Nebraska Investment Finance Authority
Second 2022/2023 Qualified Allocation Plan Public Hearing
Low Income Housing Tax Credit (LIHTC) &
NE Affordable Housing Tax Credit (AHTC) Program
November 19, 2021

Attendees: **Thomas Judds, Lincoln Housing Authority/Little Salt Development Co.; Chris Lenz, Excel Development Group; Kathy Mesner, Mesner Development; Rob Woodling, Foundations Development; David Nickloy, Locke Capital, Fred Hoppe, Hoppe Development; Paula Rhian, Midwest Housing Development Fund; Mark Hansen, CDR; Amanda Brewer, Habitat for Humanity of Omaha; César Garcia, Canopy South; Lauren Foster, Greater Fremont Development Corporation; Susan Nickerson, Christina Zink, and Mackenzie Waldron, Nebraska Department of Economic Development**

NIFA Staff in Attendance: Sara Tichota, Robin Ambroz and Pamela Otto

Meeting called to order at 9:08 a.m. CST

Summary of Public Comments categorized by topic:

Developments in Conjunction with Non-LIHTC Housing Opportunities

Rod Woodling, Foundations Development

> This will be very difficult to document, as the city will not have knowledge of this information. Clarify the total number, does it have to be six (6) homeownership or six (6) rentals? Or could it be a combination of both? What is to keep someone from saying one thing and then decide to do another option.

Kathy Mesner, Mesner Development

> For subdivisions, there is no way to get approval without having the LIHTC award. It is important to understand that for communities in rural Nebraska, having a big subdivision is not needed to show collaboration and housing efforts. For example, in a town like Central City, there is two (2) stop lights and to get from one side of town to the other takes only three (3) minutes.

Fred Hoppe, Hoppe Development

Building market rate units in conjunction with LIHTC does not work, especially in Bond deals. Building market rate units in very costly and a risk for companies. To build developments that include market rate takes time and needs to be done in phases.

César Garcia, Canopy South

Mixed income creates opportunities for tenants. Often when talking about mixed income, we forget about the human aspect. Pleased that mixed income is included in the QAP.

Chris Lenz – Excel Development Group

Chris Lenz read from his written comments. The comments and NIFA/NDED responses are included written comment section.

NIFA has revised the criteria and title for this section. The section is now titled "Community Housing Initiatives" and focuses on a community's housing activities within the last 24 months. NIFA continues to offer points in the application for providing market-rate units in a LIHTC development.

Leverage and Collaboration

Rob Woodling, Foundations Development

Capital is listed as eligible and then any funds are excluded from partners in the development. TIF is listed but loans are not. TIF is collateralized as loans. Partnerships are for-profit and grants will impact the for-profit partners, triggering a tax hit and lowering their initial contribution.

Kathy Mesner, Mesner Development

Collaboration and Leverage was scored in threshold. It appears this has now replaced scoring threshold, should have left threshold scored. Grants reduce basis and TIF is a loan.

Chris Lenz – Excel Development Group

Chris Lenz read from his written comments. The comments and NIFA/NDED responses are included written comment section.

NIFA has clarified the eligible and non-eligible resources.

Development of Housing in Greater Nebraska

Kathy Mesner, Mesner Development

The simplest way to incentivize development in rural Nebraska is to increase the set-aside. Some communities do not need six (6) units, so they are scattered between communities, recommending allowing for that. This should be for two (2) years, as everything is based on two (2) years. Workforce Housing is going into several communities across the state and there is no AMI required for that program as the housing must be affordable, recommend removing the AMI requirement to allow for this program to be included.

Fred Hoppe, Hoppe Development

Affecting neighborhoods for twelve (12) months, but you are getting points for something that happened in the past and that is not right. It should be noted so developers can plan for two years.

Chris Lenz – Excel Development Group

Chris Lenz read from his written comments. The comments and NIFA/NDED responses are included written comment section.

NIFA has expanded the timeline to 24 months and revised references from 150% of AMI to affordable housing. The 10 homes/rental units can be located in different communities as long as each community's population is 15,000 or less.

Applicant/Owner Track Record

Kathy Mesner, Mesner Development

The points being put in for developers that have not requested an increase in credits within the last twenty-four (24) months, is not appropriate in this environment.

Fred Hoppe, Hoppe Development

It is unfair to have bonus points or negative points because of a couple developers who skewed their numbers. Do not penalize us for taking advantage of our pricing in the last couple of years. Also, if you couldn't get a tax credit project in the last couple of years, you now get a benefit and that is not right. Reward those developers in the future for those who hit their numbers.

NIFA has removed this section for the 2022/2023 QAP, however, implementation is planned for the 2024/2025 QAP.

Transit Corridors

César Garcia, Canopy South

We need to think about a holistic approach, especially for transportation. It is very important that we create accessibility to individuals who live in distressed areas.

The Areas of High Opportunity Indices include metrics regarding project location regarding walkability, commute time, etc. NIFA staff will continue to evaluate metrics that should be included to demonstrate an Area of High Opportunity,

CDBG-DR Funding

Amanda Brewer, Habitat for Humanity of Omaha

She has provided input regarding CDBG-DR funding to NDED during the whole process for CDBG-DR funding, so she was very surprised to learn to that $26 million was set-aside for the joint LIHTC/NDED application and any remaining funds after the cycles will be put into homeownership programs. Requesting that half of the funds be held for homeownership, instead of waiting to see what is left over after the LIHTC cycles, as she has 75 individuals' mortgage ready.

Response from NDED: The primary purpose of the CDBG-DR Affordable Housing Construction Program (AHCP) is to increase affordable housing supply in flood-impacted areas, including affordable rental housing and

affordable homeownership for low-and moderate-income households that lost their homes in DR-4420. Housing programs have been designed based on unmet needs and local priorities, as identified through feedback from long-term recovery groups and local outreach.

There are two applications for the AHCP. To maximize the limited funding available for recovery, DED anticipates awarding gap financing to eligible applicants under both applications. The first application will be in partnership with NIFA to leverage CDBG-DR with LIHTC and AHTC to increase the supply of affordable rental housing in impacted areas. Funds in the first application are designed as gap financing for LIHTC/AHTC projects. The second application will be through DED directly, where LIHTC is not a funding source. In this application, non-profits, units of local government, and public housing authorities may apply to DED for technical assistance and funding for affordable rental and affordable homeownership construction/rehabilitation activities, to include new construction for sale to LMI homebuyers, construction of owner-occupied housing, new construction of rental housing, rehabilitation to rental housing, and land acquisition for eligible construction activities.

Additional program materials can be found on the CDBG-DR webpage at opportunity.nebraska.gov/cdbg-dr.

Efficient Housing Production

Kathy Mesner, Mesner Development

If NIFA doesn't separate out the CDBG-DR funding for efficiency scoring, there will be no applicants for the funding, as it will be too costly to incorporate.

The Efficient Housing Production calculations will use adjusted eligible basis which allows developers to remove CDBG-DR costs from Eligible Basis.

Deferred Developer Fee of 25%

Chris Lenz, Excel Development

There is no other state that requires developers to defer 25% of their fee.

NIFA does not require developers to defer any fees. Points are available for those who choose to defer at least 25% of their developer fee.

Nebraska Affordable Housing Trust Fund (NAHTF) from NDED

Kathy Mesner, Mesner Development

Include the possibility of NAHTF being used in projects under DED criteria.

NDED Response: The 2022 Nebraska Affordable Housing Trust Fund (NAHATF) Qualified Allocation Plan (QAP) is open for public comment November 29, 2021 – December 30, 2021. The proposed 2022 NAHTF QAP identifies that the Nebraska Department of Economic Development (NDED) intends to use up to $1,000,000 in discretionary funds in conjunction with the 2023 joint application with the Nebraska Investment Finance Authority 9% Low-Income Housing Tax Credit program, with a maximum project award of $500,000. These awards will only be invested in projects where federal procedural restrictions are a barrier to providing DED federal funding to an otherwise financially feasible, quality project, determined at the sole discretion of the Department. As NDED continues to develop and finalize the 2022 NAHTF QAP and NIFA develops and finalizes the 2022/2023 Housing Credit Allocation Plan for 9% LIHTC and AHTC our agencies will make certain that if NAHTF is set-aside for the 9% LIHTC program the application process will be included in the NIFA/NDED joint application.

Financing Gaps Greater than $500,000

Kathy Mesner, Mesner Development

Implementing this will throw out applications applying for Affordable Housing Program (AHP) funding from Federal Home Loan Bank. For those developments applying for these funds, they are now at a disadvantage, as they could possibly cover the gap if they are awarded AHP funding.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

<u>Annual Meeting with Board</u>

Kathy Mesner, Mesner Development

When the QAP goes before the Board, would really like to see other developers, and interested parties have time to speak in front of the Board. One developer has the ear of the Board and there are other perspectives that could be shares, as we have differing perspectives. The rest of the developers have not had an opportunity to address the Board. Suggested having in the QAP that the developers will have an annual meeting with the Board, so a discussion can occur with all interested parties.

Fred Hoppe, Hoppe Development

Agrees that an annual meeting would be beneficial for the Board and the developers.

All public comment is shared with the NIFA Board. These comments will be considered and evaluated.

<u>QCT</u>

Fred Hoppe, Hoppe Development

In Lincoln, he would not get points because he does not have a Concerted Community Revitalization Plan and is not in a Choice Neighborhood, as those are only in Omaha. Recommends having any type of plan count to receive the points.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

<u>Proximity to Services</u>

Chris Lenz – Excel Development Group

Chris Lenz read from his written comments. The comments and NIFA/NDED responses are included written comment section.

Please see responses to written comment below.

General Comments

Thomas Judds, Lincoln Housing Authority/Little Salt Development Company

Is concerned about the next generation of tax credit developers, as those currently developing in Nebraska approach retirement. We need to foster and build the younger generation and ensure that affordable housing development continues in Nebraska.

NIFA will take your comment under advisement.

Mark Hansen, Retired CDR

Basic observation, NIFA is trying to do a fair and efficient way to provide LIHTC in a scoring system. Need to figure out a way that can be customizable to each community, with more flexibility and less of being told what to do.

NIFA will take your comment under advisement.

Chris Lenz – Excel Development Group

Chris Lenz read from his written comments. The comments and NIFA/NDED responses are included written comment section.

Please see responses to written comment below.

Meeting Adjourned at 10:05 a.m.

Written Comments received – See attached correspondence from:

- **George Achola, Burlington Capital Real Estate**
- **Jamie Berglund, SPARK**
- **Amanda Brewer, Habitat for Humanity of Omaha**
- **Ryan Harris, Midwest Housing Equity Group**
- **Fred and Jake Hoppe, Hoppe Development**
- **Thomas Judds, Lincoln Public Housing Authority**
- **Teresa Kile, White Lotus Group**
- **Chris Lamberty, Lincoln Public Housing Authority**
- **Chris Lenz, Excel Development Group**
- **Todd Lieberman, Brinshore Development, LLC**
- **Kathy Mesner, Mesner Development**

- **Jewel Rodgers, Noddle Companies**
- **Rob Woodling, Foundations Development**

George Achola – Burlington Capital

Efficient Housing Production Points: The efficiency points should be used as a tie breaker not scored as part of the underlying competitive process. If NIFA does not wish to remove the points, then the points should be reduced to 4 points total. Up to 1 point for square footage, up to 1 point for per unit, and up to 2 points for LIHTC per occupant.

NIFA will continue to evaluate this criterion, but no change is proposed at this time. NIFA, based on Board member input, plans to monitor the 2021 reduction in Efficient Housing Production points for the 2022/2023 QAP as well as work with expert consultants to create building and construction standards.

Proximity to Services: The proximity (pg. 35) should be identified by a independent third party-such as the market study. Any questions must be resolved prior to submission. This should be a progressive scale. The closer you are to the identified service the more points from .5 miles out to 1.5 miles. Need to create the measurement methods for distance.

Lose 1 point for certain locations -if you are close to non-desirable locales- train tracks, airports, junk or salvage yards etc.

NIFA has modified the distance requirement from 1.5 miles to 3 miles for all services, except parks which remain .5 of a mile. Methods regarding measurement and points eligibility are included in the Exhibit Examples Document - Exhibit 213.

NIFA will evaluate, for future QAPs, the suggestion regarding non-desirable locations, specifically for Non-Metro areas. The Areas of High Opportunity Indices include a metric for Environment and Health. Those ratings are impacted by location to dump sites, microparticles, and the pollution levels of soil, air, and water. The items listed above would directly impact the rating in each rating area.

Collaboration: Points for a project where a Housing Authority participates in the Development by providing capital funding etc. or participating in the project-especially in non-metro areas.

An application receiving capital funding from a local Housing Authority would be eligible for points in the Leverage and Collaboration section of the application. NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Set Asides: Set aside -Housing Authority non-metro and a set-aside for developments in communities that had not or do not currently have an LIHTC development. To deal with the issue of problematic lack of funding provide the ED with programs committee approval the ability to authorize the set-aside should funding become sufficient.

A development located in a community that has never had a LIHTC development is currently eligible under the CRANE set-aside. NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Jamie Berglund – Spark

Proximity to Services: Promotion of projects that are located within ¼ mile of key transit corridors in Metro areas.

The Areas of High Opportunity Indices include metrics regarding project location regarding walkability, commute time, etc. NIFA staff will continue to evaluate metrics that should be included to demonstrate an Area of High Opportunity,

New and Emerging Developers: Support for projects from and technical assistance resources for new and emerging developers to help build and diversify the pipeline of development talent.

NIFA will explore ways to support new and emerging developers through other programs/resources.

Leverage and Collaboration: Clarity on the expected role and/or compensation of nonprofit partners in projects, when utilized to demonstrate and/or leverage community collaboration.

It is anticipated that the nonprofit partner may be making a capital contribution or a community contribution as outlined in the application. If the applicant is requesting LIHTC from the nonprofit set-aside, the role of the nonprofit organization is outlined in Exhibit 3.

Positive Comments: Excited about the support for mixed-income development projects and promotion of projects that demonstrate community collaboration, involvement, and support.

Amanda Brewer – Habitat for Humanity of Omaha

CDBG-DR: We thought a portion of the CDBG-DR funds would be reserved for the creation and preservation of affordable housing for homebuyers. However, it is our understanding that the strategy now is to allow a round of applications for projects to leverage the LIHTC program and only whatever is left over will be available for homeownership. In the three most impacted Nebraska counties of Douglas, Sarpy and Dodge owner-occupied units were damaged or lost three times more than rental units.

NDED Response: The primary purpose of the CDBG-DR Affordable Housing Construction Program (AHCP) is to increase affordable housing supply in flood-impacted areas, including affordable rental housing and affordable homeownership for low-and moderate-income households that lost their homes in DR-4420. Housing programs have been designed based on unmet needs and local priorities, as identified through feedback from long-term recovery groups and local outreach.

There are two applications for the AHCP. To maximize the limited funding available for recovery, DED anticipates awarding gap financing to eligible applicants under both applications. The first application will be in partnership with NIFA to leverage CDBG-DR with LIHTC and AHTC to increase the supply of affordable rental housing in impacted areas. Funds in the first application are designed as gap financing for

LIHTC/AHTC projects. The second application will be through DED directly, where LIHTC is not a funding source. In this application, non-profits, units of local government, and public housing authorities may apply to DED for technical assistance and funding for affordable rental and affordable homeownership construction/rehabilitation activities, to include new construction for sale to LMI homebuyers, construction of owner-occupied housing, new construction of rental housing, rehabilitation to rental housing, and land acquisition for eligible construction activities.

Additional program materials can be found on the CDBG-DR webpage at opportunity.nebraska.gov/cdbg-dr.

Ryan Harris – Midwest Housing Equity Group

Leverage and Collaboration: This scoring section of the application doesn't work structurally, especially if we're trying to get 20% of the costs as a capital contribution or grant because of the following: 1. Grants can't be used unless there is an income hit or potential reduction of basis; 2. If we have to take the income hit, we reprice the deal to account for it, lowering equity; 3. The for profit general partner would have the income allocated to them, however, they won't have the offsetting funds to pay the taxes on a large grant; and 4. Nonprofit general partner can't have the income allocated to them or else we have tax exempt use property.

Also, projects can't have a capital contribution if according to the section it can't come from an identity of interest.

NIFA has clarified the eligible and non-eligible resources.

Fred and Jake Hoppe – Hoppe Development

Deadlines for 4% and 9%: Would like to see the 4% and 9% deadlines not overlap

NIFA staff has a very limited time frame to in order to ensure Tax Exempt Bond/4% LIHTC projects are approved and can close by no later than December 20th. Unfortunately, due to delays with the QAP, an

overlap of application dates occurs in 2022. The 2023 cycle deadlines are designed to reduce and/or eliminate any overlap.

QCT: NIFA allocates additional points to a development in a QCT that are part of a collaborative effort under terms of art, such as "Concerted Community Revitalization Plan" or "Choice Neighborhoods". However, it does not provide a corollary for a potential plan that encompasses land outside of a QCT. Request that new development, and not just revitalization, could meet the CCRP requirements, such that any development, regardless of location, that is part of a comprehensive community effort could quality for points.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Developments in Conjunction with Non-LIHTC Housing Opportunities: The QAP could go further to reinforce this concept, especially with 4% bond projects, as most of those developments are separate entities, such as that the 100% affordable project is financed through LIHTC, but physically integrated with a market rate project financed conventionally. Broadening the definition of a mixed income project to capture this scenario would provide a stronger, and more feasible incentive for mixed income developments.

NIFA has revised the criteria and title for this section. The section is now titled "Community Housing Initiatives" and focuses on a community's housing activities within the last 24 months.

4% AHTC Bond County Concentration Limit: The QAP only provides for one bond and AHTC project per county. Demonstrated last year, many projects may come forward from a single county and still be within the bond cap. Suggest that NIFA removes the explicit limitation allowing for more flexibility should all applications come from one county or allow NIFA to fund all projects, regardless of the concentration by county.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Development of Housing in Greater Nebraska: Would like clarity to better understand how and which development efforts would qualify. Ten units delivered in a single year in a small community is a large development effort, as we deliver housing over a two-to-three-year period, with some being delivered, some in progress, and/or are in the process with developments of rental housing that anticipate deliver greater than ten units. Would these development efforts qualify? If projects are market rate, but price to be accessible to folks with less than 150% median income, would these qualify?

NIFA has expanded the timeline to 24 months and revised references from 150% to affordable housing. The 10 homes/rental units can be located in different communities as long as each community's population is 15,000 or less.

Applicant/Owner Track Record: The past 24 months have experienced unprecedented levels of pricing volatility, combined with long project lead times driven by application cycles, have been challenging. Awarding points to an organization that has not been active in the past 24 months, and has not requested an increase, is rewarding developers who have not participate dint he delivery of affordable housing in this challenging period. If you requested an increase, were denied the increase, but completed the project, should you be penalized? Limit the point to developers who have received an award and on a going-forward basis, ignoring the challenging past 24-month period.

NIFA has removed this section for the 2022/2023 QAP, however, implementation is planned for the 2024/2025 QAP.

Leverage and Collaboration: Believe the percentages and scores significantly exceed what is observed, even when there is meaningful community support and buy-in. The only instance where the contributions from other sources made up any percentage above 10% was the Choice contribution to 75 North. Would there be other ways to demonstrate meaningful community collaboration and buy-in? Could these be scaled more appropriately to what is observed?

Note of Concern: PACE loan can be used to monetize TIF in a way that magnified the appearance of the TIF contribution beyond what could reasonably be considered a community's contribution to the project.

NIFA has clarified the eligible and non-eligible resources.

Design Standards: Believe that Hardy Plank represents a façade upgrade in durability and quality that should be recognized along with stone veneer.

No change will be made at this time. NIFA, based on Board member input, plans to partner with expert consultants to create building and construction standards. A review of Design Standards will also take place.

Amenities: Fiber and internet wiring should be encouraged, whether it ultimately is a tenant paid service or not, especially in an environment with significant resources for low-income internet services whereby a tenant might access these services free of charge.

No change is proposed at this time. The NIFA Board has indicated that the NIFA staff should partner with expert consultants to create building and construction standards. This item will likely be addressed in the review.

Supportive Services: Confused by the requirement for the owner to pay for supportive services, when they may be arranged or provided leveraging existing programs or capabilities.

Supportive services are an additional points category and are not a requirement (except in CRANE). To receive points, the owner must provide or pay for supportive services. If a supportive service can be provided that is not paid for or provided by the owner a replacement

supportive service must be chosen. If it is an existing program that can be provided to the tenant at a reduced rate or at no cost due to the tenant meeting certain income or eligibility requirements, the owner is not providing any additional supportive service and shall not receive points.

Thomas Judds – Lincoln Public Housing Authority

Permanent Sources/Syndication Information: Suggestion to relabel the heading "Syndication Information" to that of "Investor Information." This suggestion would also apply to "Name of Syndicator" for both Federal and State tax credits. This would complement Exhibit 108 titled, "Investor Interest/Commitment Form."

NIFA will take your comment under advisement.

Development Team: In concert with the above, suggest the line items labeled "Federal Syndication Firm" and "State Syndication Firm" be revised to reflect "Federal Investor" and "State Investor."

NIFA will take your comment under advisement.

Applicant/Owner Track Record: Clarify if an applicant and/or owner that has not received an award, or even submitted an application, within the past 24 months are eligible for these points.

NIFA has removed this section for the 2022/2023 QAP, however, implementation is planned for the 2024/2025 QAP.

Leverage and Collaboration: Would like more clarification regarding eligible and non-eligible resources, and for entities of identity of interests.

NIFA has clarified the eligible and non-eligible resources.

Family Development: The voucher program is a fair representation of the demand for low-income housing and vouchers are issued based on the size of their family. In Lincoln, only 5% of all vouchers are for four (4) bedroom units, if you included four (4) bedroom or larger it is only 6%. Question what data would indicate that NIFA should be encouraging more four (4) bedroom units to be build. This seems to be a community specific need, and maybe that need exists in some places.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Teresa Kile – White Lotus Group

Private Activity Volume Bond Cap per Development: The Private Activity Bond Cap per development is $18 million and would like this amount to be increased. If the per development cap was increased, utilization of this program would allow more than housing for developments.

The Bond/4% LIHTC/AHTC per development Private Activity Bond Cap maximum will remain at $18 million. The Bond/4% LIHTC Private Activity Bond Cap maximum has been increased to $22 million for 2022. The per development limit could increase annually based up inflation and the Consumer Price Index. In addition, at the discretion of the NIFA Board, the Bond/4% LIHTC Private Activity Bond Cap maximum may be increased on a per project basis.

Maximum Fee Limits: General Requirements is defined as contractor's miscellaneous administrative and procedural activities and expenses that do not fall in a major-function construction category. This line item is not a professional fee and should not be included when calculating the 24% limit for professional fees of the contractor, developer, tax credit consultant, and real estate consultant.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

CRANE Applications: CRANE projects are required to provide more supportive services while generating less revenue in which to do so. A CRANE development must provide the maximum number of supportive services for the maximum number of points available, and it is expected that the project will provide additional services not listed in the application. Also, the CRANE developments must lower their rents so that 10% of their units targe incomes at 40% of AMI and 40% of their units target incomes at 50% of AMI. It is important to provide supportive services to the tenant; however, to provide these services, the development must be allowed to generate the revenue to do so and remain financially sustainable.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Chris Lamberty – Lincoln Public Housing Authority

Family Development: The voucher program is a fair representation of the demand for low-income housing and vouchers are issued based on the size of their family. In Lincoln, only 5% of all vouchers are for four (4) bedroom units, if you included four (4) bedroom or larger it is only 6%. Question what data would indicate that NIFA should be encouraging more four (4) bedroom units to be build. This seems to be a community specific need, and maybe that need exists in some places. In Lincoln, the demand for affordable housing is 1-, 2-, and 3-bedroom units.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Chris Lenz – Excel Development Group

General Comments: NIFA is adding point categories that are contradicting and essentially neutralizing existing sections of the application. For example, for the last three years and now the next two years, developers will be pushed to develop projects in Presidential Disaster Declaration areas. Adding points for being close to a senior center or near a new subdivision will not trump these points.

Another section that drives community selection are the two points for ED Certified and Leadership Community. When combined with the Presidential Disaster Declaration points, no developer will leave these points on the table.

Development of Housing in Greater Nebraska: This section and the associated points do not enhance the lives or well-being of the tenants, nor do they add anything of value to a project and have nothing to do with community selection or project location. These points are directed towards individual developers and should be removed from consideration. If not removing, define "materially participating within the last 12 months." Maybe expand the time frame.

NIFA has expanded the timeline to 24 months and revised references from 150% to affordable housing. The 10 homes/rental units can be located in different communities as long as each community's population is 15,000 or less.

Leverage and Collaboration: Please clarify the non-eligible resources, specifically from NIFA and NDED funding sources. Are you eliminating any and all programs managed by NDED regardless of the source of funds (Federal and/or State)? Also, please clarify land from an unrelated party as an eligible resource.

NIFA has clarified the eligible and non-eligible resources.

Proximity to Services: This section is not necessary as there have been no issues in the past regarding location to services. By adding these points, NIFA is limiting which rural communities will be considered for an application. In most rural communities the only available land is on the outer edges of town and not within the distance requirements. If being so close to services is important, why is this for non-metro only?

NIFA has modified the distance requirement from 1.5 miles to 3 miles for all services, except parks which remains .5 mile. Methods regarding measurement and points eligibility are included in the Exhibit Examples Document - Exhibit 213.

Development in Conjunction with Non-LIHTC Housing Opportunities: This new category is once again limiting where LIHTC developments will occur and not increasing the number of potential rural communities. This section will drive developments towards the larger rural communities.

NIFA has revised the criteria and title for this section. The section is now titled "Community Housing Initiatives" and focuses on a community's housing activities within the last 24 months.

Todd Lieberman – Brinshore Development, LLC

Leverage and Collaboration: Please consider including an option for leverage to be evidenced by a subordinate loan with below market interest rate and with debt service payments payable only out of cash flow only or repayment completely deferred to maturity.

Please remove the identity of interest restriction in leverage and collaboration, as many grants and philanthropic investments are funded through a non-profit partner.

NIFA has clarified the eligible and non-eligible resources.

Areas of High Opportunity/Proximity to Services: Doesn't think that the intention is to disadvantage revitalization areas, but developments like Highlander do not score well in Areas of High Opportunity. If you could give areas in revitalization areas a similar proximity to services category.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Choice Neighborhoods: Urges NIFA to increase the scoring for Choice Neighborhoods from one point to two points, hoping that HUD would fund future Choice Neighborhood projects.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Kathy Mesner – Mesner Development

Development of Housing in Greater Nebraska: If you want more units built in Greater Nebraska make more credits available to Non-Metro areas.

There needs to be some revisions to the metrics for this section. Building ten units in one town is too great a risk, so the development occurs across several towns and communities. Suggest changing this to an accumulated total not a "one town" total.

Propose changing the one-year building time frame to two years. As no one is going to stop building when they go to contract/start building.

Rural Workforce Housing does not require an AMI for the program and it is a fully collaborative program and should be allowed to receive points under this category.

NIFA has expanded the timeline to 24 months and revised references from 150% to affordable housing. The 10 homes/rental units can be located in different communities as long as each community's population is 15,000 or less.

Applicant/Owner Track Record: Adding one point for having not asked for extra credits for a project in the last 24 months is a terrible idea given the challenges of the past two years.

NIFA has removed this section for the 2022/2023 QAP, however, implementation is planned for the 2024/2025 QAP.

Leverage and Collaboration and Threshold: Grants reduce eligible basis and make no sense to emphasize them, and below market loans should be eligible.

Firm commitments for things like TIF are not possible at application time. In most cases the developer will not own the land at the time of application.

Much of the work we do with cities is a collaboration of ideas and activities. While there is discussion prior to the LIHTC application submittal, cities are not included to take things before their regulatory offices and boards until a project is funded. If these things are committed prior to application the project should be rewarded. This is what all the different threshold scoring categories used to do, and not sure why threshold points were removed and then put back in selectively.

NIFA has clarified the eligible and non-eligible resources.

<u>Development in Conjunction with Non-LIHTC Housing Opportunities:</u>
The requirements for this section are "putting the cart before the horse". Developers do not get final "approved" subdivision plat until we know what they are building. The amount of TIF will depend on the number of lots that are getting platted and the types of housing you are building. Doing a final subdivision plat is time consuming and expensive to complete and will not occur until the developer is awarded tax credits. Not opposed to promoting this activity, but it is unrealistic to expect an approved plat at the time of application. Also, is this category repetitive of the points already awarded for market rate units.

NIFA has revised the criteria and title for this section. The section is now titled "Community Housing Initiatives" and focuses on a community's housing activities within the last 24 months.

<u>CDBG-DR:</u> NIFA should separate out the added DR costs for things like Davis-Bacon when calculating efficiencies; otherwise, no on will apply for DR funds.

The Efficient Housing Production calculations will use adjusted eligible basis which allows developers to remove CDBG-DR costs from Eligible Basis.

<u>NDED Gap Funding with Nebraska Affordable Housing Trust Funds (NAHTF):</u> There should be a NDED designed criteria for using NAHTFs with LIHTCs in projects where Federal Gap Financing sources will not work.

NDED Response: The 2022 Nebraska Affordable Housing Trust Fund (NAHATF) Qualified Allocation Plan (QAP) is open for public comment November 29, 2021 – December 30, 2021. The proposed 2022 NAHTF QAP identifies that the Nebraska Department of Economic Development (NDED) intends to use up to $1,000,000 in discretionary funds in conjunction with the 2023 joint application with the Nebraska Investment Finance Authority 9% Low-Income Housing Tax Credit program, with a maximum project award of $500,000. These awards will only be invested in projects where federal procedural restrictions are a barrier to providing DED federal funding to an otherwise financially feasible, quality project, determined at the sole discretion of the Department. As NDED continues to develop and finalize the 2022 NAHTF QAP and NIFA develops and finalizes the 2022/2023 Housing Credit Allocation Plan for 9% LIHTC and AHTC our agencies will make certain that if NAHTF is set-aside for the 9% LIHTC program the application process will be included in the NIFA/NDED joint application.

<u>Underwriting Criteria - $500,000 funding gap:</u> There needs to be a way to reconcile application dates with AHP. The outcomes from AHP applications are not known at the time of application. An application could be thrown out under this rule and then later an AHP award would make the GAP less than $500,000.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

<u>General Comments:</u> When the QAP is taken to the Board of NIFA on December 10th, I strongly urge you to allow developers at the meeting to be a part of the discussion. Right now, the Board is only hearing one developer voice during Board meetings and his experience does not include significant work in outstate Nebraska. All developers should be given the chance to speak and respond to the Board during the actual discussion of the QAP, not just during the public comment period.

Also, recommend NIFA adds language to the QAP that allows developers and other interested parties to meet directly with the Board of NIFA on an annual basis to discuss the QAP for future years. This would provide the Board with all perspectives from developers and will better promote the integrity of the QAP process.

All public comment is shared with the NIFA Board. These comments will be considered and evaluated.

Family Development: The idea that larger family housing, especially larger units, should be emphasized and prioritized is not only a waste of program resources but a failure to understand what is going on across Nebraska. There are a couple reasons many communities across the state don't have affordable family housing. One reason affordable homes are being occupied by seniors who have no place to downsize. Another reason is that people are buying up everything on the market and renting out family homes to anyone because there are no other rentals on the market. Recommendation is to get rid of the 2 points for family developments and maintain the 2 points for senior developments that are limited to 2-bedroom units because these 2 points help balance the efficiency scoring differential between 2- and 3-bedroom units in the cost/sq ft and tax credits per occupant categories.

NIFA is reducing the required percentage of 4-bedrooms units or larger from 20% to 10% and the number of points available from two (2) points to one (1) point.

Small Community: Recommend leaving the points for smaller communities in place, otherwise, all the non-metro projects will end up in Grand Island, Hastings, Kearney, Norfolk, Columbus, etc.

NIFA is reinstating the small community points for Non-Metro areas only.

Threshold Points: Eliminating all points for threshold items is a mistake, as most of the items that relate to readiness like zoning, site control, and funding commitments were previously scored with options for 1, 2, or 3 points. By eliminating these points, you are denying certain projects the ability to distinguish themselves from other projects.

Zoning will now be a tie-breaker item. NIFA will continue to evaluate these criteria, but no change is proposed at this time for threshold.

Counties without projects: Does not believe that "Counties Without Projects" should be a part of CRANE. Most of the counties without projects have a declining population and may not be able to support the 45-year compliance period of the project. The collaborative efforts of CRANE cannot change the fact that some of our counties may not survive long term.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Scoring CDBG-DR Applications: In order for developments to be competitive and use CDBG-DR funding, we should be able to ignore the costs added by regulations like Davis-Bacon. Otherwise, these added costs will make the project scores out of line with costs of projects using other gap financing sources and the CDBG-DR funds will go back to Washington.

The change to using total development cost less land for the Efficient Housing Production measurements will not be implemented. Instead, NIFA will use adjusted eligible basis which is consistent with the practice in previous years.

Efficiency Housing Production: We need to add some efficiency points back into scoring. While it is important that we have amenities and supportive services, we should not ignore the need to make these projects as efficient as possible. In the last rounds, when we reduced housing efficiency points, we actually funded projects with no efficiency points.

The change to using total development cost less land for the Efficient Housing Production measurements will not be implemented. Instead, NIFA will use adjusted eligible basis which is consistent with the practice in previous years.

Jewel Rodgers – Noddle Companies

Developments in Conjunction with Non-LIHTC Housing Opportunities: We encourage NIFA to consider extending this prioritization beyond single project-based development and reach to include mixing market rate, workforce, and affordable units across neighborhoods.

NIFA has revised the criteria and title for this section. The section is now titled "Community Housing Initiatives" and focuses on a community's housing activities within the last 24 months.

Efficient Housing Production: Make necessary adjustments to the Efficient Housing Production tactic to enable the prioritization of high-quality construction.

NIFA will continue to evaluate this criterion, but no change is proposed at this time. NIFA, based on Board member input, plans to monitor the 2021 reduction in Efficient Housing Production points for the 2022/2023 QAP as well as work with expert consultants to create building and construction standards.

Amenities: Ensure that access to amenities also include transit corridors.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

Design Standards: Extend accessibility to include universal design standards.

No change is proposed at this time. NIFA, based on Board member input, plans to partner with expert consultants to create building and construction standards. This item will likely be addressed in the review.

<u>Multi-Lingual Access:</u> Include multi-lingual access in community engagement activities.

NIFA will continue to evaluate this criterion, but no change is proposed at this time.

<u>Leverage and Collaboration:</u> Expand the definition of collaboration beyond partnerships between developers and nonprofit service providers to also include collaboration across funding sources.

NIFA has clarified the eligible and non-eligible resources.

Rob Woodling – Foundation Development

<u>Developments in Conjunction with Non-LIHTC Housing Opportunities:</u> The rental piece is going to be problematic, as a local jurisdiction will not know the outcome of the construction that is happening.

The split between rental and homeownership is not clear, it is a total number of units, or either six rental or six homeownership units? The LIHTC project will not be able to control what the builder ultimately decides to do with the property and then the LIHTC project will be out of compliance.

NIFA has revised the criteria and title for this section. The section is now titled "Community Housing Initiatives" and focuses on a community's housing activities within the last 24 months.

<u>Leverage and Collaboration:</u> Under eligible resources, it lists capital contributions as eligible but also states at the beginning of the section that anyone with an identify of interest is an excluded entity for these points. A capital contribution, by definition, makes someone a development partner.

TIF is listed as an eligible resource and loans are listed as a non-eligible resource. This is contradictory, as TIF goes into projects as loans from a bank. Please clarify if TIF and TIF loans are eligible or non-eligible.

Grants are listed as being eligible for points; however, grants to for-profit entities are taxable income. Creating taxable income at the start of an investment will cause pricing for these credits to go down as investors now have to factor in taxable income.

NIFA has clarified the eligible and non-eligible resources.

Habitat for Humanity® of Omaha
Building opportunity throughout Burt, Cass, Douglas, Sarpy and Washington Counties.

November 19, 2021

Sara Tichota, Allocations Manager
Nebraska Investment Finance Authority
1230 O Street, Suite 200
Lincoln, NE 68508-1402

Re: NIFA's 2022-23 Qualified Allocation Plan – Public Comment Submission

Dear Ms. Tichoto,

Nebraska lost more than $1 billion worth of property as a result of the flood disaster of 2019. Habitat for Humanity of Omaha has been involved in the relief and recovery related to that disaster from the beginning. In the days immediately after, we mobilized more than 400 volunteers who served nearly 3,100 hours to assist in clean up and taking calls through the Crisis Cleanup Hotline. In King Lake, we removed 588 tons of debris, aided in restoring electricity to houses, and completed dozens of repair projects to help affected residents return safely to their homes. In Sarpy County, we are working with flood impacted families interested in pursuing Habitat homeownership. This work continues even today, more than two years later.

We were hopeful that, of the $26 million of CDBG-DR funds allocated to affordable housing construction in Nebraska, a portion would be reserved for the creation and preservation of affordable housing for homebuyers. However, it is our understanding that the strategy now is to allow a round of applications for projects to leverage the LIHTIC program—and only whatever is left over will be available for homeownership.

While we recognize that affordable rental housing is sorely needed in our state, a crisis of affordable homeownership also exists in Nebraska and was exacerbated by the floods. In Sarpy County alone, 400 owner-occupied units were completely lost. In the three most impacted Nebraska counties—Douglas, Sarpy, and Dodge—**three times more owner-occupied units were damaged or lost than rental units.** Allowing the majority of the CDBG-DR funds to provide tax credits for the development of affordable rental units does not address those losses.

1701 N. 24 St, Omaha, NE 68110 402.457.5657 *office* 402.457.4012 *fax* habitatomaha.org

Building opportunity throughout Burt, Cass, Douglas, Sarpy and Washington Counties.

Habitat for Humanity of Omaha urges that a portion of the Affordable Housing Construction Program funds be reserved for the creation and preservation of affordable owner-occupied homes.

Sincerely,

Amanda Brewer

Amanda Brewer
CEO, Habitat for Humanity of Omaha

1701 N. 24 St, Omaha, NE 68110   402.457.5657 *office*   402.457.4012 *fax*   habitatomaha.org

From:	Sara Tichota
To:	Pamela Otto
Subject:	FW: QAP comment
Date:	Friday, November 19, 2021 11:04:13 AM
Attachments:	image002.png image003.png image004.png image005.png image006.png

Sara J. Tichota
LIHTC Allocation Manager
Nebraska Investment Finance Authority
Main: 402.434.3900
Direct: 402.434.3916
1230 O St. Ste. 200 Lincoln, NE 68508
www.nifa.org

From: Chris Lamberty <chris@l-housing.com>
Sent: Friday, November 19, 2021 6:37 AM
To: Sara Tichota <Sara.Tichota@nifa.org>
Subject: QAP comment

Sara -

I am unable to attend the public hearing today. Thomas Judds from our office will attend and provide additional written comments. I would like to address one item - giving preference to 4-bedroom units. I am curious if this is based on data indicating a stronger need for 4-bedroom units statewide?

I think the Housing Choice Voucher program is a fair representation of the demand for low-income housing. Families are issued vouchers based on the size of their household. In Lincoln, only 5% of all vouchers qualify for 4 Bedroom units. Ninety-four percent of all voucher holders require a 0-, 1-, 2- or 3-bedroom unit. In that context I question what data would indicate that NIFA should be encouraging more 4-bedroom units to be built over other sizes. There may be communities where the need for 4-bedroom units outweighs the need for others, but that is community specific. As a property manager, 4-bedroom units are the hardest for us to lease. There is a tremendous need for additional affordable housing in Lincoln, and primarily that should be 1-, 2- and 3-bedroom units.

Thank you for the opportunity to comment.

Chris Lamberty
Executive Director
Lincoln Housing Authority

Public comments on the 2022 – 2023
NIFA LIHTC Qualified Action Plan and
Low Income Housing Tax Credit Application
Submitted by Excel Development Group
11/19/2021

My name is Chris Lenz and I am the Development Director for Excel Development Group for the State of Nebraska. Excel Development has developed and managed Low Income Housing Tax Credit projects in Nebraska for over 25 years.

I will make a general observation on the most recent additions to the application and then will direct my comments towards more specific point categories.

In the almost 20 years that I have been working with NIFA I have never heard a NIFA Executive Director, Board Member, Program Manager or a member of the public ask the question, "Why did we fund a tax credit project in a rural community with no hospital, grocery store, school, day care center or pharmacy within a mile and a half of this development?" Nor have I heard the question, "Why is this project being built in an area of town with no recently constructed homes in the neighborhood?"

I understand and appreciate the need to develop projects in rural communities, however, you are adding point categories that are contradicting and essentially neutralizing existing sections of the application and you are overlooking other categories already in place that drive site selection. For example, for the last 3 years and for the next 2 years we have been and will be directed to develop projects in Presidential Disaster Declaration areas. In all honesty this is where developers typically begin the process to select communities because these are the broadest points available. If a community, regardless of population, is not located in these specific counties or cities they have been and will be passed over again for a project. Adding points for being near a new subdivision or close to the senior center will not trump these points.

The next broadest point section that drives community selection are the two ED Certified and Leadership Community Points. These points are directing developers to communities that have earned this designation and when combined with the Disaster Points narrows down the list of viable communities for a developer. These four to five points will never be left on the table by a developer.

My comments regarding specific "new" point categories are as follows:

Development of Housing in Greater Nebraska: This section and the associated two points do not enhance the lives or well-being of the tenants nor do they add anything of value to a project and have nothing to do with community selection or project location. These points are directed towards individual developers only and should be removed from consideration. If you are not going to remove them then please be more specific as to the definition of "materially participating within the last 12 months." Does participation mean securing financing, providing guarantees, managing construction and property management? Does the clock start ticking on receipt of a building permit, Construction Start Date, Certificate of Occupancy, the Placed In-Service date, an award date, the date of the first of the ten units being occupied or the last unit? Why arbitrarily twelve months? Maybe expand this time frame to 24 or 36 months given the current construction and development environment.

Leverage and Collaboration: Please clarify the Non-Eligible Resources specifically from NIFA and DED funding sources. Are you eliminating any and all programs managed by DED regardless of the source of funds (Federal and/or State?) Also, please clarify land from an unrelated party as an eligible resource. Is this distinction between the landowner and developer and/or applicant no matter the corporate structure and members of that entity?

Proximity to Services: As I previously mentioned I have never heard of an issue with projects being funded in rural communities without basic amenities and services within a reasonable distance. By adding these points, you are again limiting which rural communities will be considered for an application. In most rural communities the only available land is on the outer edges of town and not within your distance requirements. Why the arbitrary distance of 1.5 miles? What is determining how far is too far? In the rural town of 3,000 that I live in I can drive 3 miles in 3 minutes and in contrast it takes me 15 minutes to drive 3 miles in Omaha and Lincoln. If proximity to services is so important to residents of LIHTC properties, why is this requirement non-metro only? Is 1 mile too far to go to the library or a park? Is 2 miles too far for someone to drive for groceries, take their kids to school or daycare or go play cards at the senior center? Would it make more sense to just make sure these rural communities have the necessary services available with no distance requirements or continue to rely on developers to make the best decisions? This section is not necessary as there have been no issues in the past regarding location to services.

Development in Conjunction with Non-LIHTC Housing Opportunities: This new category is once again limiting where LIHTC developments will occur and NOT increasing the number of potential rural communities. By incentivizing developers to build LIHTC projects in the same neighborhoods as new market rate units then you are eliminating a vast majority of the rural communities who have not built a new subdivision in the last 12 months. This point option will drive developments towards the larger rural communities. In essence you are making the comparison of development location between Omaha and Lincoln to say Ord or Minden. It is not reasonable to assume that new market rate housing development is occurring at the same pace in Ord or St. Paul as it is in Grand Island, Kearney or Fremont. You can encourage development near newly constructed market rate properties but the reality is you are directing where rural projects will be built in the future.

In summary, NIFA's attempt to add additional points to incentivize non-metro developments using a high opportunity scoring concept similar to the matrix for metro locations is great in theory but unrealistic in practice. Non-metro site locations are being driven by multiple scoring opportunities that already exist. If we follow the proposed new scoring additions the list of fundable communities is reduced even further. We are now going to see most all of the non-metro awards going to communities with populations between 5,000 and 15,000. There are a handful of communities between 3,000 and 5,000 that will score well enough to be funded, however this list will be almost identical to the communities that have been funded over the last five years.

From: Sara Tichota
To: Shannon Harner; Robin Ambroz; Pamela Otto
Subject: FW: QAP comments
Date: Friday, November 19, 2021 3:16:30 PM
Attachments: image002.png
image003.png
image004.png
image005.png
image006.png

Sara J. Tichota
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From: George Achola <gachola@burlingtoncapital.com>
Sent: Friday, November 19, 2021 3:15 PM
To: Sara Tichota <Sara.Tichota@nifa.org>
Subject: QAP comments

Please accept the below as my comments.

NIFA QAP Comments-

- Efficiency Points-the efficiency points should be used as a tie breaker not scored as part of the underlying competitive process. If NIFA does not wish to remove these then the points should be reduced 4 total points as follows in highlights-

> The development represents an efficient production of housing. Up to six (6)(4) 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. Applications will be separated by development type (new construction vs rehabilitation) within each set-aside. If there are not at least four applications proposing rehabilitation developments, the measurements from the previous year(s) shall be used. Adjusted eligible basis cost per unit (up to two (2) (1)points) (; adjusted eligible basis cost per residential finished square foot (not including garages, unfinished basements and storage areas) (up to two (1) points) and LIHTC per occupant (up to two (2) points) are within reasonable limits as compared to local and national standards (NOTE: If requesting a basis boost, the basis boost for QCT's, DDA's, and non QCT's will have an impact on the scoring of LIHTC per occupant in this category.) [SH83][PO84]

- The proximity (pg. 35) should be identified by a independent third party-such as the market study. Any questions must be resolved prior to submission. This should be a progressive scale. The closer you are to the identified service the more points from .5 miles out to 1.5 miles . Need to create the measurement methods for distance.

- Lose 1 point for certain locations -if you are close to non-desirable locales-train tracks, airports, junk or salvage yards etc.,

- A project where a Housing Authority participates in the Development by providing capital funding etc or participating in the project-especially in non-metro areas

- Set aside -Housing Authority non-metro and a set-aside for developments in communities that had not or do not currently have an LIHTC development. To deal with the issue of problematic lack of funding provide the ED with programs committee approval the ability to authorize the set-aside should funding become sufficient.

George Achola, Vice President and Counsel
Burlington Capital, Real Estate
1004 Farnam St, Ste 400
Omaha, NE 68102
ph: 402.930.3090
fax: 402.930.3047

November 18, 2021

Sara Tichota
Nebraska Investment Finance Authority
1230 O Street, Suite 200
Lincoln, NE 68508

RE:

Thank you for the opportunity to comment on both the 9% and 4% QAPs.

We appreciate your consideration of our earlier comments resulting in the revised proposals. Particularly we appreciated the attempt of the QAP to emphasize or prioritize developments in response to a community need and in a community/Developer collaborative.

We also appreciated NIFA's recognition of the difficulty in putting together an application under the previous time line by moving back the time line. We would like to see the 9% and 4% deadlines not overlap.

High Opportunity Locations: We strongly support the changes in the QAP that incentivize housing in high opportunity locations. We firmly believe that without significant intervention from NIFA, the inherent LIHTC programmatic structure, combined with other realities of urban development, will continue to concentrate affordable housing in high poverty neighborhoods, limiting a family's ability to choose neighborhoods appropriate for that family. NIFA allocates additional points to a development in a QCT that are part of a collaborative effort under terms of art, such as "Concerted Community Revitalization Plan" or "Choice Neighborhoods". However, it does not provide a corollary for a potential plan that encompasses land outside of a QCT. We would request that new development, and not just revitalization, could meet the CCRP requirements, such that any development, regardless of location, that is part of a comprehensive community effort could qualify for points.

Integrated Developments: We strongly support the changes in the QAP that promote integrating projects in broader market rate developments. We believe the QAP could go further to reinforce this concept, especially with 4% bond projects, where it is challenging to consider a "mixed income" single project. Instead, what is often seen is projects adjacent to and / or integrated with market rate housing, but technically separate entities within a development, such that the 100% affordable project is financed through LIHTC, but physically integrated with a market rate project financed conventionally. Broadening the definition of a mixed income project to capture this scenario would provide a stronger, and more feasible incentive for mixed income developments.

Bond County Concentration Limit for 4% AHTC Match: The QAP provides for only one Bond + AHTC project per county. As demonstrated last year, multiple meritorious projects may come forward from a single county, and with a $35mm bond cap, be within the bond cap. We believe removing explicit limitation would provide NIFA more flexibility if an application cycle presented either a) only applications from one county or b) a scenario in which NIFA could fund all applications, regardless of the concentration by county, without violating the $35mm cap.

Development of Housing in Greater Nebraska: We strongly support incentives to develop and meet the needs of rural communities throughout the state. We would like clarity to better understand how and which development efforts would qualify. Ten units delivered in a single year in a small community is a large development effort. As a developer who is active in meeting the needs of rural communities, in our experience we have had 10+ units of for sale housing delivered over a 2 to 3 year period, and at any given time some are delivered, and some in progress, or are in process with developments of rental housing that anticipate delivering >10 units. Would these development efforts qualify? If projects are market rate, but price to be accessible to folks with <150% median income, would these qualify?

Track Record of Applicant – No Credit Increase: We support the priority placed on estimation accuracy and the fundamental concerns that this category is meant to address. However, we also recognize that the past 24 months have experienced unprecedented levels of pricing volatility which, combined with long project lead times driven by application cycles, have been challenging. We believe awarding points to an organization that has not been active in the past 24 months, and has not requested an increase, is rewarding developers who have not participated in the delivery of affordable housing in this challenging period.

- Should you reward a developer who did not participate or receive an award, and who would have faced the same challenging market, with an additional point?
- If you requested an increase, were denied the increase, but completed the project, should you be penalized?

We believe that this extra point, if at all given, should be limited to developers who had received an award within the last twenty-four months, and not requested an increase. Developers who had no awards or who returned credits or were unable / unwilling to complete a development that was awarded should not get the credit. But in all fairness to our times, we think this concept should apply on a go-forward basis, ignoring the challenging past 24-month period.

Leverage and Collaboration: We support incentives for collaboration and projects that are the result of coalition investments. However, we believe the percentages and scores significantly exceed what is observed, even when there is meaningful community support and buy-in, and could be more reasonably flattened to reflect likely reality. In the past 2 years, in the 9% program, three projects listed TIF as a source of capital, and in only one instance was the TIF note more than 5% of the capital stack. In the case of the Bond transactions, while TIF was utilized, it was between 5% and 8% of the capital stack. The only instance where the contributions from other sources made up any percentage above 10% was the Choice contribution to 75 North. It is extremely rare for a community or non-profit to be able to contribute even 5% of the capital stack using the tools and funds generally available. Would there be other ways to demonstrate meaningful community collaboration and buy-in? Could these be scaled more appropriately to what is observed?

Finally, a note of concern: a PACE loan can be used to monetize TIF in a way that magnified the appearance of the TIF contribution beyond what could reasonably be considered a community's contribution to the project.

Additional Notes and Observations

Design Considerations: We believe that Hardy Plank represents a façade upgrade in durability and quality that should be recognized along with stone veneer.

Fiber and internet wiring should be encouraged, whether it ultimately is a tenant paid service or not, especially in an environment with significant resources for low-income internet services whereby a tenant might access these services free of charge.

We are confused by the requirement for the owner to pay for supportive services, when they may be arranged or provided leveraging existing programs or capabilities.

We appreciate your consideration.

Sincerely Yours,

Hoppe Development

NODDLE™ COMPANIES

November 17, 2021

Sara Tichota, Allocations Manager
Nebraska Investment Finance Authority
1230 O Street, Suite 200
Lincoln, NE 68508-1402

Dear Ms. Tichota:

We appreciate the opportunity to comment on the current draft of NIFA's 2022-23 Qualified Allocation Plan (QAP). Noddle Companies has 50 years of commercial, retail, and residential, for-profit development experience and we are actively exploring mixed-income housing. While researching the prospect of creating quality housing accessible to a wider range of incomes, we've found that NIFA and Noddle Companies have a shared interest in expanding mixed-income developments within Nebraska.

As we continue to learn more about this market, we applaud the prioritization of mixed-income housing in the current draft of the QAP. Mixed income housing is essential in distressed areas and areas of high opportunity equally across our state. We encourage NIFA to consider extending this prioritization beyond single project-based development and reach to include mixing market rate, workforce, and affordable units across neighborhoods.

Additional areas the 2022-2023 QAP should address include:

- Make necessary adjustments to the Efficient Housing Production tactic to enable the prioritization of high-quality construction;
- Ensure that access to amenities also include transit corridors;
- Extend accessibility to include universal design standards;
- Include multi-lingual access in community engagement activities;
- Expand the definition of collaboration beyond partnerships between developers and nonprofit service providers to also include collaboration across funding sources.

As Noddle Companies continues to support the mindful growth of Omaha's Urban Core, we understand that true community prosperity cannot exist without diversity in the housing ecosystem as well as the developer ecosystem. We favor collaboration and encourage NIFA to provide vital support, such as technical and legal assistance, to beginning and experienced developers alike who are newly entering the affordable housing space.

In addition to expanding the pool of developers, it is critical that we expand the available workforce. Any prioritization of projects that include workforce training and apprenticeship will help increase both workforce capacity and reduce brain drain in Nebraska.

We look forward to working with NIFA in prioritizing the development of long-lasting, quality affordable housing.

Sincerely,

Jewel Rodgers
Development Manager

2285 S. 67th Street • Suite 250 • Omaha, NE 68106 • 402.496.1616 • 402.496.6250, fax
www.noddlecompanies.com

Testimony for Public Hearing on NIFA's 2022-2023 QAP-October 8, 2021

Delivered by Kathryn Mesner---- Mesner Development Co.

I want to thank you for the chance to speak today and in past forums. I do regret not having the chance to meet directly with the board of NIFA. I am disappointed the direction that has been charted with this QAP because I do not think it represents the true state of housing needs in large parts of the state and it is not going to make the best use of the few tax credits we receive in the state. I realize I am biased toward Rural areas but I think much of what I am going to say pertains to the whole state. Thank you to the board members who attended or listened in.

Emphasis on larger units

The idea that larger family housing, especially larger units, should be emphasized and prioritized is not only a waste of program resources but a failure to understand what is going on across Nebraska. I can't tell you how many times a year I am invited to communities to listen to the presentations of their new housing studies. When I do this, I hear the same story from each community..."our families don't have housing, there are no homes on the market, we need to build affordable family homes". The conclusion that many draw without looking at the data more closely is that the town needs to build conventional family housing, the kind "Ozzy and Harriet" used to have. This is not really what most studies show.

There are a couple of reasons why most communities across the state don't have homes for families available for rent or purchase. The biggest reason is that all the affordable family homes are occupied by seniors who have no place to downsize. The other reason is that we have a lot of people across the state that have learned if they buy up everything on the market, they can make money by renting out the family homes to whoever comes to town because those are the only rentals available. Single teachers or nurses or persons that work at the grocery store or quick shop end up renting 3-bedroom homes instead of one-bedroom apartments because they don't have other options. Seniors don't sell their homes because they don't have another affordable option. To make matters worse the senior group is much larger than any other group of persons within most of our communities. There are too many in the “baby boomer” bubble for the housing options we currently have available in most areas of the state. If you don’t believe what I am saying I am attaching an interesting report from Minnesota that describes this problem in more detailed terms.

This report also points out that, the longer seniors stay in their family home, the less they are able to care for those homes. So, if we want to rescue and salvage these affordable family homes, we better find a way to provide quality affordable housing options for seniors and other small households as soon as possible.

It doesn’t matter if it is Valentine or York, until you build affordable options for seniors and other small households you are never going to free up the affordable family housing available in communities. I understand everyone wants to see new 3-4-5 bedroom homes occupied by families, but using this program for that purpose is bad decision making for a couple reasons. Two wage earner families seldom qualify under tax credit rules because they make too much. One wage earner families seldom can afford even tax credit rents and utilities for larger more expensive family units. Without significantly more rental assistance these larger units are hard to rent. In addition, today’s construction costs clearly make it a bad decision to use our very limited resources on larger units that will drastically reduce the overall number of homes we are able to build statewide. This should be a big red flag to everyone.

The good news is, we can use the LIHTC program to build housing that will benefit the low-income households it is intended to benefit while still helping to address the affordable family home crises our communities are experiencing. If we use LIHTC to build a larger number of less expensive smaller units that give seniors and smaller households the type of downsized housing they need, they will move out of older family homes and we can start to better address multiple housing needs. About 60% of the tenants moving into our LIHTC units moved out of affordable larger family housing units. These are generally seniors.

We do not need to restrict LIHTC to senior housing but under no circumstances should we be de-valuing it in our QAP. Smaller one, two and three-bedroom units are more cost effective to build, easier for tenants to afford, and make the best use of our limited LIHTC resources.

My recommendation is to get rid of the 2 points for family developments. I would maintain the 2 points for senior developments that are limited to 2-bedroom units because these 2 points help balance the efficiency scoring differential between 2 and 3-bedroom units in the cost/sq ft and tax credits per occupant categories.

Points for Small Communities

I also would recommend we leave the points for our smaller communities in place. These points were put in the QAP to give small communities a chance to compete. I would guess that many of you think by adding a non-metro set aside we are evening things out for everyone outside the immediate Lincoln and Omaha areas. This is not true. Smaller towns have fewer material suppliers, contractors, and local resources. They are simply harder to build in. The non-metro set aside may help the fact that we only funded 24 new units west of Lincoln last year, but it isn't going to help Fullerton, Nebraska compete for a project. We need to keep the 2 points for smaller communities. Otherwise, all the non-metro projects will end up in Grand Island, Hastings, Kearney, Norfolk, Columbus, etc.

Eliminating points for Threshold Items

I am concerned about the changes that have taken place to our QAP which squeeze down the total number of points that will be used to determine what is awarded credits. Eliminating all points for threshold items is a mistake. Most of the items that relate to readiness like zoning, site control, and funding commitments were previously scored with options for 1, 2, or 3 points. These have always been distinguishing factors among projects. Eliminating these points assumes all projects are equally likely to proceed. We all know this is not true. When you squeeze point categories where projects are not always equal you are denying certain projects the ability to distinguish themselves from other projects.

Counties Without Projects

I don't believe we should make "Counties Without Projects" a part of CRANE. Most of the counties that do not have projects have declining populations and may very well not be able to support LIHTC projects for the 45-year compliance period that these projects promise. The collaborative efforts of CRANE cannot change the fact that some of our counties may not survive long term.

Scoring CDBG-DR Applications

If we are going to be able to use the CDBG-DR funds for GAP financing we need to be able to use them with tax credits. In order to be competitive for tax credit scoring it seems we should be able to ignore the costs added by regulations like Davis-Bacon. Otherwise, these added costs will make the project scores out of line with costs of projects using other GAP financing sources. The result is that we will expend our other funds and the CDBG-DR funds will go back to Washington.

Efficiency Points

We should add some efficiency points back into our scoring. While it is important that we have amenities and supportive services we should not ignore the need to make these projects as efficient as possible. In the last rounds, when we reduced housing efficiency points, we actually funded projects with no efficiency points.

Stretching our resources as far as possible, making them accessible to all parts of the state, and serving the greatest number of households should always be our priority.

Thank you.

Comments for Public Hearing on Proposed QAP---November19, 2021

From : Kathryn Mesner, Mesner Development Co.

I can see you want to promote housing in out-state Nebraska. If you want more units built in Greater Nebraska make more credits available to Non-Metro areas. Even though set asides for Metro and Non-Metro in the QAP are equal they are not. Most of the CRANE projects go to Metro areas so there is an imbalance. Just put more credits in Non-Metro areas and you will get more homes out there.

Development of Housing in Greater Nebraska

This provision is supposed to incentivize the Development of Housing in Greater Nebraska particularly towns of under 15,000, but the metrics you have applied don't make sense. Our company is currently building workforce housing in 4 communities under 15,000. We have almost 30 units under construction. We are not building 10 units in any one town. The risk is too great in small towns. Does that mean we should not be eligible for points in this category? Shouldn't this be an accumulated total not a "one town" total?

What is magical about the 1 year building time frame for these points? I would propose a 2 year "look back and look forward" timeframe. If the buildings are started or under contract they should be counted toward the total. No one is going to contract/start building and then quit.

On this same issue does housing development under the Rural Workforce Housing Program qualify under the 150% of AMI designation? This is the main program getting affordable homes built in Non-Metro areas and it is a fully collaborative program. This state program does not have an AMI regulation, but it targets affordability for the general workforce of a community by limiting the cost of housing for both sales and rentals. It should be included under this section of the QAP.

Track Record of Applicant

Adding one point for having not asked for extra credits for a project in the last 24 months is a terrible idea given the challenges of the past 2 years. This is "adding insult to injury"!

Leverage and Collaboration <u>and</u> Threshold Scoring

Grants reduce eligible basis, so it makes no sense to emphasize grants. Below market loans should be eligible.

Firm commitments for things like TIF are not possible at application time. Why would a developer process a TIF application prior to award? In most cases the developer won't own the land at time of application.

In many ways this section is a poor replacement for what has always been in place with threshold points. Much of the work we do with cities is a collaboration of ideas and activities. Zoning, subdivision work, variances, paving and infrastructure contributions, TIF, LB 840, etc. all fall under the category of collaboration. While there is discussion prior to the LIHTC application submittal cities are not inclined to take things before their regulatory offices and boards until a project is funded. If these things are nailed down prior to application the project should be rewarded because they really do make a difference in whether a project is likely to proceed. This is what all the different threshold scoring categories used to do. I really don't see why we got rid of threshold points and then put them back in selectively.

Non-Metro Development in Conjunction w/ Non-LIHTC Housing

Our company builds mixed income subdivisions all the time but the requirements for getting points in this category are "putting the cart before the horse". We do not do a final "approved" subdivision plat until we know what we are building. Not all buildings require the same size lots. How much TIF you can get depends on the number of lots you are platting and the types of housing you are building. Infrastructure development depends on the number of lots and types of structures. Doing a final subdivision plat is time consuming and expensive to complete. The decisions you make in completing a plat are dependent on knowing whether your LIHTC project is awarded. I am not opposed to promoting this activity, but it is unrealistic to expect an approved plat at the time of application.

I also wonder if this category is repetitive of the points you are giving for market rate units in an LIHTC project?

Scoring CDBG-DR Applications

NIFA should separate out the added DR costs for things like Davis-Bacon when calculating efficiencies. Otherwise, no one will apply for DR funds.

DED GAP Funding with Nebraska Affordable Housing Trust Funds

There should be a DED designed Criteria for using NAHTFs with LIHTCs in projects where Federal Gap Financing sources will not work.

Underwriting Criteria----$500,000 funding Gap

There needs to be a way to reconcile application dates with AHP. We usually don't know the outcome of AHP applications at the time NIFA/DED make awards. An application could be thrown out under this rule and then later an AHP award would make the GAP less than $500,000.

General Comments

When this QAP is taken to the Board of NIFA on December 10th I strongly urge you to allow Developers at the meeting to be a part of the discussion. Right now, the Board is only hearing one developer voice during board meetings and his experience does not include significant work in outstate Nebraska. All developers should be given the chance to speak and respond to the Board during the actual discussion of the QAP not just during the public comment period.

I also recommend we add language to the QAP that allows developers and other interested parties to meet directly with the Board of NIFA on an annual basis to discuss the QAP for future years. By doing this the Board will hear all perspectives, and we will better promote the integrity of the QAP process.

Thank you.

Foundations Development

1886 South 126th Street
Omaha, Ne 68144

Ms. Sara Tichota
Nebraska Investment Finance Authority
1230 O Street, Suite 200
Lincoln, NE 68508

Dear Sara:

Thank you for the opportunity to comment on the proposed 2022/2023 Qualified Allocation Plan. Please find below my comments for your consideration.

1. Developments in Conjunction with Non-LIHTC Housing Opportunities- We feel the rental piece will be problematic to document. How is a local jurisdiction going to know if a single family house under construction is going to be rented or owned when completed? They will not know what the future holds so how can they confirm either way? Many communities do not have rental permit requirements.
2. Developments in Conjunction with Non-LIHTC Housing Opportunities- The split between rental and homeownership is not clear. Is it 6 total units or is it 6 homeownership units and 6 rental units? Please clarify the totals necessary. Also, what is to keep a third party from saying units will be rental then turning around and selling the units? The LIHTC project will not be able to control that and could be out of compliance due to actions outside of their control.
3. Leverage and Collaboration- Under eligible resources, capital contribution is listed as an eligible resources for these points. At the beginning of this section it states anyone with an identity of interest is an excluded entity for these points. How can an entity make a capital contribution, become part of the ownership and not be excluded? These contradict each other. A capital contribution by definition makes someone a development partner.
4. Leverage and Collaboration- Under eligible resources, TIF is listed as an eligible resource and loans are listed as a non-eligible resource. This is contradictory. The TIF gets collateralized by a loan. TIF goes into projects as loans from a bank. Please clarify if TIF and TIF loans are eligible or non-eligible.

Email: woodling@foundationsdevelopment.com | **Phone:** 402-504-3248 | **Fax:** 866-789-9875 | **Cell:** 402-578-1505

FoundationsDevelopment.com

5. Leverage and Collaboration- Under eligible resources, grants are listed as being eligible for the points. LIHTC projects must be owned by for-profit entities to allow the tax credits to flow to it's for profit partners. For-profit entities are who can utilize these tax credits. Grants to for-profit entities are taxable income. Creating taxable income at the start of an investment will cause pricing for these credits to go down as investors now have to factor in taxable income. Also, with grant funds coming in before the construction completion and before the tax credits start flowing, this will cause lower pricing due to the time value of money.

Thank you for your consideration of the above in finalizing NIFA's 2022/2023 Qualified Allocation Plan and application.

Sincerely,

Rob Woodling

From:	Ryan Harris
To:	Sara Tichota
Cc:	Pamela Otto
Subject:	QAP Comment
Date:	Friday, November 19, 2021 10:04:09 AM

Hi Sara,

Thank you for hosting a great meeting today, and I apologize I misunderstood about my ability to comment over zoom. Rob sort of touched on the leverage section but I just wanted to provide MHEG's thought on this section:

In regards to the "Leverage and Collaboration" scoring section of the application, unfortunately this section probably doesn't work structurally, especially if we're trying to get 20% of the costs as a capital contribution or grant because of the following:

1. We can't take grants unless there's an income hit or potential reduction of basis.
2. If we have to take the income hit, we reprice the deal to account for it, lowering equity.
3. If it's a for profit general partner, we could specially allocate that income to them, however they won't have the offsetting funds to pay the taxes on a large grant.
4. If it's a nonprofit general partner, we can't specially allocate to them or else we have tax exempt use property.

Additional, how would the project have a capital contribution for these points if according to requirements can't come from an identity of interest? This would disallow any pass-through funds through the developer or general partner, requiring us to structure in one of the ways above, which won't work currently.

We do like everyone having skin in the game and collaboration and leveraging the resource as a concept, however from a tax structure standpoint it's hard to make it work under the current language of this section.

Thank you and appreciate your efforts!

Ryan Harris

Acquisitions Manager | MHEG | www.mheginc.com

P 402.334.8899 | **D** 402.715.5353 | **F** 402.334.5599 | *rharris@mheginc.com*

515 N. 162nd Avenue, Suite 202, Omaha, NE 68118

November 18, 2021

Nebraska Investment Finance Authority
c/o Sara Tichota
1230 O Street, Suite 200
Lincoln, NE 68508

RE: 2022/2023 QUALIFIED ALLOCATION PLAN COMMENTS & FEEDBACK

Dear Sara,

Thank you for the opportunity to provide feedback to the 2022/2023 QAP. As a nonprofit organization that supports new and emerging real estate developers in the Omaha metro, we applaud many of the changes made to the QAP this year. Specifically, we are excited about the following revisions:

- Support for mixed-income development projects
- Promotion of projects that demonstrate community collaboration, involvement, and support

We would like to recommend the following additional changes/revisions to this or future iterations of the QAP:

- Promotion of projects that are located within ¼-mile of key transit corridors in Metro areas
- Support for projects from and technical assistance resources for new and emerging developers to help build and diversify the pipeline of development talent
- Clarity on the expected role and/or compensation of nonprofit partners in projects, when utilized to demonstrate and/or leverage community collaboration

Thank you for the opportunity to comment!

Sincerely,

Jamie Berglund
EXECUTIVE DIRECTOR

1111 N 13th Street, Suite 311
Omaha, NE 68102
402.819.4885

sparkcdi.org

Comments To The 2022/2023 Qualified Allocation Plan

By Teresa Kile

General Comments:
Changes must be measured to ensure that they meet the objectives they were intended for.

2022/2023 Housing Credit Allocation Plan for 4% LIHTC and Nebraska AHTC

Private Activity Volume Bond Cap per Development: The Private Activity Bond Cap per development is $18 million. This amount should be increased. In a development that is providing more than housing, a project is handicapped by the 50% rule of the project's aggregate basis that must be financed by tax exempt bonds. Economy of scale is important in these deals. The tax-exempt bond projects with LIHTC and/or AHTC must have at least 100 units to be financially viable. And if the development includes a community service facility, commercial space and/or other amenities to enhance the lives of the tenants, the cap of $18 million is easily exceeded. If the per development cap was increased, utilization of this program would allow more than housing for developments.

2022/2023 Housing Credit Allocation Plan for 4% or 9% LIHTC and AHTC

Section 9.2 Maximum Fee Limits: General Requirements is defined as contractor's miscellaneous administrative and procedural activities and expenses that do not fall in a major-function construction category and are Project-specific and there for not part of the contractor's general overhead. This line item is not a professional fee but rather costs associated with the development and should not be included when calculating the 24% limit for professional fees of the contractor, developer, tax credit consultant and real estate consultant.

CRANE Applications

In the proposed application, CRANE projects are required to provide more supportive services while generating less revenue in which to do so. A CRANE development must provide the maximum number of supportive services for the maximum number of points available, and it is expected that the project will provide additional services not listed in the application. In the proposed application these developments must lower their rents so that 10% of their units target incomes at 40% of AMI and 40% of their units target incomes at 50% of AMI. It is important to provide supportive services to the tenant; however, to provide these services, the development must be allowed to generate the revenue to do so and remain financially sustainable.

From:	Thomas Judds
To:	Sara Tichota; Pamela Otto
Cc:	Thomas Judds
Subject:	Public Comments to the Proposed QAP/Application for 2022 & 2023
Date:	Thursday, November 18, 2021 2:18:44 PM

Dear Sara and Pam,

It is only appropriate to begin this message by conveying my **heartfelt gratitude to you both and the rest of the NIFA staff that have devoted significant time and effort during this reevaluation process of the QAP. This can't be underscored enough**.

On behalf of the Lincoln Housing Authority, please accept the following items for public comment. Please know the extent of the matters are more so suggestions and questions for clarity. I appreciate the opportunity to share them with you. It should be noted, the comments are in reference to the *2022/2023 9% NIFA/NDED Application updated 11/9/2021.*

1. Permanent Sources/Syndication Information - For your consideration, I offer the suggestion to relabel the heading "Syndication Information" to that of "Investor Information." This suggestion would also apply to "Name of Syndicator." It would also be applicable to the Syndication Information for Nebraska Affordable Housing Tax Credits section. The suggestion is based on those applicants that may choose to sale the credits through a direct placement structure rather than through a syndication firm. Such change would complement Exhibit 108 titled, "Investor Interest/Commitment Form."
2. Development Team - in concert with the above, it is suggested the line items labeled "Federal Syndication Firm" and "State Syndication Firm" be revised to reflect "Federal Investor" and "State Investor."
3. Track Record of Applicant and/or Owner - It appears the proposed application offers 1 point for an Applicant and/or Owner that has not requested an increase of LIHTC for a previous previously awarded development within the past 24 months. Could you please provide comment to whether an Applicant and/or Owner that has not received an award, or even submitted an application, within the past 24 months be eligible for these points?
4. Leveraging and Collaboration - I would just like to obtain more information regarding the specifics for eligible and non-eligible resources, and for entities of identity of interests. Thank you.
5. Family Development - In the event Chris Lamberty, executive director of the Lincoln Housing Authority, has not submitted this comment...I think the Voucher program is a fair representation of the demand for low income housing. Families are issued vouchers based on the size of their family. In Lincoln, only 5% of all vouchers are for 4 Bedroom units. If you included 4 bedroom and larger, it is only 6%. Ninety-four percent of all vouchers holders require a 0, 1, 2 or 3

bedroom unit. In that context I question what data would indicate that NIFA should be encouraging more 4 bedroom units to be built. It seems like a community specific need, and maybe that need exists in some places. I question whether that exists in Lincoln.

Please let me know if you should have any questions.

In highest respect,

Thomas Judds
Lincoln Housing Authority
402-434-5557

From:	Sara Tichota
To:	Pamela Otto
Subject:	FW: QAP / Application comments
Date:	Thursday, November 18, 2021 8:40:21 AM

Sara J. Tichota
LIHTC Allocation Manager
Nebraska Investment Finance Authority
Main: 402.434.3900
Direct: 402.434.3916
1230 O St. Ste. 200 Lincoln, NE 68508
www.nifa.org

-----Original Message-----
From: Todd Lieberman <toddl@brinshore.com>
Sent: Wednesday, November 17, 2021 10:07 PM
To: Sara Tichota <Sara.Tichota@nifa.org>
Cc: Joanie Poore <JPoore@ohauthority.org>; Cydney Franklin <cydney@seventyfivenorth.org>; kljohnstondorsey <kljohnstondorsey@cityofomaha.org>; William H. Lukash (Plng) <William.Lukash@cityofomaha.org>; Brian Hansen <BHansen@ohauthority.org>; Kathleen Bole <kbole@brinshore.com>
Subject: QAP / Application comments

Sara

I applaud your efforts to update the QAP. The revised QAP supports concerted revitalization and mixed-income developments. I have two fairly urgent comments (i) to make the leverage and collaboration points more practical and (ii) to explore the micro level scoring disadvantages with the areas of high opportunities mapping that have clear amenities in close proximity.

1. Under the "Leverage and Collaboration" points category, please consider including an option for the leverage to be evidenced by a subordinate loan with below market interest rate and with debt service payments payable only out of cash flow only or repayment completely deferred to maturity. By structuring gap financing as a subordinate loan like this, you do not reduce basis and you also do not reduce your ability to maximize amortizing debt. If a grant comes into a project, it reduced basis. Even if a charitable organization or Federal Home Loan Bank grants funds to a project, it is generally through a non-profit who in turn lends the funds as a subordinate loan to the project. This is the structure Choice Neighborhoods, HOME funds and Philanthropic funds typically come into our mixed-income public housing redevelopment deals.

2. don't think that the intention is to disadvantage revitalization areas, but areas like Highlander do not score well on the Areas of High Opportunity index simply because they are in a revitalizing location. If you could give areas in revitalization areas / Choice Neighborhoods areas an opportunity to show proximity to various categories, it would not so harshly underscore these areas. For example even though Highlander sits next to one of the largest Federally Qualified Health Centers in the City (Charles Drew) and are two blocks from a pharmacy, we score 0 points in health. Likewise, even though we have Creighton University satellite, Metro Community Colleges on-site and are down the street from an elementary school and a new early childhood center that just opened, we would receive 0 points on the website. This index is unfair to revitalization areas because it does not take into account these clear adjacent amenities. Instead broad swaths of North and South Omaha would score zero points based on the maps. The same is true of health and environment with numerous City parks that don't even seem to register on this system. In short, even though many sites are adjacent to amenities, this mapping system and the corresponding scoring awards zero points. One way to rectify this apparent disconnect would be to provide an applicant the option of proving that services in urban areas are within a certain radius of projects like in the Non-Metro category for proximity to services. This would seem to be appropriate for a site like Highlander of some of the other revitalizing areas in Omaha.

3. I would also urge you to increase the scoring for Choice Neighborhoods by 1-2 points so that HUD be encouraged to fund future Choice Neighborhoods projects to help redevelop Nebraska's public housing.

Thanks
Todd

From:	Sara Tichota
To:	Pamela Otto
Subject:	FW: QAP / Application comments
Date:	Friday, November 19, 2021 11:02:02 AM
Attachments:	image002.png image003.png image004.png image005.png image006.png

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Sara J. Tichota
LIHTC Allocation Manager
Nebraska Investment Finance Authority
Main: 402.434.3900
Direct: 402.434.3916
1230 O St. Ste. 200 Lincoln, NE 68508
www.nifa.org

From: Todd Lieberman <toddl@brinshore.com>
Sent: Friday, November 19, 2021 9:27 AM
To: Sara Tichota <Sara.Tichota@nifa.org>
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Subject: RE: QAP / Application comments

Sara

I have one other comment. In order for philanthropic funders and the FHLB to provide funding, they generally want to provide their funding through an eligible non-profit **partner** in a development. By removing development partners as eligible conduits for philanthropic investment or FHLB, you are making those funds ineligible. Likewise, HUD funding generally flows through the housing authority who is in turn a partner in many mixed-income public housing redevelopments. HUD, a charitable organization or FHLB will grant funds to a non-profit who then loans the funds into the project. Respectfully, please remove the identity of interest restriction in leverage and collaboration section.

I LEVERAGE AND COLLABORATION
Applicants who demonstrate efforts to collaborate and leverage the housing credit and NDED

funding
sources will be eligible for up to 4 additional points. Signed, firm commitments from local government, private partners, non-profit and charitable organizations, excluding entities with an identity of interest (i.e. contractors, accountants, architects, consultants, engineers, development partner, syndicator, etc.) will be calculated in relation to total development costs

Thanks
Todd

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From: Todd Lieberman
Sent: Wednesday, November 17, 2021 10:07 PM
To: Sara Tichota <Sara.Tichota@nifa.org>
Cc: Joanie Poore <JPoore@ohauthority.org>; Cydney Franklin <cydney@seventyfivenorth.org>; kljohnstondorsey <kljohnstondorsey@cityofomaha.org>; William H. Lukash (Plng) <William.Lukash@cityofomaha.org>; Brian Hansen <BHansen@ohauthority.org>; Kathleen Bole <kbole@brinshore.com>
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Thanks
Todd