long is one on the “watch-list?” How can one come off this “watch-list?” I ask that IHFA consider some of these questions and address the potential subjectivity that goes into applying a “watch-list.” Instead, I think IHFA should utilize just two concepts, clearly defined, “Good Standing,” and “Not-in-Good Standing,” and be clear on the distinction between the two.

Sub-point 3 – “requests for information” hopefully this is clarified, though I believe I understand its intent.

7.3.5 – Eliminate the distinction based on number of units.

7.3.10 – Eliminate the distinction based on number of units.

7.5 – Expand and provide a detailed policy.

14 – Expand and include comprehensive outline with definition of the various terms discussed already, including but not limited to, “good standing,” “not-in-good standing,” “watch-list,” etc. Answer all the relevant questions, who, what, where, how, and why, etc.

Closing Comments –

I appreciate much of the changes overall, and hope that my comments have been helpful and thought provoking. Again, as we approach the biggest challenges facing our state my suggestion is that IHFA should
start with the most important priorities and adopt a QAP from there. We all should have those goals and priorities serve as the foundation, and build the QAP, and our application proposals from that point. The QAP should function as the mechanism from which allocations of this limited resource can be made in a clear and consistent way.

Sincerely,

[Signature]

Corey A. Checketts
Chief Development Officer
Community Development, Inc.
March 9, 2020

Idaho Housing and Finance Association
565 W. Myrtle
Boise, ID 83702
Attn: Cory Phelps, Vice President Project Finance

RE: Comments on Qualified Allocation Plan Draft

Dear Mr. Phelps,

The Idaho Affordable Housing Management Association (Idaho AHMA) was established as an organization dedicated to strengthening affordable housing in Idaho through its commitment to continued education and training, timely industry communication, and strong membership representation. Its mission is to promote development and preservation of quality affordable multifamily housing by preparing affordable housing professionals to succeed in evolving economic and political environments.

Members of Idaho AHMA work diligently to maintain an aging housing stock and provide housing that meets all required physical standards. Members also make every effort to work with IHFA to identify areas of improvement for their properties and operations. Management agents do the best they can with limited resources. Some properties are owner managed and use agency funds to make capital contributions to facilitate repairs.

In response to the 2020 draft of the Qualified Allocation Plan for the State of Idaho, Idaho AHMA has concerns about Section 6.6 Negative Performance Points, number 2 on page 37. We understand the intent of the negative performance points and the need to address owner/agents who are unresponsive and do not maintain properties in accordance with required physical standards. Even so, we are apprehensive about this section of the draft for the following reasons:

- The inspection policy that placed properties on the watch list was retroactively implemented with financial penalty;
- That same inspection policy is currently under scrutiny and protest by seven sponsor/agents in the state of Idaho;
- The scoring model used in these inspections is overly subjective and not defined.
- Notification issued by IHFA contained scoring information, but not the criteria for the scores;
- The IHFA Compliance manual has not been updated for 10 years and contains no language regarding a watch list;
- The assessment of negative points does not appear to take into consideration an agent that takes on a troubled property, thereby penalizing that agent for performance of its predecessor;
• Third party property managers are, at times, restricted by owners and unable to obtain approval for needed repairs. As written, these managers would be penalized for decisions that are at sole discretion of the owner;
• Properties on the watch list may be older family properties or larger properties. They may not be unsafe or unsanitary and have management working to cure deficiencies within budget and time constraints;
• Limited funds is usually the underlying factor, forcing sponsor/agents to create workout plans that sometimes span five years;
• Approximately 10% of tax credit allocations go towards acquisitions and rehabs. And yet, the physical condition of older properties is given substantial weight with few resources;
• A sponsor/owner with two properties on the watch list does not equate to poor performance by the management agent;
• With 16 properties on the Idaho watch list, this point deduction may encourage sponsors to utilize management agents outside of Idaho. Expanding the number of management agents an owner works with creates additional expense for owners.

Thank you for considering these comments in the finalization of the Qualified Allocation Plan

Sincerely,

Jennifer K. Rogers

Jennifer K. Rogers
Idaho AHAMA, President
Board of Directors
From: John Vance <jvance@nwrecc.org>
Sent: Tuesday, March 10, 2020 5:11 PM
To: Cory Phelps <CoryP@IHFA.ORG>; Teresa Rickenbach <TeresaR@IHFA.ORG>
Subject: [EXTERNAL] QAP Note - Preservation Set-Aside

CAUTION: External email.

Good evening!

One last note I forgot to state in the public meeting today, which was brought to my attention following comments by another developer, is that the Preservation Set-Aside should NOT be used to resyndicate projects immediately after the end of the initial compliance period. It should be used to make sure that older stock is provided with the funding needed to be renovated and brought to current building standards.

If IHFA allows LIHTC properties to immediately resyndicate in Year 16, older properties, especially those in more rural communities, will fall further into disrepair and fail to serve its intended purpose. For that reason, IHFA should set a minimum time period between the placed-in service date and the date the development can receive an award of the 9% LIHTC. In my opinion, 20 years should be sufficient.

Please contact me if you have any questions or require additional information.

Thank you,

John T. Vance
Property Developer

Northwest Real Estate Capital Corp.
210 W. Mallard Drive, Suite A
Boise, Idaho 83706

Direct: (208) 387.7977
Office: (208) 375.9407
Mobile: (208) 991.3866

Email: jvance@nwrecc.org
From: John Vance <jvance@nwrecc.org>
Sent: Tuesday, March 10, 2020 12:42 PM
To: Cory Phelps <CoryP@IHFA.ORG>; Teresa Rickenbach <TeresaR@IHFA.ORG>
Subject: [EXTERNAL] Wyoming Geographic Distribution

CAUTION: External email.

Cory & Teresa,

??
Thank you again for your work on the QAP over the past few months. As I noted in my comments, Wyoming has a similar concern that the tax credits are distributed throughout the state. To accomplish this, they included the following:
??

Geographic Distribution (Up to negative 200 points)

In an effort to equitably distribute funding throughout the state, negative points will be assessed based on the number of affordable units (regardless of source) awarded funding in the last four years, as well as projects awarded funding or scoring higher during the current year, compared to the population of the city where the proposed project will be located. Projects proposing newly constructed units will be assessed 150 negative points for every one percent (1%) of affordable units the proposed community has received in relation to their population the previous four (4) years in relation to their population. (Example: Total units funded in last 4 years = 200; population of community 50,000 = 200/50,000 = .4%; .4X 150 = 60 negative points.) Projects located within federally-designated Opportunity Zones are EXEMPT from this requirement.
??

Because their scoring is much higher than IHFA uses, you would need to scale that down. In my mind, it would work best if you took 1.00 and subtracted the amount derived from the number of LIHTC Units funded in last 5 years (this is your time frame in the QAP) divided by the population. This would establish a ???LIHTC coverage factor???. For example, if there were 200 LIHTC Units built over the past 5 years in Boise, you would have:
??

??????????????????????????????????? 1 ??? (200/226,570) = 1-(0.000883) = .999117
??

You would then multiply that number by the scoring maximum, based on how important it is for geographic distribution. If it is really important, you may use 10. If it is not important at all, you could use 1 or 2. For those cities that did not receive any LIHTC Units in the past 5 years, they would receive the maximum points allotted in this category.
??

To illustrate how this could work to help distribute tax credits, I have attached a spreadsheet showing the results of this idea for the allocations made in 2018-2020. I used 10 points as the maximum amount awarded, but IHFA will need to develop that number for the future based on the need to distribute the projects evenly across the state.
??

Please contact me if you have any questions or require additional information.
??

Thank you,
??

John T. Vance
Property Developer
Northwest
Real Estate Capital Corp.

Northwest Real Estate Capital Corp.
210 W. Mallard Drive, Suite A
Boise, Idaho 83706

Direct: (208) 387.7977
Office: (208) 375.9407
Mobile: (208) 991.3866
Email: jvance@nwrecc.org

Living with pride. Life with dignity.
### LIHTC Units Funded - Year-by-Year (2018-2020)

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
<th>2018</th>
<th>LIHTC Units Funded</th>
<th>Total</th>
<th>LIHTC Units per Resident</th>
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### LIHTC Units Funded - City Rankings by Points (2018-2020)

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March 10, 2020

Mr. Cory Phelps  
Vice President  
Idaho Housing and Finance Association  
565 W. Myrtle Street  
Boise, Idaho 83707

Re: Draft 2020 LIHTC Qualified Allocation Plan  
Proposed Changes  
Public Comments

Dear Mr. Phelps:

Thank you for the opportunity to provide comments regarding the proposed changes to the Low-Income Housing Tax Credit Qualified Allocation Plan for the Year 2020. There are a lot of changes in the Plan that will work to broaden the potential awardees during a given year. This is a positive for the diverse housing needs of Idaho’s residents.

Our comments are detailed below:

1) Section 4.1 – We appreciate the clarification and simplification of this section. It is more workable as now written.
2) Section 4.9.4 – We agree that the Green Building criteria should be a threshold item.
3) Section 4.9.5 – Is it the intention of this section that only property management companies that are currently active in Idaho can meet the threshold in this Section?
4) Section 4.10.1 – We agree with the change of the tie breaker to measure lowest AMI.
5) Section 6.4.4 – Principal office is a defined term in this section, however is not included within the criteria description; should principal office located in Idaho be added to the criteria sentence?
6) Section 6.4.5 – Developments for older persons – 
We support the increase of pointing for developments for older persons; there remains a strong need for senior housing throughout the state.

7) Section 6.4.6 – We recommend that, as further clarification regarding disabled housing preferences, the language “Duplication of points may not be received for Selection Criteria #5 and #6” be removed. These are two distinct groups under the Fair Housing Act definitions.

8) Section 6.4.8 – This section criteria puts developments in smaller, non-wealthy communities at a distinct disadvantage. Those communities do not have access to CDBG or other federal funds, nor the city-generated resources, to provide financial support for developments.

9) Section 6.4.14 – We have comments regarding this section as follows:
   a. By providing points for projects that are equal to or greater than 100% of the identified benchmark, the category automatically grants 2 points to all applications. The 100% or greater line item should be eliminated.
   b. There is no mechanism to require the sponsor/developer to maintain consistency between the application numbers and the completion numbers when it comes to costs or net residential square feet, so a penalty mechanism should be imposed.
   c. The proposed definition of net residential square foot, which excludes corridors and common space, puts interior corridor properties at a distinct disadvantage, limiting the ability of infill, multistory communities to qualify for points.

10) Section 6.4.15 – This category, when combined with the loss of points under 6.4.4, would appear to incent developer/sponsors from out of state who have no existing presence within the State of Idaho. There do not appear to be a shortage of engaged developers and sponsors within the state. I don’t know what benefit this point incentive has to the expansion of community centered, service enriched affordable housing within the state.

11) Section 6.4.18 – The requirements for this category have become very detailed and specific. I question to what extent this limits flexibility to meet the supportive housing needs of rural areas or excludes potentially beneficial and executable programs that don’t or can’t meet the regimented guidelines included in this Section.

12) Section 6.6 – We support including negative points related to specific performance of initial application commitments and by long-term management. This is an appropriate method to incent performance by active sponsors and developers. It is incumbent upon IHFA to develop a streamlined process for developers and sponsors to monitor and confirm management company performance related to these criteria. It would be appropriate for IHFA to work through the inclusion of these negative criteria over a two-year period. A possible intermediate step would be to remove property management agent from item #2.

We would be happy to visit with you further regarding these issues, or any others, at your convenience.
We appreciate IHFA’s continued efforts to update and clarify the Plan to best address the need for affordable housing throughout the state.

Best regards,

[Signature]

Gregory A. Urrutia
Manager
Whitewater Creek Comments:

First off thank you for such great policy thought and direction. Its really exciting to see the new ideas and direction. I would like to add our comments below for consideration. They are very brief so if you need elaboration, please let us know.

- 4.9.4 Threshold Green – note Xeriscape our recent experiences have been very costly and problematic. We tore out a Xeriscape landscape and replaced with traditional lawns, etc in WA due to the number of issues the least of which being kids throwing the rockscape and breaking & damaging cars.
- 5.4 preservation. We have a growing issue of keeping stock affordable at year 15. More focus in QAP on resyndications to keep them in portfolio. Strike “federally assisted” from language. Keep stock affordable by adding 1 points that would be used in bond-time scenario. Area for consideration.
- Scoring criteria: Item 2.
  - Central air only? Other better systems, like split ductless, etc.
  - Agree with computer room 1 for 15 units is excessive. Max out at 3 computers We do find these highly utilized
  - I concur about Syringa’s comments – Hi Speed internet is the future.
  - Bed bug machine/hot room? Dangerous situation to put owners in. Potential for litigation because it was done by owner. If 3rd party certification, goes better.
- Item 3 – market rate mix. Besides creating great communities by providing mentors and role models for deep-skewed units, it helps keep properties attractive for market-rate AND helps offset need for credit. Really important to keep. Fiscally responsible as well as a better continuum/community. With 10% market rate units you are essentially freeing up 10% of the credits for other properties as the Fair Market rents subsidize the lower AMI units.
- Item 8 – 10% is really high for small communities that don’t have the resources. Recommend stay at 2.5%
- Item 13 – geographic distributions. Flat-out saying that they don’t have production and should provide incentive isn’t right. Strike this until we determine exactly why we are not seeing applications from these counties. For us when we’ve checked out these counties, the rent structure was not favorable and the demand (capture rates) were so great we couldn’t get investors onboard.
- Item 14 – see land dropped out of it the calculation. Land cost reductions incentivizes poor locations. Location is very important for lower income families as to work, transportation and services. We should not disincentivize these.
  - Instead - Incentivize to taking lower developer fee
- Negative preference points. Buffer 10% cost increase – but didn’t ask for any additional credit solved the problem then no negative points
- Self-certification is good. But I do caution that it takes relationship building to put things in place.
- Caution on the cost controls, we are rescuing now a 3rd property built poorly 15 years ago and its in bankruptcy. Wouldn’t be the case if the property was built well.
• Eventual tenant ownership plan – extremely effective in other states we’re working with. Let’s go further. A plan should be submitted prior to the round to ensure it meets criteria. Tricky process.

Bond deals do not work at under 60 units. Ask any investor or bond counsel. The fees associated even with private placement are too high and they are not in eligible basis.
March 10, 2020

Mr. Cory Phelps
Vice President, Project Finance
Idaho Housing and Finance Association
565 W. Myrtle Street
Boise, ID 83702

RE: 2020 Draft LIHTC Qualified Allocation Plan

Dear Cory,

Thank you for the opportunity to comment on the draft IHFA 2020 LIHTC Qualified Allocation Plan. While we support many of the proposed changes, we do have the following comments and questions:

1. Criteria 13: We understand IHFA’s desire to want to “level” the playing field by looking at the historical allocations by county and giving an advantage to the counties that have not received an allocation of 9% credits in the past five calendar years, however the consequence of this is disadvantaging counties in the Treasure Valley where the population is growing the fastest and where the largest affordable housing problem exists. We believe that credits should be allocated to counties that have the greatest need. Please also provide a list of the counties that have not received 9% LIHTC allocations in the past five years.

2. Criteria 10: Why are you making the areas of opportunity so small with a poverty rate that low at 11.8%?

We have been working in earnest on potential developments in the past year, as obtaining local support, land entitlements, and site control require long lead time and some of the proposed changes will render our applications infeasible. We strongly urge IHFA to reconsider criteria 13 so the development community can continue to address the severe affordable housing crisis in the counties that have the most need.

Sincerely,

Claire Casazza, Senior Development Manager
Pacific West Communities, Inc.

cc: Caleb Roope, President & CEO, Pacific West Communities, Inc.
    Teresa Rickenbach, Senior Multifamily Tax Credit Officer
    Diana Baker, Multifamily Program Assistant
CAUTION: External email.

6.4 Selection Criteria

4. I recommend deleting points for projects where the sponsor(s) and developer(s) are residents of the State of Idaho, or at least reducing the number of points for this. There are few other categories of scoring that are given this kind of weight, yet are far more important (e.g. Fair Housing is 3 points, Areas of Opportunity is 2 points, etc.). From a consumer's and taxpayer's standpoint, scoring should emphasize 'bang for the buck' rather than rewarding in-state entities for their owner's choice of residency.

I know other states offer these kinds of incentives to their businesses, but they also participate in funding affordable housing which the State of Idaho does not. This is all federal. IHFA should resist a "Buy Idaho" mindset until Idaho is willing to buy into affordable housing as an investment in the future of its people and its economy and not just a salvia of its resident sponsors/developers with an award of LIHTCs (Low Income Housing Tax Credits).

Providing a residency incentive in the award of points would make much more sense if the State of Idaho provided its own tax credit or other funding for affordable housing. Using state funding to benefit state businesses and creating incentives to keep that money in the state then begins to make sense.

15. Again, this proposed allocation of points is not consumer- or taxpayer-friendly where we should expect the 'most bang for the buck'. Why should IHFA concern itself with spreading points around and rewarding previously noncompetitive or untested developers? The awards should go to developers that have a track record of success or the greatest potential for it and that's acknowledged in other categories of scoring. The points that would be assigned in this category should be reassigned to other criteria that result in more units produced at the lowest reasonable cost per unit in areas where there is the greatest need/opportunity by successful development/management teams.

4. and 15. It seems IHFA is losing focus on the intent of the LIHTCs...to build affordable housing and everything else is more or less secondary. In these two criteria, a total of 8 points are assigned to categories of lower significance. These criteria should either be given no consideration or the points should be reassigned or reduced in favor of more important goals IHFA would want to achieve with a LIHTC allocation. With the meager allocation of LIHTCs and other federal affordable housing funding (which is to be abolished in the president's budget), IHFA cannot possibly serve all masters.

GENERAL

I'm always impressed with the work and dedication of IHFA staff. And, its work on this year's QAP is an example of that.

I would like to make this one appeal to you, though:

Our Legislature and most of us that are concerned about the grim picture our unmet affordable housing need paints, look to IHFA as a leader and, frankly, a source of inspiration and innovation. Yet, IHFA projects an image of uninspired complacency, an inability to publicly advocate for state affordable housing funding or to rally support for
it. Whatever perceived risk this advocacy might expose IHFA and its principals to pales before the impacts that Idahoans endure without the affordable housing that is so needed.

I hope you will keep this in mind as you make these important decisions on this QAP and circumscribe the essential role IHFA plays in Idaho's affordable housing future.

Thanks for your consideration,

Gary Hanes
992 E Riverpark Lane
Boise, ID 83706
March 4, 2019

Idaho Housing and Finance Association
Attn: Diana Baker, Tax Credit Program Assistant
565 W Myrtle St
Boise, ID 83702

Sent via email: dianab@ihfa.org

Dear Ms. Baker:

On behalf of Home Innovation Research Labs, I commend Idaho Housing and Finance Association for recognizing NGBS Green certification based on the ICC/ASHRAE – 700 National Green Building Standard (NGBS) in the Draft Idaho Qualified Allocation Plan (QAP) for Low-Income Housing Tax Credits (LIHTC). The NGBS was specifically designed for residential projects and is affordable to implement, making it ideally suited for low-income housing programs.

The draft 2020 QAP identifies that a funded project has the option to select a recognized green building certification program or implement individual green building components that total at least 8 points. The current options as outlined are very incongruous; the requirements would not offer assurance that all funded buildings offer similar performance and resident benefits. I recommend narrowing the list of recognized green building certification programs to only those that are true multi-attribute programs that address multiple areas of green practices, including lot selection and design, material use, indoor environmental quality, energy efficiency, water efficiency, and operations and maintenance. I also recommend increasing the threshold limit for individual green building components to better ensure that projects meeting the Green Building Threshold requirements through that compliance option meet similar performance and green features.

Green Building Threshold Requirements
The Draft 2020 QAP identifies the following as recognized "Green Building Certifiable Programs":

- LEED for Homes
- NW Energy Star
- ICC 700 National Green Building Standard
- Enterprise Green Communities
- Passive House Institute (PHIUS) or Passive House Institute ( PHI)

With the exception of NW Energy Star (which has been discontinued in 2016 and replaced with the National ENERGY STAR Certified Homes Program Requirements1), the listed programs are all rigorous.

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1 More information at https://www.energystar.gov/partner_resources/residential_new/program_reqs/pacific_northwest

400 Prince George's Boulevard | Upper Marlboro, Maryland 20774
P. 301.240.4080 | F: 301.430.8180 | HomeInnovation.com
and credible green building certification programs. However, the scopes of their program requirements vary greatly. LEED for Homes, ICC 700 National Green Building Standard, and Enterprise Green Communities are all comprehensive green building programs that address lot selection and design, material use, indoor environmental quality, energy efficiency, water efficiency, and operations and maintenance. To achieve certification, projects must address requirements in most or all these sections to achieve certification.

<table>
<thead>
<tr>
<th>LEED for Homes</th>
<th>ICC 700 National Green Building Standard</th>
<th>Enterprise Green Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location and Transportation</td>
<td>Lot Design &amp; Construction</td>
<td>Integrative Design</td>
</tr>
<tr>
<td>Sustainable Sites</td>
<td>Resource Efficiency</td>
<td>Location + Neighborhood Fabric</td>
</tr>
<tr>
<td>Water Efficiency</td>
<td>Energy Efficiency</td>
<td>Site Improvements</td>
</tr>
<tr>
<td>Energy and Atmosphere</td>
<td>Water Efficiency</td>
<td>Water Conservation</td>
</tr>
<tr>
<td>Materials and Resources</td>
<td>Indoor Environmental Quality</td>
<td>Energy Efficiency</td>
</tr>
<tr>
<td>Indoor Environmental Quality</td>
<td>Homeowner Education &amp; Maintenance</td>
<td>Materials</td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
<td>Healthy Living Environment</td>
</tr>
</tbody>
</table>

In comparison, the remaining programs—Indoor airPLUS and Passive House—are programs with more limited scope. These programs only address energy efficiency and indoor air quality.

The current options as outlined are very incongruous; the requirements would not offer assurance that all funded buildings offer similar performance and resident benefits. I recommend the following:

1. Replacing “NW Energy Star” with “ENERGY STAR Residential New Construction”
2. Shifting “ENERGY STAR Residential New Construction”, “Indoor airPLUS”, and “Passive House Institute US (PHIUS) or Passive House Institute (PHI)” to be included among the “Individual Green Building Components” list with added point values

The achievement of 8 points under the “Individual Green Building Components” list is in no way comparable to the extensive requirements of the third-party green building certification programs listed under “Green Building Certifiable Programs.” This compliance path does not require a holistic approach to green building design and construction and does not afford the quality assurance benefits of third-party inspection and documentation review that are hallmarks of third-party certification programs. I recommend either: (1) requiring all items on the list be addressed, not just enough to satisfy 8 points; or (2) rephrasing this list to be a secondary tier of requirements, rather than an alternative to third-party green building certification.
National Green Building Standard Overview

The NGBS is the first and only residential green building rating system to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). The original 2008 version was approved by ANSI in 2009; the 2012 version was approved by ANSI in early 2013; and the 2015 edition was approved in March 2016. The 2008 and 2012 NGBS versions were jointly developed by the National Association of Homebuilders (NAHB) and the International Code Council (ICC). For the third edition of the standard, the 2015 version, ASHRAE joined as a third co-sponsor. This partnership further cements the NGBS as the preeminent green standard for residential construction.

The NGBS carries three important designations. It is ANSI-approved as an American National Standard. It is also part of the family of ICC International-codes (I-Codes) that form a complete set of comprehensive and coordinated building codes. Last, it is approved as an ASHRAE Standard.

As one of the I-Codes, the NGBS is written in code language to make it easy for industry professionals and contractors to understand. I believe this is one reason the NGBS has been successful even in areas where it is not part of the building code and is used as an above-code program. For a residential building to be in compliance, the building must contain all mandatory practices in the NGBS. The building must also contain enough practices from each of the six categories of green building practices to meet the required threshold points. The six categories of green practices are:

- Lot & Site Development
- Resource Efficiency
- Energy Efficiency
- Water Efficiency
- Indoor Environmental Quality
- Homeowner Education

Under the NGBS, homes and multifamily buildings can attain one of four potential certification levels: Bronze, Silver, Gold, or Emerald. The NGBS was specifically designed so that no one category of green practices is weighted as more important than another. Peerless among other green rating systems, the NGBS requires that all projects must achieve a minimum point threshold in every category of green building practice to be certified. A project certified to the NGBS can’t merely obtain all or most of its points in a few categories, as other rating systems allow. This requirement makes the NGBS the most rigorous green building rating systems available.

The NGBS’s mandatory provisions must be met for certification at any level. There are no exemptions. However, unlike other green building rating systems, the NGBS contains an expansive array of green building practices aimed at all phases of the development process: design, construction, verification, and

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2 More information at [www.homeinnovation.com/ngb]
3 See page 12 in ICC 700-2012 NGBS.
operation. This provides the flexibility builders and developers need to ensure their green projects reflect their geographic location, climatic region, cost constraints, and the type of project they are constructing.

Certification Program
Home Innovation Research Labs serves as Adopting Entity and provides certification services to the NGBS. Home Innovation Labs is a 55-year old, internationally-recognized, accredited product testing and certification laboratory located in Upper Marlboro, Maryland. Our work is solely focused on the residential construction industry and our mission is to improve the affordability, performance, and durability of housing by helping overcome barriers to innovation. Our core competency is as an independent, third-party product testing and certification lab, making us uniquely suited to administer a green certification program for residential buildings. Our staff is made up of mechanical, structural, and electrical engineers; planners; economists; architects; former builders, remodelers, and contractors; lab and technicians. Combined, they possess an unparalleled depth of knowledge and experience in all facets of market analysis and building science research and testing. Why is that important? Because behind every building seeking NGBS compliance stands a team of experts on a mission to help them succeed. Participation in NGBS Green brings our building science expertise to each project team at no additional cost.

Independent, Third-Party Verification
The NGBS requires that a qualified, independent third-party inspect the project and verify that all green design or construction practices claimed by the builder toward green certification are incorporated correctly into the project. Most projects require at least two inspections. The verifier must perform a rough inspection before the drywall is installed to observe the wall cavities, and a final inspection once the project is complete. The required verification offers imbues an elevated level of rigor and quality assurance to the projects that are certified. An affordable housing organization can be assured that construction practices for higher building performance and healthier residences are successfully achieved.

Verifiers record the results of their rough and final inspections on a Verification Report which is submitted to Home Innovation Research Labs. Home Innovation reviews every rough and final inspection to ensure national consistency and accuracy in the verification reports. After the Verification Reports are reviewed and approved, our team issues green certification to the project.

Home Innovation Research Labs qualifies, trains, tests, and accredits the NGBS Green Verifiers and maintains a current list at www.HomeInnovation.com/FindNGBSVerifier. Verifiers must possess experience in residential construction and green building. Many verifiers are Home Energy Rating System (HERS) raters. Potential verifiers are trained on how to verify every NGBS practice. After completing the training, verifiers must pass a three-part exam and carry sufficient insurance to earn accreditation. Verifiers renew their accreditation annually and retrain and retest with every NGBS version.
Home Innovation maintains strict rules to ensure verifiers remain independent and free of conflict-of-interest on the projects for which they provide verification services. Verifiers serve as our field agents to confirm buildings are NGBS compliant. Further, we regularly audit our verifiers and their verifications as part of our internal quality assurance program.

Legislative and Regulatory Parity
The NGBS was developed after LEED and Enterprise Green Communities rating system; therefore, at first these rating systems were more commonly recognized in legislative and regulatory initiatives. However, since 2009 when ANSI first approved the NGBS, without exception the NGBS has been considered as on par or more stringent than LEED or Green Communities as a green building rating system for residential projects.

- On the federal level, HUD recognizes the NGBS by name specifically and as on par with Green Communities. For example, in their 2013 funding notice for jurisdictions affected by Hurricane Sandy, the agency cited the NGBS as an acceptable green standard for reconstruction efforts. HUD’s April 2016 Mortgage Insurance Premium reduction program recognizes NGBS Green as one of the accepted green certification programs.
- The US Department of Army recognizes NGBS as a LEED equivalent for military housing nationwide.
- 23 states recognize, mandate, or incentivize NGBS certification through their Qualified Allocation Plan for the federal Low Income Housing Tax Credit Program.

To date, not a single jurisdiction has refused to recognize the NGBS as an alternative compliance path for any regulatory or incentive program where we have asked them to make an equivalency decision. For a more complete listing of where NGBS has been recognized, visit our summary of incentives.

QAP Recognition of the NGBS
The National Green Standard is currently recognized in 23 state Qualified Allocation Plans (QAPs), and an increasing number of State Housing Finance Agencies have been adding NGBS green certification to their QAPs to help promote green affordable housing. In these plans, NGBS is recognized as on-par with comparable programs, such as LEED and Enterprise Green Communities, and other regional programs such as Earth Advantage. Multifamily builders who utilize NGBS for low-income housing tax credits typically receive the same number of points for NGBS as they would for an alternative program. The straight-forward and low-cost nature of the NGBS certification program make it ideally suited for

4 US Department of Housing and Urban Development memo from Kathryn Saylor, Assistant Inspector General for Evaluation to Clifford Taffet, General Deputy Assistant Secretary, dated November 20, 2015 citing National Green Building Standard specifically as one of the HUD adopted energy building rating systems.

5 www.homeinnovation.com/ngbssgreenincentives
affordable housing development, and this is evident by the number of Habitat for Humanity
organizations and other LIHTC providers who select NGBS as their program of choice.

Program Statistics to Date
Home Innovation has certified 5,418 multifamily buildings representing 192,657 dwelling units.
Currently, there are 3,292 multifamily buildings in progress, representing an additional 143,316 dwelling
units.

While we don’t specifically track the number of projects that are affordable housing, we have certified
many LIHTC projects as well as other affordable and workforce housing developments. I believe that this
indicates we have been successful in designing a green certification program that is affordable and
flexible, while remaining rigorous.

Summary
I respectfully request Idaho Housing and Finance Association to continue to recognize NGBS Green
certification. I also recommend reevaluating the list of recognized green building certification programs
and individual components to ensure to that both compliance pathways address similar scope and
performance criteria.

The goal of the NGSB and the Home Innovation NGSB Green Certification Program is to recognize
projects that reach exceptional levels of sustainable design. We have worked hard to develop a program
that removes as many barriers as possible to high-performance green buildings without eliminating any
of the rigor or verification necessary to ensure compliance. To this end, we have kept our certification
fees low, minimize the time needed for interpretations and project review, and significantly reduced the
costs required to incorporate green practices.

We look forward to discussing it further with you or staff if you require a more detailed overview of the
NGSB or the green certification program. We will also gladly send you any supplemental information
that you might require for further support. Please do not hesitate to contact Michelle Foster
(mfoster@homeinnovation.com, 301.430.6205), our Vice President, Sustainability, directly if she can be
of further assistance.

I look forward to working with you to promote green certified housing built to the National Green
Building Standard.

Sincerely,

Michael Luzier
President and CEO
Diana Baker

crhobbs7@gmail.com

From: Diana Baker; Teresa Rickenbach; Cory Phelps
To: crhobbs7@gmail.com
Cc: [EXTERNAL] RE: QAP Comments

CAUTION: External email.
That category makes a lot more sense to me now.

From: Bill Truax <truaxbill@gmail.com>
Sent: Friday, February 21, 2020 11:38 AM
To: Chance Hobbs <crhobbs7@gmail.com>
Cc: Diana Baker <DianaB@ihfa.org>; Teresa Rickenbach <TeresaR@ihfa.org>; Cory Phelps <CoryP@ihfa.org>
Subject: Re: QAP Comments

This helps get the BCACHA deal done.

Thanks,
Bill Truax
208-447-9114

On Thu, Feb 20, 2020 at 11:02 PM <crhobbs7@gmail.com> wrote:

Diana,

Can you please submit the following comments for consideration regarding the 2020 Draft QAP:

Section 6.4.13 Will IHFA produce a list of counties that have received an allocation?

Section 6.4.14 standard? Will IHFA create a formula within the application that will calculate this point in order to create a

Section 6.4.15 Why not just remove the points for in state sponsors? Is the intent to bring it out of state developers who do not live in Idaho and may not know the markets like your in state sponsors do? Why not label this as an out of state sponsor point category and call it what it is?
Section 6.4.20  Why exclude the opportunity to create a non-tax credit deal adjacent to a 99 deal that would limit incomes to the same restrictions? It seems like the intent of this category was originally to leverage federal credits to create more housing that also has higher stratification of incomes in order to target a higher earning workforce. If a developer is able to leverage federal credit and private equity and achieve the same goal…why not allow it? For example, 6th and Grove’s adjacent market rate deal will add 114 additional units and includes $7.2mm in private equity. Is it a control issue for IHFA? To date no guidance has been received by IHFA on how a market rate deal would be restricted. This QAP does add the 40 year use provision, why not allow a market rate deal to record AMI restriction and an extended use deed restriction?

Section 6.6  Will Sponsors be notified if they will be hit with these negative points well in advance of the application round? Will Sponsors be notified via registered mail that these events have been triggered during any given calendar year?

Section 6.6.1  Why would this be an issue if the Sponsor isn’t requesting any additional credits or funding from IHFA? Costs can routinely increase 10% due to a myriad of reasons, soils, foundation systems, local jurisdiction requirements, tight construction markets, tariffs, etc. If the Sponsors are able to close the gap in financing with other sources, how is IHFA negatively impacted and why would the Sponsor be punished? These negative points seem specifically targeted and may trigger legal action without a grace period for any developments that may fall into category 1.

Section 6.6.3  Will IHFA follow registered mail protocol to prove a request for information has been received by the Sponsor? How are requests qualified as reasonable requests to be made to Sponsors at any given time period during a development?

Section 6.6.4  Will the Sponsors or Developers be notified that a Property Management Agent is 60 days late in providing reporting documentation? Will registered mail protocol be followed for requests sent to Property Management Agents? Will IHFA send a duplicate registered mail notice to the Developers and/or Sponsors?

Thank you!

Chance Hobbs
March 4, 2020

Cory Phelps, Vice President
Project Finance Department
Idaho Housing and Finance Association
P.O. Box 7899
Boise, ID 83707

RE: Comments Regarding Draft QAP

Dear Mr. Phelps,

Please accept this letter as our written comments to the proposed amendments to the Low-Income Housing Tax Credit Program Qualified Allocation Plan. We appreciate the opportunity for input and look forward to working with your office on this document and future affordable housing properties governed by it.

- Section 4.10.1 - Tie-Breaker Criteria
  o Our comment relates to clarification on how the lowest Area Median Income ("AMI") average of the rent restricted units will be calculated as a tie breaker. For example, will this be a simple average (i.e. if you have 30% and 50% units your average will be 40% regardless of how many units are in each set aside)? Alternatively, will this be a weighted average? If this is a weighted average, would it be on a per unit basis, per bedroom basis, or per square foot basis?

- Section 6.4 – Selection Criteria #4
  o We propose this language be revised to say “The Sponsor(s) and Developer(s) of the proposed development are residents of the State of Idaho or either the Sponsor(s) or Developer(s) has previously placed in service and received a form 8609 for a previous project in Idaho”.

- Section 6.4 – Selection Criteria #6
  o We noticed that the final sentence of this section ("Proposed developments may not receive points for both handicapped and older person’s households") was crossed out which seems to indicate that an applicant could receive points for Selection Criteria #5 and #6. However, the previous sentence is not crossed out and says that there may be no duplication of points for Selection Criteria #5 and #6. We would like clarification here about whether or not it is possible to receive points for both Selections Criteria #5 and #6.
• Section 6.4 – Selection Criteria #14
  o We would find it helpful if there was clarification about what qualifies as an adaptive reuse development. We didn’t see this term defined in the QAP.
  o We were unclear how acq/rehab projects will be treated under this section. Will they be scored exactly the same as new construction projects? If so, would the portion of the acquisition price not attributable to land (the portion paid for improvements on the property) be allocated to the all remaining development costs category? Generally, we were hoping for clarification on how acq/rehab will fit into this section if at all.
  o Excluding community rooms, hallways, and common areas from the calculation of Residential Square Footage generally makes sense to us. We understand that the idea behind leaving these spaces out of the calculation is to prevent developers from building large common areas and to be as efficient as possible with the tax credit. The flip side of this, however, is that leaving these spaces out of the Residential Square Feet calculation penalizes projects that are served by an elevator and incur additional hard costs to build interior hallways. To account for additional square footage in projects that are served by an elevator and have interior hallways we would propose a 15% boost to the Residential Square Footage calculation. For example, if in an elevator served project your Residential Square Footage was 50,000 SF, then the calculations for each category (land, hard costs, all remaining costs) would be made on the basis of 57,500 SF (50,000 x 1.15). We chose 15% because it roughly represents the additional common space required for a building served by an elevator. To us 15% seemed to strike the balance of accommodating developers who propose elevator served projects meanwhile not providing these projects with an unfair advantage.

Sincerely,

[Signature]

Tyler Currence
Notes – IHFA QAP Public Hearing
3.10.20

Cory Phelps
Introductions of phone participants
Want to be good stewards of funds
Looking to not drive to a threshold score and then do tie-breakers

Neil Bradshaw
- From Ketchum
- Thank you for changing selection criteria. Would like to highlight a few things.
- Item 8. Support larger local contribution with more points.
- Item 13. Supports the new scoring.
- Item 20. Support changes with 9% focus on hybrid deals – create more units with 4% deal. 60-unit minimum is high for small cities to score. 50 units would be better.

Greg Dunfield
- Seattle-based GMD development?
- Generally in favor of changes
- Focus more on something about donations in kind?
- 4% w/9% is good. 60 units minimum is too big for small cities.
- Good direction. Will follow up with letter.

Ryan
- Two projects per sponsor – Interpretation is tricky. Could explain intention regarding limits per person/developer/party.
- Cumulative tax credit. Section 4.1 clarification. Do consultants count? Probably not if they don’t have any interest in the project.

(Thomas? Unsure of name)
- 4.9.4 – Approves of green building
- Time-out provision for property management companies who have fallen out of IHFA’s graces.
- 5.6 – Basis boost – still none for 9% deals?
- No market-rate mix points?
  - Cory: Not necessary because the market is providing them, but you can still provide market-rate.
- There are more purposes getting lost in not mixing communities.
- Also, residential square footage needs more specific definition. Others could add patios to dilute price per square foot.
- Criteria 13. List of counties that haven’t received awards to be posted?
  - Cory: Sure. 40 counties.
- Criteria 15. New developer criteria instead of experienced developer incentive?
- 60-unit 4% minimum is too high. Maybe determine threshold on population level.
Bart H

- 4.94 – Gives support. Green building is good.
- 4.10.1 pg 14 – Affirm & support that tie-breaker is now the lowest AMI, not cost
- 4.12 eventual tenant ownership issue resolved. Thank you.
- Page 30 – located in new county
- PSH – pg 33-34. Organizations listed incorrectly.
- 9% & 4% together minimum rules out rural communities. Suggestion: make it just 1 point instead of 3.
- 40-yr obligation – incentive even longer, provide additional points for perhaps even perpetual development
- Consider adjusting minimum unit sizes. Studio 320-sq ft, 3-bed 900 something to avoid having to get waivers for indie? housing project.

Cory Checketts

- Community Development Incorporated
- Green building threshold is great.
- Better defined and clarified in section about negative points?
- Tie-breakers should be based on priorities, #1 being cost per unit, then #2 availability, then #3 AMI mix
- Avoid the phrase “at its sole discretion” in hypothetical scenarios – creates unknowns (“sole discretion” used 37 times in QAP)
- Perhaps IHFA can identify areas with the greatest need
- 5.4 under preservation – incentivize IHFA to eliminate it. Make preservation compete as if it were like any other project.
- Encourage IHFA to create geographic set-aside structure like Nevada’s. Create Boise set-aside, Idaho Falls set-aside, etc.
- Eliminate language of federal programs if the incentive is for local funding.
- Past awards limit? Other 40 counties have more need than those with recent projects? Do we want to focus on housing outside of Boise, other cities?
- Why focus on last application cost? Focus on present application, define metric by geographic region.
- Why discourage experienced developers AND incentivize those from ID?
  - Even go up to 100 units?
- 6.5 something – just stick at 10% if that’s what we want
- 6.6 negative point categories. CAUTION to avoid going too far here. Define “watch list.” Define a “request for information.” Could 30 days be too small window in some cases?
- Developer fee based on number of units – incentivizes developers to build projects with fewer units.
- Define “good standing” or not, etc.

Perspective of management agent
Consider holding off 6.6 or further define the section. Provide definitions of objective criteria. Appeal period or opportunity? Train agent management on how to be successful.

Cory: “6.6 is not meant to be punitive.” Just trying to hold you accountable. Don’t just build it to forget about it and let somebody else manage it. That’s not going to work. Concern for tenants. Don’t put off deadlines to the very last second of the very last day.

Jennifer Rogers
- Idaho Affordable Housing Association
- 6.6.2
- Needs to be accountable, sure. Clarify, expand, create objectivity in this section 6.6
- Feels punitive, subjective, unsure
- No provision for agents who take on troubled properties
- Older properties may not score well because of the ...

Cory: 300 properties that are being monitored. 15-16 might be on that watch list. A very small percentage.

Dianne Hunt
- Syringa Properties & Syringa Property Management
- Management agents were blindsided – did not understand consequences of noncompliance.
- Compliance manual is outdated/incomplete. Need better communication.
- Speaking of older aging properties, my focus is on preservation. Elimination of rural set-aside is...
- Tenants are more tech-savvy than we are. Don’t want cable – want high-speed internet.
- 1 computer per 15 units = nobody uses them. Handheld devices are key, except for printing.

John Vance
- NW Real Estate Capital Corp
- Overall lots of changes made. Some good, some need refinement.
- 4.9.5. Previous experience requirement is off
- Unresolved 8823s – sometimes we’re not authorized to make changes. We acquire underperforming assets that could be out of compliance. Penalizes us. Need language to include provisions for acquisitions, acts of nature, etc.
- Tiebreaker as AMI = the best idea for getting those projects built
- Disagree with Cory on preservation set-aside. It needs to be maintained. Lots of rural properties needing reservations. Taking away set-aside would be a mistake.
- 6.4 – tiebreakers introduced because of all-or-nothing scoring. Use scaling criteria to reduce need for tiebreakers.
- Scoring criteria 2 – further define hard flooring. “We haven’t put carpet in bathrooms for years” – does this count for points? Central air conditioning not needed in all climates. How much cement plank siding is required? If durability is key, make 30-yr materials the criteria. Incentivize more outdoor space.
• Removing incentive for market-rate units is a mistake. Evidence suggests mixed-income properties are beneficial for all tenants/residents.
• Scoring 6 – Older persons – including amenities in order to reach those points (handrails, ADA units, elevators, gardens, etc.)
• Scaling for criteria #8.
• Criteria 10 – “area of opportunity” should be better defined. Look at job growth, schooling, etc. Relatively wealthy neighborhood is not an indicator of opportunity.
  o Cory – difficult to find an ideal metric for what is an “area of opportunity”
• County with project history – county-level is too broad. Rural towns blocked in Ada county. Also, could consider project size instead of just whether a project was funded or not. Look at how WY does it. Look at scaling model based on population.
• Understand need of reducing cost, but by excluding common area from square footage, you disincentivize valuable areas for tenant wellbeing.
• Last year’s costs comparison points. Some projects have problems – costs are higher in Boise, etc. Price fluctuation not ideal. Hard cost construction points should have a 3rd party cost estimate.
• Criteria 15. Need this category, but 5 years is long time.
• Criteria 20. 60-unit limit is probably good. My issue is that you want to double number of 4% from 9%. This disincentivizes a 40-unit 9% because you’d have to build an 80-unit 4%.
• Companies with large portfolios or those who acquire a troubled property need understanding for management problems. (negative points).
• Appeal section 7.5 – include larger fee to disincentive appeals for appeals’ sake. Also, strike reference to informal hearing. They should be public. If somebody makes an appeal against my project, I should have the right to defend it.
• Property managers should have access to training. Whether on/off-site shouldn’t really matter.
• Exhibit B – removal of prop mgmt. documentation required was nice. Thank you. Compliance dept is happy.

Greg Directly?
• Applaud 4.1 simplification
• 4.94 – green building is threshold, good news
• Question: 4.9.5 – Management company must be active in ID to qualify? Clarification.
• 4.10.1 tiebreaker is great idea. Low AMI is good criteria.
• 6.4.4 question – Definition says “principal office” – what is intention?
• Senior housing criteria 5 – thanks for putting it on same status as family housing.
• 6.4.6 Duplication of points not possible? Unclear. Just eliminate it.
• 6.4.8 I applaud more stratification for development, but rural resort towns not supported. No CDBG, other funds puts rural communities at a disadvantage.
• 6.4.14 eliminate at points at or above 100%?
• Echo comments on interior quarters / residential sq ft
• Points for cost/sq ft, etc. should require other certification as well as penalties for exceeding
• Outside developers – why invite them? Doubt that the rules/criteria will achieve anything
• PSH so restrictive and defined that rural communities suffer. Don’t have same resources
• Negative points – echo thoughts there too

Maryann

Whitewater Creek Comments:

First off thank you for such great policy thought and direction. It’s really exciting to see the new ideas and direction. I would like to add our comments below for consideration. They are very brief so if you need elaboration, please let us know.

• 4.9.4 Threshold Green – note Xeriscape our recent experiences have been very costly and problematic. We tore out a Xeriscape landscape and replaced with traditional lawns, etc in WA due to the number of issues the least of which being kids throwing the rockscape and breaking & damaging cars.

• 5.4 preservation. We have a growing issue of keeping stock affordable at year 15. More focus in QAP on resyndications to keep them in portfolio. Strike “federally assisted” from language. Keep stock affordable by adding 1 points that would be used in bond-time scenario. Area for consideration.

• Scoring criteria: Item 2.
  o Central air only? Other better systems, like ductless, etc.
  o Agree with computer room 1 for 15 units is excessive. Max out at 3 computers. We do find these highly utilized
  o I concur about Syringa’s comments – Hi Speed internet is the future.
  o Bed bug machine/hot room? Dangerous situation to put owners in. Potential for litigation because it was done by owner. If 3rd party certification, goes better.

• Item 3 – market rate mix. Besides creating great communities by providing mentors and role models for deep-skewed units, it helps keep properties attractive for market-rate AND helps offset need for credit. Really important to keep. Fiscally responsible as well as a better continuum/community. With 10% market rate units you are essentially freeing up 10% of the credits for other properties as the Fair Market rents subsidize the lower AMI units.

• Item 8 – 10% is really high for small communities that don’t have the resources. Recommend stay at 2.5%

• Item 13 – geographic distributions. Flat-out saying that they don’t have production and should provide incentive isn’t right. Strike this until we determine exactly why we are not seeing applications from these counties. For us when we’ve checked out these counties, the rent structure was not favorable and the demand (capture rates) were so great we couldn’t get investors onboard.

• Item 14 – see land dropped out of it the calculation. Land cost reductions incentivizes poor locations. Location is very important for lower income families as to work, transportation and services. We should not disincentivize these.
  o Instead - Incentivize to taking lower developer fee

• Negative preference points. Buffer 10% cost increase – but didn’t ask for any additional credit solved the problem then no negative points

• Self-certification is good. But I do caution that it takes relationship building to put things in place.
- Caution on the cost controls, we are rescuing now a 3rd property built poorly 15 years ago and its in bankruptcy. Wouldn’t be the case if the property was built well.
- Eventual tenant ownership plan – extremely effective in other states we’re working with. Let’s go further. A plan should be submitted prior to the round to ensure it meets criteria. Tricky process.

Bond deals do not work at under 60 units. Ask any investor or bond counsel. The fees associated even with private placement are too high and they are not in eligible basis.
CAUTION: External email.

Teresa,
I got an out of office notification from Cory. Just to ensure that my comments are received in time, please accept this correspondence from the City of Boise.

With kindest regards,
Rhiannon

Good Morning Mr. Phelps,

Thank you for opportunity to provide comment on the QAP. As with many whom participated in the public meeting on March 10, 2019, the City supports the efforts made by IHFA in the development of this QAP. More specifically, the City is providing specific comment on the following:

4.9.4 – The City supports the Green Building Threshold requirement vs being a scoring criteria. In addition, once an application submitted with how the developer intends to comply with this threshold, we would ask that there be no changes/modification to what has been proposed, unless there are extenuating circumstances beyond the developers control.

4.10.1 – The City supports the Tie-Breaker Criteria, but would also ask for consideration that scoring criteria 13 (counties that have not received tax-credits in the last five years) be moved under this section vs a stand alone three point criteria. In short, if there is a need for a tie-breaker the first consideration would be a county that hasn’t received tax-credits in the last five years; then followed by the lowest Area Median Income. We understand the incredible resource that this is and IHFA's intent to
prioritize county’s that have not received tax credits in the last five years. That said, it could also be detrimental to counties that have been supported (with capable developers/projects) by tax-credits and would like to continue creating housing opportunities for vulnerable households that are benefitted by a tax credit project.

5.4 – The City supports the Preservation Set-Aside and will align its next annual application to the U.S. Department of Housing and Urban Development (HUD) that will prioritize CDBG funds for the acquisition/rehab of projects that could align with this set-aside. Further, we will add a bonus to developers whom are able to use CDBG to assist in preserving projects that will have expiring tax-credits in the next two years.

6.4.2 – The City concurs with the feedback provided on modifications to criteria for developments and amenities. At minimum, the City would encourage that “high-speed access to broadband” is used to replace “computer/study room.” This will assist with HUDs CPD requirements that developments create access to high-speed broadband.

6.4.3 – The City understands IHFA’s position on eliminating mixed rent as a selection criteria. However, in alignment with the City’s goals to develop housing that is for “mixed-income and mixed-use” as a best practice, we ask for a reconsideration of this elimination of a scoring criteria. We do would support preference for developments that have 90% rent-restricted units, preferably with higher emphasis on 0-30% AMI. Based on what a tenant (area median income) could pay, these are the noted change in available units (based ACS data sets): Caution should be noted that these are not units sitting vacant, rather they are snapshot of units and rents charged.

Those earning 0-30% AMI, there has been a deficit of 6289 units with rents less than $500 per month

Those earning 31-50% AMI, there is a surplus of 12,957 units with rents from $500-$999 per month

Those earning 51-80% AMI, there is a surplus of 2413 units with rents from $1000-$1499 per month

Those earning 81-100% AMI, there is a deficit of 2069 units with rents from $1500-$1999 per month

Data implies that there are households renting units that could pay more, but have found a rental amount that reduces their housing cost burden; however, those on fixed/limited incomes face increasing housing cost burdens as supply continues to be reduced at a rental amount that can be afforded.

This data aligns with a couple other trends:

1. Previously lower cost multi-family units have been renovated and rents brought up to maximum rents tolerated by the market and
2. Renters experiencing more frequent rental increases

6.4.5 & 6 – The City concurs with Mr. Greg Urrutia’s comment that these should not be an either or scoring criteria.

6.4.8 – The City would request for consistency of local funds, that CDBG be added to the “NOTE” on page 26. Further, HOME should be added to page 25 as a type of government assistance.

6.6 – The City fully supports this scoring criteria. While developers were not a fan, there is the failure to recognize (from their standpoint) that when a project does not comply, it costs IHFA and local government’s excessive administrative funds that we may not have. A recent project cost the City an additional $39,395.98 in administrative costs to comply with URA and Davis-Bacon. This type of investment takes away from other projects and developments that are putting their best efforts forward to comply. Further, the City has also adopted provisions in its HOME and CDBG applications that penalizes developers for compliance issues.

Please let me know if there are any additional questions or clarifications.

With kindest regards,
Rhiannon

Rhiannon Avery  
Grants/Programs Mgr  
Planning and Development Services  
Office: (208) 570-6832  
ravery@cityofboise.org  

CityofBoise.org  
Making Boise the most livable city in the country.
March 18, 2020

Via Email: coryp@ihfa.org

Mr. Cory Phelps
Vice President of Project Finance
Idaho Housing and Finance Association
565 West Myrtle, 4th Floor
Boise, Idaho 83702

RE: 2020 Qualified Application Plan Hearing

Dear Cory:

The Association’s effort to put some distance in the overall scoring process for the competitive 9% credit is to be applauded. Substantially all the comments made at last Tuesday’s hearing, I felt, were based on fact, historical experience, and what the speakers felt were the best for the affordable housing development community, the Association, and most importantly, our residents.

I am not going to comment in this letter, go through the plan line by line, as others have done that quite well.

Rather, I ask you to look at the following comments from a policy perspective:

Green Building Threshold – input from the architectural and energy consultant community would be quite helpful here. If you wish, Thomas Development Co. will take responsibility for providing a list of qualified professionals from each of those areas of expertise for Diana Baker to include the appropriate people on her otherwise robust mailing list.

Elimination of Market Rate Housing as a Preference Criteria – the large issue I see here is cutting against the court cases and HUD regulations relative to concentrations of poverty. I think this provision is squarely opposed to that concept.

Granted, now, when “times are good” and 50% and 60% program maximum rents are readily achievable in most markets, most developers can include a few market rate units to receive these points without damaging the overall economics of their deal.

However, when the economy turns again, and it will, you are unlikely to see much of any market rate inclusion in the increasingly competitive 9% application process.

Construction Costs Per Square Foot – I again caution IHFA as I did in my remarks to very carefully and explicitly identify what you mean by cost per square foot. I was completely serious when I shared the anecdotal story of a state seeking to do the right thing by including covered decks and patios ostensibly adjacent to residential units in the definition of cost per square foot. That “ostensibly adjacent to residential units” language did not make it into the QAP and more than one enterprising developer constructed large covered patios adjacent to their community buildings to substantially drive their costs (not us) per square foot down and “ring this bell”.

T:\Tom Dictation\2020\Idaho-Phelps-2020 QAP Hearing-03172020.docx
Selection Criteria #20 – Twinning 4% and 9% Deals – I think the development community was universal in our general approval of this concept (Thomas Development Co. is just finishing a twinned deal in Montani) but also universally concerned about the arithmetic in the language presented. I remember many years ago at a developer meeting in Montana which state has a smaller population base and less credit than even Idaho does, a question of one of the equity investors’ representatives there was whether they would be able to shave their legal and transaction costs on a small deal, let’s say 12-24 units. Answer: “We generally have to hire the same law firm, the same third party due diligence experts, etc. for a 24 unit deal as we do for a 124 unit deal. Therefore it is really not possible for us to shave our transaction costs.” I happen to agree with that and have personally experienced same. Every developer has a threshold deal size which they really can’t drop below and make the deal work inside their organization. Granted, that varies from developer to developer but backing into the 4% deal being a minimum of 60 units yields a 9% deal at 30 units for a total of 90 units presented in the market place. For reference, our Butte deal is 32 units 9% and 32 units 4%. I have not run the numbers but my intuition is even using the somewhat common planning tool of putting the community space in the 9% construction cost numbers (with appropriate lease agreement with the 4% deal) the economics of producing 60 tax-exempt bond units alongside 30 9% units is going to be very difficult except in areas where:

- The property is in a QCT or an SDDA and
- The AMI’s are quite high and the market will support a large number of 80% AMI units.

While I have not done the research, my instinct and experience tells me those locations are few and far between.

Further, a deal size of 90 units in all but Idaho’s largest population areas (with the possible exception of Blaine County and Teton County) seems problematic.

Compliance – the concerns expressed about the subjectivity of your compliance staff and assessment of negative points was brought to my attention by the property management companies with whom we work.

I was asked to draft the attached letter which was signed by Jim Tomlinson and Denise Carter expressing three of your largest and most frequent developer applicants and long term affordable owners in the state about the substantial concerns we have with the proposed policy relative to compliance.

I incorporate that letter and ask you to include it in the public records which will also include this letter.

Cory, I have a suggestion that might be helpful for future revisions of the Qualified Application Plan (“QAP”).

We have been doing business in Arizona for a few years now and have developed and completed four apartment communities and are just starting another.

Arizona Department of Housing (“ADOH”) holds a developer input meeting at the end of their annual developer’s conference which is usually in August.

About an hour is spent in a give and take discussion between staff and the development community on what changes were made to the current year QAP, what worked, what didn’t work, and what is suggested. ADOH staff then generally produces a first draft of the revised plan in November or December, which is then circulated for comment amongst the development community. The second draft is then circulated for the same procedure and then, the public hearing for the QAP is held.
Mr. Cory Phelps  
March 18, 2020  
Page 3  

I have attended this process for the last four or five years and find it to be extremely efficient. Generally, by the time ADOH and the development community get to the QAP, substantially all of the kinks have been worked out.

You might find this useful in Idaho.

Cory, thank you for your commitment to affordable housing and working together with the development community to maximize the delivery of high quality affordable housing homes to the needy citizens of our great state.

Sincerely,

THOMAS DEVELOPMENT CO.

By [Signature]

Thomas C. Manschreck, President

TCM:dlr  
Attachment: As noted above.

cc: Chris Bent, Northwest Integrity Housing Co.  
Angie Ferguson, Thomas Development Co.  
Michelle Landay, Thomas Development Co.  
Jim Tomlinson, Tomlinson & Associates  
Denise Carter, The Pacific Companies