

From: [Matt Verboon](#)
To: [TaxCreditQuestions](#)
Cc: [George Baker](#); [Andrea Wolford](#); [Chris Etheredge](#); [Maile Miller](#)
Subject: [External] CPC Comments to the 2023 Draft QAP
Date: Monday, September 26, 2022 4:54:56 PM
Attachments: [image002.png](#)
[image003.png](#)

To whom it may concern,

CAHEC Properties Corporation respectfully submits the below comments, questions, and requests for clarification to the 2023 Draft QAP. Please let me know if you have any comments or questions!

QAP Page 21 2. Rehabilitation Set-Aside

REHABILITATION (~~10-15~~ 15 - 20%)

Rehabilitation projects. The Authority will award \$600,000 of this set-aside to RD projects (or the total among eligible applications if less).

CPC Comment: Since the rehabilitation set-aside was increased from the 2022 QAP, will there be a commensurate increase to the amount awarded to RD projects?

QAP Pages 31 and 32 (Appendix C2) II.B.2.

Portfolio Transactions must be *“developed under one plan of financing and considered a single development by all funding sources”*.

CPC Comment: *In a portfolio transaction, it is common to use similar forms of financing but with individual borrowers at each property that are all part of one bond issuance. Each properties' debt is not typically cross-collateralized in a portfolio structure. The language as-written will not allow for statewide portfolio transactions comprised of multiple properties and financing structures (required for financial feasibility).*

USDA, Rural Development requires separate funding applications, rent rolls, and annual audits for each individual property. They do not consider a portfolio of properties located throughout the state that are combined in one bond issuance to be one development.

QAP Pg 37 Evaluation of Rehabilitation Application

Appendix C1, Evaluation of Rehabilitation Applications (Sect. VI. B): “1 point for each of the following systems being replaced (max. 9 points) – roof, HVAC, flooring, windows, hot water heaters, tub/showers, kitchen cabinets and countertops, ranges and refrigerators.”

CPC Comment: *Will points be given if 100% of systems are not fully replaced if those systems not replaced, were replaced within the last seven years? Pg. 11 QAP Sect. V.N.1 - Rehabilitation states “the PNA for rehabilitation projects must show a minimum of 44,000 per unit in hard construction costs, excluding major systems that have been replaced within the past seven (7) years.”*

QAP Pg 38 Fee Schedule Reservation Fee (0.88% of total qualified basis)

CPC Comment: If a project is gap-restrained, the development is minimizing state resources by requesting less credits and under the new fee structure will be charged, disproportionately, not based upon how many credits the property is requesting, but instead by the amount of work to be performed.

APPENDIX E 2023 LOW-INCOME HOUSING TAX CREDIT MANUAL

VI. COMPLIANCE MONITORING PROCEDURES

B – Rent Increases

Developments cannot increase rent levels without approval from the Compliance Monitoring Department. Rent increases in excess of 5% annually may not be approved.

CPC Comment: Please confirm that rent increases in excess of 5% will be approved if acceptable justification has been provided to the Compliance Monitoring Department.

Sincerely,
Matt Verboon



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Development Finance Manager

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www.cahec.com/preservation



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