NEBRASKA INVESTMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING

THURSDAY, September 26, 2019

9:00 a.m. NIFA Board of Directors Meeting

NIFA'S CONFERENCE ROOM – 2ND FLOOR – COMMERCE COURT
1230 '0' St, Lincoln NE

11:30 a.m. – 1:00 p.m. Non-Meeting Luncheon

The Nebraska Club
233 S 13th Street, Suite 2000, Lincoln NE

Notice Published: September 22, 2019 – Omaha World-Herald
September 22, 2019 – Lincoln Journal Star

A G E N D A

Open Meetings Act – Copies of the Open Meetings Act are located on the table and posted against the wall at the entrance to the room

1. Call Meeting to Order and Roll Call

2. Approval of the August 16, 2019 NIFA Board of Directors Meeting Minutes

3. Executive Director's Report

4. Public Comment Related to the September 26, 2019 Agenda Items (comment period limited to five minutes)

LOW INCOME HOUSING TAX CREDITS

5. Discussion of the 2021 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) and Nebraska Affordable Housing Tax Credit (AHTC) Programs

OTHER BUSINESS/ANNOUNCEMENTS

6. Announcements and Discussion of Upcoming Events

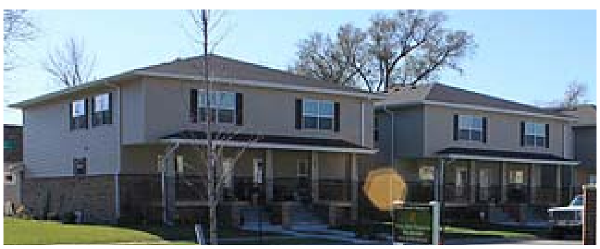
7. Adjournment

NIFA BOARD OF DIRECTORS MEETING

Thursday, September 26, 2019

@ 9:00 a.m.

NIFA's Board Room


MEMORANDUM

NIFA™
NEBRASKA INVESTMENT FINANCE AUTHORITY®

TO: NIFA Board of Directors

FROM: Tim Kenny

DATE: September 20, 2019

RE: **NIFA Board of Directors Meeting**

The next NIFA Board Meeting is scheduled for **Thursday morning September 26, 2019,** at **9:00 a.m.** in the NIFA Board Room.

Attached please find the Board book for the September 26, 2019 NIFA Board of Directors Meeting.

If you have any questions, please give me a call.

200 Commerce Court • 1230 O Street • Lincoln, NE 68508-1402 • (402) 434-3900 • (800) 204-NIFA • FAX: (402) 434-3921 • www.nifa.org

NEBRASKA INVESTMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING

THURSDAY, September 26, 2019

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OTHER BUSINESS/ANNOUNCEMENTS

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7. Adjournment

NEBRASKA INVESTMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING

NIFA'S CONFERENCE ROOM – 2ND FLOOR – COMMERCE COURT
1230 'O' Street, Lincoln, NE

MINUTES OF FRIDAY, AUGUST 16, 2019 @ 9:00 A.M.

Notice Published: **August 11, 2019 - *Omaha World Herald [Affidavit attached]***
August 11, 2019 - *Lincoln Journal Star [Affidavit attached]*

Open Meetings Act – Copies of the Open Meetings Act were posted on the side wall and also located on the table as you enter the room.

All votes taken by roll call of the members.

NIFA BOARD MEMBERS PRESENT

Board Members Present: Dan Curran, Herb Freeman, Galen Frenzen, George Achola, Warren Arganbright, Michael Walden-Newman and Steve Wellman

Board Members Absent: Marlin Brabec, Mary Jo McClurg

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Sheila Gans, Chief Operating Officer Steve Clements, Deputy Director of Programs Robin Ambroz, Controller Jody Cook, Chief Homeownership Officer Jacki Young, Homeownership Operations Manager Stacy Fotinos, LIHTC Compliance Manager Kelly Schultze, Assistant LIHTC Compliance Manager Tammy Burd, LIHTC Allocation Manager Sara Tichota, Outreach Program Manager Elizabeth Fimbres, Accounting Manager Michaela Mallery, Deputy Director Christie Weston and Manager of Community Development & Research John Turner

Guests: Jim Rieker – Advantage Capital, Cindy Kooster – MHEG, Thomas Judds – Lincoln Housing Authority, Matthew Cavanaugh – Nebraska Housing Developers Association, Jim Stretz – George K. Baum & Company, Jerry Spethman – DA Davidson and Co, Erika Lynch and Patti Peterson – Kutak Rock LLP

1. **Call Meeting to Order and Roll Call**
Chair Curran called the meeting to order at 9:00 a.m. with seven members present. Chair Curran reported that copies of the Open Meetings Act were posted on the side wall and also located on the table as you enter the room. The notice of the meeting was published on Sunday, August 11, 2019 in the *Omaha World Herald* and in the *Lincoln Journal Star. Affidavits of publication are attached.*

2. **Approval of the June 21, 2019 NIFA Board of Directors Meeting Minutes**
Moved by Achola, seconded by Frenzen to approve the June 21, 2019 NIFA Board of Directors Meeting minutes. Roll call vote – Freeman – yes, Frenzen – yes, Achola – yes, Arganbright – abstain due to not being present at the meeting, Walden-Newman – abstain due to not being present at the meeting, Wellman – yes and Curran – yes. Motion carried – 5 – yes and 2 abstain.

3. Executive Director's Report

Tim Kenny reported beginning September 5, 2019 Fannie Mae will limit the HFA Preferred pricing benefit to loans to borrowers with incomes at or below 80% AMI. 20% of NIFA's loan volume could be impacted by this change. Staff is exploring the possibility of working with Freddie Mac to serve prospective borrowers that would be impacted.

Tim also reported that NIFA staff is exploring an accelerator type service to assist with providing technical expertise to Nebraska communities.

Finally, Tim asked Christie Weston to report on the ATS Secured training process. Christie reported that pursuant to an evaluation license with ATS, NIFA staff has been meeting with representatives of ATS, training on the components of their existing platform to explore its suitability for various NIFA processes that could be enhanced by the technology.

4. Public Comment Related to the August 16, 2019 Agenda Items (comment period limited to five minutes)

Chair Curran asked if anyone wished to comment on any of the agenda items and directed that they come forward and state their name and address for the record. No one came forward to comment on any of the agenda items.

5. Private Activity Cap Summary

Steve Clements reported on the Private Activity Cap Summary, updating the Board on allocations to date for 2019.

AGRICULTURAL FINANCE DIVISION

6. Report on Agricultural Program Regarding the Following Applicants in Process:

Borrower: Blake L. Bandur
Purpose: Purchase 320 acres, more or less, of farm real estate in Sherman County, Nebraska
Proposed NIFA Loan/Bond Amount: $536,820
Proposed Interest Rate: 4.50% Fixed (Bank's Conventional Interest Rate: 5.25% Fixed)
Proposed Bond Purchaser: Adams County Bank

Robin Ambroz reported that the above-listed Agricultural loan is in process.

Board Member Achola introduced a motion to move ahead to Agenda items 10, 11, 12, 13 14 and 15 moving Agenda items 7, 8 and 9 to the end of the meeting.

Moved by Achola, seconded by Arganbright to move ahead to Agenda items 10 through 15. Roll call vote – Achola – yes, Arganbright – yes, Walden-Newman – yes, Wellman – yes, Curran – yes, Freeman – yes and Frenzen – yes. Motion carried unanimously.

SINGLE FAMILY HOUSING FINANCE DIVISION

10. Status Report on Single Family Program

Jacki Young referred Board members to the Homeownership report in the Board book and reported NIFA has received 1,958 loan reservations to date in 2019, for a total of approximately $263 million in loans. The average loan amount is approximately $134,000, with an urban/rural split of 64% urban, 36% rural

11. Update on Market Developments

Tim Kenny introduced Jerry Spethman of DA Davidson and Co. and Jim Stretz of George K. Baum & Company. Jerry and Jim gave an update on market developments. Steve Clements gave a pipeline report.

OUTREACH DIVISION

12. Report from the Outreach Department

Elizabeth Fimbres briefed the Board on the Outreach Report provided in the Board book. Elizabeth reported the Housing Study Grant Program received three applications in round three. The applications were from communities affected by the spring flooding in Gage, Knox and Sarpy counties. NIFA awarded funds for all three studies. Elizabeth also reported that the Workforce Housing Forum to be hosted by NIFA will be held on September 17 in Kearney.

George Achola left the meeting at 10:01 a.m.

OTHER BUSINESS/ANNOUNCEMENTS

Chair Curran stated we would move ahead to Agenda item No. 14.

14. Approval of Resolution No. 441 Recognizing Dave Rippe for his Service on the NIFA Board of Directors

Tim Kenny read a proposed resolution recognizing Dave Rippe for his service on the NIFA Board of Directors. Moved by Frenzen, seconded by Wellman to adopt Resolution No. 441. Roll call vote – Arganbright – yes, Walden-Newman – yes, Wellman – yes, Curran – yes, Freeman – yes, Frenzen – yes and Achola – yes. Motion carried unanimously.

George Achola returned to the meeting at 10:03 a.m. Chair Curran stated we would return to Agenda item No. 13.

13. Ratification of the Establishment of the Executive Director Search Committee and Adoption of Board Resolution No. 440 to Specify the Purposes thereof

Board Member Achola reported that the Board has established an Executive Director Search Committee consisting of himself, Board Members Arganbright, Freeman and the Board Chair, in addition to 3 non-Board members. The committee's first step would be to retain an Executive Search firm to begin the process. Moved by Achola, seconded by Wellman to adopt Resolution No. 440, ratifying and approving the establishment of the Executive Director Search Committee and the duties thereof. Roll call vote – Achola – yes, Arganbright – yes, Walden-Newman – yes, Wellman – yes, Curran – yes, Freeman – yes and Frenzen – yes. Motion carried unanimously.

15. Announcements and Discussion of Upcoming Events
NCSHA – Annual Conference and Showplace in Boston, MA - October 19-22, 2019
NIFA October Board Meeting – October 25, 2019

Chair Curran stated at this time we would return to Agenda items 7, 8 and 9.

LOW INCOME HOUSING TAX CREDITS

7. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting Held on Wednesday, July 31, 2019
The monthly CRANE meeting was held on July 31, 2019. *Affidavits of publication are attached.* Sara Tichota reported that all of the 2019 CRANE set-aside Low Income Housing Tax Credits (LIHTC) have been allocated.

8. Report from the Programs Committee
Sara Tichota and Tim Kenny described the process NIFA follows to update the annual Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) and Nebraska Affordable Housing Tax Credit (AHTC) Programs (the "QAP").

Sara reported that NIFA staff and the Programs Committee (consisting of Herb Freeman, Galen Frenzen and Warren Arganbright) met via conference call on Wednesday, August 14, 2019, to discuss the proposed changes to the 2020 QAP. Sara then briefed the board on the changes being recommended for the 2020 QAP, including consideration of the written comments and public comments made at the Public Hearing held on August 5, 2019. *Affidavits of publication are attached.*

9. Consideration and Request for Approval of the 2020 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) and Nebraska Affordable Housing Tax Credit (AHTC) Programs
Members of the Board engaged in lengthy discussion with respect to the components of the QAP and additional priorities and considerations in connection with the LIHTC/AHTC program. There was mention that priorities regarding populations and locations to be served by the program be discussed more in depth. The members engaged in discussion regarding the potential of scheduling a future meeting to further discuss the QAP.

At 11:51 a.m. the Board took a seven minute recess.

A motion was made by Freeman, seconded by Frenzen to approve the 2020 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) and Nebraska Affordable Housing Tax Credit (AHTC) Program in accordance with the recommendations from the Programs Committee. Roll call vote – Frenzen – yes, Achola – no, Arganbright – no, Walden-Newman – yes, Wellman – yes, Curran – no, and Freeman – yes. Motion failed for a lack of five votes as required by the NIFA Act.

The members of the Board continued discussion with respect to the QAP as presented for approval, including discussion of some of the issues raised by those members voting "no" on the motion.

At 12:15 p.m. the Board took a three minute recess.

Moved by Achola, seconded by Arganbright, to reconsider the vote on the original motion. Roll call vote – Walden-Newman – yes, Wellman – yes, Curran – yes, Freeman – yes, Frenzen – yes, Achola – yes, and Arganbright – yes.

Moved by Achola, seconded by Arganbright to approve the 2020 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) and Nebraska Affordable Housing Tax Credit (AHTC) Program in accordance with the recommendations from the Programs Committee and to include in the letter to the Governor requesting his approval of the QAP the following language: The Board of Directors is committed to doing an extensive review of the underlying policies and assumptions of the Qualified Allocation Plan for 2021. Roll call vote – Curran – yes, Freeman – no, Frenzen – no, Achola – yes, Arganbright – yes, Walden-Newman – yes and Wellman – yes. Motion carried – 5 – yes and 2 – no.

16. Adjournment

Moved by Frenzen to adjourn at 12:54 p.m.

Respectfully submitted,

Tim Kenny
Executive Director

NEBRASKA INVESTMENT FINANCE AUTHORITY
CORPORATE
SEAL

RECEIVED AUG 1 4 2019

RECEIVED AUG 1 5 2019

Omaha World-Herald

Date: August 11, 2019

Affidavit of Publication

NEBRASKA INVESTMENT FINANCE AUTHORITY
1230 O ST
SUITE 200
LINCOLN, NE 68508-1402

Date	Category	Description	Ad Size	Total Cost
08/17/2019	Legal Notices	NOTICE OF MEETING NEBRASKA INVESTMENT	1 x 0 L	327.46

NOTICE OF MEETING

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notice is hereby given that the Nebraska Investment Finance Authority (the "Authority") will hold a Board of Directors Meeting, which is open to attendance by the public, on Friday, August 16, at 9:00 a.m. The Authority's Meeting will be held at the offices of the Nebraska Investment Finance Authority, 1230 'O' Street, Suite 200, Lincoln, Nebraska. Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at the Authority at (402) 434-3900 at least 48 hours in advance of the meeting. Such meeting will be followed by a non-business luncheon at the Nebraska Club, 233 South 13th Street, Lincoln, Nebraska, at 11:30 a.m.

The agenda, which is kept continually current, is available for public inspection at the Authority's offices, 1230 'O' Street, Suite 200, Lincoln, Nebraska, during normal business hours. For more information please contact Christie Weston at (402) 434-3900.

Publisher of the World Herald

I, (the undersigned) an authorized representative of the World Herald, a daily newspaper published in Omaha, Douglas County, Nebraska; do certify that the annexed notice NOTICE OF MEETING NEBRAS **was published in said newspapers on the following dates:**

08/11/2019

The First insertion being given ... 08/11/2019

Newspaper reference: 0000067765

Julie Gilliam

Billing Representative

Sworn to and subscribed before me this Sunday, August 11, 2019

Kimberly B Harris

Notary Public

State of Virginia
City of Richmond
My Commission expires

Kimberly B. Harris
NOTARY PUBLIC
Commonwealth of Virginia
Notary Registration Number 356753
Commission Expires January 31, 2021

THIS IS NOT A BILL. PLEASE PAY FROM INVOICE. THANK YOU

*** Proof of Publication ***

State of Nebraska)
Lancaster County) SS.

RECEIVED AUG 19 2019

NIFA
SHEILA GANS
1230 O ST STE 200
LINCOLN NE 68508

ORDER NUMBER 859799

The undersigned, being first duly sworn, deposes and says that she/he is a Clerk of the Lincoln Journal Star, legal newspaper printed, published and having a general circulation in the County of Lancaster and State of Nebraska, and that the attached printed notice was published in said newspaper

one successive times(s) the first insertion having been on august 12, 20 19 and thereafter on ________, 20____ and that said newspaper is the legal newspaper under the statues of the State of Nebraska.

Mary Weindeman

Section: Class Legals
Category: 0099 LEGALS
PUBLISHED ON: 08/11/2019

TOTAL AD COST:	18.09
FILED ON:	8/12/2019

The above facts are within my personal knowledge and are further verified by my personal inspection of each notice in each of said issues.

Subscribed in my presence and sworn to before me on

August 12, 20 19

Susan R Martin Notary Public

GENERAL NOTARY - State of Nebraska
SUSAN R. MARTIN
My Comm. Exp. August 20, 2020

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859799 11 Aug 11

RECEIVED AUG 0 1 2019

Omaha World-Herald

Date: July 28, 2019

Affidavit of Publication

NEBRASKA INVESTMENT FINANCE AUTHORITY
1230 O ST
SUITE 200
LINCOLN, NE 68508-1402

Date	Category	Description	Ad Size	Total Cost
08/03/2019	Legal Notices	Nebraska Investment Finance Authority Notice of Pu	1 x 0 L	441.42

Nebraska Investment Finance Authority Notice of Public Meeting For the Collaborative Resource Allocation for Nebraska ("CRANE")

Notice is hereby given that the Nebraska Investment Finance Authority ("NIFA") will hold a public meeting on the CRANE program process: Wednesday, July 31, 2019 at 10:30 a.m., at NIFA located at 1230 "O" Street Suite 200, Lincoln, Nebraska 68508. Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at the Authority at (402) 434-3900 at least 48 hours in advance of the meeting. The CRANE program includes resources available pursuant to the 2019 Low-Income Housing Tax Credit (LIHTC) program.

The purpose of the meeting is to:

- Review and discuss proposals for July that are eligible for CRANE resources.
- Discuss current status of CRANE Projects

Copies of the proposed CRANE process are available on NIFA's web-site nifa.org (Qualified Allocation Plan) or at the NIFA office (1230 "O" Street, Suite 200, Lincoln, NE 68508-1402).

All interested persons are invited to present projects at the public meeting or prior to the time of the meeting and submit written comments to NIFA at the address shown above concerning the CRANE process. For additional information, contact Sara Tichota at (402) 434-3900.

Publisher of the World Herald

I, (the undersigned) an authorized representative of the World Herald, a daily newspaper published in Omaha, Douglas County, Nebraska; do certify that the annexed notice Nebraska Investment Finan was published in said newspapers on the following dates:

07/28/2019

The First insertion being given ... 07/28/2019

Newspaper reference: 0000062475

Julie Gillian

Billing Representative

Sworn to and subscribed before me this Sunday, July 28, 2019

Kimberly B Harris

Notary Public

Kimberly B. Harris
NOTARY PUBLIC
Commonwealth of Virginia
Notary Registration Number 358753
Commission Expires January 31, 2021

State of Virginia
City of Richmond
My Commission expires ____________

THIS IS NOT A BILL. PLEASE PAY FROM INVOICE. THANK YOU

*** Proof of Publication ***

State of Nebraska)
Lancaster County) SS.

RECEIVED AUG 0 5 2019

NIFA
SHEILA GANS
1230 O ST STE 200
LINCOLN NE 68508

ORDER NUMBER 855374

The undersigned, being first duly sworn, deposes and says that she/he is a Clerk of the Lincoln Journal Star, legal newspaper printed, published and having a general circulation in the County of Lancaster and State of Nebraska, and that the attached printed notice was published in said newspaper

One successive times(s) the first insertion having been on Jul 28, 20 19 and thereafter on ______, 20____ and that said newspaper is the legal newspaper under the statues of the State of Nebraska.

Section: Class Legals
Category: 0099 LEGALS
PUBLISHED ON: 07/28/2019

TOTAL AD COST: 26.00
FILED ON: 7/30/2019

The above facts are within my personal knowledge and are further verified by my personal inspection of each notice in each of said issues.

Subscribed in my presence and sworn to before me on July 30, 20 19

U Boone Notary Public

GENERAL NOTARY - State of Nebraska
UVA K. BOONE
My Comm. Exp. January 31, 2021

NOTICE OF MEETING
Nebraska Investment Finance Authority
For the Collaborative Resource Allocation for Nebraska ("CRANE")
Notice is hereby given that the Nebraska Investment Finance Authority ("NIFA") will hold a public meeting on the CRANE program process: Wednesday, July 31, 2019 at 10:30 a.m., at NIFA located at 1230 "O" Street Suite 200, Lincoln, Nebraska 68508. Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at the Authority at (402) 434-3900 at least 48 hours in advance of the meeting. The CRANE program includes resources available pursuant to the 2019 Low-Income Housing Tax Credit (LIHTC) program.
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•Review and discuss proposals for July that are eligible for CRANE resources.
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Sara Tichota at (402) 434-3900.
855374 1t Jul 28

Omaha World-Herald

Date: July 21, 2019

Affidavit of Publication

NEBRASKA INVESTMENT FINANCE AUTHORITY
1230 O ST
SUITE 200
LINCOLN, NE 68508-1402

RECEIVED JUL 25 2019

Date	Category	Description	Ad Size	Total Cost
07/27/2019	Legal Notices	Nebraska Investment Finance Authority Notice of Pt	1 x 0 L	441.42

Nebraska Investment Finance Authority
Notice of Public Hearing
For the 2020 LIHTC Qualified Allocation Plan

Notice is hereby given that the Nebraska Investment Finance Authority ("NIFA") will hold a public hearing with respect to the 2020 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) on **August 5, 2019, at 10:00 a.m. CDT in the NIFA Board Room located at 1230 O Street, Suite 200, Lincoln, NE, 68508. Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at NIFA at (402) 434-3900 at least 48 hours in advance of the hearing.**

NIFA will consider the information obtained at the public hearing and will take appropriate action that it may deem warranted including submission of the transcript of the public hearing to the Governor of the State, the designated elected official who must approve or disapprove the LIHTC Qualified Allocation Plan pursuant to Section 42 of the Internal Revenue Code of 1986.

A draft of the proposed 2020 LIHTC Qualified Allocation Plan is available on NIFA's web-site at www.nifa.org and at NIFA's office at 1230 "O" Street, Suite 200, Lincoln, NE 68508-1402. Public comments may be submitted to NIFA in writing any time prior to the hearing or during the hearing to be held on August 5, 2019. Written comments should be addressed to Sara Tichota at NIFA at 1230 "O" Street, Suite 200, Lincoln, NE 68508-1402. For additional information, call (402) 434-3916.

Publisher of the World Herald

I, (the undersigned) an authorized representative of the World Herald, a daily newspaper published in Omaha, Douglas County, Nebraska; do certify that the annexed notice Nebraska Investment Finan **was published in said newspapers on the following dates:**

07/21/2019

The First insertion being given ... 07/21/2019

Newspaper reference: 0000060918

Julie Gillian

Billing Representative

Sworn to and subscribed before me this Sunday, July 21, 2019

Kimberly B Harris

Notary Public

Kimberly B. Harris
NOTARY PUBLIC
Commonwealth of Virginia
Notary Registration Number 356753
Commission Expires January 31, 2021

State of Virginia
City of Richmond
My Commission expires ____________

THIS IS NOT A BILL. PLEASE PAY FROM INVOICE. THANK YOU

*** Proof of Publication ***

State of Nebraska)
Lancaster County) SS.

NIFA
SHEILA GANS
1230 O ST STE 200
LINCOLN NE 68508

ORDER NUMBER 854832

The undersigned, being first duly sworn, deposes and says that she/he is a Clerk of the Lincoln Journal Star, legal newspaper printed, published and having a general circulation in the County of Lancaster and State of Nebraska, and that the attached printed notice was published in said newspaper

One successive times(s) the first insertion having been on Jul 21, 20 19 and thereafter on ____________, 20____ and that said newspaper is the legal newspaper under the statues of the State of Nebraska.

Tamil [signature]

Section: Class Legals
Category: 0099 LEGALS
PUBLISHED ON: 07/21/2019

TOTAL AD COST: 27.70
FILED ON: 7/22/2019

The above facts are within my personal knowledge and are further verified by my personal inspection of each notice in each of said issues.

Subscribed in my presence and sworn to before me on July 23, 20 19

L K Boone Notary Public

GENERAL NOTARY - State of Nebraska
UVA K. BOONE
My Comm. Exp. January 31, 2021

NOTICE OF PUBLIC HEARING
Nebraska Investment Finance Authority
For the 2020 LIHTC Qualified Allocation Plan

Notice is hereby given that the Nebraska Investment Finance Authority ("NIFA") will hold a public hearing with respect to the 2020 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) on August 5, 2019, at 10:00 a.m. CDT in the NIFA Board Room located at 1230 O Street, Suite 200, Lincoln, NE, 68508. Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at NIFA at (402) 434-3900 at least 48 hours in advance of the hearing.

NIFA will consider the information obtained at the public hearing and will take appropriate action that it may deem warranted including submission of the transcript of the public hearing to the Governor of the State, the designated elected official who must approve or disapprove the LIHTC Qualified Allocation Plan pursuant to Section 42 of the Internal Revenue Code of 1986.

A draft of the proposed 2020 LIHTC Qualified Allocation Plan is available on NIFA's web-site at www.nifa.org and at NIFA's office at 1230 "O" Street, Suite 200, Lincoln, NE 68508-1402. Public comments may be submitted to NIFA in writing any time prior to the hearing or during the hearing to be held on August 5, 2019. Written comments should be addressed to Sara Tichota at NIFA at 1230 "O" Street, Suite 200, Lincoln, NE 68508-1402. For additional information, call (402) 434-3916.

854832 1t Jul 21

ENTERED JUL 26 2019

Agenda Item #5

Discussion of the 2021 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) and Nebraska Affordable Housing Tax Credit (AHTC) Programs.

Background:

Attached is a memorandum from NIFA board members Achola, Arganbright and Curran, which was submitted in connection with the discussion to occur pursuant to Agenda Item #5.

To assist in the discussion, the memorandum has been reformatted by NIFA staff to insert page numbers and line references. Otherwise, the text remains as submitted, including in places, the red type-face.

Action Needed:

Discussion only.

MEMORANDUM

TO: NIFA Board and Tim Kenny

FROM: George Achola, Warren Arganbright and, Dan Curran

DATE: September 13, 2019

RE: Comprehensive Review of NIFA QAP

I. Introduction-The Qualified Allocation Plan and the Board

> Despite record levels of wealth and relatively steady growth in per capita real gross domestic product for decades, the United States continues to struggle with the persistent problem that a significant portion of its population is unable to afford decent housing. The LIHTC program is the primary, and essentially only, federal program aimed at subsidizing the development of new housing for low-income households. Yet states appear to be allocating much of this $8-billion-dollar annual incentive with a lack of precision regarding locational outcomes.

Brandon M. Weiss, Locating Affordable Housing: *The Legal System's Misallocation of Subsidized Housing Incentives,* Hastings Law Journal (2019)

At the last NIFA board meeting we had a passionate, and probably long overdue discussion, regarding NIFA's, Qualified Application Plan (QAP). It was the opinion of a strong minority of the board, consisting primarily of the authors of the memorandum, that the QAP as a policy document, of which the Board must take ownership, should reflect certain precise targeted, policy initiatives. In our opinion the 2020 QAP did takes a shotgun approach as opposed to a rifle like approach to addressing affordable housing outcomes in the state. The Board could not reach consensus on moving the 2020 QAP forward to the Governor. Rather than hold up the execution of the 2020 QAP an agreement was reached, to allow the approval of the 2020 QAP. In summary the 2020 QAP was to be sent to the Governor for his consideration, with a statement that the Board would undertake a comprehensive review of the 2021 QAP to determine the policy initiatives that should shape the 2021 QAP. This memo is meant to start as a catalyst for that discussion.

III. The QAP and Policy Objectives

As a foundation the Low-Income Housing Tax Credit (LIHTC) authorizing statute requires that all fifty states enact a qualified allocation plan (QAP) "which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions." *50. I.R.C. § 42(m)(1)(B)(i) (2012*). The statute provides a basic list of ten factors that states must incorporate into the project selection criteria: (i) project location, (ii) housing needs characteristics, (iii) project characteristics, (iv) sponsor characteristics, (v) tenant populations with special housing needs, (vi) public housing waiting lists, (vii) tenant populations of individuals with children, (viii) projects intended for eventual tenant ownership, (ix) the energy efficiency of the project, and (x) the historic nature of the project. *I.R.C § 42(m)(1)(C)(i)–(x).*

We, as other states boards and agencies have done, should adopt precise criteria that further housing policy and goals that can be identified as being in the best interest of housing policy in the state[1]. According to a QAP analysis by the Urban Institute, there are "substantial relationships between QAPs and the characteristics of LIHTC units developed." (Gustafson J and Walker JC. *Analysis of State Qualified Allocation Plans for the Low-Income Housing Tax Credit Program.* Washington, DC: The Urban Institute, 2002, p. 1-94.).

A study conducted regarding the effect of priorities and preferences concluded that:

> Overall, we find evidence suggesting that QAPs matter. Even with a small sample size of 21 states we find statistically significant relationships between changes in QAPs and the locations of tax credit allocations. We find that overall states which increased priorities towards higher opportunity areas exhibited increases in

[1] As articulated Weiss, "In addition to these ten criteria, states must allocate at least 10% of the tax credits to projects involving nonprofit developers. Essentially the only other guidance given to states regarding allocation priorities is that they are to give scoring preferences to projects that (a) serve the lowest-income tenants, (b) serve qualified tenants for the longest periods of time, and (c) are located in certain high poverty "qualified census tracts . . . and the development of which contributes to a concerted community revitalization plan." Beyond those relatively minimal instructions, states are by and large permitted to award LIHTCs as they see fit. Furthermore, nothing in the law provides states with any guidance regarding how to prioritize these various factors and preferences."

the share of tax credits allocated for projects in low poverty areas, decreases in the share of tax credits allocated for projects in high poverty areas as well as decreases in the overall exposure to poverty of projects allocated tax credits.

Based on these results it is not clear whether developers have changed their behavior in response to QAP changes, or whether states are changing the mix of developments that they choose. If developers do 'chase points' as suggested, then it is possible that these changing priorities are shifting the composition of applications for tax credits. Alternatively, these changing preferences could instead lead to a reordering of a similar set of applications. It is possible that both are happening, and perhaps to a different extent in each state.

Ingrid Gould Ellen, et al., "*Effect of QAP Incentives on the Location of LIHTC Properties," U.S. Department of Housing and Urban Development, April 2015.*

States typically use two mechanisms to guide the allocation of tax credits—preferences and set-asides.

According to the Urban Institute Report cited above-preferences consist of housing priorities that are operationalized when state allocation agencies 'score' projects that are competing for tax credits and award extra points to projects with desired characteristics[2]. Set-asides are funds that are set aside every year from a state's allocation pool and dedicated to specific types of projects. For example, federal law requires that states set aside 10 percent of their total allocation every year for projects sponsored by non-profit organizations. Many states specify additional set-asides to target housing needs. A review of set aside and preferences by the Urban Institute Report identified eight basic categories of set asides and preferences:

1. Geographic location
2. Local housing needs
3. Financing
4. Resident characteristics
5. Project activities and types
6. Building characteristics
7. Sponsorship and costs
8. Affordability

[2] few criteria are required by the federal government, such as giving some preference to developments that are located in qualified census tracts (QCTs)

In this document we will go through our QAP and provide policy comments for consideration, as a genesis for our comprehensive review for 2021, that we agreed to as a Board and represented to the Governor we would undergo.

IV. NIFA Set-Asides, Preferences and CRANE

Our QAP, page 10, states that "All allocations for 9% LIHTCS will be based on special set-aside priorities, federal law and the NIFA scoring system, which incorporates various <u>Nebraska housing priorities</u>."

A review of our QAP identifies other than the required 10% non-profit set aside, one optional, very strong set aside, that is the delineation of the split between urban and rural. Currently it is a 50/50 split. That split as set forth below:

Percentage of Competitive LIHTC Allocation	**Area**	**County**
50% - Metro	South Sioux City MSA	(Dakota and Dixon Counties)
	Lincoln MSA	(Lancaster and Seward Counties)
	Omaha MSA	(Cass, Douglas, Sarpy, Saunders, and Washington Counties)
50%-Non-Metro		Balance of Nebraska

Policy Comment: Clearly the goal here is to balance out awards in urban areas of the state as opposed to rural. This policy merits further review. It is possible that this results in burdening small cities in the urban designation. A good example is Wahoo, Nebraska, Population 4,500. Wahoo get three points for being a small city under 5,000 yet competes in the urban category. This is not a level playing field and needs to be better defined and applied. It is difficult for a small project in Wahoo to compete with large projects in Lincoln and Omaha given the current efficient points scoring. Is there a better way to do this allocation? Do we limit urban designations to metropolitan cities, such Omaha, Lincoln, South Sioux, Grand Island and contiguous areas with populations of 1,000 residents per square mile? This concept is based on Ohio model of urban and non-urban. Population per square (mile) would be a place to start. Density is the reason for the issues.

Further, we have a hybrid of a set aside and preference, the Collaborative Resources Allocation For Nebraska Set-Aside program ("CRANE"). As identified in the QAP CRANE was established:

> In an effort to target specific economic growth, community development and the provision of specific types of affordable housing, NIFA will set-aside up to 33% of Nebraska's annual LIHTC authority to be allocated pursuant to the CRANE Program. All CRANE applications will be scored in accordance with this LIHTC Allocation Plan and compete against other CRANE applications.

Further as is detailed in the NIFA QAP:

> The focus and primary purpose of CRANE Program is to target specific long-term, interrelated and coordinated job creation/enhancement, economic growth, and joint housing and community development strategies. NIFA will set-aside up to 33% (**approximately $1.8 million**) of Nebraska's annual 9% LIHTC authority to be allocated pursuant to the CRANE Program (set-aside can be increased as set forth in Section 8(d)). The CRANE Program is a strategic alliance among NIFA and other collaborating resource providers. To participate in the CRANE Program, for-profit or non-profit entities ("Eligible Applicant") must join together with cities, communities and neighborhoods and collectively demonstrate that through a public process they have assessed the needs of their particular community with respect to economic development, community resource and housing development, and have proposed specific solutions to address those needs (the "Plan"). Proposals submitted under the CRANE Program must demonstrate how current and potential employers and institutions (schools, hospitals, municipal service providers) located in the community will be involved in any proposed solutions. [Is this by written agreement, so that the entities are bound and subject to accountability?] Such proposals shall also demonstrate the development of businesses and creation of jobs and the impact on the development of affordable housing in the area. NIFA will work with other collaborating resource providers to coordinate the various resources available for a community requesting funds for a development pursuant to the CRANE Program and identify those proposals which best demonstrate the need for LIHTC and AHTC to address the needs identified by a community.

As proposed in the 2020 QAP the CRANE eligible housing is limited to five categories of housing:

- Housing provided to one or more of the following populations: (serious/chronic mental illness, physical or developmental disabilities, substance abuse issues, or homelessness. At least 30% of the units must serve one or more of these populations; (is the 30% attainable in smaller population areas? or
- Native American Housing (housing that is developed on an Indian Reservation or on tribal land, either held in trust or fee simple, or housing developed and operated by an Indian Tribe that is recognized by Nebraska or the federal government); [This is a problem. There is overlap from the reservations to non-reservation land and we should work out a solution for some consideration for that. Example-Valentine, 9 miles from the Rosebud Reservation—many enrolled members live here and suffer the same issues as living on the reservation, but wouldn't qualify under this definition].or
- Adaptive Reuse of a non-residential building to create affordable housing; or
- Housing developments in response to settlement agreements or consent decrees relating to housing deficiencies, housing discrimination or other housing issues; or
- Housing developments located in a community with a current state or presidential disaster declaration that resulted in the loss of housing as determined by NIFA.

Policy Comment: Based on information shared it appears that we have counties in Nebraska that have never been awarded a tax credit project. Considerations should be given to a, a category in CRANE for a project that is proposed in a county that has not ever been awarded a project or does not have a current project under a Land Use Restriction Agreement. All other things being equal, this should put an applicant over the top.

Further, CRANE category should be provided for projects that contribute to a vibrant and sustainable economy by supporting and facilitating the construction of affordable workforce housing near employment centers. [What is an "employment center? And that will be different for small communities vs. urban communities should be discussed and identified] Affordable workforce housing is a growing problem for employers and the talent they are looking to retain or attract. We should endeavor through our development community engage anchor employers in creating solutions to affordable workforce housing and workforce development. NIFA should seek to facilitate and form innovative public-private partnerships with employers and to demonstrate that such partnerships can effectively finance workforce housing.

Projects that are part of a Choice Neighborhoods Implementation such as the project led by the City of Omaha and the Omaha Housing Authority for the Spencer Street Projects should be eligible for CRANE.

V. NIFA Scoring System

Another area where policy can be found, and can be further reinforced, is the scoring of the projects. NIFA breaks down its score sheet into three distinct areas: (1) threshold criteria, (2) Other selection criteria and (3) the "NIFA Scored Criteria." Each area appears to contain some, usually federally mandated, policy criteria. However, when reviewed in its totality and read together there remains no readily identifiable Nebraska specific, housing policy in which points are awarded in such a manner, when compared across categories that illustrates that NIFA has, as discussed in the Board meeting, is taking a rifle targeted approach as opposed to a shotgun approach that meets the minimums of federal law.

VI. The Threshold Category

In reviewing the threshold category for indications of policy, it appears that the push is attempted to award projects that appear to be in a more advanced or project ready position, financially and from a land use position, to commence projects upon award. This is deduced from the fact that additional points appeared to be earned and awarded for projects that have:

- Approved zoning or no zoning requirements (exhibit 105)
- Require no additional public subsidies or have firm commitments on public subsidies. (Exhibit 107)
- Have firm financing commitments (exhibit 108,109, 116)
- Have acceptable debt service ratios (exhibit 111)

Policy Comment: The balance of the threshold items, Exhibits 100, 101, 103, 104, 106, 109, 112, 113[3], 114 and, 115, should be categorized as preliminary requirements of entry and should be grouped collectively for purposes of scoring or not scored at all, as they are conditions to entry. The QAP indicates "Applications that do not receive points under all Threshold Criteria will not be considered for an allocation of 9% LIHTC and AHTC." NIFA already provides points for meeting threshold review. Page 28 of the Application states:

Threshold Criteria Met

(i) One point will be awarded if the entire completed application, including all Exhibits as set forth in the Required, Threshold and

[3] NIFA provides a point for the Project sponsor sending the chief public official of a project notification of the project. I would suggest we consider additional points to any application with a letter of support from the chief elected official of the community to benefit from the tax credit project. The support letter must specifically endorse the proposed project. The number of points awarded in this category should depend, in part, on whether the chief elected official commits local resources to the project and the extent to which the chief elected official offers support and resources in furtherance of the project.

Other Selection Criteria Exhibits, is provided on the due date specified in the Qualified Allocation Plan for the Threshold Review. As part of this review, NIFA will provide technical assistance and feedback regarding any deficiencies in threshold requirements only.

(ii) (Two points will be awarded if the entire completed application, including all Exhibits as set forth in the Required, Threshold and Other Selection Criteria Exhibits, is provided on the due date specified in the Qualified Allocation Plan for the Threshold Review and the application meets all of the threshold requirements.

So, the proposal submitted herein is consistent with NIFA policy.

VII. The Other Selection Criteria

The other selection scoring criteria is where scoring that evidences a rifle approach to NIFA housing policy should be clearly visible. In reviewing the other "other selection" criteria for indications of policy it appears that there are some policy areas that are being pushed but the scoring and weight of points leaves doubt as to what the priorities are. The ones that are clear policy is that NIFA awards appear to follow federal law.

26 U.S.C. Section 42 (IRS Code) also establishes the following preferences for the LIHTC program:

- Projects that serve the lowest income tenants;
- Projects that are obligated to serve qualified tenants for the longest period of time.
- Projects that are located in a qualified census tract (as defined in subsection 42 (d)(5)(C)) and the development of which contributes to a concerted community revitalization plan

A. Long Term Affordable Housing Commitment

Points for those projects that go above the initial 15-year compliance period. 1 point for extending to 25-year compliance period and 2 for 30-year compliance period. Extending the availability and length of available housing is an excellent policy.

Policy Comment: We should consider adding a 20-year option for 2 points and making the 30-year option 3 points. Applicants that are awarded these points must agree to forego the option of requesting to utilize the qualified contract process following the close of the initial 15-year LIHTC compliance period.

- 2 points are awarded for:

(1) providing a non-profit the right of first refusal to purchase a property after the compliance period ends; (2) having a project that is in the CROWN program- that ends in eventual home ownership (3) having an Economic Development certified/Entitlement/Leadership Community[4]. (4) a project receiving project based rental assistance. (5) Development reserved for elderly tenants[5]. (6) Developer/Owner providing financial support. A partner/member of the development agrees to defer payment of a fee payable by the development or a partner/member agrees to make a capital contribution or personal loan to the development. Aggregate of deferred fees and/or capital contribution or personal loan is 25% or more of the total of the developer fee and overhead.

Policy Comment: 2 points for getting rental based assistance does not reflect the work and commitment by the entities committing to provide and receive the project-based assistance. The greater the number units that have project-based assistance the greater the points.

We should look at getting two points for projects that have local partners. Ohio has a similar category that we can model. That policy is outlined as follows:

> For all local partner criteria, the applicant shall submit brief information about the partner, including their services relevant to the resident population where they are based and their experience working in the local community.
>
> 1. *Non-Profit Partner.* The development will include a local non-profit that can demonstrate a history of providing housing or supportive services for the target population in the target area. The organization must have at least 25 percent general partnership interest in the ownership of the proposed

[4] This is identified as "Is the development located in an Economic Development Certified Community/Leadership Community as designated by the Nebraska Department of Economic Development or in a CBDG entitlement community?"

[5] This change was made due to the following comments during the public input session: "Senior Development: Senior developments are limited to one- and two-bedroom units. The application only allows for a senior development to receive 2 points maximum. Only one new construction senior project received credits last year. Consider increase the points to at least 5 points in this category."
NIFA response: "The points allotted for senior developments increased from one point in 2019 to two points in 2020. NIFA will continue to monitor and evaluate the impact of the efficiency points as well as points for senior developments." I would read the comment from Midwest Housing Group of July 31, 2019. That comment raises the further issue of the efficiency points pushing developers to build more bedrooms than maybe necessary for a project. An issue to be discussed later in this memo.

development. The applicant must reflect the minimum ownership percentage in their application.

2. *Housing Authority Partner*. The development will include a Public Housing Authority (PHA) that has 51 percent general partnership interest in the ownership of the proposed development. The applicant must reflect the minimum ownership percentage in their application.

3. *CHDO Partner*. The development will be owned, developed or sponsored by a community-based housing development organization that was certified as a Community Housing Development Organization (CHDO) by the state of Nebraska during the application phase. The applicant must reflect the minimum ownership percentage in their application.

4. *In-State Partner*. The development's developer(s), architect of record and general contractor all reside in or are headquartered in Nebraska. Applicant shall submit letters from each business, on professional letterhead, attesting to their qualification under these criteria.

- 1 point is awarded for:

(1) The track record of the Applicant/owner**.**

Policy Comment: This does not delineate, how you score, whether you have done 1 project or 100. If the goal is to root out developers with outstanding compliance issues.

(2) PHA referral Agreement. This point is earned if the development owner has entered into an agreement with the local Public Housing Authority (PHA) to consider households from the PHA waiting list as potential tenants.

Policy Comment: Do we keep track of this to ensure compliance with this one point? If so, what are the results? We should consider eliminating this for something more substantive. Consideration should be given to developments that give a preference to persons on a public housing authority waiting list. The mechanics of how this is done can be further worked out.

The following have point weighted scoring ranging from 1 to 4points

B. PRESERVATION

Current Policy:

Is the development a federally assisted building in danger of having the mortgage assigned to HUD or RD, or in danger of creating a claim on a federal mortgage insurance fund? **(2 points)**

Does the development involve preservation of existing affordable housing with an existing project-based rental assistance agreement? (i.e. USDA-RD or HUD)? **(4 points)**

(2 Points)

Does the development meet the Secretary of the Interior's Standards for Rehabilitation as interpreted by the National Park Service and involve the use of federal historic rehabilitation tax credits

Policy Comment: We should consider a preservation set aside. The preservation of existing affordable properties where more than fifty percent (50%) of the Units are currently income-restricted and rent-restricted to households at or below sixty percent (60%) Area Median Income (AMI) by a LURA, Regulatory Agreement, Section 8 project-based contract or the entire Project is currently in the Section 515 Rural Rental Housing Program.

C.MIXED INCOME DEVELOPMENT

Current Policy:

At least 10% of the units are market rate **(1 point)**
At least 15% of the units are market rate **(2 points)**
At least 20% of the units are market rate **(3 points)**

Policy Comment: Is a developer required have the low-income units equally distributed throughout the project? Do Both market-rate and low-income units have the same design regarding unit amenities and square footage, including, but are not limited to, fireplaces, covered parking, in-unit washer/dryers, and views. How do we score for scale a project with fewer units that will have an easier time meeting a 10% test? Some discussion is warranted on this topic.

Consistent with the policy theory of mixed income housing is utilization of another tool-awarding of points for creation of housing of an "Area of High Opportunity" or "High Opportunity Area."

There is no federal definition of "Area of Opportunity" or "High Opportunity Area", it is generally left up to the state to determine their own criteria. Though the Federal Housing Finance Agency (FHFA), in the Duty to Serve regulation, has defined a High Opportunity Area as an area…whose poverty rate falls below 10 percent (for metropolitan areas) or below 15 percent (for non-metropolitan areas); or an area designated by a state or local QAP as a high opportunity area whose poverty rate falls below 10 percent or 15 percent.

17 states and the District of Columbia have provisions in their respective QAPs for areas of opportunity:

- California
- Connecticut
- Delaware
- District of Columbia
- Florida
- Illinois
- Indiana
- Iowa
- Louisiana
- Maine
- Maryland
- Mississippi
- Ohio
- Oregon
- South Dakota
- Utah
- Virginia
- Washington

The QAPs of Iowa, South Dakota, and Indiana, these states are the closest to our own. All of these states award points, in the scoring/evaluation phase, to projects in areas of high opportunity. These areas are defined differently in each state, but the basics are generally the same.

South Dakota awards points to projects located in census tracts with:

- Low poverty rates – less than 10% poverty rate
- High ratio of jobs to population – above the state average ratio
- Below average unemployment – less than the state unemployment rate
- High scoring schools – above average school performance index posted by South Dakota Department of Education

Indiana awards points to projects in proximity to growth opportunities:

- Projects in a county at the top quartile for median household income and not in a QCT
- A county that has an unemployment rate below the state average

- A county with a ratio of population to primary care physicians of 2,000:1 or lower
- Within 1 mile of a university, college, trade school, or vocational school
- Within 1 mile of one of the 25 largest employers in the county

Iowa awards points for high or very high opportunity areas, based on census tracts.

Further, policy should be explored to deconcentrate housing. Texas has developed extensive criteria in this area that should be reviewed.

We need to have an extensive policy discussion on this area.

D. DESIGN STANDARDS:

Current Policy:

Buildings will have solid brick, or brick/stone siding, or natural stone, exterior finish material in excess of 25% of the front street visible exterior elevation.	**(2 points)**
Development will have significant landscaping.	**(2 points)**
20% or more of the units will meet the "visibility" design standards as defined by the Nebraska Assistive Technology Partnership.	**(2 points)**
Buildings will include exterior additions, such as pre-finished shutters, decorative exterior finishes, patio/porch fencing or additional decorative trim.	**(1 point)**

Policy Comments: Open for Policy Discussion Not sure of the policy behind the "design standards". If key is appearance, that's one thing, if key is low maintenance, that is another.

E. DENSITY CONFIGURATIONS:

Current Policy:

Density configuration is 12 units or less per acre (1 acre equals 43,560 sq. ft.)	**(1 point)**
Density configuration is 12 units or less per acre, all buildings are two stories or less and each unit in each building includes a separate outside entrance.	**(2 points)**

Policy Comments: I am not sure of the policy considerations behind this category as it currently sits. However, as we have discussed in certain urban communities like Omaha, the national trend has been followed in that LIHTC housing has become a key factor in perpetuating neighborhoods with high concentrations of poverty and segregation which can be considered a violation of fair housing principles. (Shilesh Muralidhara, *Deficiencies of the Low-Income Housing Tax Credit in Targeting the Lowest-Income Households and in Promoting Concentrated Poverty and Segregation*, 24 Law & Ineq. 353 (2006)).

We need to look at strategies that provides incentives for deconcentrating LIHTC and promoting development in areas that provide high opportunity. Iowa for example provides the following points in the density area:

Projects that are located in a census tract that has less than 10.00% of LIHTC Units per household.	8 points
Projects that are located in a census tract that has between 10.00% and 20.00% of LIHTC Units per household.	5 points

The calculation will be based on the number of LIHTC Units Placed in Service since January 1, 2010. The calculation will be as follows: The number of LIHTC Units Placed-In-Service in the census tract divided by the number of households in the census tract equals the percentage used to determine the number of points.

If a Scattered Site Project, all building addresses shall be listed in a qualifying census tract to be eligible for points. If buildings are in different categories of qualifying census tracts, the lesser points shall be awarded.

We need to have a policy discussion on this area.

E. SMALL COMMUNITY:

Current Policy:

The development is located in a community with a total population of 5,000 or less: **(3 points)**

The development is located in a community with a total population over 5,000 to 15,000: **(2 Points)**

Policy Comment It is without question projects in certain areas are extremely difficult to develop. As such, a set-aside be created, each year, for a project that is in a county that has never been awarded a LIHTC project.

Further, as discussed above projects that have a rural workforce housing component qualify for additional points.

F. AMENITIES:

Current Policy:

Currently the amenity schedule is as set forth below:

A maximum of 6 points are available in this category.

Washer and dryer installed and maintained in each unit **(2 points)**

Garage for each unit at no cost to the tenant **(2 points)**

Washer and dryer hook-ups in each unit (n/a if points awarded for installed in each unit) **(1 point)**

Community laundry room (n/a if points awarded for installed in each unit) **(1 point)**

Designated exterior playground area or exercise equipment with sufficient equipment for usage by tenants in all units OR *Individual playground equipment for each unit in CROWN developments **(1 Point)**

Each unit will be equipped with a medical alert / emergency response system at no cost to the tenant **(1 point)**

High-speed internet access and owner paid service for each unit **(1 point)**

Storage area for each unit that is an enclosed, single, and secure space **(1 point)**

Policy Comment: The amenities should reflect a policy that seeks to award more points to those amenities that have the greatest influence on the self-sufficiency and growth of our tenants. Some things to consider:

- In this modern age, especially in rural areas, high speed internet access that is free is a real cost to the owner and should have a higher point value.
- Video security systems are another amenity that should merit significant points.
- Blinds and window coverings
- Built in dishwashers
- Licensed childcare for large family developments
- After school programs (tutoring, mentoring, homework club, art and recreational activities)

Project amenities including proximity from the proposed site services and facilities, including neighborhood shopping, drug stores, schools, public transit, hospitals, highways or other major traffic arteries, churches, cultural attractions, and recreational facilities. How to structure this and the amount of points based on distance can be debated and established. There are several models currently being used by other HFA's.

G. GREEN STANDARDS:

Current Policy:

A maximum of 6 points are available in this category.

Development will include a geothermal (ground source), closed loop heat pump system or active solar that will generate at least 25% of the total energy load for each unit. **(2 points)**

All mechanical equipment installed will be Energy Star® rated or better. **(1 point)**

All exterior lighting will be photocell or timer controlled. **(1 point)**

All carpet will include recycled-content carpet pad and carpet. **(1 point)**

All interior paints and finishes will contain less than 250 grams/liter of VOCs. **(1 point)**

Development will utilize water conservation techniques, such as water-efficient appliances and fixtures, low water landscaping and irrigation, and gray water. **(1 point)**

Builder will follow a written waste reduction, recycle, and reuse plan. **(1 point)**

Ongoing recycling services provided at no cost to the tenant. **(1 point)**

Development will utilize passive solar building design. (Examples include, but are not limited to: building orientation, earth coupling, thermal mass, window sizing and placement, overhangs or landscaping for shading, sky lights, double-glazed glass in windows, or thermal insulation.) **(1 point)**

Policy Comment: We should look at simplification in promoting environmental and energy efficiency. A model for discussion. copied below, is Iowa's draft QAP.

Energy Efficiency.

New Construction (3 stories or less, or 4 stories or more with each Unit having its own heating, A/C and water heating):	
Home Energy Rating Systems (HERS) Index of 62 or less	8 points

New Construction (4 stories or more without each Unit having its own heating, A/C and water heating):

Exceed ASHRAE 90.1-10 by twenty percent (20%) 8 points **Deleted:** ten

Deleted: 10

Existing Structures (Acq/rehab and adaptive reuse):	
2015 International Energy Conservation Code (IECC) exceeded by eight percent (8%) or more. (not available to Projects utilizing Historic Tax Credits)	8 points

*For Projects that include new construction and existing structures to receive the full 8 points both indexes shall be met.

A new construction Project that elects a lower HERS index shall submit prior to construction, an initial energy report, by an IFA approved energy consultant, that demonstrates the proposed design will meet the lower HERS index. An Energy Star certification and a final energy report that verifies the lower HERS index shall be submitted prior to the issuance of an IRS Form 8609.

For existing structures (Acq/rehab and adaptive reuse), an energy audit conducted by a certified home energy rater shall be provided on each building prior to the preparation of the final work rehabilitation order. At the completion of the rehabilitation and prior to the issuance of an IRS Form 8609, an energy audit by a certified energy rater is required to verify that the rehabilitation work on each building exceeds the standards of IECC as noted for the above score.

IFA requires an energy consultant as part of the Qualified Development Team. The Applicant is required to engage the energy consultant prior to submitting the Application. The ASHRAE energy report shall be performed by an individual(s) or company that is not involved in the Project design, manufacture, or installation, and is acceptable to IFA.

H. **SUPPORTIVE SERVICES:**

Current Policy:

A maximum of 3 points are available in this category.

Please choose up to three supportive services:

Transportation to services at no cost to the tenant (12 round trips per year). **(1 point)**

Quarterly onsite medical, dental or vision testing at no cost to the tenant. **(1 point)**

Owner paid renter's insurance for tenant (yearly). **(1 point)**

Monthly Onsite congregate meals served to the tenant at no cost (monthly). **(1 point)**

Annual deep cleaning of the unit at no cost to the tenant. **(1 point)**

Monthly Onsite monthly beautician services at no cost to the tenant. **(1 point)**

Monthly onsite, organized tenant activities offered at no cost to the tenant, such as exercise classes, movie nights, or potlucks. or financial assistance classes. **(1 point) ?**

Onsite food pantry at no cost to the tenant. **(1 point)**

Quarterly state and federal benefits counseling at no cost to the tenant. **(1 point)**

Monthly onsite mental health services at no cost to the tenant . **(1 point**

Monthly onsite job training at no cost to the tenant. **(1 point)**

Quarterly parenting classes at no cost to the tenant. **(1 point)**

Onsite licensed child care with enrollment fee waived for tenants of the development. **(1 point)**

Quarterly financial management classes at no cost to the tenant. **(1 point)**

Weekly exercise classes at no cost to the tenant. **(1 point)**

Weekly tutoring services for students at no cost to the tenant. **(1 point)**

Semi-annual clean-up events at no cost to the tenant. **(1 point)**

Quarterly onsite Therapy Animal visits at no cost to the tenant. **(1 point)**

Other services offered annually at no cost to tenant, subject to NIFA's approval. Please list **(1 point)**

Policy Comment: There is no identified priority for this category. We need to review each of the current and discuss continued viability and cost-benefit of the supportive services points and criteria. Priorities can be established depending on the type of project. For example, the way another financing agency, as outlined below, has structured and grouped their supportive services is worth emulating.

(A) Transportation Supportive Services

(i) shuttle, at least three days a week, to a grocery store and pharmacy and/or a major, big-box retailer that includes a grocery store and pharmacy, OR a daily shuttle, during the school year, to and from nearby schools not served by a school bus system for children who live at the Development (3.5 points);

(ii) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point);

(B) Children Supportive Services

(i) Provide a High-Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site meeting (meeting room)

(ii) 12 hours of weekly, organized, on-site services provided to K-12 children by a dedicated service coordinator or third-party entity. Services include after-school and summer care and tutoring, recreational activities, mentee opportunities, test preparation, and similar activities that promote the betterment and growth of children and young adults (3.5 points);

(C) Adult Supportive Services

(i) 4 hours of weekly, organized, on-site classes provided to an adult audience by persons skilled or trained in the subject matter being presented, such as character building programs, English as a second language classes, computer training, financial literacy courses, health education courses, certification courses, GED preparation classes, resume and interview preparatory classes, general presentations about community services and resources, and any other course, class, or presentation that may equip residents with new skills that they may wish to develop (3.5 points);

(ii) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) that also emphasizes how to claim the Earned Income Tax Credit (1 point);

(iii) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; also resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points);

(iv) external partnerships for provision of weekly substance abuse meetings at the Development Site (1 point);

(D) Health Supportive Services

(i) Food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a resident. While it is possible that transportation may be provided to a local food bank to meet the requirement of this resident service, the resident must not be required to pay for the items they receive at the food bank (2 points);

(ii) annual health fair provided by a health care professional(1 point);

(iii) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points);

(iv) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(E) Community Supportive Services

(i) partnership with local law enforcement and/or local first responders to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (2 points);

(ii) Notary Services during regular business hours (1 point);

(iii) twice monthly arts, crafts, and other recreational activities (*e.g.* Book Clubs and creative writing classes) (1 point);

(iv) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, holiday celebrations, etc.) (1 point);

(v) specific case management services offered by a qualified Owner or Developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (3 points);

(vi) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(vii) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);

(viii) a part-time resident services coordinator with a dedicated office space at the Development or a contract with a third-party to provide the equivalent of 15 hours or more of weekly resident supportive services at the Development (2 points); ?

(ix) provision, by either the Development Owner or a community partner, of an education tuition- or savings-match program or scholarships to residents who may attend college (2 points).

VIII. The "NIFA Scored Criteria."

No other category in terms of scoring and transparency is subject to more gossip, accusations of lack of transparency and, potential for causing lack of trust in the NIFA system than the NIFA Scored Criteria. As it sits the below consist of the NIFA scored criteria.

Current Policy:

Targeting Gross Rents to Lower Levels • Up to 5 points may be awarded based upon the depth of the targeted gross rent levels for the~~.~~ development. • Three points will be awarded if at least 10% of the total units in the development have a targeted gross rent level that is affordable to households whose income level is at or below 40% of the applicable AMI. • Two points will be awarded if at least 40% of the total units in the development have a targeted gross rent level that is affordable to households whose income level is at or below 50% of the applicable AMI. These units shall be in addition to any units selected at 40% AMI or less. • NOTE: Applicants must agree to have the development rents bound by the targeting commitments the application form for the duration of the 15-year compliance period, which will be incorporated in the LURA. Information regarding Targeting Gross Rents for the previous year is available on NIFA's website at **www.nifa.org**.	Points Available: Up to 5
Efficient Housing Production • The development represents an efficient production of housing. Up to 12 points will be awarded when comparing current applicants, in a measure of the quality of effort made to minimize development costs, and leverage funding sources in the production of affordable housing. Eligible basis cost per unit (up to 4 points); eligible basis cost per residential finished square foot (not including garages, unfinished basements and storage areas) (up to 4 points) and LIHTC per occupant (up to 4 points) are within reasonable limits as compared to local and national standards (NOTE: If requesting a basis boost, the basis boost for QCT's and non QCT's will have an impact on the scoring of LIHTC per occupant in this category.)	Points Available: Up to 12

Policy Comments:

Targeting Gross Rents to Lower Levels

NIFA's desire to serve the lowest rent levels possible across Nebraska is worthy of merit and understandable. However, this point category is no different than income averaging. The current structure is pushing developers to be more and more competitive to a point that these deals become strained in a way that is unneeded.

While the QAP states that a development must have an average AMI below 60% to be considered for points, the average AMI of applications submitted in the 2018 Round 2 application cycle was 39.41 %. This is a 0.67% reduction in average AMI from the 2018 Round I application cycle. While the 0.67% reduction may seem immaterial, developers will continue to push AMI's lower and lower to hopefully score better. Forcing the lower average AMI puts unneeded stress on a deal in a market were deals are already stressed from increasing construction costs and decreasing equity pricing.

Instead of awarding points for rent averages, awarding points for targeting specific AMI levels is ideal. Many states including Iowa, Kansas and Texas give points for targeting lower rent levels.

The following scoring system should be considered:

- I point for each full one percent of the total project units set aside at 40% AMI - 15 points maximum
- I point for each full one percent of the total project units set aside at 30% AMI — 5 points maximum something like similar.

Efficient Housing Production

As board members we understand and appreciate NIFA's desire to ensure that the tax credits are being used efficiently. However, under the current scoring standards the largest units with the most occupants are getting awarded. We would argue developing larger units does not necessarily create efficiency. Also, building larger units limits the number of units that can be built in one space. For example, it would be possible to build 48 units on a 3 acre parcel of land — however that development would most likely not score well enough to get awarded as the units would not be large enough.

If cost efficient units are truly the goal, we would encourage NIFA to rethink the scoring method. The primary goal should be awarding points to developments that keep their soft costs in check. In previous years, the state of Iowa has awarded 4 points for new construction/adaptive reuse developments whose construction costs are 70% or more of the total development costs. They also award 4 points to Acquisition and rehabilitation developments whose construction costs are 55% or more of total development costs. The existing “NIFA scored criteria” matrix encourages application and to come in low on the LIHTC/occupant, and may force developers to seek additional credits by stating that construction costs came in higher, etc. If NIFA keeps the LIHTC/occupant as it is now, some developers will continue to play the additional credit game.

IX. Conclusion

We understand that we are asking NIFA and staff to change the way it has traditionally operated the LIHTC program over the last few years. That is not to say that it was an improper operation. However, a review of the QAP reveals that the Board should exercise its role as a policy maker and make certain that we produce a document that belongs to the Board and gives the staff the direction that the Board believes is important. To not seek change when faced with facts would be an abdication of our role as policy makers. We know we will face opposition and some of it strong from our development community that has become accustomed to the way we have generally operated this program. However, while they are our partners, it remains our responsibility to provide a framework that leads to real and substantial change in the outcomes of the projects that we would like to see and address as affordable housing policy in Nebraska. We need to put our shotguns away and pickup our rifles.