



PO Box 40177
8801 River Crossing Blvd.
Suite 200
Indianapolis, IN 46240
T 317.469.0400
genebglick.com

February 5, 2025

Alan Rakowski
IHCDA
30 S. Meridian, Suite 900
Indianapolis, IN 46202

Alan,

Though Glick has submitted a separate list of comments on the draft 2026-27 QAP, there is one change that has been made that we wanted to comment on with a greater level of detail and supporting data. Though we applaud IHCDA making changes to previous QAPs that required 100% of age-restricted rehab units in elevator buildings be either Type A or Type B accessible, bringing that requirement down to 25%, we would ask IHCDA to consider a further reduction to a 10% requirement.

As you know, in the past few years, Glick has sought waivers from IHCDA on a handful of age restricted preservation project applications. For each of these requests, we have requested the adaptation of 10% of units rather than retrofitting 100% of units to meet accessibility standards. This number was not randomly determined, nor does it reflect a lack of desire by Glick to support available housing for persons of different needs. Instead, it is based upon what a project might feasibly bear financially – especially when it comes to properties that require significant structural reconfiguration at great cost per unit.

There is a significant number of age restricted communities with different types of rental subsidy built between 35-50 years that could strongly benefit from a tax credit rehabilitation to preserve and enhance not only cosmetic updates to interiors but also modernization of systems of resident homes. Many of these rental communities were built with PRAC funds, 202 Senior Funds, and traditional debt with Section 8 Housing Assistance Projects.

Examples of such projects include:

- Kenwood Place, and Kenwood I, Indianapolis, IN
- Mt Zion Suburban Apartments, Indianapolis, IN
- Villas of Sacred Heart, Indianapolis, IN
- Cambridge Square of Greenwood, Greenwood, IN
- Fairington of South Bend, South Bend, IN
- Cambridge Square of Beech Grove, Beech Grove, IN
- Spruce Manor, Indianapolis, IN
- Village of Clare/Alexandria Manor, Alexandria, IN
- Kokomo Manor, Kokomo, IN

The communities were developed by churches, local nonprofits, large national nonprofit groups like Mercy Housing and National Church Residences, and affordable housing developers like the Gene B. Glick Company. Communities like these are the backbone of affordable subsidized housing and preservation of these properties will not be feasible with a 25% threshold requirement of units converted to Type A or Type B units. The projects were built with cost containment strategies, to ensure federal dollars were stretched as far as possible to create as many units as possible.

Updating units to meet these standards is not just a matter of making different choices regarding cabinetry and wall blocking for handrails. The ADA requirements that were in place when these projects were built means very few if any of the existing “accessible units” will structurally meet current standards. The size and layout of the current units require significant adjustments to plumbing and wiring, reconfiguration of walls and closets, even relocations of kitchens and bathrooms. All of which is not only costly, but also tremendously disruptive to existing residents.

On a recent out of state project, the reconfiguration of 1 bedroom units to meet accessibility standards will cost an additional \$80,000 per unit over the \$49,500 base line cost for all unit upgrades, due to having to completely relocate the unit’s kitchen. For this project, the QAP threshold for ADA units was to meet UFAS (or 5% of the total units had to be fully accessible.) Had this project been required to do 25% of the units as Type A or Type B, the project would not have been financially feasible and residents in great need of a property upgrade would go without.

To illustrate the financial challenges, we have developed a generic proforma (below) that assumes real project costs based on recent 4% tax credit projects. It compares the costs between three scenarios, 25%, 10% and 100% conversion. Even at 25%, the increased costs vs. those of a 10% conversion are over \$1.7MM.

Generic Project Overview				
Option	25%	10%	100%	Assumptions
Type A Units	51	21	203	0
Type B Units	0	0	0	0
Other Units	152	182	0	0
Interior Totals	\$ 10,048,500.00	\$ 10,048,500.00	\$ 10,048,500.00	\$49,500 per Apartment Home
Type A or B ADA Conversion	\$ 2,537,500.00	\$ 1,050,000.00	\$ 10,150,000.00	\$50,000 additional per Apartment Home
Subtotal	\$ 12,586,000.00	\$ 11,098,500.00	\$ 20,198,500.00	
General Requirements (6%)	\$ 755,160.00	\$ 665,910.00	\$ 1,211,910.00	
Contractor Overhead (2%)	\$ 251,720.00	\$ 221,970.00	\$ 403,970.00	
Contractor Profit (6%)	\$ 755,160.00	\$ 665,910.00	\$ 1,211,910.00	
Estimate Construction Total	\$ 14,348,040.00	\$ 12,652,290.00	\$ 23,026,290.00	
Bond Fee (1%)	\$ 143,480.40	\$ 126,522.90	\$ 230,262.90	
Estimate Project Total	\$ 14,491,520.40	\$ 12,778,812.90	\$ 23,256,552.90	
Relocation Costs	\$ 182,700.00	\$ 168,000.00	\$ 304,500.00	\$1500 per ADA rehab, and \$750 per non ADA rehab
Estimated Grand Total	\$ 14,674,220.40	\$ 12,946,812.90	\$ 23,561,052.90	
Cost Per Unit	\$ 70,680.00	\$ 62,326.55	\$ 113,430.00	

Interest rates and the cost of acquisitions are rising, constraining debt, equity pricing is falling, and the pool of soft funds is shrinking and becoming more competitive. In the most recent round of AHP applications, the Federal Home Loan Bank of Indianapolis has 100 rental, affordable housing applications and was only able to fund 34. Capital Magnet Fund

applications are highly competitive, and the program is at risk of elimination and IHCD's own Development Fund is finite in its scope. It is rarely feasible for projects to find an additional \$1.7MM of funds to close gaps. This is the case for every affordable housing developer, big or small.

There are other significant costs that a preservation project must bear to ensure that the property stays viable for the duration of its affordability period. Take for instance, some current costs that we are managing:

- A recent proposal to modernize the four elevators of a 203 unit age restricted property in Indianapolis is \$856,000.
- The same property needs all new electrical meters for each individual unit, each common area and each elevator at a cost of \$186,000. A similar 204 unit project requires the same for a proposed cost of \$240,000.
- A recent project in Lexington, KY, which undertook a similarly priced elevator modernization bore those costs, plus an additional \$17,000 for each of the four elevators after a mid-construction ice storm created an electrical surge that blew the new panels.
- Upgrading all the common area bathrooms to meet ADA standards at a recent project it was over \$60,000.

While you could say that each of these are the cost of doing a preservation project and some of the costs above would be the same for a 10% or 25% conversion, some of these upgrades would likely need to be forgone in the short term to focus resources specifically on ADA conversion. Deferred maintenance of such systems would not only make the entire property less prepared for viability for the duration of its affordability period, it would also spell a significant increase in operating reserves that could further challenge an affordable project's already challenged future financial health.

There are an incredible number of complexities in preserving affordable housing projects. We ask that you reconsider the revised recommended requirement of 25% Type A/B units in age restricted preservation projects as being not financially feasible for most properties developed more than 25 years ago. We ask that IHCD consider exempting projects of a certain age from the requirement and/or further decrease its proposed standard to 10% of the total units are either Type A or Type B. Even with those modifications, some projects still may not be able to meet the standard it because of prior building design.

If you have any questions or would like to discuss further, please contact me at janine.betsey@glickco.com

Thank you,



Janine Betsey
Director, Tax Credit Development