



February 6, 2025

Alan Rakowski, Director of Real Estate Allocation
Indiana Housing & Community Development Authority
30 South Meridian Street, Suite 900
Indianapolis, IN 46204

Re: 2026-2027 First Draft QAP

Dear Mr. Rakowski-

Thank you for the opportunity to comment on the 2026-2027 Qualified Allocation Plan 1st Draft. Kittle Property Group (KPG) submits the following comments:

Overall:

- There is an affordable housing crisis in Indiana and as partners, KPG supports QAP criteria that encourages and holds accountable developments that move as quickly as possible from awarded application to closing and then to operations to serve Hoosiers that are desperately waiting for affordable options in their communities.

Section 3 – Private Activity Tax-Exempt Bond Financing:

- Limited to a Maximum Request of \$35,000,000 in Bond Volume
 - The maximum bond request should be increased to at least \$50,000,000. IHCD can make the greatest impact creating and preserving affordable units with scale and the current volume cap is limiting.
- Affordable Assisted Living Applications for Bond Allocation
 - Housing for our aging seniors is incredibly important, and this is best accomplished by creating and preserving affordable apartment units where they may age in place. While there may be a need for assisted living units, this is best accomplished through market rate developments. Creating affordable assisted living units that are dependent on Federal programs is risky given the unknowns with so many Federal programs as of late. IHCD needs to support developments that are financially viable and sound for the long-term. Therefore, affordable assisted living should be removed as an eligible activity.

Section 4 – Set-Aside Categories:

- 4.1 – Qualified Nonprofit
 - A nonprofit with the wherewithal and desire to take on a LIHTC development should be encouraged to do so. The new requirements added to the QAP are limiting and should be removed.

Part 5.1 – Threshold Requirements:

- B. Notification of Intent to Apply
 - Support the change to require resubmittal if application is not submitted within 60 days of Form C submittal.
- H. Readiness to Proceed
 - 4.b. - Support the expected reworked language if 15% or more (of TDC) of the non-IHCDA sources are not yet awarded at application, the application will fail threshold.
 - 5. - Remove language of required zoning documentation stating, “without the need for additional variance”. This is an unnecessary burden at application stage for a developer, and more importantly the municipality. A zoning office is apprehensive to sign knowing most developments have not had an engineered site plan completed. So, it is unknown if some sort of variance will be needed once design commences, and construction documents are created. Further, Threshold Paragraph ‘M’ gives IHCDA the desired accountability from the development team while also giving the development team design flexibility between application and placed in service.

Part 5.2 – Underwriting Guidelines:

- A. Total Operating Expenses
 - We are appreciative of the RED-25-02 notice requesting current operating costs. KPG has compiled and submitted its portfolio data and hopes the results leads to a more applicable operating cost criteria specifically broken down by the deal type and size perhaps like the breakout by numbers of units for management fee – with a higher cost per unit required of smaller developments and those with high operating costs due to their supportive service requirements. At this time, it is recommended that operating expenses be reduced to \$4,500 per unit per year.
- E. Operating Reserves
 - Allow for less than four (4) months if supported in the lender letter.

Section 6 - Scoring Criteria:

- For Bond deals – both competitive and non-competitive, scoring for readiness to proceed should be added. By encouraging readiness to proceed, deals will close in the timeliest manner possible. Points should be awarded to deals that have completed:
 - ALTA Survey, including topo
 - Phase I within six months of application AND if recommended a Phase II or additional environmental testing as suggested in the Phase I
 - Geotechnical

Bonus points should be available for further completion of:

 - Engineered Site Plan
 - Development Plan Approval or some type of letter from the LUG that the deal is eligible to apply for building permits
 - Civil Contracted
 - Architect Contracted
 - Civil drawings at 50% complete
 - Architectural drawings at 50% complete

- Civil drawings at 100% complete
 - Architectural drawings at 100% complete
 - Evidence of application for building permits
 - Building permits in hand
- The 50-point Bond threshold is too high. The total number of points available in this first draft has been reduced by over 15%. In turn, the minimum number of points required to meet Threshold should be reduced.

Part 6.2 Development Characteristics

- A. Development Amenities
 - Chart 1, Column C
 - Reduce the minimum number of amenities to one.
- B. Accessible or Adaptable Units
 - It seems reasonable to increase by 1% but would be interested to see feedback of how many of these designated units are truly used by residents needing them most.
- D. Vacant Structure
 - Adaptive reuse developments are some of the most expensive to complete and then operationally, these struggle the most.
 - This is not an efficient use of limited credits and would prefer to see this scoring be removed.
- E. Preservation of Affordable Housing – Bonus Points
 - These applications already have 6 points available to them. Providing them with the opportunity to have bonus points that are not available to other deals does not necessarily reward the best development. Bonus points should be removed.
- F. Infill New Construction
 - Eliminate this scoring criteria. Our local municipalities know their communities best and if they are directing developers to land that happens to be pasture or a field that has utilities available, they should not be penalized.
- I. Community Revitalization Plan for Developments Located in QCT
 - DDAs should be included as well
 - Provide points for DDA or QCT developments
 - Provide additional points as required by code if part of a community revitalization plan.
- J. Tax Credit Per Unit
 - For AWHTC, utilize a scoring of state credit per unit. This encourages the greatest impact, and this data will be ideal to share with legislators.
 - Also consider AWHTC scoring criteria incentive for Indiana based developers.
 - For both competitive and non-competitive bond applications, utilize a scoring of bond request per unit. Bond resources should be incentivized and allocated for the most efficient proposals with the greatest impact possible.
- K. Internet Access
 - Support elimination of this category
 - If this category remains, support point for Wi-Fi in public areas

Part 6.4 Financing and Market

- A. Leveraging Capital Resource
 - Would support doubling these points, since this type of activity 1) enhances the long-term viability of a development and 2) are difficult to obtain.
- B. Non-IHCDA Rental Assistance
 - This category adds time and money to a development since Federal cross cutting regulations are to be followed for Federal rental assistance.
 - Once a development is operational, then it should seek out a commitment of vouchers, but not before, as it is not a good use of limited credits given the increased costs. Therefore, this scoring should be eliminated.

Part 6.5 Other

- E. Resident Services
 - Resident Services Coordinator for Supportive Housing
 - This should be a threshold item. Housing First and Integrated developments need this position, but other deals do not. Given this, why would IHCDA want developments to needlessly increase operating expenses.
- I. Owners Who Have Requested Release Through the Qualified Contact
 - This issue has nothing to do with the application under review. A high-quality new application could be eliminated because of decisions made related to a separate development that was completed years ago.
 - A one size that fits all categories does not address many reasons Owners go through the Qualified Contract process.
 - If IHCDA wants to continue to have strong, financially stable developments, the developer pool should not be minimized through this scoring category.
 - This category should be eliminated.

Section 7 – Miscellaneous

- Part 7.1 Application Dates
 - Do not support the proposed windows for noncompetitive bond windows
 - Instead keep as is and increase the extension fee or limit the number of extensions to encourage complete and thorough applications.

Schedule D

- The maximum bond request should be revisited. IHCDA can make the greatest impact with scale in bond developments and to encourage this, the bond cap should be at least \$50,000,000.
- Time is of the essence for noncompetitive bonds and is the quickest way to get much needed housing in place. Recommend creating a readiness to proceed scoring criteria.
- Assisted Living Applications for Bond Allocation
 - As mentioned previously, this should be eliminated as an eligible activity.

Schedule D1

- Revise this schedule to flow similarly to and better align with Schedule D, particularly focusing on moving all scoring components to the scoring section of the QAP.
- The maximum bond request should be revisited. IHCD can make the greatest impact with scale in bond developments and to encourage this, the bond cap should be at least \$50,000,000.
- The AWHC is too valuable of a resource and given the need to renew the program in the legislature, it must be positioned to deliver housing quickly. Recommend creating a readiness to proceed scoring criteria.

At a vulnerable time for Hoosiers, IHCD can maximize their impact by creating the greatest variety and the greatest number of units. Taking suggestions from the development community with respect to the QAP will go a long way to ensure that credits are maximized to benefit the most Hoosiers possible.

We look forward to hearing feedback from others in the development community and look forward to reviewing the next draft of the QAP.

Sincerely,



Jeffrey L. Kittle
President & CEO

Cc: Mike Speedy, Business Affairs Cabinet Secretary
J. Jacob Sipe, IHCD Executive Director