

From: Andrea Wolford [REDACTED]
Sent: Thursday, August 24, 2023 5:03 PM
To: TaxCreditQuestions
Cc: Matt Verboon; George Baker
Subject: [External] Comments to 2024 QAP

Below are our comments to the draft 2024 QAP and appendices.

CAHEC Properties Corporation Comments to Draft 2024 QAP

Page 11, 2. **Reserve Requirements** ii. Operating Reserves for USDA/RD applicants - This requirement can be met by establishing and maintaining the RD-required reserve. If applicable, documentation from RD staff demonstrating the RD-required reserve calculation is required at initial and PIS application submission.

Under the realigned model, the Processing and Report Review Branch of USDA, Rural Development does not review any documents prior to receipt of a full application (that includes funding approval from the issuing tax credit agency). Approval of reserve requirements will not be available from RD at the full application stage; however, it will be available at PIS application submission and adjustments to reserves can be made prior to issuance of 8609 form(s).

Page 12, b. **Replacement Reserves** - Developments must establish and maintain a replacement reserve throughout the compliance period of \$300 per unit annually. iv. Replacement Reserves for USDA/RD applicants - This requirement can be met by establishing and maintaining the RD-required replacement reserves. If applicable, documentation from RD staff demonstrating the RD-required reserve calculation is required at initial and PIS application submission.

Under the realigned model, the Processing and Report Review Branch of USDA, Rural Development does not review any documents prior to receipt of a full application (that includes funding approval from the issuing tax credit agency). Approval of reserve requirements will not be available from RD at the full application stage; however, it will be available at PIS application submission and adjustments to reserves can be made prior to issuance of 8609 form(s).

Page 14, 5. Contractor Cost Limits and Cost Certification

Due to the small size of Rural Preservation Construction Contracts, we would like to see a limited increase in the General Conditions, Profit and Overhead ceilings.

Page 17, 15. Rent Allowances for Project Based Rental Developments

At full application, acquisition/rehabilitation developments with existing HUD approved Housing Assistance Payments (HAP) contracts/NOF or RD approved rental assistance contracts may propose rents higher than the current approved contract rents if:

- the third-party market study submitted in the application package supports the higher rents;
- a copy of the approved rent schedule currently in effect is also submitted; and
- a copy of the pre-development/rehabilitation Rent Comparability Study, if performed before the full application deadline, is submitted.

Is the rent comparability study required for RD developments? And if required, is it only required if the study is finalized prior to the full application deadline?

CAHEC Properties Corporation Comments to Draft 2024 Appendix C1 – 9% LIHTC

Page C1-5 Rehabilitation Set-Aside (~~10-15~~15-20%)

Since the rehabilitation set-aside was increased from the 2022 QAP (and remained unchanged in the 2023 QAP), will there be a commensurate increase to the amount awarded to RD projects from \$600,000?

CAHEC Properties Corporation Comments to Draft 2024 Appendix E Tax Credit Manual

Page E-3 A. Progress Inspections

Developments will be subject to four (4) construction progress inspections during the construction phase. (25%, 50%, 75%, and 100%). The 100% inspection must be completed and approval obtained from the Authority prior to allowing residents to occupy the units.

Does additional language need to be added clarifying for acquisition / rehabilitation developments, specifically those that are occupied during construction acquisition, this section is not applicable?

Page E-6 B. Rent Increases

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

Recommend reverting to 2023 language allowing discretion for approval of rent increases. Some cost increases (i.e., taxes and insurance) are outside the owner's control.

Thanks!



Andrea Wolford
Manager, Development
7700 Trenholm Rd Ext
Columbia, SC 29223

www.caheccproperties.com



This institution is an equal opportunity provider.

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.