

MINUTES OF THE PUBLIC HEARING

February 16, 2023

The Idaho Housing and Finance Association (IHFA) held a public hearing via teleconference using Zoom meeting software on February 16, 2023 at 10:00 AM. The purpose was to hear comments on changes to the Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP).

GUESTS:

Jackson Sheppard
Gregory Urrutia
Evelyn Camp
Kathryn Almberg
Lincoln Hagood
Thomas Mannschreck
Jim Nguyen
Claire Casazza
W A H Chen
Tiffany Hapney
Angie Ferguison
Tyler Currence
Erin Anderson
Jess Giuffre
Casey Mattoon
Zach Clegg
Corey Checketts
Rick Sullivan
Connor Marshall
Shellan Rodriguez
Emily Thompson
Megan Adams
Dianne Hunt
John Vance
Douglas Peterson
Andrew Cullen

STAFF PRESENT:

Cory Phelps, Vice President, Project Finance
Jack Hawkins, Project Finance Manager & Credit Approval Officer
Rhiannon Avery, HOME Programs Assistant Manager
Laura Lind, HOME Programs Technical Assistance Officer
Honalee Thomas, HOME Asset Management Officer
Brian Poe, HOME Multifamily Finance Officer
Celia Espinoza, HOME Programs Admin Assistant
Maudi Hernandez, Multifamily Tax Credit Officer
Michael Leary, Multifamily Finance Officer
Niki Zahrt, Business Finance Officer

OPENING REMARKS:

Mr. Phelps opened the Hearing at 10:02 AM by introducing himself and welcoming guests joining via video and telephone. 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 2023 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP). He requested those attending who are not providing feedback or comment to please mute their microphones to reduce background noise. He then opened the floor for discussion or comment to start the hearing.

TESTIMONY OF THOMAS MANNSCHRECK:

Mr. Mannschreck began his comment on wanting to clarify that the newly added sections 1.4.2 and 1.4.3 are simply the same requirements of Section 504 [of the Rehabilitation Act] restated and added for clarification purposes and that nothing new or unusual was added to the normal requirements in the section.

Mr. Phelps confirmed the section was added to further clarify the fair housing and accessibility requirements and was added at the recommendation of a fair housing and accessibility specialist.

Mr. Mannschreck requested clarification as to the addition of the word "competitive" in section 3.1 was to delineate the 4% and 9% LIHTC projects. Further, that other competitive funds like HOME/HTF or Workforce Housing would be included [in this delineation] or would they be combined with the rolling application period for 4% projects.

Mr. Phelps confirmed that 4% non-competitive LIHTC applications could be submitted year-round but that all competitive funds would be held in competitive application rounds likely to be the same as the 9% competitive LIHTC rounds, unless there was an [additional round] at a different date.

Mr. Mannschreck clarified that 4% LIHTC applications would be competitive [if they included competitive funds such as HOME/HTF].

Mr. Phelps confirmed that any competitive funds need to be held during an application round, but IHFA could hold additional application rounds for those competitive resources to which a 4% non-competitive LIHTC application could be submitted if there was interest in such a round other than August.

Mr. Mannschreck commented to yield and provide others a chance to comment.

Mr. Mannschreck commented he likes the change to section 5.6. Offering a basis boost for special-needs housing and the locations can sometimes not be in QCTs.

He then commented that the out-of-state developers were successful in getting the selection criteria points for being an Idaho resident developer removed from the QAP.

Mr. Phelps replied that the points were removed due the questionable legality of such points in reference to the Montana HFA that was challenged and lost regarding similar points.

TESTIMONY OF WAH CHEN

Ms. Chen requested clarification in relation to Mr. Mannschreck's comment on the selection criteria points for being an out-of-state developer, and the additional points awarded for experience being in Idaho.

She further commented on the additional 30% boost to eligible basis for being in a high-cost urban center and specifically what sort of evidence or rationale needs to be submitted to obtain that boost.

Mr. Phelps responded to the second question on basis boost that evidence needs to be submitted that can be included with the application file that somehow shows the boost is justified, such as proof that the price per square foot for the land is comparatively high or that the design standards such as for being in the downtown of Ketchum, ID requires higher building costs.

Ms. Chen requested further clarification for Urban Center.

Mr. Phelps reiterated an example that building in downtown Boise will be extremely expensive compared to the west side of Boise; or downtown Coeur d'Alene [being comparatively more expensive]. Further, if a project is 'high cost', the resulting cost per unit or cost per square foot, should reflect that.

Ms. Chen replied regarding her first question on points for experience in Idaho [section 6.4.20], she clarified that for projects being completed, if that project was in Idaho, an additional point shall be awarded.

Mr. Phelps confirmed this to be correct.

Ms. Chen questioned if this point favors local developers.

Mr. Phelps replied that it does not, rather it favors for the timely completion of projects and whether those projects are being completed in Idaho. He specified that projects outside Idaho still qualify for timely completion points, but IHFA has a preference for projects being completed in Idaho.

Ms. Chen thanked Mr. Phelps for the clarification.

TESTIMONY OF COREY CHECKETTS:

Mr. Checketts thanked IHFA for the forum and the opportunity to speak and provide comment.

He then commented on section 1.2 regarding the QAP being effective for 2 years and recommended staying with an annual QAP as it allows for public feedback in relative real time. He did comment that he understands how the change can relieve annual administrative burden, but still recommends keeping the annual revision format.

Mr. Phelps responded that most state [HFAs] use a multi-year QAP and it provides more certainty with the development community regarding projects as it allows minimal changes on a year-to-year basis. He noted the comment will be taken into advisement.

Mr. Checketts commented, per Mr. Mannschreck's comment regarding sections 1.4.2 and 1.4.3, regarding the specific requirements #3, #5, and #7 and their applicability to acquisition/rehabilitation projects or could developers request a waiver. Specifically, because it depends on the age of the project, these requirements may be difficult for acquisition/rehabilitation deals.

Mr. Phelps responded that if there are complications due to the conditions of a project, IHFA would allow for that [waivers]. He mentioned these points were added at the recommendation of the expert in the industry just to provide some clarification of the requirements as it pertains to accessibility [and fair housing].

Mr. Checketts thanked Mr. Phelps for the clarification.

He then commented on section 4.5 and the correlated section 6.6.6 regarding incomplete applications and/or documentation and suggested clarifying that points would be removed rather than being at the discretion of staff reviewing applications.

Mr. Phelps noted the comment will be taken into consideration.

Mr. Mannschreck replied to Mr. Checketts comment that in another state, points are awarded for having complete and neat applications [rather than removing points]. He commented that the application requirements can be several hundred pages long for these applications and, during project underwriting, clarification questions arise [from IHFA staff] and that these are clarifications are generally only clarifications. Whereas the proposed change would imply points would be removed for something simple like a spelling error, which, coupled with the point compression that occurred when Idaho switched to a 100-point scale, makes these potential loss of points quite a big issue.

Mr. Phelps replied that the purpose of the change is not to be punitive for something like a spelling error, but incomplete applications have become an issue that takes a lot of staff time so this change is to help give some teeth should IHFA need it. Back and forth clarification will still continue, but the general quality of applications has dropped considerably so this was added to adjust for that drop.

Mr. Mannschreck requested defining 'materiality' in the QAP.

Mr. Phelps responded that the comment would be taken into advisement.

Mr. Checketts commented on section 4.8 and 15.3 regarding additional credit requests and development relief, and wanted to clarify that if a project requests and gets the maximum allowable credits per project that additional credits could not be obtained for factors outside the developer's control.

Mr. Phelps responded that IHFA has always allowed for projects to apply for development relief for additional credits, but there is not a lot of total credits available.

Mr. Checketts clarified that if a project reached the limit, that it would be ineligible for development relief.

Mr. Phelps responded that the project limit was increased, and it would be difficult to go beyond that limit for development considering the new limit is now up to \$1.2 million.

Mr. Checketts thanked Mr. Phelps for the response and wanted to iterate the point for discussion. He thanked Mr. Phelps for the chance to comment.

TESTIMONY OF CASEY MATTOON:

Mr. Mattoon introduced himself and commented on section 5.2 regarding the special needs set-aside and posited how IHFA determined there was no need for the special needs set-aside this year.

Mr. Phelps responded that because there is such a limited amount of credit available, and because there was no received interest in such a set-aside, one was not held for this year. He mentioned that even though there was not one this year, it does not preclude a project from applying, rather that IHFA would just not hold a set-aside.

Mr. Mattoon thanked Mr. Phelps for his response. He noted they have also submitted written comments, but commented that despite the determined need for Idaho is more than 3000, and as indicated in the recently completed permanent supportive housing comparative analysis commissioned by IHFA and prepared by the Idaho Policy Institute noted that there is a need for single site PSH in 5 out of 7 regions in Idaho, and the State of Idaho Analysis on Impediments to Fair Housing Choice in 2022 that looks at action items to increase PSH, that their conclusion is there is drastic need for PSH statewide and that IHFA acknowledged such need in 2016 and 2019 and held special needs set-asides. He further commented such set-asides yielded the only successful single site PSH projects and thus the set-aside is a replicable method to address the statewide need, and hopes IHFA will consider holding a special need set-aside.

He further commented they have worked with IHFA extensively, at least in a City of Boise/Ada County continuum of care capacity, and that they would like to see a special needs set-aside held. He also commented on the balance of state working on a PSH plan for the state of Idaho to include more single site PSH projects.

He further commented that because the QAP will now be effective for 2 years, it's now more important to include the special needs set-aside.

Mr. Phelps thanked Mr. Mattoon for this comment.

Mr. Phelps requested any additional comments from the attendees.

Mr. Hawkins called for a telephone attendee to identify themselves.

Mr. Andrew Cullen identified himself.

Mr. Phelps thanked Mr. Cullen.

TESTIMONY OF JESS GIUFFRE:

Mr. Giuffre commented in response to Mr. Mattoon's comment regarding section 5.2, that the 180 days' notice of funding for a special needs set-aside is not enough time considering the timing of the August application round and that the now two-year QAP effectively makes the set-aside usable only every other year. He requests the time be shortened such that it would allow for the set-aside be used in any given August round, and thanked Mr. Phelps for the consideration.

Mr. Phelps thanked Mr. Giuffre for his comment and noted it would be taken into advisement.

Mr. Phelps reiterated a chance for any more comments to please be submitted.

ADDITIONAL TESTIMONY OF WAH CHEN:

Ms. Chen recommended on section 5.6 and requested that Urban Center be further defined and/or clarified with parameters such as using a distance marker from the downtown designation.

Mr. Phelps replied that the comment will be taken into advisement.

Ms. Chen thanked Mr. Phelps.

TESTIMONY OF ERIN ANDERSON:

Ms. Anderson commented in response to Ms. Chen's comment on section 5.6 that she is in agreement that it would be helpful to have more parameters around the definition of Urban Center and to know which communities are included in the resort communities, specifically to which communities are being compared against [for the comparing of what is high-cost]. She stated it's challenging to not know what is included in what is high-cost and what is not and where are the urban centers.

Mr. Phelps replied that [defining and clarifying] would be explored.

TESTIMONY OF SHELLAN RODRIGUEZ:

Ms. Rodriguez thanked Mr. Phelps for the chance to comment and iterated it's good to discuss QAP changes. She requested clarification whether written comments could still be submitted and what were the requirements of doing so.

Mr. Phelps confirmed written comments could still be submitted through the end of business on this day [of the public hearing].

Ms. Rodriguez requested clarification whether verbal or written comments were to be equivalent.

Mr. Phelps confirmed all verbal and written comments are received and valued the same. He clarified this public hearing is being recorded and will be published and minutes to this public hearing will be transcribed, to which all written comments will be included, and also published.

Ms. Rodriguez confirmed she would submit written comments and then commented that all PSH units outside Idaho have utilized the [special-needs] set-aside and encouraged IHFA to reconsider the use of the set-aside, in concurrence with another commenter.

Mr. Hawkins addressed additional telephone attendees and requested they identify themselves for the public record.

Mr. Douglas Peterson identified himself as the telephone attendee.

Mr. Phelps thanked Mr. Peterson for identifying himself. He requested any further spoken comments and reiterated the chance to submit written comments through the end of business [of today].

ADJOURN

There being no further comments, Mr. Phelps thanked the attendees and adjourned the public hearing at 10:28 AM.

THE FOLLOWING IS RECORDED CONVERSATION FROM THE CHAT DURING THE PUBLIC HEARING:

From Casey Mattoon: Thanks for the opportunity to comment, as noted in our written comment Our Path Home is happy to provide additional documentation of need for single site PSH and answer any questions. Appreciate the hearing time!

From Shellan Rodriguez: Thanks very much Cory!

ATTACHED FOR REVIEW IS WRITTEN TESTIMONY FROM THE FOLLOWING:

Corey Checketts
John Vance
Casey Mattoon
Shellan Rodriguez
Jaime Van Mourik
Dianne Hunt
Thom Amdur

Aleph Tav, Inc.

7154 W State St, #148
Boise, ID 83714

Corey Checketts
corey@alephbet.biz

Thursday February 16, 2023

Sent via email

Mr. Cory Phelps
Idaho Housing And Finance Association ("IHFA")

RE: 2023 IHFA Qualified Allocation Plan ("QAP") – Public Hearing / Written Comments

Dear Cory,

I appreciate the opportunity to submit these written comments for consideration as IHFA works to finalize the QAP. References first will be to section numbers in the QAP followed by my comments, questions, opinions, and observations.

1.2 – QAP to be effective for two years. I discourage IHFA from incorporating this into the QAP. The annual cycle of public hearings and written comments related to the QAP allows the community to provide valuable feedback which fosters adaptation to better address the State's housing needs.

1.4.1, 1.4.2, and 1.4.3 – I encourage IHFA to include language allowing acquisition / rehab projects to seek waivers, especially as it pertains to unit requirements. Specifically, requirements 3, 5, and 7. The last paragraph of 1.4.1 on page 2, suggests that the requirements of 1.4.3 apply to all projects, which might not be feasible for existing structures, which (depending on the scope of work involved on the rehabilitation) would otherwise be in compliance with Fair Housing and 504 requirements.

4.5 and 6.6.6 – I encourage IHFA to revise the language to clarify what incomplete or ambiguous information could result in the application of negative points.

4.8 – Limitation on additional credits / development relief. With the possibility of negative points being applied to Sponsors at 6.6.1 for cost overruns, I believe an appropriate disincentive is already in place to restrict additional credit requests. Therefore, I discourage the use of the proposed language here, which I read as an absolute prohibition on requests for additional credits for projects at or just marginally below the credit cap.

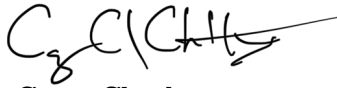
5.6 – Discretionary Basis Boost for 9% submissions. I encourage IHFA to include language for a discretionary basis boost for projects with lower weighted averaged AMI.

6.4.20 – Recently completed developments. I discourage IHFA from keeping this selection criterion in the QAP. When combined with 6.4.9, this category imposes a substantial barrier to entry on otherwise capable organizations, especially newer organizations (or at least newer in the affordable housing space), those who have been successful in the past but either haven't worked with IHFA directly or just haven't completed developments in recent years, and owners/operators who have predominately focused on asset management and acquisitions in recent years.

To be clear, experience is important and should be commended. However, I think there's a real cost for the inclusion of this category that's worth consideration. I am not certain that the current order of magnitude for recent experience is appropriate when reflecting upon potential unintended consequences. For example, I'm concerned about the potential disparate impact this item might have especially on MBE/WBEs. If IHFA determines that the item should remain, then I encourage IHFA to lower the overall weight of this item relative to other point categories and would look for IHFA to do the same (i.e., lower the overall weight) at 6.4.9.

I appreciate the opportunity to submit these comments, and I commend IHFA for its dedication and service towards the provision of quality, safe, and affordable housing.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Checketts', with a long horizontal stroke extending to the right.

Corey Checketts
President,
Aleph Tav, Inc.

February 16, 2023

Mr. Cory Phelps
Vice President Project Finance
Idaho Housing and Finance Association
2555 East Myrtle Drive
Boise, Idaho 83702

RE: Public Comments, 2023 Qualified Allocation Plan

Cory:

Thank you for the opportunity to provide comments to the 2023 Qualified Allocation Plan (QAP) for Idaho Housing and Finance Association (IHFA). Having reviewed the 2023 QAP, we have the following comments and questions:

- 1) Section 4.9.4 Green Building Threshold: For the xeriscaping, could you clarify if the entire site needs to utilize xeriscaping versus a percentage of the site? For many projects, especially family projects, it is important to include areas that have grass. Most developments will not consider xeriscaping if IHFA requires 100% xeriscaping on the site.
- 2) Section 5.2 Special Housing Need Set-Aside: As was stated during public comments, IHFA will need to either i) reduce 180-day allowance for a Request for Proposal (RFP) for the Special Housing Needs Set-Aside in the next few days, or ii) move the current deadline of August 4th back to allow for the 180-day period.

Additionally, it is imperative that IHFA start utilizing the Special Housing Needs Set-Aside to address homelessness throughout Idaho. While many markets have cooled a bit since the surge in 2021 and 2022, we still see increases in home prices and rental rates throughout Idaho. To make matters worse, especially for those on a fixed income, property taxes continue to escalate year-to-year. These stresses create many cost-burdened households in the State of Idaho, both in rentals and owner occupied homes. As a result, there are more people experiencing homelessness – many of whom are finding themselves homeless for the first time. Utilizing the Special Housing Need Set-Aside, IHFA can provide a vital funding element for projects that address the issue of homelessness. To ensure the funding is properly distributed throughout Idaho, disbursements can be made annually to one of the seven regions already noted for the Permanent Supportive Housing units in Exhibit J. By designating which region will receive the Special Housing Need Set-Aside, the various entities in that region can work together and allocate resources to such a project. Because IHFA created 7 regions, each would anticipate a Special Housing Need Set-Aside for that region every 7 years.

We no longer need to think about “if” Idaho will experience a problem with homelessness, only “when” and “to what extent”. IHFA can choose to start working with local municipalities to address the problem now, while we still have a chance to truly manage it, or IHFA can wait until

the problem is untenable. There are plenty of examples of what could happen if IHFA chooses to wait. It is imperative to begin now

- 3) Section 6.4 Selection Criteria, Item 8: To properly reward developers that seek as much secondary funding as possible, it would be more beneficial to provide the points in this criterion as a true percentage of the Total Development Cost versus the current tiered system. As written, a development that received 2.00% in local government assistance receives the same benefit as a development that receives 3.99% in local government assistance, even though it is nearly double the portion of the project cost. Instead of both projects receiving 2 points, the first development should be offered 2.00 points while the second is provided 3.99 points. This would also significantly reduce the likelihood IHFA would need the tie-breaker.
- 4) Section 6.4 Selection Criteria, Item 13: The intent of Item 13 should be to ensure that new units of affordable housing are distributed throughout Idaho. To that end, awards using the Special Housing Needs Set-Aside and Preservation Set-Aside should not be included when determining if a city has received an award of tax credits within the past 5 years.
- 5) Section 6.4 Selection Criteria, Item 14: While we continue to appreciate IHFA's desire to maximize the impact tax credits will have, this criterion creates a disincentive to include community space and materials selected for long-term durability. Instead of seeking developers that deliver projects with nice amenities and use quality materials, IHFA is rewarding those projects that have the bare minimum common area and utilize cheap materials. While that may result in "better" use of the tax credits in the short term, it will likely create issues related to rehabilitation needs later. This concern was noted in our suggested changes to Section 5.4, above. The best scenario would be the removal of Item 14 in its entirety. If that is not the course IHFA chooses to pursue, the following would need to be implemented:
 - a. Hard Costs would need to be provided by a third-party estimator. This would not ensure the numbers would be correct, but it would provide a better gauge of what the anticipated costs should be for a project.
 - b. Minimum Standards for construction and design would need to be created. This would ensure that the materials used would meet certain minimums and allow the project to withstand the "test of time". There would also be design minimums as part of the process, based on local precedent. Projects would need to provide proof that certain unit amenities are present, so the LIHTC developments are not substantially different from what is typically completed in the various markets throughout Idaho. These are burdensome on IHFA, but they are needed to ensure that the tax credits invested will make a long-term impact in the community, not a short-term gain for the developers.
 - c. Include the square footage of all common spaces and amenities in the calculations. Allowing the common areas into the calculation will remove the incentive to minimize these for the tenants of LIHTC projects when compared to other apartment buildings in the market. IHFA should encourage the addition of common amenities that help improve the quality of life for residents of LIHTC developments. Removing common amenities from the square footage number used to calculate the unit costs will result in the opposite.
 - d. Institute minimum and maximum ranges for a variety of costs in LIHTC developments, discouraging developers from trying to elicit points through means that would jeopardize the long-term stability of the development. As examples, IHFA should require a reserve of 6 months for operating costs and a minimum construction contingency of 5%. Having these

minimums would ensure IHFA is comparing projects that all utilize best practices for long-term financial stability.

- 6) Section 6.4 Selection Criteria, Item 22: We understand the intent behind Item 22 is to ensure developers that complete projects in a timely manner are rewarded, but the current draft is not working to that effect. Additionally, this criterion creates a penalty for smaller developers and sponsors that are only active in Idaho. This is exacerbated by the removal of the points for sponsors and developers that are based in Idaho as was provided in the 2022 QAP as Section 6.4 Selection Criteria, Item 5. Our preference would be to remove Item 22 for the 2023 QAP and work on the language in more detail. In the event IHFA wishes to move forward with the intent of Item 22 included, we request the following changes:
 - a. Remove this criterion from Section 6.4 Selection Criteria and place it into Section 6.6 Negative Performance Points and provide a penalty for those sponsors and developers that are unable to meet the 3-year timeframe for new construction projects and the 2-year timeframe for acquisition/rehabilitation projects.
 - b. Clarify how a project subject to co-sponsorship or co-development are to be considered. Are the points awarded to both participants in full? Are the points split equally? Are the points split based on ownership percentages?
 - c. Clarify how a project is scored where a single entity acts as the sponsor and the developer. Would such a project be subject to “double points”? For example, as the sponsor and developer for a project completed in two years, do we get 6 points?
 - d. If this remains in Section 6.4 Selection Criteria, please clarify if projects awarded 4% tax credit will be considered for the points in this Item.
 - e. If this remains in Section 6.4 Selection Criteria, please clarify if projects awarded both the 9% and 4% tax credits, as noted in Section 6.4 Selection Criteria, Item 20, are considered one project, thus eligible for a maximum of 3 points, or two projects, thus eligible for 6 points.
 - f. If this remains in Section 6.4 Selection Criteria as written in the draft of the QAP, please clarify if an award of 4% tax credits in Idaho would bar a sponsor or developer from using projects completed outside the State of Idaho.
- 7) Section 6.5 Preference Points, Item 2: Please clarify if PSH units are counted to meet the percentages noted.
- 8) Section 6.6 Negative Performance Points, Item 2: While we understand the intent in this section, there should be a waiver available for management companies that have (i) just acquired the management assignment and/or (ii) worked with a property owner that refuses to make recommended changes that would bring the property into compliance with this section. As an example, our company has received several management assignments through the bankruptcy courts that included many properties that would be in violation of Section 6.6. It leaves our company in a difficult situation: either reject the management assignment despite our history of success in this area or accept the assignment knowing that it may result in a development project losing points if a turnaround cannot be completed prior to the application deadline.
- 9) Section 9.1 Threshold Architectural Requirements: The minimum unit sizes may need to be updated, as there are several market developments throughout Idaho that utilize smaller units in new construction. IHFA may wish to update these standards to reflect the current market conditions.

10) Section 10.3 Semi-Annual Update: We applaud the addition of this section to the QAP provided there is clarification on when the requirement ends. We assume the requirement would not be necessary once a project is placed-in-service, but IHFA may wish to continue the requirement through the Final Application and/or the issuance of Form 8609. Clarification would be greatly appreciated.

Again, thank you for the opportunity to provide comments. We do appreciate working with you and everyone else at IHFA and look forward to providing more affordable housing in Idaho.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JTV', with a long horizontal flourish extending to the right.

John T. Vance

Senior Property Developer

CC: Jess Giuffré, Vice President Development, Northwest Real Estate Capital Corp.



Idaho Housing and Finance Association
565 W Myrtle St Boise, Idaho 83702
Project Finance Department
February 16th, 2023

RE: Our Path Home Comment on Draft Qualification Allocation Plan 2023

Thank you for the opportunity to provide comment on the draft Qualified Action Plan.

Our Path Home requests that IHFA include a population specific set-aside in the QAP, as done previously, to enable the development of more single site permanent supportive and in doing so, address impediments for housing choice for Idaho's most vulnerable members.

The QAP as drafted continues the practice of providing preference through allocation of additional points for projects that designate one unit or 5% of units, whichever is greater, as PSH or Transitional Housing (TH) for "Special Needs Households". Although this preference does increase the total number of PSH/TH units statewide, it does so at a scale that cannot address the statewide need (estimated at 3,347 supportive units in 2019) while also producing significant challenges for support services funding and delivery within the scattered site model. This preference fails to provide a pathway for single site PSH projects to prepare a competitively scoring application for funding, limiting the utility of this critical funding source to only support scattered site PSH development.

As stated in the Idaho Permanent Supportive Housing Comparative Analysis, commissioned by IHFA and prepared by the Idaho Policy Institute in 2021, single site PSH development is needed in five of seven regions in the state, specifically, Ada (Region 7), Kootenai (Region 1), Canyon (Region 3), Twin Falls (Region 4), Bannock (Region 5), and Bonneville (Region 6) Counties. The authors of the analysis also point to specific benefits of single site programs including lower monthly costs, higher rates of service utilization, and better ability to support a higher need population.

Previous site based PSH projects were only made possible because the QAP established a set-aside, reserving a specific percentage of the given year's tax credit allocation in 2016 and 2019. Our request for a set-aside is consistent with the Idaho Behavioral Health Council's Strategic Action Plan 2021 - 2024, developed by the Idaho Department of Health & Welfare, which recommend that IHFA use a dedicated "set-aside" for at least five years of its Low-Income Housing Tax Credits to incentivize the building of permanent supportive housing units across Idaho. We respectfully request that such a set-aside be added to the current QAP so that the work being done to bring much-needed supportive housing online can be furthered.

Thank you again for the opportunity to provide comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Casey Mattoon", written over a horizontal line.

Casey Mattoon, Our Path Home Manager

Our Path Home Executive Committee

Our Path Home | INFO@OURPATHHOME.ORG | 150 N CAPITOL BLVD. BOISE, ID 83702

Executive Committee Members

Stephanie Day, CATCH | Kendra Lutes, Terry Reilly Health Services | Maureen Brewer, City of Boise | Deanna Watson, Boise City/Ada County Housing Authorities | Denise Carter, Pacific West Companies | Jodi Peterson, Interfaith Sanctuary | Richard Morgan | Anna Johnson-Whitehead, Veterans Affairs | Nicki Hellenkamp, City of Boise | Ali Rabe, Jesse Tree | Angie Gribble, Saint Luke's Health System | Katie Lamansky, Idaho Department of Health and Welfare | Andrea Geraghty, Boise School District | Bea Black, WCA | Captain Mike Ruffalo, Boise Police Department | Jamie Simpson, Idaho Housing & Finance Association



Housing and Redevelopment Consulting Services

February 16, 2023

Idaho Housing and Finance Association
565 W Myrtle St Boise,
Idaho 83702

RE: Draft Qualification Allocation Plan 2023- Comment

Dear Mr. Phelps,

Thank you for the opportunity to provide comment on the draft Qualified Action Plan both in the virtual meeting earlier today and in writing. My comments are as follows:

Section 1.2- I support the 2-year QAP term. Arguably, it provides additional certainty for developers.

Section 5.6- I am in support of the 30% eligible basis boost for high-cost areas and special housing needs set aside. Like what attendees on the virtual meeting mentioned, I appreciate the explanation of what defines an Urban Center within the section. Perhaps a list of "high-cost resort communities" or a metric of such could also be included for clarity?

Section 6.4 Selection Criteria #17: I support the continued allocation of points for developments that dedicate units to PSH. I urge you to substantially increase the number of units that must be dedicated as PSH in order to garner these points (greater than 50% of units) OR to prioritize PSH as a special housing needs set aside. My reasoning is as follows - PSH is most successful with substantial supportive services which becomes incredibly challenging, if not impossible, in scattered site development. Developers without this experience will not fully understand this relationship between supportive services and overall outcomes. In time, this section may inadvertently create additional hardship for individuals who ultimately do not get high quality access to quality supportive services.

Emerging Developer- This is a strategic comment, likely best suited for future consideration. Please consider additional points for experienced developers who co-develop with an "emerging" developer. The definitions and details would have to be considered but creating an incentive for existing developers to partners with younger, less experienced LIHTC developers may be good overall for the state of housing in Idaho.

Thank you again for the opportunity to provide comment and I'm happy to provide additional clarity as needed.

Sincerely,

A handwritten signature in blue ink that reads "Shellan M. Rodriguez".

Shellan M. Rodriguez
Owner

520 W. Idaho Street
Boise, ID 83702

(406)531-0401
www.smrdevelopment.com

To: Maudi Hernandez (maudih@ihfa.org)

Re: 2023 Idaho QAP Public Comment– Green Building Certifiable Programs

From: US Department of Energy's Zero Energy Ready Home Program

Ms. Hernandez:

Thank you for the opportunity to comment on Idaho's LIHTC QAP for 2023. On behalf of the U.S. Department of Energy's Zero Energy Ready Home Program, the nation's leading federal program for residential energy efficiency, we would like to both congratulate Idaho on its forward-looking Green Building Threshold and suggest potential enhancements.

In our research of various state QAPs, Idaho is one of the states leading the way with the inclusion of green measures as threshold criteria. We think the inclusion of such measures is crucial for creating affordable housing that keeps residents healthy, lowers the cost of living, and is resilient for the future.

With that in mind, we would like Idaho to consider including the DOE Zero Energy Ready Home Program (ZERH) as a Green Building Certifiable Program to fulfill the Green Building Threshold in its 2023 QAP. Idaho's QAP already includes six other green building programs as options, and adding ZERH to the list would be a simple way to incentivize another group of high-performance green builders to pursue construction in the affordable housing sector. One of the great benefits of including this program is that as a federal program, there is no fee for registration or certification, aside from the third-party verifier's fee for certifying the project. The verifier works with the construction team from start to finish, helping them to understand and meet the goals of the ZERH program.

The ZERH program requires ENERGY STAR certification as a prerequisite, along with a certification from EPA's Indoor airPLUS program, both of which are already included in Idaho's current list of green threshold options. Building on these two programs, ZERH adds criteria for higher levels of energy efficiency and mandatory requirements for key systems including the building envelope, forced-air duct location, hot water system efficiency, and PV-Ready construction. Projects with ZERH certifications are energy efficient and have comprehensive IAQ protections, leading to lower ownership costs, healthier spaces for residents, and more future readiness than most others on the market. Incorporating these elements into affordable housing is critical for improving the health and resilience of more vulnerable populations.

We would be happy to provide more information on the DOE Zero Energy Ready Home program and discuss how numerous states, including Arizona, Connecticut, Delaware,

Maryland, New Jersey, Pennsylvania, Rhode Island, and Virginia are already leveraging it within their affordable housing programs.

Please consider the addition of DOE's Zero Energy Ready Home program in Idaho's 2023 LIHTC QAP to support the state's residential green building goals.

Sincerely,

Newport Partners – Program Contractor

On behalf of the DOE Zero Energy Ready Home program

www.buildings.energy.gov/zero

Hi Cory,

Unfortunately, I was late to the hearing so this may have been covered earlier. I am concerned with the Negative Performance Points, specifically with the Compliance Department's "Watch List". Our company manages many properties for different ownership entities. Properties include Section 8 properties as well as other HUD programs, and LIHTC and/or HOME properties. In some cases, the property management agent is hindered in it's work by funding availability, the availability of contractors or service providers or others to complete the work, and the direction of the property owner. I am hoping that this categorization of units will be limited to Section 42 and/or HOME units, and not the older housing stock that we manage.

In 2022/2023, we have had many problems with staffing turnover both in my office and in the field. Sometimes the responses that the Compliance Department requires are not completed timely simply because we don't have staff to address the concerns. I know that I am not alone in this being an issue because I talk to folks all over the country that are experiencing similar staffing problems. I am hoping that the Compliance Department will take that into consideration when they are evaluating both the response time and the categorizing of properties on the "watch list". I would also appreciate knowing if the Compliance Department has placed any of our properties on the "Watch List" so that we have the opportunity of correcting any issues prior to the application round.

Thank you for the opportunity of providing this input.

Dianne Hunt, CPM

President

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Thanks Cory – I can draft some more “formal” comments but I’ve been reviewing the Idaho QAP and a few things jump out that I thought would be worth some discussion. As you may know, we are primarily focused on TEB / 4% development. I think the biggest challenge we face in Idaho is that while construction costs are relatively high, AMIs are relatively low. As you know the statewide AMI in Idaho is \$80,400 whereas in some of your neighboring states where there is a lot more MF bond production AMIs are much higher (Colorado: \$105,800, Utah: \$95,800, Nevada: \$84,600, Oregon: \$91,800). The higher AMI’s allow for additional leverage and debt proceeds, which is a real difference maker in getting deals to pencil. Additionally, Colorado, Nevada & Utah all have generous state credits and Oregon and Colorado both gets hundreds of millions of dollars appropriated by the legislature and through GO bonds to support their bond deals, which unfortunately, Idaho does not yet have in its tool kit.

I wanted to recommend Idaho consider adopting the strategy Arizona has pursued with their bond program to increase production. AMI in AZ is only a little higher than Idaho (\$82,800) and they don’t have a state credit or appropriated funds either; however, they have adopted a concerted strategy to maximize eligible basis bond developments to increase the amount LIHTC equity a development can generate and it has been a real game changer. Arizona allows for a 19% developer fee on larger bond deals, along with the ability to apply for an additional 5% developer fee for bond deals under hardship conditions (if the construction contingency is exhausted and the additional fee, deferred is supportable/under-writable). I also will note that they also do not have a lower developer fee for acquisition basis. I think simply raising the fee on acquisition basis for bond deals would be pretty impactful on for preservation transactions and increasing the overall fee percentage to 19 or 20% (some states like KY, OH, TN go as high as 25% for bond deals) would make a lot of new construction bond deals viable in Idaho even without other soft sources. If it’s helpful, I could develop a couple of case studies for you to illustrate the impact. It has been the difference maker for several deals we are closing in Arizona. Increasing the fee in Tennessee a few years ago was pretty transformative. They went from virtually no production to exceeding the units created and preserved in their 9% program almost overnight.

Would love to discuss with you further if you have time/interest. Thanks and have a great weekend!
Thom

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