

# A New Urgency in the Housing Credit Preservation Challenge

 **HOUSING  
CREDIT  
CONNECT**

  
**NCSHA**  
50 YEARS

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National Housing Trust brings resident services, lending, policy, sustainability, and development under one roof to ensure that everyone — everywhere — can be proud of where they live.



**Preservation  
& Development**



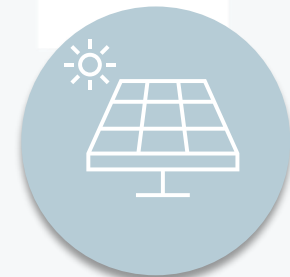
**Lending**



**Policy Innovation**



**Community  
Outreach & Impact**



**Energy Solutions**

# Strengthening Housing Credit Allocations

NHT's 2023 QAP analysis reveals that agencies are taking seriously the responsibility to provide stable and secure affordable housing by maintaining and preserving properties as affordable, combating climate change, and protecting tenants.



# How are QAPs Incentivizing Preservation?

*Balancing Length of Affordability through:*

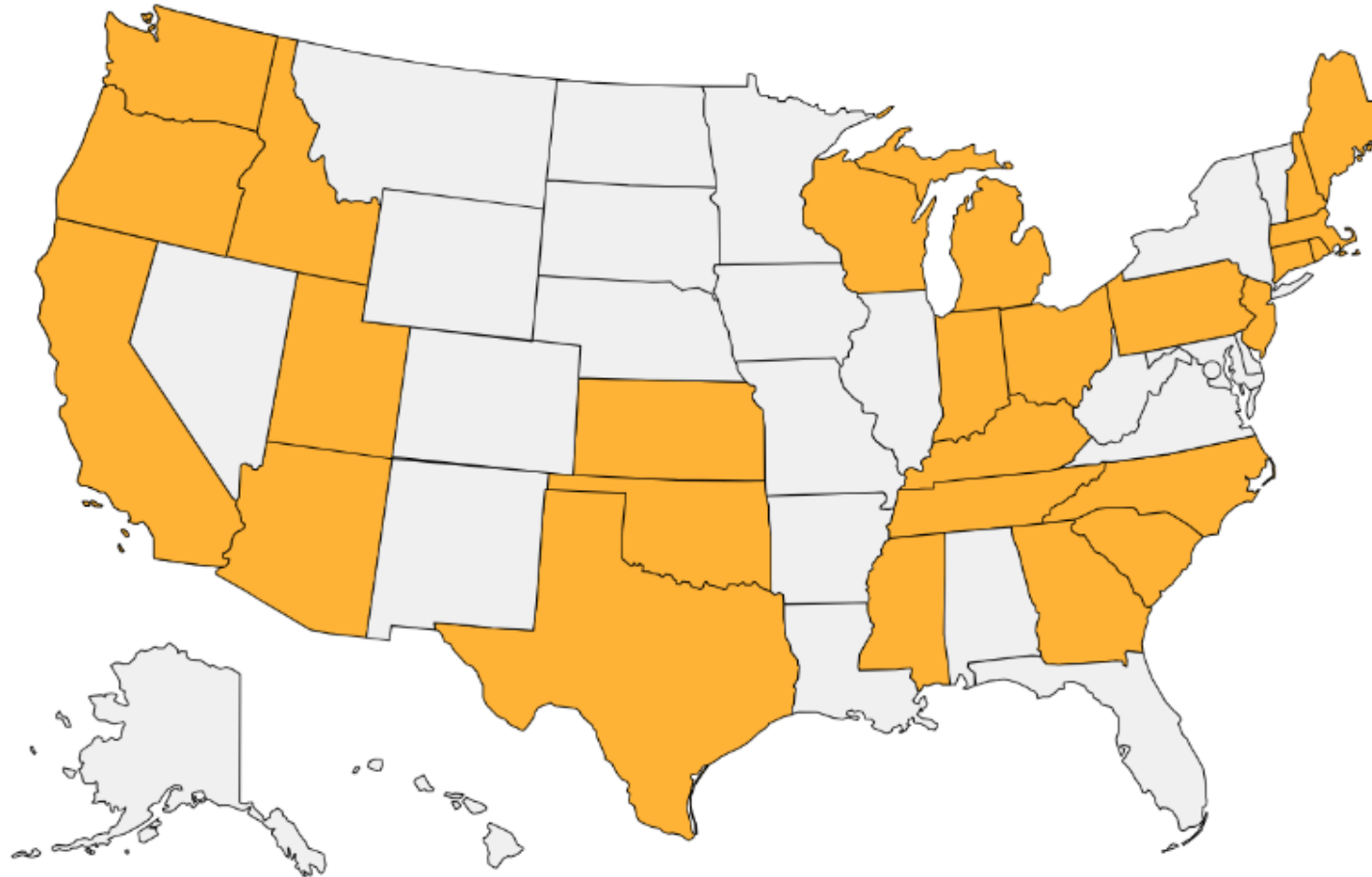
- Preservation Incentives / Set-Asides
- Length of Affordability
- Resyndication

*Providing Quality Housing for Low-Income Residents through:*

- Improving Housing Quality
- Per Unit Rehabilitation Budgets
- Development and Operating Costs / Expenses

# Preservation Incentives / Set-Asides

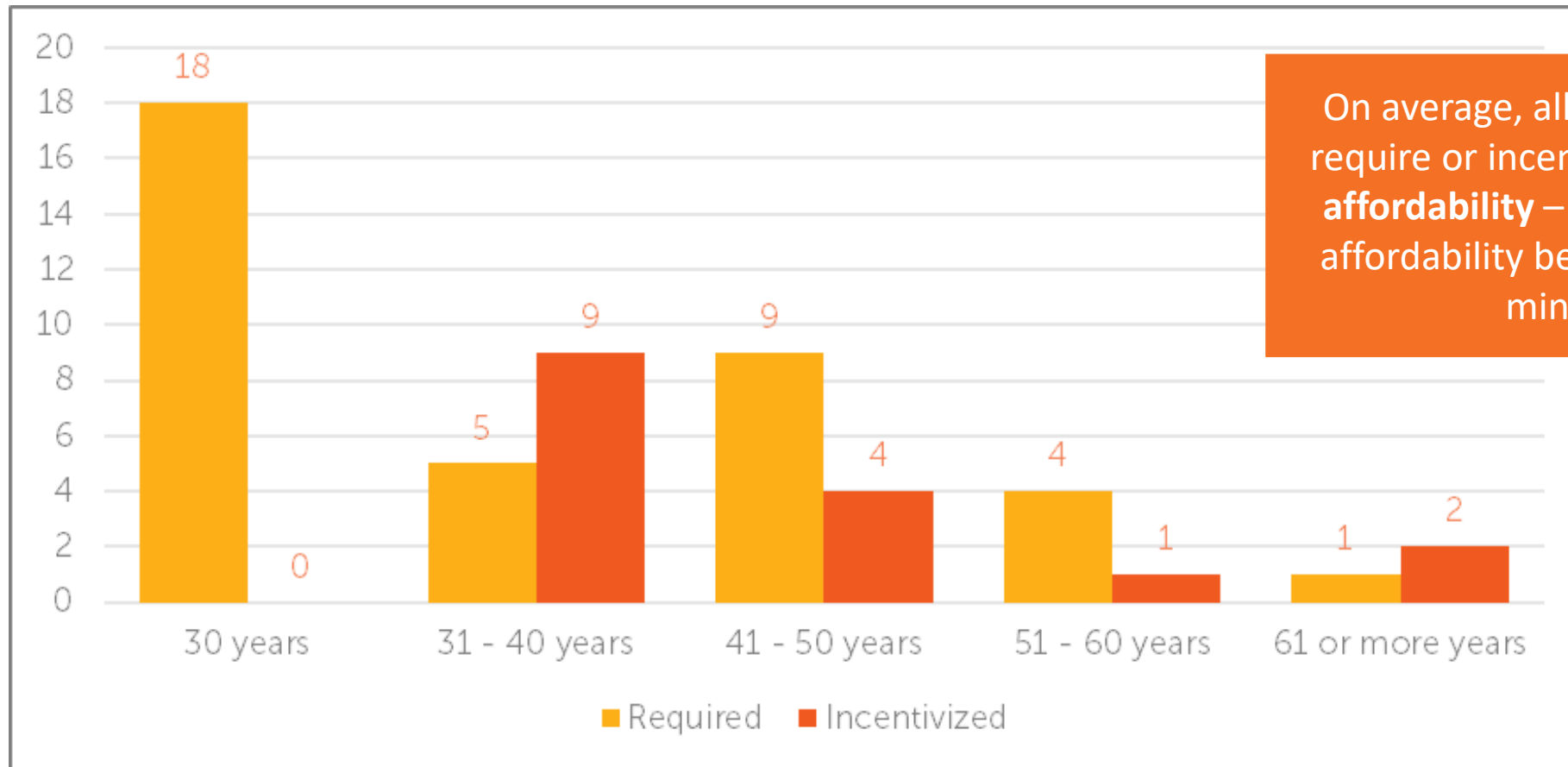
Number of States that have a Preservation Set-Aside



30 HFAs have a Preservation Set-Aside

# Length of Affordability

Number of States Incentivizing or Requiring Years of Affordability

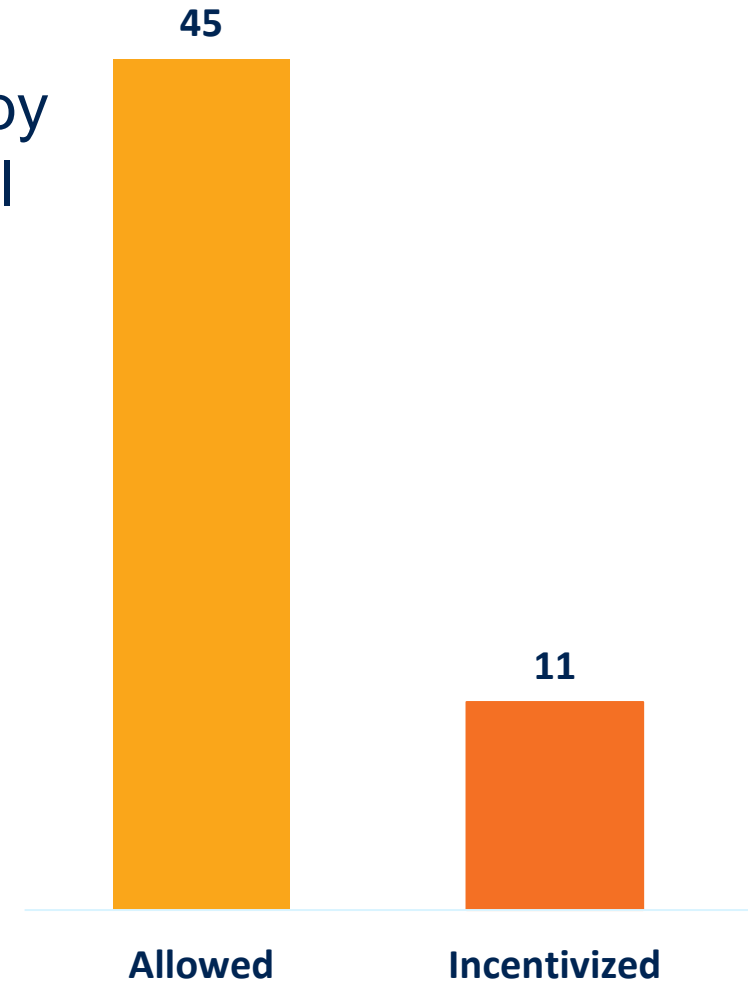


On average, allocating agencies require or incentivize **42 years of affordability** – a full 12 years of affordability beyond the federal minimum

# Resyndication

- 11 HFAs actively encourage developers to resyndicate by awarding additional points. Some HFAs utilize additional criteria:
  - Demonstrated need for substantial rehab
  - Years since the last substantial rehab
  - Years from affordability expiration date

WV: awards points to projects within two (2) years of expiration and up to three (3) years after.



# Improving Housing Quality

- 11 states have specific incentives (points) for improving housing quality
- Supporting one property is meaningful, but what other resources are being invested in the community?
  - Interplay with Community Revitalization Plans
  - Communities of Opportunity vs Communities in Need of Investment

# Per Unit Rehabilitation Budgets

- 40 states explicitly mention a minimum per unit rehabilitation budget requirement
  - 4 states incentivize deeper rehabilitation.
  - Average min. budget per unit is \$30,500

## Range of Min. Rehab Per Unit



MN \$5,000

UT \$95,000

# Development and Operating Costs

*In many cases, it is more challenging to limit a project to the Total / Maximum Development Cost without needing to acquire additional gap financing.*

- 16 states explicitly limit total development costs.
- 8 states include a maximum operating expenses per unit.
  - 18 states require minimum operating expenses per unit

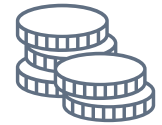
TDC up to \$350k per  
unit in Montana



# Understanding The Inflation Reduction Act



Green and Resilient Retrofit Program



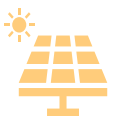
Greenhouse Gas Reduction Fund



DOE Home Energy Rebates



45L New Energy Efficient Home Credit



Bonus Solar Credit for ITC for Affordable Housing



QAP POLICIES

ENERGY PERFORMANCE

THIRD PARTY GREEN BUILDING  
STANDARDS

ELECTRIFICATION

RENEWABLE ENERGY

# *AMTAX Holdings 227, LLC v. Tenants' Development II Corp.*

15 F.4th 551 (1<sup>st</sup> Cir. 2021)

Section 42(i)(7) specifies ***how the contractual mechanism*** operates.

- Who may hold and exercise the ROFR;
- When the ROFR may be exercised; and
- The minimum price.



# The Minimum Price

- the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5-year period ending on the date of the sale to the tenants); and
- all Federal, State, and local taxes attributable to such sale.

## The Debt-Plus-Taxes Price.



# Nonprofit Right of First Refusal

Number of States that have implemented ROFR protection policies

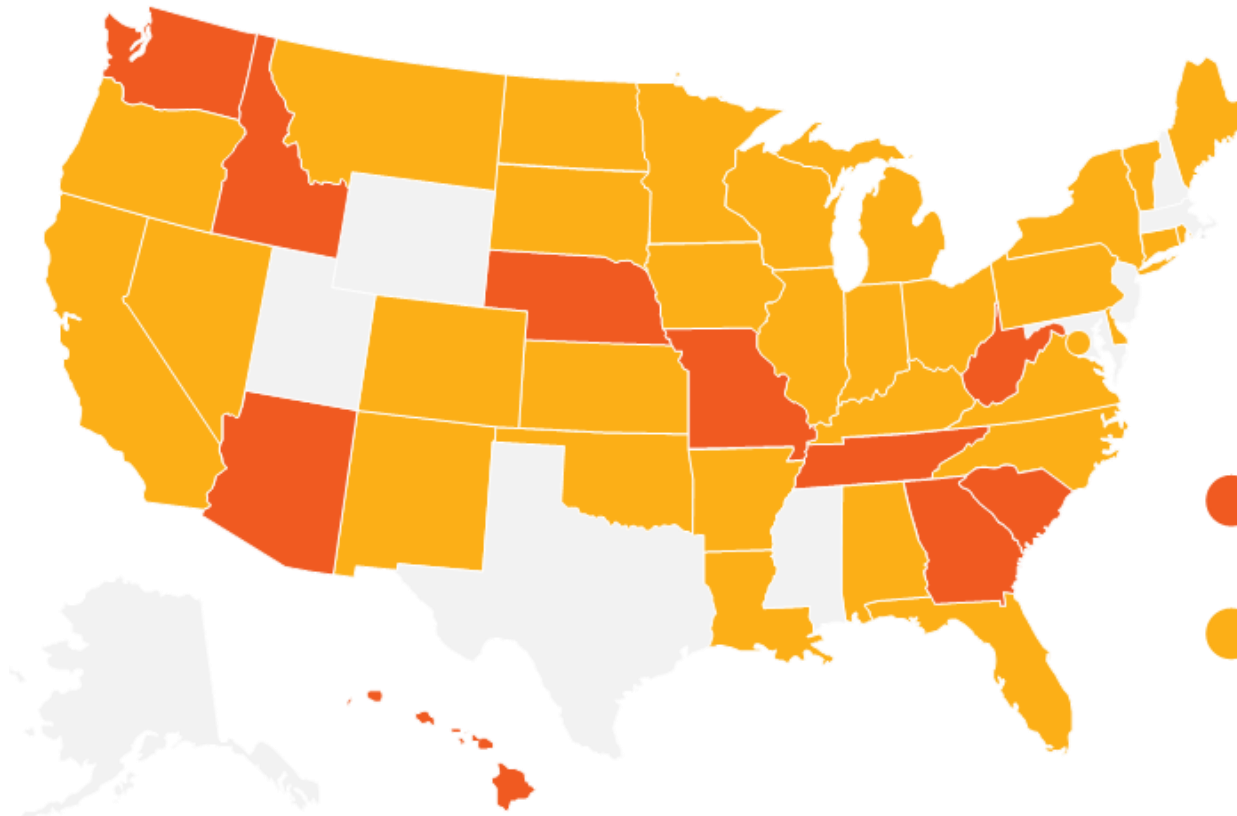


# ROFR Protection / Strengthening Strategies for HFAs

1. Implement Protective and Clarifying Language
2. Review Investor Eligibility
3. Protect Property Reserves
4. Ease the Process to Make Offers, Triggering ROFR
5. Automatic Agreement Changes to Reflect Changes in Federal Law

# Qualified Contracts

Number of States that Require or Incentivize a Qualified Contract Waiver



32 HFAs require a QC Waiver

12 HFAs incentivize a QC Waiver



Incentive to waive the right to a Qualified Contract



Requirement to waive the right to a Qualified Contract