

CAHP Rule and RFA Committee comments to Rule Development for 2018.

This committee had a brief call on Wednesday February 21st to discuss the proposed changes to Rules – 67-48, 67-21 and 67-60.

The CAHP membership will be meeting on March 15th so this was only discussed by CAHP members on the committee or that chose to call in.

Some of the items we discussed on the call have been addressed in the workshop and are no longer of concern.

Agenda items of main concern are:

1. c. Reduce the developer fee in MMRB deals to 16% from 18%.

Committee discussed how this will be detrimental to the use of this resource. Continuously these deals require more credits or other gap financing options than are readily available to them. They require creative ways to provide the much needed gap financing and the reduction of the developer fee will only make them harder to do and expand the financing gap do to a loss in eligible basis. Typically bond deals have a large deferred fee which is funded from cash flow. Reducing the fee would reduce the credits which will likely result in the deal being financially infeasible.

1.d. Final Cost Certification Application Package

Although in the workshop it was discussed that the changes would be minimal we cannot comment on this item until we review the changes and address the impact of such.

3 d. Guarantee for completion.

We questioned why this was required from all parties if one party was willing to provide this guarantee? Especially in a JVP in which one party may be a PHA or NP and not have the ability to provide guarantees – which is often the reason for a PHA or NP entering into a JVP and the other party is compensated for such.

3 e. Reduce developer fee for Acquisition to 4% from 16% or 18%.

See above at 1 c. Furthermore this would make rehabilitation and / or preservation, utilizing bonds, likely undoable and remove this financing tool from the options. Plus it would increase the need for additional soft debt such as SAIL - so in a SAIL deal removing the ability to utilize credits that were raised from the additional fee would require more state funds (limited resources) to be needed to fill the gap.

Thank you for the opportunity to provide comments on behalf of our committee.

We expect individual CAHP members to provide comments on these items.

Sincerely,

Jane Dixon, TAG Associates

Committee Chair