



To: Alan Rakowski, IHCD  
From: Nick Surak  
Date: February 4, 2025  
RE: Comments to 1<sup>st</sup> Draft of 2026-2027 QAP

Thank you for the opportunity to comment on the proposed changes to the qualified allocation plan. Comments below are in the sequence in which they appear in the plan.

#### Section 4.1: Qualified Non-Profit

We are supportive of IHCD's language clarifying the definition of an eligible non-profit organization, especially items to make clear the non-profit organization should be a truly independent organization with permanent staff.

However, we have concerns about the mandatory 40% fee split being a significant disincentive for experienced developers to partner with non-profits with limited capacity. Typically the guarantees and overwhelming majority of the workload is carried by the development partner and a maximum 60% share in the upside is not reflective of the effort and risk being borne. A 20% floor would be more appropriate and leave room for negotiation based on how much is being contributed to the project by each party.

#### Section 4.2: Community Integration

Thank you for including the requirements that any referral provider must specifically serve people with IDD and have a service area that includes the location of the proposed development. Although this appears to be a common sense set of criteria, without making it explicit it is possible applicants may shop for organizations that are not best suited to serve future residents simply to qualify for this set-aside.

#### Section 4.4: Preservation Rehab Costs

We are supportive of increasing the minimum hard cost from the existing \$35,000 per unit level for the Preservation Set Aside, as in the present environment this represents a very moderate amount of rehabilitation and we would prefer to see limited 9% credits used for older properties with higher needs rather than those that are barely past the initial federal compliance period with moderate to low rehab needs.



#### Section 5.1(H)(4): Demonstrated Ability to Obtain Funding

IHCDA should look very closely at the allowance of up to 15% of a project's funds being uncommitted at application. This seems quite high and represents a substantial risk that IHCDA could commit limited resources to a deal that ultimately fails to secure enough additional funding to proceed while a lower scoring but more viable project would have not received an award as a result.

#### Section 6.2(B): Accessible or Adaptable Units

Although it was mentioned at the meeting that a survey of existing LIHTC in the state indicated that 15% of residents have some kind of disability, we believe that figure is likely skewed by age-restricted properties and the percentage at general occupancy communities is lower. It should also be noted that many residents with a disability *do not want a fully accessible unit*, as the compromises in design in terms of layout and storage make them less attractive than simply managing with a standard unit. Our experience is that accessible units are the last and most difficult to lease and are often leased by residents that will request that they be moved to the next available standard unit when the opportunity arises, which means two units have to be made ready for new occupants rather than one. It is our recommendation that general occupancy/family properties only be required to provide 10% of their units as accessible, which also aligns with the percentage of special needs units developments must target as well as various items in the universal design section that require just 10% of the units to have special accessible features.

#### Section 6.2(F): Infill New Construction

We oppose the new definition of infill housing that requires the site to have been previously developed residential or commercial. There are many previously-undeveloped sites that are within existing municipal limits that meet the other requirements of this category, have not been utilized as agricultural land, and that offer the proximity to amenities that IHCDA desires that would be ruled out of contention for an allocation without these points.



The proposed category would force developers to look at a substantially smaller number of potential locations, would entail more expense and construction risk due to known and unknown site conditions from the previous use that would have to be removed and ultimately means higher overall development costs and likely smaller projects as well. IHCD's concerns about agricultural land being developed could be addressed without resorting to limiting the potential locations applicants could pursue.

#### Section 6.3(C): Opportunity Index

IHCDA may wish to review the metric used for primary care, as a county-wide statistic seems overly broad. We have frequently found sites located within close proximity to a primary care facility that would not get this point because of the overall county ratio, when obviously the purpose is to reward locations in which medical care is close at hand.

#### Section 6.5(E): CORES Certification

We are very pleased to see this eliminated. The staffing and programmatic requirements of this certification are only practical for large property management organizations so this category was heavily biased in that direction rather than the majority of the affordable property management community in our state.