General

The QAP currently permits a DCR in excess of 1.45 provided the projected annual cash flow doesn't exceed $1,100/unit/year. Please increase the initial cash flow limit for developments with downward trending cash flow projections due to the required underwriting assumptions of income increasing at 2% annually and expenses increasing at 3% annually in areas with low AMI's typically associated with Rural Counties. For these developments, the projected annual cash flow limitation should instead be evaluated based on projected cash flow in Year 20 permitting enough initial cash flow to ensure a positive DCR with a reasonable margin throughout the 20-year period when applying the aforementioned stress test.

Please permit rent increases of greater than 5% to be approved if adequate support is provided by the developer. For developments with 50 units or less, rent increases of greater than 5% should be approved retroactively (e.g. applicable to projects funded during and subject to previous QAP's). It's extremely challenging for developments of this size to shoulder rising fixed and variable operating costs. In addition, application of the artificial 5% caps over multiple years has a detrimental multiplier effect into perpetuity as the development is aging and operating expenses are increasing.

Exhibit C-1

Many rural counties do not have double services/amenities. Some don't even have one of certain of the services listed in the scoring template. Please eliminate scoring for double services in the Rural Set-aside or at the very least substantially reduce the maximum score associated with distance to amenities from the 76 proposed. We suggest a score in the range of 50 - 60 points be the maximum. Residents of Rural counties reside there for a variety of reasons including having significant open space and rely on alternative forms of distribution of goods and transportation methods to access services.

One additional point is proposed for being located within .5 miles of a full-service grocery store. This distance is equal to 50% of the maximum distance associated with scoring 10 points in the Urban Set-aside, which seems like an appropriate distance for Urban Counties. We suggest the distance associated with this one additional point be pro-rated for the densities of Suburban and Rural Counties (e.g. within 1 mile for Suburban Counites and 1.5 miles for Rural Counties).

Dollar General and Family Dollar are important retailers in Rural Counties and provide a variety of affordable goods, including clothing, to residents of these areas. These stores should be considered to meet the definition of Shopping in all respects.

Thrift Stores are also important sources of affordable goods and should not be excluded as eligible stores for Shopping and Retail.

In 2025 alone, Walgreens and CVS closed 750 stores across the United States. The stores closed by Walgreens are just the start of a 3-year plan to close 1,200 stores. The trend is clearly moving away from traditional brick and mortar stores. Maintaining a scoring policy that prioritizes sites located within a certain distance of these pharmacies, which may be closed by the time a development is placed in service doesn't seem to be in the best interests of the communities the Agency serves.

If the Agency believes it must prioritize sites within close proximity to a Pharmacy, please consider including pharmacies offered by County Health Departments or other quasi-government entities that serve economically and/or socially deprived residents of rural counties even if the pharmacy only serves patrons of those facilities.

If the Agency believes it must provide points to sites located within a specified distance to a 2nd pharmacy in rural areas, please substantially increase the distance necessary for maximum points. We suggest a distance of 10 miles.

Barbershops, nail salons and hair salons in Rural counties should qualify for Retail. In Rural counties, they provide affordable retail services and most also sell products.

Add another scoring category under Area Employment offering 12 points for at least 6,000 jobs within the specified range as another means of differentiating applications.

There doesn't seem to be any need to award points for a USDA Rural designation based upon the County groupings within the Urban, Suburban and Rural set-asides.

We applaud the Agency's proposed change to offer an additional point for applications with local soft loans/grants of at least $12,000 per unit. The Agency should also award greater points for land donations. Such donations leverage the Agencies funds and reduce the amount of Agency funding needed for a development to be economically viable and should have a greater level of importance in the scoring. Points associated for Land Donation should be increased from 5 to 10.

Please remove the penalty for requesting a Qualified Contract (QC). Developers who have requested a QC (or do so in the future) for a project in which they did not previously waive their right to seek one should not be penalized. Developers have negotiated limited partnership agreements (LPA) with their tax credit investors based upon not having waived this right and may, among other things, be required under the terms of the LPA to seek one.

The proposed points awarded under Other Credits should only be awarded in the Rehabilitation Set-aside.