Summary of Draft QAP Stakeholder Comments/Suggestions/Questions

Services / Set-Aside Preference

We recommend an entirely separate bucket for permanent supported housing projects to ensure that like deals compete with like deals, with awards limited to a specific percentage of the overall pot.

Suggest that MHDC create a "single set-aside" for supportive housing and require supplemental application materials submitted to ensure a fundamental commitment to supportive housing.

As part of the Service Enriched Housing basis boost, applicants are asked to target specific populations. We recommend prioritizing additional populations that are not currently on MHDC list within the QAP, primarily individuals exiting the justice system.

Special Needs should be broken off into a separate set-aside; this ensures that folks applying under this category are competing against each other and understand the commitment.

We recommend increasing the set aside to 45% with a 30% supportive housing requirement.

Economic Development

Consider additional breakout of Economic Development Map Mileage in the SL, KC and MSA Rural Region: a. 2 miles of housing development site in SL and KC; b. 3 miles of housing development site in MSA-Rural; and c. 5 miles of housing development site in Rural Region.

Is it possible to provide examples of what got 5, 4, 3, 2, 1, and 0 points to distribute to help applicants have a better sense of this criterion?

We strongly suggest that a letter from a local economic development agency substantiating the link between the housing development and economic development projects, should be acceptable by MHDC in order to award points in this category.

My suggestion is to have Economic Development apply to only to family developments in non-metro communities.

There should be added component that allows for a letter from an economic development agency or entity tied to a larger economic development/ revitalization plan to count as proof of direct coordination.

Credit Efficiency

Concerning Credit Efficiency, we believe the formula should change from Eligible Basis/LIHTC Bedroom to Annual Federal Credit Request/LIHTC Bedroom

Concerning Credit Efficiency, we suggest that a fairer method would be to divide the annual federal LIHTC request by the number of units in a project.

Concerning Credit Efficiency, the calculation should be based on the applicant's actual LIHTC request instead of the "eligible LIHTC" amount.

The Credit Efficiency category needs to be restructured to account for incentivizing applicants to artificially lower the eligible basis in the application, penalizing senior developments and get to the true issue of effective use of the credit for the proposed deal.

Leveraged Funds

With private banks funds no longer being counted as leverage, we suggest that the exact terms of "soft" financing be dropped as a requirement for these funds to be counted as leverage.

MHDC should clarify the elements/ terms required for leveraged funds.

Sustainability

MHDC could give a small increase in the Maximum Development Cost Per Unit to projects that commit to deep energy savings (for example, at least 25% energy savings as shown by energy modeling or through Passive House (PHIUS+) or DOE Zero Energy Ready Home certification) or renewable energy.

MHDC should consider three changes to the QAP related to third-party standards: (1) adopt the 2020 update to Enterprise Green Communities, (2) require both new construction and rehabilitation projects to commit to achieving a third-party building standard (this is currently only a requirement for new construction), and (3) encourage owners to reach higher levels through a tiered point system for higher levels of certification or achievement.

MHDC should consider awarding points to applicants who demonstrate that they will incorporate measures identified in the audit to achieve a certain level of energy savings above a pre-retrofit baseline.

Consider requiring or awarding points for benchmarking the energy and water use of properties.

Include incentives for project-specific utility allowances to incentivize energy and water efficiency investments.

Coordinate with the Missouri utilities.

Incorporate WaterSense labeled plumbing products in preservation and rehabilitation properties.

We suggest that any energy audit should evaluate whether or not there is the opportunity to cost-effectively achieve at least 20% energy savings and outline the specific actions available to achieve savings and MHDC should urge projects to implement changes with a SIR above 2.0.

HOME-ARP

Under Use of HOME-ARP can you explain how ARP funds could be used in Supportive Services? Would we be able to apply for a Supportive Services Escrow for the service provider to provide these activities and would it be for the entire 15 year compliance period?

We would like to understand whether the HOME ARP funding source will have any scoring implications and receive further guidance on how the fulfillment of this set aside will work as far as timing, hold periods, qualifications, etc.

NHTF

We would request that guidance on how to make a determination on our own about a sites NHTF eligibility be offered to developers so that we can submit a feasible funding request and have clear scoring expectations.

Phased Developments

We feel that any phase beyond phase one should qualify for the phased development points. We also feel that this should be increased from 1 to 3 or 5 points.

Workforce Housing

Many areas are in dire need of basic workforce housing, but it is disadvantaged relative to service-enriched housing in competing for points. Is there a way to provide points for housing a certain percentage of residents at lower AMIs to offset this scoring inequity in geographic regions where social services are less available?

Preservation / Mixed Income

While both 100% PBS8 and 100% LIHTC deals earn 5 points for preservation, they are missing out on possible points for mixed income. MHDC could increase the state credit match for 4% deals, with a special allowance to go above credit limits on distressed preservation deals.

I would suggest reducing the points in the Mixed Income category to 3 or 5 and reallocating those points to the Income Targeting or Site Location categories. Further, I would suggest that developers seeking the mixed income development be required to demonstrate that the development costs associated with their market rate units are fully funded through non-affordable funding sources. For example, a development with $250,000 cost per unit and 6 market rate units should have non-affordable funding of at least $1.5 million.

The current scoring rubric hurts preservation projects that are 100% LIHTC and/or Section 8.

Miscellaneous

We recommend that MHDC address ROFR moving forward.

We recommend that the comment period for the draft QAP include the public release of the full draft QAP and a comment period of at least 30 days.

Consider applying new tenant screening guidance to reduce barriers to securing housing faced by certain types of applicants with criminal records.

MHDC should add a point’s category to address troubled assets as a way to ensure the projects are being preserved and incentivize further preservation.

Given skyrocketing labor and materials costs, we would like to request that MHDC make available 100% of the Federal 9% Credits available for the 2022-year and roughly 50% of the Federal 9% Credits available for the 2023-year.

We feel that while non-profit participation is encouraged and always sought after, having to incorporate them into the ownership structure created administrative inefficiencies and creates strain on the economies for the rest of the development team. With development costs so volatile and costs on the rise, an expected developer fee can quickly turn into a funding source as a deferred developer fee to fund overages when cost increases become a reality. Passing on some of the developer fee to the non-profit partner reduces this contingency and increases risk for the developer. The service-enriched and special needs priorities already inherently incentivize extensive non-profit participation in the communities.

We encourage the further exploration of ways that significant but temporary federal funds like those of ARPA and the Infrastructure Investment and Jobs Act could be deployed in service and protection of the vulnerable, the low wealth, and working-class Missourians.

Enhance the role of Diversity, Equity, and Inclusion in QAP policies and processes. We are encouraged to see MHDC affirming its commitment to MBE/WBE initiatives. MHDC should consider adopting further goals and QAP policies to advance diversity, equity, and inclusion.