

## 2026 QAP 9% LIHTC Comments – Connelly Development

### QUALIFIED ALLOCATION PLAN:

1. Page 12, Same Market Area:

Applications may not be for the same tenant populations within the same Census Tract of existing Authority funded developments (including but not limited to LIHTCs, tax exempt bonds, small rental development) SRDP) in which an awarded development has not submitted a placed in-service application.

- Please delete “including but not limited to” since the major Authority programs are LIHTCs, TEB and SRDP.
- Using “within the same Census Tract of an existing Authority funded development” in some areas can be too large of an area. In addition, a newly proposed development can still be across the street from a development previously funded and under construction if a Census Tract happens to split the two sites which would then give no distance between the two developments.
- Determining whether a developer has submitted a placed in-service application is problematic for the developer and market analyst as this information is not made available or published nor would an on-site leasing manager know whether a placed in-service application has been submitted to the Authority if asked. Keeping the proposed language would require developers to constantly contact Authority staff asking whether a placed in-service application had been submitted, as the information can change daily/weekly. In addition, there is no information other than which projects were funded for SRDP and these projects can take 4 years to complete from application submission to completion.

We suggest the Same Market Area criteria change to “Applications for new construction developments located within ½ mile of a new construction development funded in the previous two funding cycles are not allowed. The distance will be the shortest straight line between the boundary lines of the sites.”

### APPENDIX C-1 - 9% TAX CREDITS

1. Page C-1-2, B. Award Limitations:

The Authority will not award more than two (2) applications to any member of a Development Team. Additionally, the Authority will not award more than \$1,750,000 in federal LIHTCs to any one (1) application.

We suggest lowering the amount of federal tax credits a development can receive to \$1.5 million, allowing developers to fill the funding gap with state tax credits. This would allow federal credits to fund more developments and use more state tax credits on an annual basis.

2. Page C1-5, A. Proximity to Amenities and Jobs, Rural Area, Section 1. Distance to Amenities:

Thank you for making changes to this section. We would like to suggest additional changes, however, for this section:

- Under Shopping the Authority has added, “Photos of the goods for each category are required. Clothing must contain tops, bottoms, undergarments and shoes for men, women and children.” Photos of clothing items can be taken at any store that sells them with no way for Authority staff to know if the photos were taken at the store being used for points. In addition, asking a developer to go into a store and start taking pictures of all the merchandise is likely to raise issues/suspicion with employees and management as to what is going on. If the Authority is having issues with Shopping, then provide a list of stores that count for Big Box Stores. If a mall or shopping plaza is being used then require a picture

of any outside signs listing all the stores in the mall or plaza, if such is available, and a separate picture of each store in the mall or shopping plaza should also be provided as well as pictures capturing multiple stores in one photograph.

3. Page C1-6 Public Transportation:

1 point for being located within .25 miles of a bus/transit stop.

- **What documents are to be provided as evidence of public transportation? We suggest a picture of the bus shelter/sign be provided as well as a copy of the bus route plan/map.**
- **Distances are required to be measured by Google Maps however Google Maps only measures distances by tenths. We suggest the distance to a bus/transit stop be changed to .30 instead of .25.**
- **Please consider changing “served by a public transportation system six (6) days a week to five (5) days a week.**
- **It was mentioned at the Roundtable that the Dial A Ride Transportation (DART) system be eligible for points as DART will pick someone up anywhere not just at designated transit stops. However, the DART system appears to only be available for qualifying persons with a disability who have been ADA certified through an application process. As this service is not available to every tenant, we recommend it not be eligible for points.**

4. Page C1-6, B. Land Donation or Ground Lease:

**We request that the Authority remove Land Donation or Ground Lease as a separate point criterion and add the criteria to Page C1-8 F. Leveraging. Donated Land or a Ground Lease would simply be another source of leveraged funds. All existing qualifications stated in Section B for donated land or ground leases should remain in place as well as the leveraging caps outlined in Section F, item 4. The value of the donated land or the ground leased land would be based on the appraised land value submitted in the appraisal. The value of the land is then divided by the total number of units which would be used to determine the leveraged points the development is eligible for using the existing point chart in Section F. Leveraging.**

5. Page C1-9, G. Other Credits:

5 points for qualifying and utilizing any of the following.

- **Please add that a maximum of 5 points can be earned in this section.**
- **Delete “Certified Historic Residential Structure Credit (SC)” as these credits are only available to residential single-family owner-occupied housing units and are therefore not available for a multi-family development.**
- **Need to require an attorney opinion letter that states the development, as proposed, will qualify for the type of credit for which points are being taken.**
- **Page 17 of the QAP states Exhibit OC should be provided demonstrating the calculation of the equity generated by the credit type, however an Exhibit OC has never been posted for use. Please create and post Exhibit OC or amend the language on page 17 of the QAP.**

6. Page C1-9, H. Supportive Housing:

**Thank you for making changes to this section. We would like to suggest additional changes/clarifications, however, for this section:**

5 points for agreeing to target ten percent (10%) of the total units to persons with disabilities and either

- **designating such units as affordable to and occupied by 20% AMI, or**
- **securing a commitment of federal project-based rent assistance (converting vouchers).**

Households with only a disability source of income (such as Supplemental Security Income) will be eligible for the 20% AMI units.

Income for Household occupying the 20% AMI units may be at 30% AMI, but the rent charged will not exceed 20% AMI limits.

**For better clarification, we suggest the first bullet point state the following, “designating such units as affordable to and occupied by tenants with incomes up to 30% AMI and rents capped at 20%”. Restructuring the sentence makes it clear as to who is being targeted for the supportive housing units and that the rent is capped at 20%. In so doing, there is no need for the newly added sentence, “Income for Household occupying the 20% units may be at 30% AMI, but the rent charged will not exceed 20% AMI limits”.**

We previously stated there is a compliance issue that needs to be addressed to prevent supportive housing tenants being deemed ineligible for supportive housing units when they reach retirement age. When the tenant reaches retirement age and their income is switched to solely Social Security Retirement Income, by the Social Security Administration, they are being deemed as ineligible tenants for supportive housing units. We do not think it was the Authority’s intent to create noncompliance issues simply because tenants have reached retirement age and their income source is changed from SSI/SSDI to Social Security Retirement Income. Please add language that allows a tenant residing in supportive housing units that were referred by State Authorities to continue to be eligible to live in a supportive housing unit after they reach retirement age regardless of the source of income change. In addition, this change needs to be retroactive to all previously funded developments that would be affected by this issue.

Language was added in this section, “Conversion of the disability source of income to permanent SSI is acceptable” however the conversation of SSI/SSDI income is typically a change to Social Security Retirement Income not just SSI. We request that you add Social Security Retirement Income to this section as well so there is no confusion during a compliance review as to what type of Social Security income counts.

Lastly please clarify if it was/is the Authority’s intent to ONLY allow households with only a disability source of income to be eligible for the Supportive Housing Units. We thought the Authority’s intent was to provide housing to tenants referred by service providers as coordinated by state authorities regardless of their combined source of income as long as the tenant met the income requirement. However, Bulletin #10 was issued as part of the 2021 LIHTC Program and since then subsequent QAPs have language which states “Households with only a disability source of income (such as Supplemental Security Income) will be eligible for the 20% AMI units.” Clarification needs to be provided, in conjunction with the Authority’s Compliance Staff, as to what income a tenant can or cannot have and still be eligible to reside in a Supportive Housing unit. We request clarification be added to state “supportive housing tenants can have other income in addition to their disability income.”

Lastly, if the Supportive Housing language is changed to allow tenants with income up to 30% AMI and rents capped at 20%, we request that this change be made retroactive back to developments funded since the 2021 LIHTC cycle so that all properties offering Supportive Housing units are being operated under the same terms.

**APPENDIX C-2 – TAX EXEMPT BONDS:**

Thank you for making changes to Appendix C-2. We would like to suggest additional changes, however, for this section:

1. General Comments/Suggested Changes:

- a) Lower the state imposed 65% hard cost ratio required for bond developments to 60% hard cost ratio to allow for the bond interest and reinvestment earnings.
- b) The Authority should not allow Developer Loans, Related Party Loans or General Partner Equity Loans to count as sources of income for bond developments.

2. Page C2-4, Set-Asides:

Please add that developments with Project Based Vouchers (PBVs) and developments with an ownership interest by a public housing authority entity can only participate in the Rehabilitation and Public Housing Authority Set-Aside.

3. Page C2-4, D. Other Requirements:

We suggest the Authority add distance to services as a point criterion for ranking preliminary bond application submissions. Please consider the following:

- a) Add distance to primary services such as a grocery store, shopping, pharmacy and healthcare. The distance to services needs to have a larger distance range than the 9% program, such as 2 miles, 2.5 miles, 3 miles and 3.5 miles. The size of the land needed for most bond developments is not going to be in the more urban downtown areas and therefore being close to amenities/services will be difficult to find within shorter distances.
- b) If distance to services is added to the TEB program, Scattered Site and Portfolio Transaction site scores should be the sum of the total site score per project divided by the number of projects to get the average. For example, three projects are submitted as a scattered site application and the individual site score for each site is 76, 64 and 52. You then take the average of all three site scores to arrive at the final point score for the scattered site application, which in this example is 64.
- c) Add points for jobs.
- d) Have negative points for developments that do not fall within one standard deviation per unit cost at the average of the majority of the developments submitted in each set-aside. Negative points would apply to those developments outside one standard deviation.
- e) Limit the number of full applications that can be submitted after ranking the preliminary applications. Use the above scoring criteria and allow a maximum of two times the amount of bonds and state tax credits available for funding as the cut off for the number of preliminary applications that can be submitted for full application. Full applications would be scored based on the state tax credit ranking system to determine which are awarded bond funding.

**APPENDIX E – LIHTC MANUAL:**

Thank you for making changes to the LIHTC Manual. We would like to request clarifications/changes as follows:

General Comments:

It was stated at the 2026 roundtable that a PIS application could not be submitted until the 100% inspection had been requested and completed. It appears that as of the 2025 Awarded Development Timeline a developer now has until December 31<sup>st</sup> to submit a PIS application, thank you for that change. However, it

could be that development completion is delayed and does not receive a certificate of occupancy until sometime in December. Based on the extensive list of items to be submitted to request a 100% inspection, some of the items will not be available if the development receives a certificate of occupancy in mid-late December. In addition, depending on when the 100% inspection is requested it can take two (2) months to get the inspection completed and the report back to the developer. The Authority should not prevent a developer from submitting and meeting the PIS application submission deadline because the 100% inspection has not been submitted and completed. We suggest the Authority require the 100% inspection be completed and approved prior to the Authority issuing Form 8609.

Page E-5, Placed in Service Allocations Procedures:

In the middle of page 5 it states, "The PIS application must include a Contractor Cost Certification in the form...". The Authority does not require a contractor cost certification so please remove this statement so as not to create confusion as to what is required.

Page E-7, VII. Program Suspension and Debarment, Section A. 2

Developments that fail to close by any deadline thereby allowing carryforward to expire.

What program does the above new sentence refer to, TEB or LIHTC? If referring to the LIHTC program, please clarify that this sentence does not mean for developers that recycle credits as it is our understanding the Authority does not lose the credits/carryforward due to a recycling event. If the statement is for bond developments, please state such.