2016 Stakeholder Outreach: 9% LIHTC Roundtable
August 10, 2015

Oregon Housing and Community Services (OHCS) is looking forward to the 2016 - 9% Low Income Housing Tax Credit (LIHTC) funding round, as well as further developing its 4% LIHTC program. As a result of the stakeholder outreach efforts, and engaging Novogradac & Company LLP to perform a comparative program analysis, we anticipate that there will be recommended changes to the state's Qualified Allocation Plan (QAP).

The guiding principles that OHCS is seeking to utilize throughout this process are:

- Clarity – We are looking to continually improve our funding processes to be ***clear*** to all stakeholder participants as to the eligibility requirements and desired policy outcomes.
- Consistency – We are seeking to provide ***consistent*** responses to all stakeholder participants and apply standards ***consistently*** across all applications for funding.
- Predictability – Our goal is to have a ***predictable*** funding cycle with respect to timing and criteria.

BACKGROUND

The state of Oregon has recognized the large need for affordable housing in all communities, both urban and rural. Over the past three years, OHCS has been transforming its competitive 9% LIHTC process from the Consolidated Funding Cycle (CFC) to a Notice of Funding Availability (NOFA) process. This was accompanied by a rewrite of our QAP, Oregon Administrative Rules (OAR), and program manuals. The focus of this effort was to provide as much flexibility as possible throughout all of our documents.

The outcome of this approach has been mixed. Though flexibility can be valuable, our 9% LIHTC program has not provided adequate desired goals and outcomes to provide the clarity and predictability to which LIHTC project sponsors are accustomed. OHCS has engaged Novogradac & Company LLP to perform a third-party comparative study of Oregon's 9% and 4% LIHTC programs with ten other states. The study will be utilized to recommend changes to our current practices including changes to the QAP, OARs, program manuals, etc. We are looking to incorporate best practices, and add clarity to our programs.

WHY WE ARE HERE TODAY

We are looking to engage with the 9% LIHTC stakeholders to get a better understanding of perspectives, recommendations, and feedback about how the competitive process and policies impact project design and implementation. The desired outcomes are to:

1. Develop a better overall understanding of the impact of various competitive criteria and their potential unintended consequences when applying for 9% LIHTC in the NOFA process;
2. Recognize there are challenges for rural projects when competing against those located in more urban areas of the region and identify ways to address these challenges;
3. Identify where financial guidelines pose challenges when they are not aligned with outside requirements; and
4. Understand where there is and is not clarity throughout the process.

Unfortunately, OHCS is routinely able to only fund one out of three or four projects, depending on resources, which apply for 9% LIHTC funds. This inherently stresses the competitive process and makes it critical for the competitive structure to measure the right aspects of projects effectively and appropriately. A successful development should allow for the on-going operation of housing units for the benefit of low income residents in a way that furthers statewide and local efforts and reduces the need for additional subsidy in the future.

A better understanding of the challenges, good ideas and feedback from stakeholders who participate in this competitive process will allow OHCS to improve the measures and standards that are implemented in the upcoming NOFA.

OHCS DRIVERS

There are a few things that drive how OHCS awards credits:

1. Competitive Process: Given that the need for affordable housing in the state of Oregon far exceeds the currently available resources, as well as the federal mandate that the state have a qualified allocation plan that sets forth how the 9% LIHTCs will be awarded., it is important that OHCS be clear regarding what policy initiatives, project characteristics, and outcomes are valued in the process.
2. Affordability: OHCS views an award of 9% LIHTCs as purchasing affordability for a period of time that is outlined in the land use restrictive covenants.
3. Subsidy Layering: As the state's Housing Finance Agency, OHCS has the fiduciary responsibility to ensure that the amount of subsidy being provided to a project is appropriate for the project's financial viability for the entire affordability period and that the project is not over-subsidized based on the scope of work and accompanying pro forma.

DISCUSSION GUIDE

What follows is a listing of topics for discussion; identifying overarching questions and known issues with spaces for participants and staff to take notes about experiences and recommendations for each topic.

The competitive elements aim to provide a means to rank projects against understood goals; and therefore act as the basis for funding decisions. It is critical that these elements provide adequate guidance, be weighted in a way that responds to identified priorities, and be effective in the ranking process.

topic:	**Need & Impact Competitive Scoring**
question:	What is the reality of the impact of the competitive scoring weights?
currently:	15% Need 40% Impact 15% Preferences (federal) 15% Financial Viability 15% Capacity
issue:	Those elements with the greatest weight and greatest variability in score have the most impact on the final rank of projects. OHCS intent was that impact to the community and the low income residents were weighted the highest; we learned in the 2013 NOFA that applicants provide the most complete information on the elements that are scored.
unintended consequences:	- Preferences play a large role in determining project rank (specifically location in a Qualified Census Tract (QCT)/deconcentrating poverty). - Resident Services has no specified differentiation between urban/rural.
stakeholder input:	- Opportunity Areas should play a role - Impact is only a prediction vs a known of data yet it has more points attributable in the application, where need and preferences are known commodities. - Underserved Geography; looks at all affordable housing instead of housing to serve a specific population type, should OHCS be taking specific target populations into consideration, or is this captured elsewhere? - Fair Housing and Disparate Impact should be built into need; often difficult in rural areas where the populations / trends look different - Impact criteria for communities that do not have sophisticated planning efforts should be different / acknowledge these differences. Smaller/Rural communities are disadvantaged by the application questions and scoring. - Rural criteria for impact should be based on an analysis vs a plan - Difficulties for Rural Settings within the Metro / PJ regions to compete within region. Should this be addressed in the application process? - When regions contain both urban centers and rural communities should there be a differentiation in the application that allows all areas to compete on an even playing field – application questions and/or scoring? - Financial Viability should get more weight – it is important that the funded projects stand the test of time - Being sited in a QCT is over-rated, understanding that there is a federal preference for projects located in QCTs, the points attributable may be too high

	based on other factors. - Historic location and Eventual Tenant Ownership is so rare, should those really merit a point out of the 100? - In some ways the Balance of State Region is most competitive because it doesn't have the PJs effectively limiting the number coming forward with requests / Portland for example has not opened its funding rounds in order to best line up with the state - Should Acquisition Rehabilitation projects have a different application than New Construction Projects given the need to preserve the affordable housing units that the state currently has, similar to the Preservation application?
recommendation:	

topic:	**Regions**
question:	- Do the current regions work, or should they be revisited? - Should all regions be funded every year, or should different cycles be used?
currently:	Metro: Clackamas, Multnomah and Washington Counties Non Metro Participating Jurisdictions: Salem/Keizer, Eugene/Springfield, Corvallis Balance of state: Balance of Oregon
issue:	Appears to be working very well. An identified trend is showing that very few projects get funded outside of the urban areas in the Balance of State. Potential exists for all funded projects in a region to cluster in a particular jurisdiction.
stakeholder input:	- In some ways the balance is most competitive because it doesn't have the PJs effectively limiting the number coming forward with requests / Portland for example has not opened its funding rounds in order to best line up with the state - Alternate cycles; if allocating based on need, regions wouldn't naturally fall to a 50 / 50 split, what would you do about that? - Alternate cycles; if a project is not funded in one year, they are out for 2 years and unable / unlikely to hold onto land for that long time period to be able to apply for funds again - Alternating years could create a timing problem with funding from RD / HUD / PJs - Alternating years could exaggerate capacity issues for contractors / developers - Alternating years may result in missing a window for preserving a project - Alternating years could mean less competitive projects get funded because you're funding more - Cap increase might make sense, though result in fewer projects - Funding multiple times a year would result in project applications getting a 'pre-flight' and reduce work in each cycle, understanding that the same number of projects would still be funded annually. - RADs were really helpful in providing insight about what is going on in Regions such as planning efforts. They were also helpful in providing technical assistance in putting projects together. - If regions work for the most part, then change scoring or application so that rural projects compete better against other areas within the region; if Scoring is working for the most part, then change regions so that rural projects compete better. - Rural criteria should be based on an analysis if impact vs plans
recommendation:	

topic:	**Local Priorities**
question:	How to prioritize those projects that are most desired and supported by local jurisdictions?
currently:	Projects are given points in the competitive application for new / acquisition rehab projects if they provide a priority letter from a county, city (if population over 10,000), tribal council, or participating jurisdiction.
issue:	This scoring could mean that more than one project in a specific city could receive full points for being a local priority. - Given that most all projects are able to obtain a letter of top priority, how can OHCS better understand what local priorities are? - Should preservation projects also be required to submit a priority letter?
stakeholder input:	- Restricting the population size of the city that is able to write a letter is limiting in rural areas - Letters can be used as a NIMBY tool – BEWARE - NIMBY potentially a problem - Why have local planning if it's not valued at the state - PJs work to vet their priorities against local efforts; if a PJ awards a priority letter it is meaningfully connected to the PJ priority efforts - Priorities are subjective, does a disservice to place undue credence on local priority letters - Score point should be deeper than a letter; also include money, local vetting, etc, - RADs used to act as a conduit for connections and sharing what was going on locally, and what the state was looking for - Competing priority letters are a problem - 1 point difference is important if it results in not getting funded
recommendation:	

topic:	**HOME Preference**
question:	Should preference be given to projects funded with participating jurisdictions HOME dollars?
currently:	Projects in the Balance of State that are using state HOME dollars receive a one point preference.
issue:	Should participating jurisdictions be treated the same as projects in the Balance of State?
stakeholder input:	- PJ HOME and CDBG projects should be priorities. They go through a local competitive process and not prioritizing those projects may mean risk losing that federal subsidy that is utilized to gain additional affordability and fill gaps in development budgets. - If Balance of State projects can also leverage HOME by applying for it, then is it really apples to oranges to have them in the same region? Can't they compete? - If state and PJ criteria matched, then it wouldn't be an issue; how do they line up? - Should allow and encourage all types of leverage
recommendation:	

topic:	**State Initiatives /Priorities**
question:	- Would it be helpful for OHCS to prioritize specific policy directives or initiatives versus allowing any stated initiative to be prioritized? (Would your answer differ for future funding years; 2016 or 2017?) - If the answer is to be broad, then what can OHCS do to provide guidance to applicants about what projects can do to get the most points in the application? - What do you see as the biggest housing need in the communities that you serve? - How long should priorities be in place?
currently:	Competitive Applications ask applicants to identify any state initiative that their project serves to further
issue:	Would it allow for greater impact and predictability if focused on specific issues / initiatives; how would those initiatives be identified and what would the timeline be for letting applicants know the focus for future funding rounds? For example any project funded under the LIHTC NOFA would meet the Healthy People objective in the State's 10 year plan that provides for all Oregonians to have safe, decent, affordable housing. So would points be awarded for that initiative?

stakeholder input:	- Would need year in advance heads up if targeting specific groups in upcoming NOFA - More specific target populations, geographic areas, and/or plan alignments would add clarity to the overall process - Less ambiguous is good, but should add/ keep flexibility; there are changing markets and needs and PJ goals can change. Setting things in stone in the future rounds would be a problem in responding to these changes. - If they are priorities then they should be things that the state has money committed in and are actually investing in addressing that stated need - Avoid using 'flavor of the day' target populations / project types - Regional priorities vs statewide, should involve the local jurisdictions - All Preservation projects would look different - Units that serve 30% are consistently the highest need for affordable housing – that should be the priority - Determine how integrators can access and include developers in their work across the state - Information and best practices sharing and talk of partnership design would help - Community Action Agencies are in every community and would be a point of connection for developers
recommendation:	

topic:	**Local and Regional Plans**
question:	How should OHCS encourage local developers to form meaningful partnerships with local efforts such as Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, and/or Workforce Investment boards?
currently:	Competitive Applications ask applicants to identify how the project advances priorities laid out in existing plans.
issue:	Some regions have more robust regional and local planning efforts underway.
stakeholder input:	- Rural areas should base these points on an analysis vs a plan, as they don't exist - RADs used to provide context and information about efforts in the community - Where no plans exist, OHCS should step in to create and facilitate them - Need an Extreme Need category for jurisdictions that don't have plans - Consolidated Plans are vague and not informative - State Plans should justify local efforts
recommendation:	

topic:	**Resident Services**
question:	- Are there different avenues to maximizing the scoring for different target populations? - How do we ensure that projects are not at a disadvantage due solely to availability of resident service providers and/or funding sources?
currently:	- Competitive Applications ask applicants to explain how the resident service package is appropriate for the target population in the proposed project, along with the anticipated outcomes. - How the proposed project maximizes expertise and connections to best serve the target population. - How the resident services package will be funded.
issue:	- Some regions have more availability of resident service providers than others. - Within the Balance of State Region, there are differences between urban centers and rural Oregon with respect to availability to services which may put Rural Oregon at a disadvantage. - Projects with Rural Development rent subsidy do not allow an operating line item for resident services which may put these projects at a disadvantage.
stakeholder input:	- Should tier resident serves:

	- - Families don't need much; financial counseling / IDA / Homeownership - - lowest incomes more services - - Special needs, specific service needs - Eviction prevention programs help all properties / residents - Clarity needed around the intent of resident services - Money should be brought to resident services, currently feels like an unfunded mandate - Small unit dedication / how to master lease to service provider / should not be left up to housing owners to provide services - Resident services plan should be simplified and used as a threshold and the complete one worked up in collaboration after a funding award - Dynamic and In Depth services make a concerted impact on all types of residents - Difference between Housing and Housing Stability - Outcomes are above / beyond service provision and are costly - Funding stability is a big issue when signing up to provide in-depth resident services.
recommendation:	

topic:	**State's Basis Boost**
question:	What clarity or tools do applicants need to feel comfortable that they are eligible for one of the State's identified basis boosts if they are using a basis boost in the pro forma?
currently:	There is no formal preapproval process.
issue:	There is a potential that the project does not meet the criteria for basis boost and therefore there would be a gap in the project pro forma.
stakeholder input:	- Pre-Flight / Pre-App for Basis boost (ideally 6 months ahead of time) - Can the state make state basis boost available to all by stating it in the QAP?
recommendation:	

topic:	**Social Equity**
question:	- What are the ways OHCS and the affordable housing industry can work to ensure opportunity for historically disadvantaged population groups? - What of these activities could be prioritized in the LIHTC NOFA?
currently:	OHCS provides preferences for projects located in either opportunity areas (low poverty census tracts) or qualified census tracts (high poverty census tracts). Besides these place-based strategies, the process does not currently speak directly to "people-based" strategies to strengthen opportunities for under-served populations
issue:	- There continues to be fair housing violations and disparate impacts in the housing system, demonstrating the need to consider new avenues to serve historically disadvantaged groups and to affirmatively further fair housing throughout the state.
stakeholder input:	- What data is available to identify racial equity / access; perhaps this could become part of the Need score? - New Market Tax Credits identify target areas on a Census Tract Level based on meeting several criteria; does the new ruling come with any of those standards? - This would play out very differently in urban vs rural areas - Seems like there are multiple objectives in terms of prioritizing investment in affluent neighborhoods, struggling neighborhoods, gentrifying neighborhoods - Currently target high and low poverty areas and areas of opportunity / location in proximity to health/education/food - OHCS needs to look at neighborhoods to provide guidance about where to invest

	from a social equity perspective - Low Poverty Census Tracts seem black/white, is it possible to score that in tiers where you get the most points below 10% but you can still get some points if you're between 10-15% for example - The goal is to integrate communities, to invest in communities that have been dis-invested - Displacement could be in Impact scoring; along the lines of asking if the project is serving the historically disadvantaged, given there are so many definitions and ways that plays out locally leaving it open ended would be best - Displacement is part of the bigger picture so perhaps Impact is the place where that exists - Displacement could also be a part of preference like QCTs are - Need to be really careful about fair housing, marketing to all - Various regulations about access need to be reviewed in order to make sure there aren't violations - Fair Housing and programmatic regulations require units to be available to all populations, but allow aggressive marketing to protected classes.
recommendation:	

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In an attempt to meet our policy objectives and regulatory requirements we are looking at a number of our programmatic policies and procedures. First and foremost are our Affordability Requirements and Restrictive Covenants.

topic:	**Affordability Period**
question:	What is the appropriate affordability period for all OHCS programs given the subsidy that is being provided to a project?
currently:	60 year standard on all programs, with the exception of 4% LIHTC which is currently 30 years.
issue:	- Affordability period does not always align with the timeline of the resource subsidy (for example: OAHTCs go away after 20 years at which point the subsidy that lowers the rent no longer exists in the project). - 60 years is not within the useful life of a multifamily housing project. - Other funders worry about the ability to change the extended use agreement over a 60 year period of time.
stakeholder input:	- 60 year affordability keeps the public agency at the table, don't need to reinvest in each - Perhaps the 60 years could be presented in a more nuanced fashion / keeping the state involved but not expecting it to sustain for 60 years without renewed investment - 30 years is long enough - More than 30 years is beyond the useful life of the project - There is need; should not expect to continue to invest in new housing it is going to keep getting more expensive to build, preserving currently funded projects affordable is going to be more cost effective - Should develop a preservation trust/reserve that can be used to reinvest in these funded projects - Should evaluate the economic sense and impact of a preservation reserve, not sure if that makes sense and that it wouldn't get tapped to fund something else as time goes on - State investment should last; should look at other options, land trust etc - Should allow for an opportunity to reinvest after 30 years - Current projects (96% in WA study) don't have enough in reserves at 10 years let alone at 30 or 60 years. Need better planning. Need to incorporate real needs into these reserve investments. - Acquisition/Rehab projects are even older when they are first invested in; unlikely no matter the rehab to last another 60 years
recommendation:	

topic:	**Restrictive Covenants**
question:	Should OHCS restrict the ability for projects to come back in for additional funding?
currently:	No restrictions currently.
issue:	Funding the same projects within their affordability period impedes investment in new projects and may reflect projects not adequately funding reserves or performing routine maintenance. Challenging to give project points for longer affordability periods if they need to be re-capitalized early in that timeline.
stakeholder input:	- 30 years unless there is a construction deficit - Should have a GHAP set aside for 4% projects to assist with gap financing
recommendation:	

It is our hope that we can set guidelines or standards that can be used in an underwriting "lite" process. Ideally if a project fits between specific ranges, as outlined in the guidelines, the project would not require extensive analysis on the part of OHCS to determine financial viability and subsidy layering. The target for OHCS would be that the guidelines:

- Provide for sustainable projects throughout the affordability period; and
- Be aligned with standard operating guidelines of other industry funding partners.

topic:	**Underwriting Guidelines**
question:	- What feedback can this group lend about the current guidelines? - Where do you see that OHCS is not aligned with other funders? - What causes issues in the funding process for projects?

Standard	OHCS Current	Other Funders
Vacancy Rate	7%	5-7% generally
Escalation Income & Expenses	2% Income/3% Expenses	Expenses 3% Use trend analysis of HUD AMI for income; rarely see 2% income gain in current market

DCR	During the 1st 20 years: 1.20 w/replacement reserves 1.15 w/project based rental assistance	1.15-1.20 generally
Rent Levels	10% below market rents	Market study and portfolio comps
Operating Expenses	$4,500 per unit per year without replacement reserves	Extensive analysis using their historic LIHTC portfolios
Expense Ratio	N/A	
Management Fee		5-7% generally
Tenant Services		Above the line when services are integral to the target population being served

stakeholder input:

- Asset Management Fees need to be above the line
- If operating expenses are lower and substantiated, need that flexibility
- $350 reserves are too low
- A lot of deferred maintenance / not investing in maintenance throws other reserves off
- Each project analysis needs to be different vs. using standards or guidelines for all
- Study showed that Operating Expenses vary greatly based on unit size
- Maintenance deficiencies could / should be addressed at inspections

notes:

In addition to OHCS underwriting guidelines, there are other standards for construction and contingencies in place to ensure adequate resources for projects through the construction period. OHCS recognizes that it is important for these to be aligned with the other funders involved in a transaction.

topic: **Construction Standards**

question:
- What feedback can this group lend about the current standards?
- Where do you see that OHCS not aligned with other funders?
- What causes issues in the funding process for projects?

Standard	OHCS Current
Green Building Features	A green building standard of construction must be met, with the exception of projects funded exclusively with bond and/or 4% tax credits. Certification of compliance must be provided.
ADA and Visitability	ADA must be met, and all new construction must meet Visitability policy in Oregon statute. (ORS 456.506; excludes 4%) [plus Section 504 sensory impaired units when using HOME]
Rehabilitation Level	Minimum as outlined by IRS Preference is $30,000 per unit
CNAs	All rehab requests must have CNA which thoroughly assesses maintenance, repair, and health and safety issues in addition to considering longer term physical needs and replacement reserve analysis.
Soft Costs	30% of Total Project Costs or less
Hard Cost Contingencies	New Construction: 5% Rehabilitation: 10%
Soft Cost Contingencies	All Projects: 5%
Payment & Performance Bonds	Nice to have, but not required

stakeholder input:
- Architectural – 3rd party inspectors: OHCS needs to be clearer on expectations of their 3rd party inspectors and provide clear expectations/understanding to sponsors. There appears to be varied understanding across inspectors.
- Rural Development (RD) has a 20 year replacement reserve requirement for their CNAs, which is different from OHCS. If project has RD funds, clearly articulate that OHCS accepts RD rules and standards.
- Suggest providing qualification guidance for firms performing CNAs.
- OHCS currently requires 100% unit walk through in their CNAs. Industry standard is 25 – 30% unit walk through of all units ensuring a good unit mix, plus 100% of all vacant units. Consider changing the 100% unit walk through requirement.
- RD requires the capitalization of a lot of reserves upfront. The soft cost guideline should exclude capitalized reserves.
- Soft cost contingencies should exclude capitalized reserves – check proforma to

ensure that this is indeed the case.

- Contingencies appear to be low. Hard cost contingencies are typically 7% new construction and 12% rehabilitation with 15% for historic rehabs.
- Contingencies should be set at the time of construction loan closing.
- Exclude capitalized reserves from the formula calculating contingencies.
- Consider a construction cost escalator in the profroma for construction cost inflation given the timing of the application and the start of construction.

notes:

In an effort to ensure long-term financial viability, OHCS understands the need for appropriate reserves.

topic: **Reserve Requirements**

question:
- What feedback can this group lend about the current requirements?
- Where do you see that OHCS is not aligned with other funders?
- What causes issues in the funding process for projects?

Standard	OHCS Current
Replacement Reserves	Seniors: $300/unit/year All Other: $350/unit/year Required to go with the property in the case of a transfer.
Capitalized Operating Reserves	Not required – Generally capped at six (6) months of operating expenses plus debt service
Capitalized Debt Service Reserves	Not required
Other Capitalized Reserves	Not required

issue: What happens to capitalized reserves during the life of the transaction?

stakeholder input:
- Replacement reserves should be higher for family size units
- On rehabilitation projects, let the CNA drive the replacement reserve requirements.
- On new construction projects, 30 year replacement reserve analysis should drive the replacement reserve requirements.
- Leave replacement reserve requirements to the underwriting process not set at application.
- Other capitalized reserves may include a commercial space reserve.

notes:

OHCS is looking to provide clarity to sponsors as to how much developer fee is allowed and the breakdown between cash and deferred fee to be paid from project cash flow.

topic: **Developer Fee**

question: What recommendations would this group provide to OHCS with respect to developer fee?

Standard	OHCS Current
Total Developer Fee	Cannot exceed 15% of Total Project Costs, including acquisition, less capitalized reserves, and requested developer fee.
Cash	Rule of thumb: 50% of the fee should be in cash between closing and construction completion.
Deferred	Deferred fee should be shown to reasonably be expected to be paid by year 12.

stakeholder input:

- Proposed methodology in matrix does not appear to give credit to negotiated sales price with vendors.
- Treat new construction and rehab projects differently.
- General consensus that what was proposed was not something folks wanted.

notes:

topic: **Cost Containment**

question: How can we take another step toward cost containment criteria in the competitive process without jeopardizing the quality of construction?

currently: Used as a soft threshold; projects need to explain if they don't meet the cap as defined which is based on the previous 5 years of LIHTC projects.

Threshold in 9%; excludes acquisition cost

	Metro	Balance
0 Bdrm	$200,000	$145,000
1 Bdrm	$222,000	$180,000
2 Bdrm	$272,000	$220,000
3 Bdrm	$306,000	$260,000
4 Bdrm	$325,000	$275,000

issue: Doesn't incentivize lower cost projects; there are no points currently associated with the exception of Preservation projects as it pertains to prudence of investment.

stakeholder input:

- Consider looking at present values due to construction cost escalation
- Be clear about what is and is not included, for example land, acquisition, reserves, etc.

recommendation:

topic:	**Set-Asides**
question:	What policy priorities should be considered for a set-aside?
currently:	OHCS has a thirty-five percent (35%) LIHTC soft set-aside for preservation projects at risk of losing federal rent subsidies, as well as projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization. Preservation projects have their own set of scoring mechanisms in order to lessen the advantage of new construction projects.
issue:	Due to significant investment in the Preservation of affordable housing with federal rent subsidies, the majority of Section 8 projects have been preserved for the next 20 years. Do we need to refocus our efforts with respect to preservation in future years?
stakeholder input:	- Still a large number of projects to be preserved, especially projects with maturing RD mortgages. - Continue to participate in the RD & HUD work groups - Application appears to prioritize expiring HUD Section 8 Contracts, maturing RD mortgages. What about RAD/Section 18 Public Housing Contract conversions? - Should projects that have more than 5 years left on a HUD Section 8 Contract be eligible for the set aside?
recommendation:	

topic:	**Subsidy Level**
question:	Should OHCS establish subsidy cap per unit, or other measure, in a project or award more points to those projects with lower amounts of subsidy?
currently:	Per project caps exist, but no limitation on the subsidy per unit.
issue:	With questions surround Subsidy Layering, could this provide shorthand criteria that would provide clarity around appropriate subsidization?
stakeholder input:	Not discussed in detail
recommendation:	

topic:	**LIHTC Caps**
question:	Should OHCS re-evaluate the cap on LIHTC per project?
currently:	Caps are established on a per-project per funding type basis without consideration for how many units are in a particular project. Cap is established to ensure the funding of at least 10 projects across the state (10% of funds available in a year); without consideration for the number of units in a project.
issue:	Doesn't incent the efficient development of projects with a lot of units, in particular an issue in urban areas
stakeholder input:	- Cap currently doesn't acknowledge that developing larger (70+) projects is more efficient - Stakeholders supportive of increasing the cap knowing that fewer projects may be awarded in any given cycle.
recommendation:	

topic:	**Other Issues**
notes:	- Consideration of having more than one LIHTC competitive cycle per year. - RAD role is missed by sponsors.