Contents

DSHA 2020 QAP Notice of Public Hearing................................................................. 2
DSHA 2020 QAP Public Hearing Agenda................................................................. 2
DSHA 2020 QAP Public Hearing Transcript.......................................................... 5
DSHA 2020 QAP Responses to Comments Received ............................................. 9
DSHA 2020 QAP Written Comments Received....................................................... 16
DSHA 2020 QAP Notice of Public Hearing

The Delaware State Housing Authority (DSHA) is in the process of finalizing the State of Delaware’s 2020 Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP). DSHA will hold a public hearing to discuss the proposed QAP from 1:00 – 3:00 p.m. on Tuesday, December 3, 2019.

The public hearing will be held at the Department of Natural Resources & Environmental Control’s (DNREC) Auditorium, located at 89 Kings Highway, Dover, DE 19901.

Oral and written comments will be accepted until that time. Written comments may be sent to DSHA, 18 The Green, Dover, DE 19901, Attn: Cindy Deakyne. After considering the comments received, DSHA will recommend the final QAP to the Governor for approval. Once approved, the QAP will be available to the public on DSHA’s website (www.destatehousing.com). Accommodations are available in reading this Notice for anyone with Disabilities by calling DSHA at 302-739-4263 or 888-363-8808. TTY/ASCII/VOICE/VCO users may utilize the Telecommunications Relay Service (TRS) at 800-676-3777.

If you have any questions about the LIHTC Program, please contact Cindy Deakyne, Housing Development Administrator by phone at (302)739-4263, or (888)363-8808 or via e-mail at cindy@destatehousing.com.
AGENDA

1. Welcome and Opening Remarks

2. Discussion of 2020 Draft QAP:
   
   - **Credits Available**: Estimate $3,217,500

   - **Definitions and Threshold Clarifications**
     - Permanent Supportive Housing (PSH)/Target Units
     - Removal of Contiguous Rule/Development Team Revision
     - Minimum Design and Construction Standards
     - Phase I Environmental

   - **Ranking Modifications and Clarifications**
     - Preservation
     - Access to Transit
     - Promoting Balance Housing Opportunities
     - Community Compatibility
     - Section 811 Incentives
     - Compliance Monitoring Procedures
     - Post-Closing

   - **Guidelines**
     - DSHA Funding Availability
     - National Housing Trust Fund
     - Sustainable Energy Utility Funds
     - Underwriting Changes
     - Minimum Design and Construction Standards

   - **Timetable** (see page 2)

3. Comments, Questions, Adjournment
# PRELIMINARY 2020 DSHA LIHTC TIMELINE

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 3, 2019</td>
<td>2020 QAP Public Hearing-held from 1:00-3:00 p.m. at the Department of Natural Resources and Environmental Control Auditorium</td>
</tr>
<tr>
<td>December, 2019</td>
<td>2020 QAP released</td>
</tr>
<tr>
<td>February 14, 2020</td>
<td>Deadline to apply to Delaware Transit Corporation for Access to Transit Certification</td>
</tr>
<tr>
<td>March 2, 2020</td>
<td>Deadline for pre-inspection written notification if applying for 2020 Preservation/Rehabilitation/Conversion projects</td>
</tr>
<tr>
<td>March 13, 2020</td>
<td>Deadline for DSHA General Contractor approval and/or updates</td>
</tr>
<tr>
<td>March 16, 2020</td>
<td>Deadline to request DelDOT technical assistance for connectivity point category</td>
</tr>
<tr>
<td>March 31, 2020</td>
<td>Deadline for tax credit comparable rents, if seeking HDF funds</td>
</tr>
<tr>
<td>April 9, 2020</td>
<td>Deadline for all applicants to schedule site visit of development</td>
</tr>
<tr>
<td><strong>April 30, 2020</strong></td>
<td><strong>All LIHTC applications due to DSHA by 3:00 p.m.</strong></td>
</tr>
<tr>
<td>On or before July 6, 2020</td>
<td>Preliminary ranking notifications released</td>
</tr>
</tbody>
</table>
| October 26, 2020   | Commitments for all financing must be submitted to DSHA  
                      *DSHA will make tax credit allocations for selected projects 30-60 days after financing commitments are received* |
| December 14, 2020  | Deadline for pre-closing documents for HDF-financed projects         |
| December 14, 2020  | DSHA will execute carryover allocations for selected projects on or before this date |
Minutes from the 2020 QAP Public Hearing @
DNREC’s Auditorium in Dover, DE @ 1:00 am on December 3, 2019

Cindy Deakyne, Susan Eliason and Dawn Favors Jopp started the meeting at 1:05 p.m. They welcomed the attendees, went over opening remarks and proceeded to go through the agenda items and timeline one by one.

At 1:09 p.m. Cindy opened up the meeting for public comments. The comments were as follows:

Glenn Brooks (Leon N. Weiner & Associates & Arbor Management)-
I have three (3) primary comments. I know you received a letter on the phase development readiness signed by us and several other developers. So for those developers that are in the room – thank you for joining us in that letter. Later today you’ll receive a much more detailed letter from LNW & Associates commenting on several other areas that I’m going to comment on. So my three (3) primary areas are: the first one is on page 25, the general application limits – you propose to limit an entire paragraph that prohibited phased developments. Under the circumstances that were outlined in the removed language, we believe that removing this language may result in geographic concentration of units in a very short period of time when the need for additional affordable housing units statewide has been demonstrated. The language that has been included for the past several years has not resulted in fewer affordable units and has generally worked as intended distributing credits both geographically and across developers. I’m going to change my comments regarding my second point is on page 34 – the Threshold requirements – it’s the clause for dealing with eligibility – it’s clause “F” – Susan touched on it. I just want to point out that we’re a vertically integrated real estate development company. So we usually on our project act as owner, developer, general contractor and management agent. If we ever were fortunate to find ourselves in the circumstances outlined in paragraph “F”, we’re going to change our third party professionals and probably hire a different general contractor. So one of the unintended consequences of that language is that it’s going to have a big effect on our third party professionals. My final comment is on page 41 – it’s scoring and ranking for preservation projects – you’ve bumped up awarding 4 points from $50,000 to $75,000. I point out that that is a 50% increase and it is in direct conflict with cost containment not only in your guidelines, but almost nationwide. It harms current affordable housing development that have had the financial resources to maintain the property as well as possible. If in fact you want to go forward with that, we would suggest a more modest increase probably in line with a general construction cost increase. Again, you’ll get a more detailed letter today. Thank you.

Cindy Deakyne – Thank you for your comments.
Ian Rawhauser (Housing Development Corporation Mid-Atlantic) – My first comment or proposed suggestion with respect to the guidelines would be as a developer and management agent, particularly on the management agent side we’ve found that the resources needed to complete rent ups and meet lease up schedules that are negotiated with our investors are ever increasing and I’d like to make the suggestion again that perhaps increasing the $500 per unit for rent up, to $750 per unit would be more in line with the actual costs expended are to complete those activities. I also have a question – should I save that for after?

Cindy Deakyne – No, you can ask it – I don’t know if I'll answer it, but.

Ian Rawhauser – With respect to the development team revisions that were made. Will DSHA also be looking at non-state tax credit projects – i.e. bond deals if team members are the same within a project like that and they submit a 9% application knowing that there not subject to the same Section 42 timeline with respect to closing and that sort of thing?

Cindy Deakyne – All threshold requirements are for 4%’s and 9%’s – so yes, it would fall under there.

Ian Rawhauser – Thank you.

Larry DiSabatino (DiSabatino Construction Company) – I have three (3) points. Number one (1), I share the concern with a lot of developers in the room with the eligibility changes, so I’ll let most of them address their comments as developers – most already have and I share their concerns, but specifically as a contractor, I would like to address my concerns that if their issue is with the development process, it shouldn't carry over into the contracting world where we as independent third-party vendors, shouldn’t be impacted by the development concerns that the housing authority or the developer has – that we should be stand on our own and if a sponsor developer wants to hire us – if we have the capacity we should be allowed to do multiple projects concurrently. My firm can handle all of the work that we had so I don’t think it should impact that. Secondly, on general contractor markups, there are three (3) different types of markups that we would request that the housing authority change that to be consistent across the board for all markups for change orders whether it’s first tier, second tier, self-performed work it should be the same as what the agreed upon markups for general conditions and profit were for the job in the beginning. Thirdly, we’d like to ask for some clarification on the self-performed work. We have our own trade contracting division and we request that the housing authority provide clarification for how self-performed work would be treated both for the base original contract and for change orders. Thank you very much.

Cindy Deakyne – Thank you.
Pat Coleman (New Ecology) – Just a couple of comments on the energy and green building elements of the QAP. We’ll send a letter with some requests to your suggested clarifications on the definition of an energy audit and actually suggesting kind of breaking that apart to two different things depending on the project. I think energy audits are great for what we would term as moderate rehabs when you’re not going to gut the whole building – that makes a whole lot of sense. For gut rehabs, they really function much more similarly to a new construction project and so we would rather suggest something more like in the degree of and design process. Secondly, on the green building certifications we would suggest that more points be awarded for passive housing to keep the overall point structure the same, but passive housing requires more than all the others. Then just a comment, maybe a footnote in the QAP itself, for folks here that may not be aware, enterprise green communities which I know has been selected by a number of projects in the last couple of years – there’s going to be a new version of that that is issued in January. We’ve seen a draft and we don’t think there’s a lot of changes to it – it’s mostly just cleaning things up, but folks should be aware that I think what’s going to happen is if your pre-billed submission goes in after October of 2020, you’re going to have to use the 2020 version of the green community, so it’s something to think about.

Cindy Deakyne – Thank you.

Ryan Bailey (Pennrose Properties) – We applaud you opening up the competition to all projects in the continuous rule – we think that if the scoring criteria in the QAP is representative of the state’s housing policies, then competition should be opened up to everyone. Just a clarification we’d like made is it closing or the 10% test very different things – the 10% test requires a lot of money going out at closing which should be enough to get to the next application. Just a general statement, you’re motivating me to close a previous deal – putting a carrot out there – to get in another application that year, it’s a huge motivator to get those projects to closing. Community centers on phased developments – we don’t think each phase should have to spend the resources to create duplicative phasing community centers and then the distressed areas scoring if you have a project that has a lot of revitalization plans and moving forward, then the scoring should be considered there. Thank you.

Cindy Deakyne – Thank you.

Joe Gordon (Green Joe Green) – Firstly, I’d like to commend DSHA for recognizing the National Green Building Standard with regard to the energy conservation measures and three (3) base points under that. I would say that the QAP lacks clarity regarding whether or not 3rd party certification is required to earn the 3 base points under energy conservation measures or whether simply building to the specified rating system is sufficient to demonstrate compliance. The value of a 3rd party verification cannot be overstated.
Tom Ayd (Green Street Housing) – It was mentioned that a priority of the A.I. was to fund older deals that are in need of preservation, but might not be located in areas of opportunity. My recommendation is that DSHA consider writing into the QAP State designated basis boost for family rehabilitation projects located in Kent or Sussex County.

Cindy Deakyne – Thank you. Does anyone else have any other oral comments that they would like to give? Cindy reminded everyone that written comments will be taken until 6 pm tonight via e-mail to me at cindy@destatehousing.com. All comments will be published on our website. Once the comments are gathered, we will go back and discuss them and talk about any revisions to the draft and then we hope to get the Governor’s approval on the final and then publish it maybe by the end of the year – we’ll see. Thank you again for participating in our QAP process as always. Cindy then reminded everyone that on this Giving Tuesday – if anyone would like to take advantage of State Tax Credit program – the Neighborhood Assistance Act (NAA) was still available. Thank you again for coming – we do take all your comments into consideration. If you haven’t met Dawn, come on up and meet her and introduce yourself. We will be up here for a few more minutes if you have questions or if you have your written comments and want to give them to us right now. Thank you and it’s great to see you all.

The Public Hearing was adjourned at 2:15 p.m.

Respectfully submitted,

Mabel Jean Hayes
Administrative Specialist II
DSHA 2020 QAP Responses to Comments Received

Phased Developments

Various comments:

A commenter recommended changing the revised development team percentage to 25% each, has either closed on its financing or met the 10% test vs. has not closed and meet the 10% test.

Allowing phased developments to continue to submit applications regardless of status of current projects may be detrimental to other developments.

Allow waivers for applicants who have completed three DSHA sponsored LIHTC projects as evidenced by 8609’s or remove stabilized operations.

Keep the vetted policy in place as the new change will result in unintended consequences or hyper concentration of resources.

We are concerned about this new threshold and our ability to apply for future applications with DSHA. It is entirely possible for a development team to legitimately have two or more Delaware LIHTC projects that are on schedule yet the projects have not yet converted to permanent financing. This new threshold may have the effect of reducing the number of qualified applications for 9% deals.

75% same team requirement may affect established business relationships.

We strongly disagree with the new language of 75% test on the development team.

Response

DSHA has clarified the new Development Team threshold and has revised the section that the Developer must meet the test.

Tax-Exempt Bond Financed Projects

Comment

Please add “and/or State funding/subsidy” to this section.

Response

New Federal or State subsidy is very infrequent for Delaware, and we want to prioritize projects that receive Federal or State Subsidy awards when the awards are not in the normal LIHTC application cycle. We have clarified this section for project-based subsidies only.
**Developer Fee**

*Comments*

Add language to clarify whether an underlying land lease causes a project to be considered an identity of interest.

Remove exclusions from the tax-exempt definition including assumed debt, acquisition costs and any limitation on identity of interest.

*Response*

A land lease structure may be considered identity of interest (IOI) depending on the relationship between the parties involved. Under the current definitions, if there is an IOI between the developer, applicant, lessee, lessor, or landowner than it would be considered an IOI.

DSHA is reviewing the developer fee definition in 2020 for the 2021 QAP and will consider many recommendations to simplify the definition.

**Preservation**

*Comment*

The increase from $50,000 to $75,000 is out of sync with best practices. We recommend 6-8%. We believe the incentive to repay DSHA debt should continue in this category.

*Response*

DSHA cost certification data indicates all 9% rehab projects are spending more than $90,000 per unit on hard costs. We will however, reduce the new requirement to $65,000.

Based on research on LIHTC projects with DSHA debt, it is unlikely on re-syndications that the full debt can be re-paid. Therefore, DSHA has decided to begin implementing other financing tools for re-payment of DSHA debt.

**Development and Unit Amenities**

*Comments*

On-site Community Center should include multi-phased developments community centers must meet all the requirements and the center must be within 1,250 feet of the phase.

We would like the Security/Surveillance System with connection to the local police department be added back as an Amenity.

*Response*

DSHA will review and research the recommendations for future projects.

DSHA has required for many years Security/Surveillance systems, however, connecting to the local police department was incentivized. After many years of this incentive, we
are now requiring providing access to these systems. Local police departments have stated that they cannot monitor these systems but would like access should they need to review the records.

**Provision of Social Services**

*Comment*

Based on the distribution of affordable housing across the counties, please consider offering an increased scale of social services points for Sussex County given the distance in between service providers and the affordable communities.

*Response*

We recognize that Sussex County is at a disadvantage for the distance to various services. However, based on our previous applicant awards in Sussex County, there are many service providers that will provide services on-site at our affordable housing properties, many times for free. At this time, we do not have enough data to support a different scale for Sussex County.

**Energy Conservation Measures**

*Comments*

Commends DSHA for commitment to sustainable housing by continuing to include green programs like the NGBS; Clarification of third-party certification of NGBS.

“Energy Audit” definition should be clarified. Integrated Design Kick-Off Meeting definition should be clarified.

Enterprise Green Communities will publish new criteria Jan. 2020. Therefore, clarification of to reduced HERS scores for gut rehab projects should be considered.

More points should be awarded for Passive House Certification than other certification pathways.

*Response*

DSHA will update and clarify with any new requirements or definitions.

We will consider adding more points for Passive House and take under advisement for the future.

**Promoting Balanced Areas of Opportunity / Distressed**

*Comments*

Please add 5 points for Family developments in Stable Areas.

Areas that are identified as distressed with comprehensive strategies for revitalization should be considered for 5 points.
Provide a designated basis boost for family rehab projects in Kent and Sussex regardless of in an area of opportunity.

Response
DSHA recognizes developments in areas of opportunities presently have unique challenges (higher costs, land use issues, community opposition), and we are incentivizing properties that can overcome those barriers. In addition, the most recent Analysis of Impediments has indicated that there needs to be more importance given for providing new affordable housing families in these opportunities’ areas.

Properties cannot be both an area of opportunity and in a CCRP and QCT. However, there are scoring opportunities for both types of projects.

Family projects in Kent and Sussex counties that are in areas of opportunities or are in a CCRP and QCT are eligible to receive a basis boost.

Community Compatibility
Comment
Only 4 points are available under the Residential Appropriateness. We suggest adding the Overall Quality bullet from 2019.

Response
Community Compatibility Category score was increased to 12 points and has three different sections. Connectivity, Residential Appropriateness and Community Design. Residential Appropriateness involves weighing the overall evaluation of the quality and nature of the project. The bullet points are suggestions, not necessarily a checklist and we can consider other areas in the documentation submitted for scoring.

Access to Transit
Comments
Specify only two DTC applications per developer may be submitted.

Only two projects may be submitted to DTC for 2020 seems unreasonable and this clause should be omitted in its entirety.

Response
Clarification has been made to this category. However, there have been times when Developers have sent in 10-15 potential projects and those projects did not proceed with an LIHTC application. DTC still has to do the same research and evaluation for the transit stop requests they receive, and only should prepare reviews on projects that will be moving forward as an application to DSHA.
**Concerted Community Revitalization Plan (CCRP)**

**Comments**

Confirm that County’s Comprehensive Plans such as 2018 Sussex County qualify as a CCRP and confirm that a project could utilize the Annual Report from the Office of State Planning.

Please add language that exempts projects in unincorporated geographies from the QCT requirement and allow for 10 points by demonstrating contribution to the goals of the CCRP, which may include County Comprehensive Plans.

**Response**

While a County Comprehensive Plan could be used as documentation, the purpose of the CCRP is to show evidence that the project actually contributes to the revitalization plan of the community, and must be specific to the project and demonstrate other overall economic efforts. If the Plan does that, then the County Plan can be used as documentation. The CCRP and/or County Plan must support affordable housing in a certain zip code. If affordable housing is mentioned generally, that does not meet the definition of a CCRP.

No, the Annual Report from Office of State Planning cannot be used as documentation for this category.

While we agree on certain aspects due to the rural nature of Sussex County or unincorporated areas, it is an IRS requirement to be in a Qualified Census Tracts (QCT) and a CCRP. HFA’s are required to incentivize QCT’s that have CCRP’s.

**CCRP, Downtown Development Projects (DDD) and Opportunity Zone (OZ) Points**

**Comment**

We believe that current policy skews towards development in the municipalities of New Castle County as evidenced by three projects receiving funding in Wilmington last cycle. Please consider that Qualified Census Tracts cover significantly more geography in New Castle County cities than elsewhere in the State. We also feel that NIMBY activity makes development in Areas of Opportunity disproportionately more difficult than in QCTs. Please add language that exempts projects in unincorporated geographies from the QCT requirement and allows for 10 points by demonstrating contribution to the goals of the CCRP, which may include the County Comprehensive Plan.

**Response**

Properties in CCRP, DDD and OZ’s should demonstrate that the local municipality has strategies for revitalization the community including affordable housing, infrastructure, transportation, commitments for investments and community input. The QCT is an IRS requirement.
Sites and Neighborhood Standards

Comments
Rural and Unincorporated areas should receive 3 times the radius. 1.5 times does not provide parity in Kent and Sussex Counties compared to the density of New Castle County.

Remove negative points in this category from the base score it is unfair to projects in distressed areas.

Response
While we recognize that rural and incorporated areas have fewer amenities close to many developments, we are incentivizing applications that have amenities that are as walkable as possible. We have made considerations for scoring for Kent and Sussex.

There are sufficient points in this category to outweigh the negative points for the project and still score the maximum. The negative points are for balancing projects that are sited near distressed locations.

Mixed Income/Market Rate

Comment
The scoring criteria cannot be obtained by existing preservation transactions subject to extended use. Please consider adding additional scoring incentives under the Preservation factor to ensure fluid competition.

Response
This category was developed to recognize mixed income projects particularly in more urban areas that could provide a mix of units at various income levels. In addition, DSHA Income Average policy allows for higher incomes for preservation projects on re-syndication.

Cost Containment and Cost Balance

Comment
DSHA minimum design coupled with an incentive to invest $75,000/unit in hard costs makes cost containment unattainable for most preservation deals over 50 units. Acquisition costs should be backed out of TDC in order to provide a level opportunity for scoring.

Response
DSHA has a cost database on all acquisition and rehab projects and the costs are based on cost certifications. These numbers are the base for the average costs for this category. In addition to cost containment, there are an additional 5 points for cost balance to incentivize better rehab.
**Leveraging**  
*Comment*  
Please categorize NHTF and HOME funding the same way in Leveraging regardless of the originator of funds. The current structure remains a significant disadvantage to Kent and Sussex County. DSHA is acting in its role as housing authority, not housing finance agency, when allocating these federal resources.

*Response*  
DSHA utilizes HOME funds in Kent and Sussex counties in lieu of the Housing Development Fund (HDF). However, we do recognize that jurisdictional HOME funds are not available in Kent and Sussex counties. The leverage category does have a different sliding scale for Kent and Sussex. DSHA will consider balancing HOME funds for the lower counties in the future.

**Section 811 Participation**  
*Comment*  
Point incentive to accept 811 subsidies, as currently worded, disproportionately impacts larger owners. This category should offer points to accept units on 20% of a selected project rather than on 20% of the owner’s total qualifying portfolio. This is discouraging participation in an important program.

*Response*  
In the 2019 QAP, this category was revised to incentivize more portfolio owners to participate in the Section 811 program so that DSHA may meet our HUD contract requirements.

DSHA will provide a scale for the number of units participating vs. a percentage of the owner’s portfolio as we still encourage participation in the Section 811 program by increasing the number of units under current contracts or adding new units at eligible properties.

**Management Experience**  
*Comment*  
We recommend the scoring for Management Experience be re-instated to 10 points.

*Response*  
In the 2019 QAP, DSHA added 5 points to the Management Experience for performance of the any Target Unit or Section 811 units that were required. In the 2020 QAP, DSHA kept these points but moved them under the Section 811 Target Unit Category. Therefore, the points are still attainable.
Underwriting - Rent/Lease Up Fees

Comment
Increase the fee from $500 to $750 – this would be more in line with actual costs.

Response
DSHA will consider in the future pending actual documentation of costs.

Design and Construction Standards

Comment
On general contractor markups, there are three (3) different types of markups that we would request that the housing authority change that to be consistent across the board for all markups for change orders whether it’s first tier, second tier, self-performed work it should be the same as what the agreed upon markups for general conditions and profit were for the job in the beginning.

Response
Starting with projects funded in 2020, DSHA will amend the policy.

The maximum subcontractor mark-up is 12%. Any work performed by a second-tier subcontractor (“sub-subcontractors”) must be attached to the proposal of the first-tier subcontractor and must also list values for material, labor (including labor rates), and mark-ups. Work performed by second-tier subcontractors is limited to a single mark-up of 10%. The first-tier subcontractor is allowed a single mark-up of 12% of the second-tier subcontractor’s proposal amount. The General Contractor is allowed a general requirements mark-up of 7% and an overhead and profit mark-up of 7% (or the maximum percentage as established at construction closing, whichever is less). DSHA will not accept any change orders from subcontractors lower than second-tier subcontractors (i.e. third-tier subcontractors or “sub-sub-subcontractors”) or change orders with multiple second-tier contractors, and reserves the right to disallow change orders that include second-tier subcontractors.

NOTE: DSHA only establishes maximum mark-up percentages for change orders. The owner and contractor may agree to lesser mark-up percentages as a condition of their contract. This must be decided and documented as part of the construction contract signed at construction closing. DSHA reserves the right to disallow all mark-ups on change orders.

Comment
Please clarify self-performed work. We have our own trade contracting division and we request that the housing authority provide clarification for how self-performed work would be treated both for the base original contract and for change orders

Response
The GC is permitted to self-perform work as part of the base original contract or for change orders as long as the trade is directly employed by the GC (i.e. if the General Contractor directly employs a licensed plumber, the GC may self-perform plumbing
trades on the job). Identity of Interest subcontractors are prohibited. The GC cannot self-perform trade items where a third-party subcontractor is already under contract; if the GC provides supplemental labor to the third-party subcontractor already under contract, the GC cannot charge their time/costs to the project. DSHA reserves the right to require the GC obtain three (3) competitive bids and cannot charge any more than the lowest bid as part of the base contract pricing. When self-performing trades, the GC is required to follow guidelines for subcontractors, including, but not limited to:

1. Must provide fully-executed contracts/agreements inclusive of the bid breakdown to DSHA before any work is commenced and prior to any payments being made to the GC acting in a subcontractor capacity;
2. Must provide all required draw and change order backup; and
3. Must provide releases of liens.

Change orders will not be permitted for non-licensed trade line items. Change orders for licensed trade line items will be permitted with the following conditions:

1. Work is limited to a single mark-up of 10%;
2. The General Contractor is allowed a general requirements mark-up of 7% and an overhead and profit mark-up of 7% (or the maximum percentage as established at construction closing, whichever is less);
3. DSHA will not accept any change orders with second-tier subcontractors or lower as defined in the change order policy; and
4. DSHA reserves the right to require the GC obtain three (3) competitive bids and cannot charge any more than the lowest bid.

Please refer to the DSHA Cost Certification and Draw Guide for additional information which will be updated in 2020.
November 19, 2019

Ms. Cindy Deakyne
Delaware State Housing Authority
18 The Green
Dover, DE 19901

Submitted electronically: cindy@destatehousing.com

Dear Ms. Deakyne:

On behalf of Home Innovation Research Labs, I commend the Delaware State Housing Authority (DSHA) for recognizing the ICC/ASHRAE – 700 National Green Building Standard (NGBS) in the Draft 2020 Delaware Qualified Allocation Plan (QAP) for Low-Income Housing Tax Credits (LIHTC). The NGBS was specifically designed for residential projects and is affordable to implement, making it ideally suited for low-income housing programs.

In addition, I request clarification regarding the Energy Conservation Measures compliance requirements. It is unclear whether third-party certification is required for many of the programs identified. Within the blue table at the bottom of page 45, “certification” is only specified for Passive House. Without more explicit information, a developer may assume that simply complying with the stated standards without third-party verification or certification would be acceptable. Home Innovation Research Labs recognizes the tremendous value of third-party certification for assurance of building performance and quality. By specifying third-party green certification for all energy efficiency and green building programs, DSHA would gain a clear understanding of the performance of funded projects. The agency could rely on the stringent levels of verification and quality assurance required by the certification programs while incurring little to no direct oversight cost.

This letter includes an overview of Home Innovation’s NGBS Green certification program, including market and policy acceptance and certification activity.

National Green Building Standard Overview
The NGBS was the first residential green building rating system to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). The
original 2008 version was approved by ANSI in 2009; the 2012 version was approved by ANSI in early 2013; and the 2015 edition was approved in March 2016. The 2008 and 2012 NGBS versions were jointly developed by the National Association of Homebuilders (NAHB) and the International Code Council (ICC). For the third edition of the standard, the 2015 version\(^1\), ASHRAE joined as a third co-sponsor. This partnership further cements the NGBS as the preeminent green standard for residential construction.

The NGBS carries three important designations. It is ANSI-approved as an American National Standard. It is also part of the family of ICC International-codes (I-Codes) that form a complete set of comprehensive and coordinated building codes. Last, it is approved as an ASHRAE Standard.

As one of the I-Codes, the NGBS is written in code language to make it easy for industry professionals and contractors to understand. I believe this is one reason the NGBS has been successful even in areas where it is not part of the building code and is used as an above-code program. For a residential building to be in compliance, the building must contain all mandatory practices in the NGBS. The building must also contain enough practices from each of the six categories of green building practices to meet the required threshold points.\(^2\) The six categories of green practices are:

- Lot & Site Development
- Resource Efficiency
- Energy Efficiency
- Water Efficiency
- Indoor Environmental Quality
- Homeowner Education

Under the NGBS, homes and multifamily buildings can attain one of four potential certification levels: Bronze, Silver, Gold, or Emerald. The NGBS was specifically designed so that no one category of green practices is weighted as more important than another. Peerless among other green rating systems, the NGBS requires that all projects must achieve a minimum point

---

\(^1\) More information at [www.homeinnovation.com/ngbs](http://www.homeinnovation.com/ngbs).

\(^2\) See page 12 in ICC 700-2012 NGBS.
threshold in every category of green building practice to be certified. A project certified to the NGBS can't merely obtain all or most of its points in a few categories, as other rating systems allow. This requirement makes the NGBS the most rigorous green building rating systems available.

The NGBS’s mandatory provisions must be met for certification at any level. There are no exemptions. However, unlike other green building rating systems, the NGBS contains an expansive array of green building practices aimed at all phases of the development process: design, construction, verification, and operation. This provides the flexibility builders and developers need to ensure their green projects reflect their geographic location, climatic region, cost constraints, and the type of project they are constructing.

---

Certification Program

Home Innovation Research Labs serves as Adopting Entity and provides certification services to the NGBS. Home Innovation Labs is a 55-year old, internationally-recognized, accredited product testing and certification laboratory located in Upper Marlboro, Maryland. Our work is solely focused on the residential construction industry and our mission is to improve the affordability, performance, and durability of housing by helping overcome barriers to innovation. Our core competency is as an independent, third-party product testing and certification lab, making us uniquely suited to administer a green certification program for residential buildings. Our staff is made up of mechanical, structural, and electrical engineers; planners; economists; architects; former builders, remodelers, and contractors; lab and technicians. Combined, they possess an unparalleled depth of knowledge and experience in all facets of market analysis and building science research and testing. Why is that important? Because behind every building seeking NGBS compliance stands a team of experts on a mission to help them succeed. Participation in NGBS Green brings our building science expertise to each project team at no additional cost.

Independent, Third-Party Verification

The NGBS requires that a qualified, independent third-party inspect the project and verify that all green design or construction practices claimed by the builder toward green certification are incorporated correctly into the project. Most projects require at least two inspections. The verifier must perform a rough inspection before the drywall is installed to observe the wall cavities, and a final inspection once the project is complete. The required verification offers imbeds an elevated level of rigor and quality assurance to the projects that are certified. An affordable housing organization can be assured that construction practices for higher building performance and healthier residences are successfully achieved.
Verifiers record the results of their rough and final inspections on a Verification Report, which is submitted to Home Innovation Research Labs. Home Innovation reviews every rough and final inspection to ensure national consistency and accuracy in the verification reports. After the Verification Reports are reviewed and approved, our team issues green certification to the project.


Home Innovation maintains strict rules to ensure verifiers remain independent and free of conflict-of-interest on the projects for which they provide verification services. Verifiers serve as our field agents to confirm buildings are NGBS compliant. Further, we regularly audit our verifiers and their verifications as part of our internal quality assurance program.

**Legislative and Regulatory Parity**
The NGBS was developed after LEED and Enterprise Green Communities rating system; therefore, at first these rating systems were more commonly recognized in legislative and regulatory initiatives. However, since 2009 when ANSI first approved the NGBS, without exception the NGBS has been considered as on par or more stringent than LEED or Green Communities as a green building rating system for residential projects.

- On the federal level, HUD recognizes the NGBS by name specifically and as on par with Green Communities. For example, in their 2013 funding notice for jurisdictions affected by Hurricane Sandy, the agency cited the NGBS as an acceptable green standard for reconstruction efforts. HUD’s April 2016 Mortgage Insurance Premium reduction program recognizes NGBS Green as one of the accepted green certification programs.
- The US Department of Army recognizes NGBS as a LEED equivalent for military housing nationwide.
- 22 states recognize, mandate, or incentivize NGBS certification through their Qualified Allocation Plan for the federal Low-Income Housing Tax Credit Program.

2 US Department of Housing and Urban Development memo from Kathryn Saylor, Assistant Inspector General for Evaluation to Clifford Taffet, General Deputy Assistant Secretary, dated November 20, 2015 citing National Green Building Standard specifically as one of the HUD adopted energy building rating systems.
To date, not a single jurisdiction has refused to recognize the NGBS as an alternative compliance path for any regulatory or incentive program where we have asked them to make an equivalency decision. For a more complete listing of where NGBS has been recognized, visit our summary of incentives.

QAP Recognition of the NGBS
The National Green Standard is currently recognized in 22 state Qualified Allocation Plans (QAPs), and an increasing number of State Housing Finance Agencies have been adding NGBS green certification to their QAPs to help promote green affordable housing. In these plans, NGBS is recognized as on-par with comparable programs, such as LEED and Enterprise Green Communities, and other regional programs such as Earth Advantage. Multifamily builders who utilize NGBS for low-income housing tax credits typically receive the same number of points for NGBS as they would for an alternative program. The straight-forward and low-cost nature of the NGBS certification program make it ideally suited for affordable housing development, and this is evident by the number of Habitat for Humanity organizations and other LIHTC providers who select NGBS as their program of choice.

Program Statistics to Date
Home Innovation has certified 5,025 multifamily buildings representing 180,504 dwelling units. Currently, there are 3,005 multifamily buildings in progress, representing an additional 134,609 dwelling units. I believe that these statistics show that we have been successful in designing a green certification program that is affordable and flexible, while remaining rigorous.

The local building community in Delaware is familiar with the National Green Building Standard; many area builders have aligned their building practices to certification. Across Delaware, Home Innovation has certified 21 multifamily buildings, representing 481 dwelling units, and 1,438 single-family homes. Currently, there are 2 multifamily buildings, representing 75 dwelling units, and 2,792 single-family homes in-process for certification.

Summary
The goal of the NGBS and the Home Innovation NGBS Green Certification Program is to recognize projects that reach exceptional levels of sustainable design. We have worked hard to develop a program that removes as many barriers as possible to high-performance green

3 www.homeinnovation.com/ngbsgreenincentives
buildings without eliminating any of the rigor or verification necessary to ensure compliance. To this end, we have kept our certification fees low, minimize the time needed for interpretations and project review, and significantly reduced the costs required to incorporate green practices. I support Delaware’s recognition of NGBS Green certification, rather than simply compliance with the NGBS criteria.

We look forward to discussing it further with you or staff if you require a more detailed overview of the NGBS or the green certification program. We will also gladly send you any supplemental information that you might require for further support. Please do not hesitate to contact Michelle Foster (mfoster@homeinnovation.com, 301.430.6205), our Vice President, Innovation Services, directly if she can be of further assistance.

I look forward to working with you to promote green certified housing built to the National Green Building Standard.

Sincerely,

Michael Luzier
President and CEO
To: Cindy Deakyne, Delaware State Housing Authority  
From: Pat Coleman, New Ecology, Inc.  
Re: Comments on the 2020 Draft Qualified Allocation Plan  
Date: December 3, 2019

Introduction and General Comments  
Thank you for the opportunity to submit the following comments regarding the Delaware State Housing Authority’s (DSHA) 2020 Draft Qualified Allocation Plan (QAP). Given our role and expertise in this field, New Ecology, Inc.’s (NEI) comments focus on the green building, energy performance, and resiliency elements of the QAP as well as the logical points of connection to the Energize Delaware Affordable Multifamily Housing Program, which NEI manages on behalf of the Delaware Sustainable Energy Utility.

In general, NEI commends DSHA for incorporating green building and energy performance so clearly and concisely in its QAP; we believe it is a national model in that regard. We also want to acknowledge DSHA’s efforts to incorporate resiliency so squarely in the QAP with the newly added prohibition against projects in 500-year flood zones (with the Preservation exception) and incentives for projects outside of 100-year flood zones. Should projects be submitted which are in a flood plain, we encourage DSHA to work with the project team to define strategies to protect the site in the event of a flood. Additionally, we look forward to continuing our partnership with DSHA on the Risk Analysis and Resiliency Assessment project through the coming year and expect to provide additional comments on resiliency to inform the 2021 QAP.

Below, we have provided more specific comments on several energy and green building elements of the QAP. If helpful, we would be happy to discuss these comments with you and options to integrate them into the existing structure of the QAP and DSHA’s Low Income Housing Tax Credit (LIHTC) program.

Regarding the Definition of an “Energy Audit”  
The draft document defines an energy audit, on p. 11 of the QAP, as follows:

“An audit conducted by a professional firm whereby the individuals performing the audit are certified by the Building Performance Institute which covers existing
properties and determines which energy saving measures can be incorporated into the Architects’ design. For new construction projects, an Energy Audit must include review of drawings to include the proposed energy saving measures into the final design. In addition, evidence of integrated design process and review of drawings by the project Developer, architect, engineer, general contractor and energy consultant (HERS rater) should be provided at application. For rehabilitation projects, an ASHRAE protocol assessment should be provided at application.”

We commend DSHA for seeking to update this definition and offer the following suggestions.

It is NEI’s opinion that an energy audit, as described below, is appropriate for rehabilitations where the project scope will include replacement of many but not all building systems. For example, such a project may include replacement of heating and cooling equipment, but not DHW systems or opening up of the wall cavities which would facilitate envelope improvements. We would term such projects as “moderate rehabilitations.” In contrast, we define more extensive rehabilitations that replace all building systems and open up wall cavities as “gut rehabilitations.” From an energy performance and design perspective, gut rehabilitation projects function more like new construction projects than they do moderate rehabilitations. Therefore, the analysis and design approach differs for moderate and gut rehabilitations. NEI recognizes that these definitions may overlap or contrast with existing terms in DSHA’s QAP and encourages alignment where feasible.

Regarding the definition of the energy audit, NEI suggests DSHA establish an industry-accepted assessment protocol so all parties share a common the expectation. To that end, NEI suggests DSHA set a requirement for an ASHRAE Level II audit for moderate rehabilitation projects. Establishing such a requirement will likely result in more rigorous energy analysis of moderate rehabilitation projects than in previous QAP cycles, but such studies will enhance the project developer and design team’s ability to strategically improve the energy performance of the property through the rehabilitation.

NEI acknowledges that an ASHRAE Level II analysis will likely require more time and cost than the energy audits performed in previous QAP cycles. Indeed, such analyses require a collection of historic utility data, site visits, and engineering calculations that can require 6-8 weeks to complete. Nevertheless, we want to highlight, and encourage DSHA to make all parties aware, that the Energize Delaware Affordable Multifamily Housing Program can provide a 90% subsidy on such ASHRAE Level II assessments and that resource is available to LIHTC project applicants. NEI also wishes to note that in our three years in the DE market, we believe that most of the LIHTC projects have been new construction or gut rehabilitation projects rather than moderate rehabilitation projects. As such, the requirement for this more extensive energy assessment would not apply to most applicants.
Also described below, we encourage DSHA to substitute the energy audit requirement with a requirement for an **integrated design process** for new construction and gut rehabilitation projects. For gut rehabilitations, there is limited value to provide an energy audit as the building systems and equipment analyzed will be replaced. Rather, there is great value in a collaborative process involving the project team members in a discussion of the project’s challenges and opportunities with respect to energy performance – as well as many other project elements. Similar to the energy audits, the Energize Delaware Affordable Multifamily Housing Program has resources available, including pre-development grants and subsidized technical assistance, to enable project teams to satisfy this requirement. Accordingly, we suggest that DSHA add the definition of an Integrated Design Kick-Off Meeting below and incorporate it in the LIHTC submission process application.

**Proposed New Definitions:**

**Energy Audit**
An assessment of the energy savings opportunities for moderate rehabilitation projects. The assessment must be performed by an individual certified by the Building Performance Institute and define practical energy savings measures to be incorporated into the Architects’ design through rehabilitation. A report documenting the energy assessment, in compliance with an ASHRAE Level II standard, at minimum, must be provided at application.

**Integrated Design Kick-Off Meeting**
A collaborative meeting for new construction and gut rehabilitation projects (where all building systems will be replaced) which discusses the project site, property design goals, DSHA requirements and standards (including energy efficiency, green building, and resilience), and budget. This meeting must include representation from project development team, the architect, relevant engineers, general contractor and energy consultant (e.g. HERS rater) following a review of initial project drawings. Evidence of this discussion, such as through the provision of meeting minutes, must be provided at application.

**Regarding the Energy Conservation Measures**

*Award more points for Passive House certification than the other certification pathways.* The rigor required and relative energy performance likely achieved through compliance with the Passive House standard warrants more points relative to the other standards included in DSHA’s QAP. To maintain the same overall point structure, we suggest that projects seeking certification through DOE’s Zero Energy Ready Homes (ZERH) program or those achieving the reduced HERS scores be awarded 4 points while those seeking Passive House certification be awarded 5 points. The program framework and critical milestones described in the QAP and
associated documents, such as in Exhibit 32, remain appropriate. However, should DSHA increase the points available for Passive House relative to the other options, we suggest that the Passive House section of Exhibit 32 be separated from the ZERH and reduced HERS options.

Add a note in anticipation of an updated version of Enterprise Green Communities in Exhibit 32. The QAP references the Enterprise Green Communities (EGC) 2015 criteria. NEI understands that EGC intends to release an updated version of its criteria in January 2020. NEI has reviewed the draft EGC 2020 criteria and does not believe there are many major changes; much of the update is a reorganization or program requirements for clarity purposes. We do, however, expect it will be helpful for DSHA to note that some of the numbering conventions may change. For example, we believe that EGC 2015 criteria 7.1, noted in DSHA’s Exhibit 32, will become EGC 2020 criteria 7.7. Of course, we await the final version from EGC to be certain, but it may be helpful to note this possibility for LIHTC applicants.

Also, it is NEI’s understanding that projects will be permitted to submit Pre-Build documentation to EGC using either the 2015 or 2020 criteria until October 2020. After that, projects will be required to use the 2020 criteria. It will be helpful for LIHTC applicants and their design team to be aware of this change.

Update the additional requirements for the NGBS certification option. NGBS has updated its certification requirements, and there are some changes which DSHA can incorporate with respect to the additional requirements for this certification pathway. Firstly, NGBS now requires Air Sealing and Insulation testing, so there is no need for the third bullet point under this option in Exhibit 32. Additionally, NEI suggests that DSHA make a minor change to the Installation & Performance Verification requirement. We encourage DSHA to make the following changes:

• Installation & Performance Verification 705.6.2 for all projects
• Building Ventilation Systems 902.2 for New Construction and 11.902.2 for Remodeling
• Air Sealing and Insulation 701.4.3.2 for New Construction and 11.701.4.3.2 for Remodeling. (1) Testing Option under this mandatory measure must be selected (vs. Visual Inspection). In addition, for Remodeling projects where any existing combustion appliances or systems are retained, these items must be tested per BPI Minimum Health and Safety Requirements.

Clarify that the additional points for reduced HERS scores are not available for gut rehabilitation projects.
As described in the QAP and Exhibit 32, the points available for reduced HERS scores of 75 or 90 are for Acquisition / Rehabilitation projects. NEI encourages DSHA to clarify that these additional points should only be available for moderate rehabilitation projects and not gut rehabilitation projects, as NEI defined above. It is our opinion that gut rehabilitations can readily achieve these HERS scores and, indeed, they should be pursuing more rigorous compliance pathways to secure additional points. For example, a gut rehabilitation project pursuing EGC would likely be required by that program to achieve ENERGY STAR certification, which likely would result in HERS scores far lower than these 75 or 90 thresholds. This avenue for additional points for reduced HERS scores should only be available for moderate rehabilitations which could not feasibly achieve an ENERGY STAR certification. The analogous pathway for gut rehabilitation projects to achieve more than the base three points would be for such projects to pursue DOE’s ZERH or Passive House certification.

*Enhance the performance standard required for additional points with reduced HERS scores.* The language regarding the requirements for reduced HERS scores in the QAP was modeled on analogous language in EGC 2015. As noted above, EGC plans to issue a revised set of criteria, developed through extensive engagement with the LIHTC community nationally, in early January. NEI believes EGC 2020 will reduce the HERS index requirements for the non-masonry projects by 5 points. Accordingly, we suggest DSHA reduce the HERS index threshold by 5 points. Additionally, we suggest simplifying the language of this requirement to match the modified EGC language. Our suggestions are as follows:

For Acquisition/Rehabilitation:

[ ] HERS index rating of 705 or less for each dwelling unit in buildings that are three stories or fewer, or four or five stories where each dwelling unit has its own heating, cooling and hot water system; with the exception for substantial rehabs of buildings with walls made only of brick / masonry and built before 1980, as well as moderate rehabs of buildings built before 1980, which are permitted to have a HERS Index score of 90 or less for each unit.

Update the ENERGY STAR Program Naming Conventions

ENERGY STAR has modified its program design and naming conventions. NEI therefore suggests DSHA update the language on p. 10 of 18 of its Underwriting Guidelines for enhanced clarity as follows:

“All developments receiving an EDLF Loan must demonstrate that project’s energy performance will exceed the requirements of the prevailing energy code through a computer simulation of building energy performance using commercially available software such as that prescribed by the RESNET or ASHRAE 90.1 Appendix G protocols and/or the applicable Energy Star Homes or Multifamily New Construction High Rise Programs.”
Thank you for this opportunity to comment.
Comments to the 2020 Draft Qualified Allocation Plan

Dear Cindy,

Please accept the following comments from LNWA on the draft 2020 Qualified Allocation Plan. We welcome any questions you have.

- **Page 7 Definitions: Concerted Community Revitalization Plan**: Please confirm that County Comprehensive Plans, such as the 2012-2022 NCC and 2018 Sussex Plan qualify as CCRP’s. Please confirm that a project could utilize the required Annual Report to the Office of State Planning to qualify as an update or to demonstrate a specific “contribution”.

- **Page 8, Definitions: Developer Fee**: Please add language clarifying whether an underlying land lease causes a project to be considered an identity of interest acquisition.

- **Page 9, Definitions: Developer Fee Tax Exempt Projects**: We are observing moderate participation in DE tax-exempt bond projects in recent years. As posted on the DSHA website, it appears no 4% projects were proposed in the 2019 cycle. To encourage feasible projects in this important affordable housing production program, we would suggest stripping various exclusions from the developer fee calculation in this category. Developer fee in 4% projects is an important mechanism to increase eligible basis and further the ability to fill financing gaps with deferred fee.
Exclusions that should be removed include: assumed DSHA debt, acquisition costs and any limitation on identity of interest.

- **Page 25, General Application Limits:** We oppose the removal of language that requires phased developments be “proven” prior to making application for subsequent phases. Please see our participation in a separately submitted letter filled by a consortium of development organizations.
  - **Suggestions for middle ground:** DSHA will waive this language for applicants having complete three DSHA sponsored LIHTC projects as evidenced by executed 8609s.
    - **Suggestions for middle ground:** Removal of language related to stabilized operations only.

- **Page 34, Threshold Requirements:** Ineligibility clauses item f.: LNWA strongly disagrees with an arbitrary 75% test on the development team to determine application eligibility. LNWA prides itself in being a vertically integrated company that can perform development, construction and management related roles. LNWA has numerous examples during which our firm has had two projects “not converted to permanent financing” primarily by supporting initiatives in both the 4% and 9% programs.

- **Page 41, Scoring and Ranking: Preservation:**
  - A 50% increase from $50,000/unit to $75,000/unit is out of sync with industry best practices. Please trend this increase on par with other typical cost increases at 6-8%.
    - $75,000/unit in hard costs is in direct conflict with cost containment strategies which will also prevent preservation projects from receiving any bonus points.
    - The sliding scale incentive to repay DSHA debt was not held as policy long enough to see meaningful impact. We disagree with removing this provision prior realizing a larger sample of eligible projects.

- **Page 44, Scoring and Ranking: Provision of Social Services:** It is our understanding, based on the Developer Forum discussions, that DSHA is exploring ways to find parity in the distribution of affordable housing assets across all 3 Delaware counties. We believe this is sound policy. The 2014 DSHA commissioned Housing Needs Assessment speaks to patterns of workers and families in
Western Sussex County needing to commute further distances to jobs and amenities in Eastern Sussex. Please consider offering an increased scale of Social Service points for Sussex County given the distances between communities and service providers. We would suggest 3/4/6 points for 1/2/3 qualifying Services.

**Page 46, Scoring and Ranking: Promoting Balanced Housing Opportunities:** We believe there is additional value in encouraging growth in both Areas of Opportunity and Stable communities across our State. Several Stable communities have similar characteristics to Areas of Opportunity, for example Long Neck in Sussex and parts of Middletown in NCC. Please add 5 points for Family developments 100% in Stable Areas, as defined by the Balanced Housing Opportunity Map.

**Page 46, Scoring and Ranking: Community Revitalization, Opportunity Zones, and DDDs:** While unintended, we believe that current policy skews towards development in the municipalities of New Castle County as evidenced by three projects receiving funding in Wilmington last cycle. Please consider that Qualified Census Tracts cover significantly more geography in New Castle County cities than elsewhere in the State. Independent municipalities are much more likely to have adopted a local planning strategy that would likely include a Community Revitalization Plan (CCRP) than their unincorporated counterparts. We also feel that NIMBY activity makes development in Areas of Opportunity disproportionately more difficult than in QCTs. Please add language that exempts projects in unincorporated geographies from the QCT requirement and allows for 10 points by demonstrating contribution to the goals of the CCRP, which may include the County Comprehensive Plan.

**Page 48, Scoring and Ranking: Amenities:** To expand on our theme of resource dispersion, Rural and Unincorporated services should receive 3x mile radius. 1.5x does not provide parity in Kent and Sussex when compared to the densely populated services of New Castle County.

**Page 50, Scoring and Ranking: Residential Appropriateness:** Only 4 points appear to be available under the Residential Appropriateness category. We suggest adding back the Overall Quality bullet as it can benefit both Urban and Area of Opportunity submissions.
• **Page 56, Scoring and Ranking: Mixed Income/Market Rate:** This scoring criterion cannot be obtained by existing LIHTC preservation transactions subject to extended use. Please consider adding additional scoring incentives under the Preservation factor to ensure fluid competition.

• **Page 48, Scoring and Ranking: Cost Containment:** DSHA minimum design coupled with an incentive to invest $75,000/unit in hard costs makes cost containment unattainable for most preservation deals over 50 units. Acquisition costs should be backed out of TDC in order to provide a level opportunity for scoring. This is particularly detrimental to preservation deals as a non-score in this category eliminates any possibility of Bonus points in the application. While preservation competes in its own set-aside, a tiebreaker or balance of credit scenario would result in favorable conditions for new construction projects.

• **Page 57, Scoring and Ranking: Leveraging:** Please categorize NHTF and HOME funding the same way in Leveraging regardless of the originator of funds. The current structure remains a significant disadvantage to Kent and Sussex County. DSHA is acting in its role as housing authority, not housing finance agency, when allocating these federal resources.

• **Page 59, Scoring and Ranking: Section 811:** Point incentive to accept 811 subsidies, as currently worded, disproportionately impacts larger owners. This category should offer points to accept units on 20% of a selected project rather than on 20% of the owner’s total qualifying portfolio. This is discouraging participation in an important program.
Anas Ben Addi, Executive Director  
18 The Green  
Dover, DE 19901  

December 3, 2019  

RE: 2020 Draft Qualified Allocation Plan- General Application Limits

Dear Director Ben Addi,

The undersigned organizations are writing as a collective voice to urge DSHA to maintain policy language in the Qualified Allocation Plan (QAP) that has been redlined for removal in the draft 2020 document as issued on 11/14/2019. As a collective, our organizations have overseen the development of thousands of units of affordable housing in the State of Delaware and have maintained the most active and consistent voices in local housing policy and planning.

The following language has been approved in our State QAP document since 2012:

"Once a development has received a Preliminary Reservation of credits, no additional 9% application(s) for credits for a subsequent phased development on the same or contiguous site(s) may be submitted until such time as the original development is substantially complete and can demonstrate that at least ninety percent (90%) of the original project is rented to qualified residents and has stable operations. Demonstration can include, but is not limited to, leases, deposits on units, relocation documentation, monthly net income reports, and/or income statements. DSHA may waive this requirement at its sole discretion."

The inclusion of this language in our QAP has not resulted in a reduction in the number of affordable units produced. This policy was enacted to hedge against overexposure to any one geography, business entity, and/or government jurisdiction and is policy that fosters parity in the competitive application for Low Income Housing Tax Credits in Delaware.

Specifically, this language is found on page 25 of 84 of the draft 2020 QAP and has been entirely struck for removal. Removal of this language will likely result in unintended consequences, primarily a hyper-concentration of resources. As partners in housing, we urge DSHA to keep this vetted policy language in the 2020 Qualified Allocation Plan.

Thank you for your consideration,

Sean Kelly  
Principal, LNWA, Inc.

Tom Ayd  
Principal, Green Street Housing

Karen Speakman  
Executive Director, NCALL

Christina Stanley  
Vice President, Milford Housing

Glenn Worgan  
Principal, DVDC

*Additional signatures provided as attachments*
Anes Ben Addi, Executive Director  
18 The Green  
Dover, DE 19901  

December 5, 2019

RE: 2020 Draft Qualified Allocation Plan - General Application Limits

Dear Director Ben Addi,

The undersigned organizations are writing as a collective voice to urge DSHA to maintain policy language in the Qualified Allocation Plan (QAP) that has been redlined for removal in the draft 2020 document as issued on 11/14/2019. As a collective, our organizations have overseen the development of thousands of units of affordable housing in the State of Delaware and have maintained the most active and consistent voices in local housing policy and planning.

The following language has been approved in our State QAP document since 2012:

"Once a development has received a Preliminary Reservation of credits, no additional 9% application(s) for credits for a subsequent phased development on the same or contiguous site(s) may be submitted until such time as the original development is substantially complete and can demonstrate that at least ninety percent (90%) of the original project is rented to qualified residents and has stable operations. Demonstration can include, but is not limited to, leases, deposits on units, relocation documentation, monthly net income reports, and/or income statements. DSHA may waive this requirement at its sole discretion."

The inclusion of this language in our QAP has not resulted in a reduction in the number of affordable units produced. This policy was enacted to hedge against overexposure to any one geography, business entity, and/or government jurisdiction and is policy that fosters parity in the competitive application for Low Income Housing Tax Credits in Delaware.

Specifically, this language is found on page 25 of 84 of the draft 2020 QAP and has been entirely struck for removal. Removal of this language will likely result in unintended consequences, primarily a hyper-concentration of resources. As partners in housing, we urge DSHA to keep this vetted policy language in the 2020 Qualified Allocation Plan.

Thank you for your consideration,

________________________________________________________________________

Sean Kelly  
Principal, LNWA, Inc.

________________________________________________________________________

Tom Ayd  
Principal, Green Street Housing

________________________________________________________________________

Karen Speakman  
Executive Director, NCALL

________________________________________________________________________

William G. Roupp  
Executive Director, BHS

________________________________________________________________________

Christina Stanley  
Vice President, Milford Housing

________________________________________________________________________

Glenn Worgan  
Principal, DVDC

________________________________________________________________________

Executive Director, MHP
Anas Ben Addi, Executive Director
18 The Green
Dover, DE 19901

December 3, 2019

RE: 2020 Draft Qualified Allocation Plan- General Application Limits

Dear Director Ben Addi,

The undersigned organizations are writing as a collective voice to urge DSHA to maintain policy language in the Qualified Allocation Plan (QAP) that has been redlined for removal in the draft 2020 document as issued on 11/14/2019. As a collective, our organizations have overseen the development of thousands of units of affordable housing in the State of Delaware and have maintained the most active and consistent voices in local housing policy and planning.

The following language has been approved in our State QAP document since 2012:

"Once a development has received a Preliminary Reservation of credits, no additional 9% application(s) for credits for a subsequent phased development on the same or contiguous site(s) may be submitted until such time as the original development is substantially complete and can demonstrate that at least ninety percent (90%) of the original project is rented to qualified residents and has stable operations. Demonstration can include, but is not limited to, leases, deposits on units, relocation documentation, monthly net income reports, and/or income statements. DSHA may waive this requirement at its sole discretion."

The inclusion of this language in our QAP has not resulted in a reduction in the number of affordable units produced. This policy was enacted to hedge against overexposure to any one geography, business entity, and/or government jurisdiction and is policy that fosters parity in the competitive application for Low Income Housing Tax Credits in Delaware.

Specifically, this language is found on page 25 of 84 of the draft 2020 QAP and has been entirely struck for removal. Removal of this language will likely result in unintended consequences, primarily a hyper-concentration of resources. As partners in housing, we urge DSHA to keep this vetted policy language in the 2020 Qualified Allocation Plan.

Thank you for your consideration,

Sean Kelly
Principal, LNWA, Inc.

Christina Stanley
Vice President, Milford Housing

Tom Ayd
Principal, Green Street Housing

Karen Speakman
Executive Director, NCALL

Glenn Worgan
Principal, DVDC
December 2, 2019

Ms. Cindy Deakyne
Housing Development Administrator
Delaware State Housing Authority
18 The Green
Dover, DE 19901

Dear Ms. Deakyne:

NCALL is submitting the following comments on the proposed Qualified Allocation Plan for FY 2020:

**Page 25, General Application Limits**
We are very concerned by the excision of the paragraph below that will allow phased developments to continue to submit LIHTC applications regardless of the status of their current projects. This change may be detrimental to other developments and we respectfully request that the following language be reinserted:

*Once a development has received a Preliminary Reservation of credits, no additional 9% application(s) for credits for a subsequent phased development on the same or contiguous site(s) may be submitted until such time as the original development is substantially complete and can demonstrate that at least ninety percent (90%) of the original project is rented to qualified residents and has stable operations. Demonstration can include, but is not limited to, leases, deposits on units, relocation documentation, monthly net income reports, and/or income statements. DSHA may waive this requirement at its sole discretion.*

**Page 34, Ineligibility to Apply**
f. We do not understand the thinking behind this change. Working with architects, GCs, etc., with whom an effective business relationship has been established may ensure that a project progresses in a timely and professional manner. Please explain DSHA’s rationale in making this change:

*f.Have a development team (GP/MM ownership, architect, contractor, and management) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and a. Has not closed or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); orb. Has two or more Delaware LIHTC projects that have not converted to permanent financing.*
Page 47, A. Access to Transit

We do not understand what the following means:

NOTE: only two (2) properties may be submitted to DTC for 2020. The deadline for submission to DTC will be February 14, 2020. Does that mean only two DTC applications per developer may be submitted? Please clarify.

In the same section, we are unclear if the following language excludes existing pathway from receiving points, and if so, why:

Alternatively, but not in addition to Transit Readiness, developments may receive 2 points for design that relates to and encourages connectivity with the surrounding community. The project must demonstrate, through a sitemap, that sidewalks and other all-weather pathways are independent of the street or highway edge, connect to adjoining neighborhoods or other trail systems. Unimproved dirt pathways and pathways covered with organic materials such as bark or mulch do not qualify as “all-weather” pathway. Porous pavement, to reduce water runoff, should be considered. All pathways must be fully-accessible and ADA compliant.

We appreciate the opportunity to comment on the QAP, as well as DSHA’s commitment to a fair award process to ensure the credits leverage maximum results.

Best regards,

Patricia Kelleher
Real Estate Development Director

cc: Anas Ben Addi
Susan Eliason
Dear Cindy,

Severn Development Company is concerned about the proposed language in the 2020 DRAFT LIHTC Qualified Allocation Plan, Threshold Requirements, section 15. f. b:

“Applicants are not eligible to compete if they:
“f. Have a development team (GP/MM ownership, architect, contractor, and management) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and”
“b. Has two or more Delaware LIHTC projects that have not converted to permanent financing.”

Primarily, it is entirely possible for a development team to legitimately have two or more Delaware LIHTC projects that are on schedule, yet the projects have not yet converted to permanent financing. This requirement may have the affect of reducing the number of qualified applications for 9% tax credits.

Furthermore, if the intention is to ensure timely completion of projects, then this rule should be refined to address timely delivery according to the mutually developed schedule.

If the Delaware State Housing Authority is concerned with a development team being beyond their capacity to take on additional work, then 15. f. b. should be replaced with language identifying a measure of specific failure by a development team to accomplish their existing workload.

Thanks for considering our comments.

Sincerely Yours,

Spencer J. Leech, III
Vice President

Deliver via e-mail to: cindy@destatehousing.com
December 2, 2019

Ms. Cindy Deakyne  
Delaware State Housing Authority  
18 The Green  
Dover, DE 19901  

RE: Draft 2020 QAP  

Dear Ms. Deakyne,

I am writing you to express our opinion regarding proposed changes that were presented in the Draft 2020 Qualified Allocation Plan.

Item #15. Development Team, paragraph f. on page 34 indicates that an applicant is not eligible to compete if they “have a development team that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years,....."

We believe that a development team that works well together leads to the successful completion of LIHTC projects. This is especially true of phased developments on the same or contiguous sites. Knowledge is learned about specific conditions and nuances particular to a development through the course of a project. This information could be lost if multiple team members were substituted in a subsequent phase, to the detriment of the project. We respectfully request that this phrase be eliminated or modified to exclude phased developments.

Item #20. Minimum Design and Construction Requirements: the addition of the second paragraph on page 37 indicates “For the health and safety of the residents, DSHA requires that all mechanical, electrical, and plumbing systems... in developments that are 15 years old or older be updated to meet the current building code requirements...”

While we agree that the electrical code updates likely impact the health and safety of the building residents, we question the need to apply the same standard to the mechanical and plumbing systems. We feel that upgrades to the mechanical and plumbing systems affect the performance and efficiencies of those systems, and do not directly impact the life safety of the occupants. These systems should be evaluated and determination whether or not to upgrade be based on
utility analysis, energy modeling, life cycle cost evaluation, and overall scope of the renovations.

In addition, we suggest there may be a less rigorous set of construction standards that exclusively apply to moderate-level rehabilitations of existing developments to increase the number of affordable housing units impacted by the LIHTC program.

We thank you for your consideration.

Sincerely,

ARCHITECTURAL ALLIANCE, INC.

Kevin W. Wilson, AIA
Principal
December 3, 2019

VIA ELECTRONIC TRANSMISSION ONLY
Ms. Cynthia L. Deakyne
Housing Development Administrator
Delaware State Housing Authority
18 The Green
Dover, DE 19901

Re: 2020 Qualified Allocation Plan

Dear Ms. Deakyne:

I appreciate the opportunity to submit my comments regarding the proposed 2020 Qualified Allocation Plan (QAP) for your consideration and review.

My administration shares Delaware State Housing Authority's (DSHA) belief that families of all incomes should be able to live in areas that "offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure."

It should be the goal of any Wilmington community revitalization proposal to transform distressed neighborhoods into areas of opportunity while proactively protecting affordable rental housing opportunities so that, in the long-term, children and families of all incomes can benefit from the investments made within the area.

Residents that live in distressed areas of Wilmington are not connected to the opportunities they need to thrive. This geographic lack of opportunity promotes inequity and serves to perpetuate the cycle of intergenerational poverty. To transform these distressed areas into areas of opportunity, multiple investments must be made then nurtured. Long-term commitment is required. The set of investments must include high-quality, mixed income housing that helps to promote balanced housing opportunities.

Furthermore, the approach of assigning demerits for proximity to prisons, railroads, landfills, heavy industry, and such has an inherent bias against urban development proposals and should be reconsidered.
Ms. Cynthia L. Deakyne
Delaware State Housing Authority
December 3, 2019
Page 2

We appreciate DSHA’s goal to “promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income residents or in areas containing a high proportion of affordable rental units and build communities of opportunities for newly created (conversion or new construction) projects.”

As noted above, we agree with the conceptual goals and aspirations of the DSHA in providing affordable housing through the Low Income Housing Tax Credit Program, but there is much work to be done to convert areas of distress into areas of opportunity for all.

It is my belief that a holistic neighborhood focused revitalization plan continuing elements of mixed income housing coupled with a fully integrated cradle to college educational and career readiness pipeline, all bolstered by comprehensive community health & wellness offerings will successfully accomplish this goal. The desired outcome of our collective efforts being to effectively combat the devastating impact that concentrated poverty has within our communities.

We applaud DSHA for appreciating the deep connection between place and opportunity. We believe it is imperative that we make thoughtful, comprehensive investments so that all Delawareans have access to the opportunities they need to thrive.

Respectfully Submitted

Michael S. Purzycki
Mayor
December 2, 2019

Ms. Cynthia L. Deakyne  
Housing Development Administrator  
Delaware State Housing Authority  
18 The Green  
Dover, DE 19901

Re: 2020 Qualified Allocation Plan – Comments and Suggested Amendments

Dear Ms. Deakyne:

Pennrose L.L.C appreciates the opportunity to submit these comments regarding the proposed 2020 Qualified Allocation Plan (“QAP”) for your consideration and review.

Our comments are in relation to following sections: (1) Tax Credit Allocations and Pools – General Application Limits, (2) Tax-Exempt Bond-Financed Developments, (3) Threshold Requirements, (4) Scoring and Ranking, (4) Development and Unit Amenities, (5) Promoting Balanced Housing Opportunities, and (6) Site and Neighborhood Standards. Each section will be addressed in that order with our general comment following.

General Application Limits (page 25 of 84)

We applaud the Delaware State Housing Authority (DSHA) on its efforts to enable larger scale, transformative projects to be more immediately impactful and not take a decade or more to be completed. In order to drive meaningful impact in distressed communities, larger-scale & multiple phased developments are often required. Once a master-planned redevelopment has started, it is critical to keep momentum within the project to ensure community safety and limit the disruption of the residents being relocated. There is also significant cost savings from a construction point-of-view, as multiple mobilizations will unnecessarily add to the total construction cost of the project.

Tax-Exempt Bond-Financed Developments (page 28 of 84)

In reviewing the newly added provision that are required in order to receive non-competitive tax credits, we suggest the fifth bullet point which currently reads...

- DSHA may, at its sole discretion, waive the requirement to make application for
4% Tax Credits and DSHA financing on the same deadline date as the 9% Tax Credit application round, for applicants where a special appropriation is approved by the State Legislature or new federal funding/subsidy for a specific new development and/or type of new development.

Be amended to read...

- DSHA may, at its sole discretion, waive the requirement to make application for 4% Tax Credits and DSHA financing on the same deadline date as the 9% Tax Credit application round, for applicants where a special appropriation is approved by the State Legislature or new federal and/or State funding/subsidy for a specific new development and/or type of new development.

This minor modification will consider federal and state funding opportunities that may exist.

Threshold Requirements (page 34 of 84)

Based upon our review of the Threshold Requirement, we believe further clarity to avoid any ambiguity is required. As such, we suggest the Development Team subsection f. which currently reads...

Applicants are not eligible to compete if they:....

  f. Have a development team (GP/MM ownership, architect, contractor, and management) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and
    a. Has not closed or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); or
    b. Has two or more Delaware LIHTC projects that have not converted to permanent financing.

Be amended to read...

Applicants are not eligible to compete if they:....

  f. Have a development team (GP/MM ownership, architect, contractor, and management, each counting for 25% of the team) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and
Ms. Cynthia L. Deakyne  
December 3, 2019  
pag. 3

a. Has not either closed on its financing or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); or  
b. Has two or more Delaware LIHTC projects that have not converted to permanent financing.

We want to ensure once a development team has closed on the financing for a previous phase and they do not have two or more Delaware LIHTC projects that have not converted to permanent financing, they can submit a new 9% application.

**Scoring and Ranking (page 40 of 84)**

DSHA has publicly stated using the Low Income Housing Tax Credit in the most efficient and effective way possible is a major tenant and priority of their efforts. We strongly concur with this priority. As Delaware only receives a small state allocation of approximately $3 million in credits, that results in the ability to allocate funds to 3 or 4 projects each year. Therefore, DSHA desires to allocate scarce credits to those projects that are the most shovel-ready in any given application round. DSHA also desires to ensure the capacity of the entire development team to keep construction on track to make the most effective and efficient use of those limited credits. All noble positions that we deeply concur with in DSHA’s efforts to best serve all Delawareans.

In order to further these desirable efforts to ensure effectiveness and efficiencies, we recommend that the Development Team scoring for Management Experience be reinstated to the 10 Possible Points in contrast to the draft position of 5 Possible Points.

It seems contradictory that less points be allocated to the Development Team that will be responsible to deliver effective and efficient processes to serve Delawareans in need of safe and affordable housing.

**Development and Unit Amenities (page 43 of 84)**

Amenities are important and promote higher quality of life for all residents. As defined by DSHA under the heading of Substandard Housing (page 17 of 84), a unit is deemed substandard if it “1. Does not provide safe and adequate shelter; and 2. Endangers the health, safety, or well-being of a family in its present condition.” As such, all residents benefit from the fundamental aspects of safe and secure housing.
We suggest the On Site Community Center portion of the Development and Unit Amenities section which currently reads ...

- On site community center: The community center should be of sufficient size to accommodate the residents and services (if provided). The community center should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. The community center shall include a computer/business center equipped with computers, printers, and other technology for residents’ access (separate points will not be awarded for computer and/or business centers); **5 points**

Be amended to read...

- On site or multi-phase development community center: The community center should be of sufficient size to accommodate the residents and services (if provided). The community center should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. The community center shall include a computer/business center equipped with computers, printers, and other technology for residents’ access (separate points will not be awarded for computer and/or business centers). **Multi-phase development community centers must meet all the above requirements and the center must be within 1,250 feet of the phase; 5 points**

This will ensure that scarce affordable housing resources are not being used to construct small duplicative community spaces in phased developments, but that the overall development is served with an appropriate amount of community space.

We suggest the Security/Surveillance System portion of the Development and Unit Amenities section **which currently reads**...

- **Security/Surveillance System: Expanded system will be tied into the monitoring system of the local police department. (Documentation from police department should be submitted as an attachment in the application); 3-points**

Be amended to read...

- **Security/Surveillance System: Expanded system will be tied into the monitoring system of the local police department. (Documentation from police**
Ms. Cynthia L. Deakyne  
December 3, 2019  
pg. 5

department should be submitted as an attachment in the application);  
3 points

**Promoting Balanced Housing Opportunities (page 46 of 84)**

We share DSHA's belief that families of all incomes should be able to live in areas that "offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure." It should be the goal of community revitalization to transform distressed neighborhoods into areas of opportunity while proactively protecting affordable rental housing opportunities so that, long-term, children and families of all incomes can benefit from the investments made within the area.

Residents that live in distressed areas are not connected to the opportunities they need to thrive. This geographic lack of opportunity promotes inequity and serves to perpetuate the cycle of intergenerational poverty. To transform these distressed areas into areas of opportunity and choice, multiple investments must be made and then nurtured. Long-term commitment is required. The set of investments must include high-quality, mixed income housing which helps promote balanced housing opportunities.

We suggest that additional consideration be given to redevelopment efforts that provide holistic solutions to these distressed areas. The planned redevelopment of the Riverside area combines a commitment toward providing mixed income housing with other fundamental services including a cradle to college & career readiness education pipeline; community health & wellness facilities and economic development. These elements support DSHA's belief that families of all incomes should be able to live in areas that "offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure."

Furthermore, we believe that our suggested amendments more fully align the Promoting Balanced Housing Opportunities section with the current reading of the Community Revitalization, Opportunity Zones, and Downtown Development Districts section. The addition of the Opportunity Zones and its full intent to benefit impoverished 'opportunity areas' into the 2020 Draft QAP amplifies our belief and positions.

We suggest the **Promoting Balanced Housing Opportunities** section which currently reads...
In order to balance housing investments and encourage the creation of affordable housing opportunities within areas of the State that contain little or no affordable rental housing opportunities, but that may offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure, points will be awarded to family development proposals that are in Areas of Opportunity. Developments can be New Creation of Preservation and points will be awarded as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>% Units Located in Area of Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%-49.9% of Total Units</td>
</tr>
<tr>
<td>7</td>
<td>50%-99.9% of Total Units</td>
</tr>
<tr>
<td>15</td>
<td>100% of Total Units</td>
</tr>
</tbody>
</table>

Be amended to read...

In order to balance housing investments and encourage the creation of affordable housing opportunities within areas of the State that contain little or no affordable rental housing opportunities, but that may offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure, points will be awarded to family development proposals that are in Areas of Opportunity. Developments can be New Creation of Preservation and points will be awarded as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>% Units Located in Area of Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%-49.9% of Total Units</td>
</tr>
<tr>
<td>7</td>
<td>50%-99.9% of Total Units</td>
</tr>
<tr>
<td>15</td>
<td>100% of Total Units</td>
</tr>
</tbody>
</table>

Locations that are currently identified as distressed can be converted into Areas of Opportunity through a comprehensive strategy and sustained efforts will also be considered. Mixed-income developments within locations that are not currently Areas of Opportunity, but that are part of a comprehensive revitalization effort committed to connecting residents with excellent opportunities, help support community revitalization efforts while promoting the goal of balanced housing. Developments located in a distressed or stable area that (a) are mixed-income with at least 20% of the total units in the development being market rate units that are not rent-restricted or subject to income limits and (b) receive the maximum number of points within the “Community Revitalization, Opportunity Zones, and Downtown Development Districts” section shall be awarded five (5) points under this section.
Site and Neighborhood Standards (page 46 of 84)

Under the Access to Transit section as outlined on page 47, the limitation that "only two (2) properties may be submitted to DTC for 2020" seems unreasonable and self-limiting in nature. The apparent lack of available resources within the Delaware Transit Corporation/DelDOT should not hamper the goals and aspirations of DSHA in serving the needs of Delawareans who need safe and affordable housing. We suggest that this clause be omitted in its entirety.

Furthermore, the conditions associated with negative points in the Amenities table starting on page 48 are especially likely to exist in distressed neighborhoods within larger cities. These areas have become distressed in large part due to intentional racially motivated policies and practices which have disproportionately impacted minorities and lower income individuals. Addressing the challenges requires making a range of thoughtful investments including mixed income housing. These areas already suffer from a lack of amenities. We do not believe an additional burden of negative points is appropriate.

We suggest the Amenities portion of the Site and Neighborhood Standards section which currently reads...

Negative points will only be deducted from points earned in the Amenities category and will not reduce the base score for the application. Nothing in this category alters or waives threshold siting or environmental criteria. For this Amenities category, half points will be rounded down and only full points will be included in final application scoring.

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured along existing right of way</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤ .5</td>
</tr>
<tr>
<td>Grocery of at least 10,000 sq. ft. and sufficient food to maintain daily food consumption</td>
<td>3</td>
</tr>
<tr>
<td>Walk-in medical facility / hospital</td>
<td>3</td>
</tr>
<tr>
<td>Walk / Bike Trail</td>
<td>2</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>2</td>
</tr>
<tr>
<td>Child Care (family) / Senior Center (senior)</td>
<td>2</td>
</tr>
<tr>
<td>Public School (family sites only)</td>
<td>2</td>
</tr>
<tr>
<td>Library</td>
<td>2</td>
</tr>
<tr>
<td>Park</td>
<td>2</td>
</tr>
<tr>
<td>Community, civic, or town center open to public</td>
<td>2</td>
</tr>
<tr>
<td>Fixed Route Transit Stop</td>
<td>2</td>
</tr>
<tr>
<td>Bank</td>
<td>1</td>
</tr>
<tr>
<td>Department or clothing store</td>
<td>1</td>
</tr>
<tr>
<td>Hardware Store</td>
<td>1</td>
</tr>
<tr>
<td>Post Office</td>
<td>1</td>
</tr>
<tr>
<td>Indoor Fitness</td>
<td>1</td>
</tr>
<tr>
<td>Community facilities: place of worship, community garden, cultural arts, police, or fire station</td>
<td>1</td>
</tr>
</tbody>
</table>

| Distance measured as radius | ≤ .25 | ≤ .5 |
| Public Airport | -3 | -2 |
| Active landfill / dump / junkyard | -3 | -2 |
| Jail, prison, or detention center | -2 | -1 |
| Railroad | -2 | -1 |
| Heavy Industry | -2 | -1 |

Be amended to read...

Negative points will only be deducted from points earned in the Amenities category and will not reduce the base score for the application. Nothing in this category alters or waives threshold siting or environmental criteria. For this Amenities category, half points will be rounded down and only full points will be included in final application scoring.

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured along existing right of way</th>
<th>≤ .5</th>
<th>≤ 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery of at least 10,000 sq. ft. and sufficient food to maintain daily food consumption</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Walk-in medical facility / hospital</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Walk / Bike Trail</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Pharmacy</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Child Care (family) / Senior Center (senior)</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Public School (family sites only)</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Park</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Community, civic, or town center open to public</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Fixed Route Transit Stop</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Department or clothing store</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Hardware Store</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Post Office</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Indoor Fitness</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Community facilities: place or worship, community garden, cultural arts, police, or fire station</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distance measured as radius</th>
<th>≤.25</th>
<th>≤.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Airport</td>
<td>-3</td>
<td>-2</td>
</tr>
<tr>
<td>Active landfill / dump / junkyard</td>
<td>-3</td>
<td>-2</td>
</tr>
<tr>
<td>Jail, prison, or detention center</td>
<td>-2</td>
<td>-1</td>
</tr>
<tr>
<td>Railroad</td>
<td>-2</td>
<td>-1</td>
</tr>
<tr>
<td>Heavy Industry</td>
<td>-2</td>
<td>-1</td>
</tr>
</tbody>
</table>

Furthermore, the inconsistent application in measuring the distance for the desired Amenities and the negative Amenities is unfair to projects that may contain a natural barrier between the project location and potentially unfavorable Amenities. Applying a uniform measuring system along the existing right of way for both desired and negative Amenities should be considered.

**In Summary**

We applaud DSHA for appreciating the deep connection between place and opportunity. We believe it is imperative that we make thoughtful, comprehensive investments in distressed areas so that all Delawareans have access to the opportunities they need to thrive. The suggested changes to the Promoting Balanced Housing Opportunities and the Site and Neighborhood Standards sections are put forth with that belief and commitment in mind. Large scale high-quality mixed-income affordable housing plans, made possible by the 9% Low Income Housing Tax Credits, helps these worthy initiatives accelerate progress while ensuring the neighborhood remains accessible to a range of incomes.
Ms. Cynthia L. Deakyne  
December 3, 2019  
pg. 10

We thank you for your consideration and stand ready to address any questions or comments that you may have with respect to our submitted commentary.

Respectfully Submitted,

Ryan M. Bailey  
Senior Developer  
Pennrose LLC

cc: Director Anas Ben Addi (via email only)  
John Hill, Executive Director, Wilmington Housing Authority (via email only)  
Ms. Karen Spellman, Deputy Executive Director, Wilmington Housing Authority (via email only)  
Mr. Charles S. McDowell, Chair, REACH Riverside Development Corporation (via email only)  
Mr. Logan Herring, Chief Executive Officer, REACH Riverside Development Corporation (via email only)
December 3, 2019

VIA HAND DELIVERY & ELECTRIC MAIL ONLY
Ms. Cynthia L. Deakyne
Housing Development Administrator
Delaware State Housing Authority
18 The Green
Dover, DE 19901

Re: 2020 Qualified Allocation Plan – Comments and Suggested Amendments

Dear Ms. Deakyne:

The REACH Riverside Development Corporation ("REACH Riverside") appreciates the opportunity to submit these comments regarding the proposed 2020 Qualified Allocation Plan ("QAP") for your consideration and review.

Our comments are in relation to following sections: (1) Tax Credit Allocations and Pools – General Application Limits, (2) Tax-Exempt Bond-Financed Developments, (3) Threshold Requirements, (4) Scoring and Ranking, (4) Development and Unit Amenities, (5) Promoting Balanced Housing Opportunities, and (6) Site and Neighborhood Standards. Each section will be addressed in that order with our general comment following.

General Application Limits (page 25 of 84)

We applaud the Delaware State Housing Authority (DSHA) on its efforts to enable larger scale, transformative projects to be more immediately impactful and not take a decade or more to be completed. In order to drive meaningful impact in distressed communities, larger-scale & multiple phased developments are often required. Once a master-planned redevelopment has started, it is critical to keep momentum within the project to ensure community safety and limit the disruption of the residents being relocated. There is also significant cost savings from a construction point-of-view, as multiple mobilizations will unnecessarily add to the total construction cost of the project.
Tax-Exempt Bond-Financed Developments (page 28 of 84)

In reviewing the newly added provision that are required in order to receive non-competitive tax credits, we suggest the fifth bullet point which currently reads...

- DSHA may, at its sole discretion, waive the requirement to make application for 4% Tax Credits and DSHA financing on the same deadline date as the 9% Tax Credit application round, for applicants where a special appropriation is approved by the State Legislature or new federal funding/subsidy for a specific new development and/or type of new development.

Be amended to read...

- DSHA may, at its sole discretion, waive the requirement to make application for 4% Tax Credits and DSHA financing on the same deadline date as the 9% Tax Credit application round, for applicants where a special appropriation is approved by the State Legislature or new federal and/or State funding/subsidy for a specific new development and/or type of new development.

This minor modification will consider federal and state funding opportunities that may exist.

Threshold Requirements (page 34 of 84)

Based upon our review of the Threshold Requirement, we believe further clarity to avoid any ambiguity is required. As such, we suggest the Development Team subsection f. which currently reads...

Applicants are not eligible to compete if they:.....

f. Have a development team (GP/MM ownership, architect, contractor, and management) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and
   a. Has not closed or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); or
   b. Has two or more Delaware LIHTC projects that have not converted to permanent financing.
Be amended to read...

Applicants are not eligible to compete if they:....

f. Have a development team (GP/MM ownership, architect, contractor, and management, each counting for 25% of the team) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and

   a. Has not either closed on its financing or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); or

   b. Has two or more Delaware LIHTC projects that have not converted to permanent financing.

We want to ensure once a development team has closed on the financing for a previous phase and they do not have two or more Delaware LIHTC projects that have not converted to permanent financing, they can submit a new 9% application.

Scoring and Ranking (page 40 of 84)

DSHA has publicly stated using the Low Income Housing Tax Credit in the most efficient and effective way possible is a major tenant and priority of their efforts. We strongly concur with this priority. As Delaware only receives a small state allocation of approximately $3 million in credits, that results in the ability to allocate funds to 3 or 4 projects each year. Therefore, DSHA desires to allocate scarce credits to those projects that are the most shovel-ready in any given application round. DSHA also desires to ensure the capacity of the entire development team to keep construction on track to make the most effective and efficient use of those limited credits. All noble positions that we deeply concur with in DSHA's efforts to best serve all Delawareans.

In order to further these desirable efforts to ensure effectiveness and efficiencies, we recommend that the Development Team scoring for Management Experience be reinstated to the 10 Possible Points in contrast to the draft position of 5 Possible Points.

It seems contradictory that less points be allocated to the Development Team that will be responsible to deliver effective and efficient processes to serve Delawareans in need of safe and affordable housing.
Ms. Cynthia L. Deakyne  
December 3, 2019  
pg. 4

**Development and Unit Amenities (page 43 of 84)**

Amenities are important and promote higher quality of life for all residents. As defined by DSHA under the heading of Substandard Housing (page 17 of 84), a unit is deemed substandard if it "1. Does not provide safe and adequate shelter; and 2. Endangers the health, safety, or well-being of a family in its present condition." As such, all residents benefit from the fundamental aspects of safe and secure housing.

We suggest the On Site Community Center portion of the Development and Unit Amenities section which currently reads ...

- On site community center: The community center should be of sufficient size to accommodate the residents and services (if provided). The community center should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. The community center shall include a computer/business center equipped with computers, printers, and other technology for residents' access (separate points will not be awarded for computer and/or business centers); 5 points

Be amended to read...

- On site or multi-phase development community center: The community center should be of sufficient size to accommodate the residents and services (if provided). The community center should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. The community center shall include a computer/business center equipped with computers, printers, and other technology for residents' access (separate points will not be awarded for computer and/or business centers). Multi-phase development community centers must meet all the above requirements and the center must be within 1,250 feet of the phase; 5 points

This will ensure that scarce affordable housing resources are not being used to construct small duplicative community spaces in phased developments, but that the overall development is served with an appropriate amount of community space.

Furthermore, we suggest the Security/Surveillance System portion of the Development and Unit Amenities section which currently reads...

- Security/Surveillance System: Expanded system will be tied into the
monitoring system of the local police department. (Documentation from police department should be submitted as an attachment in the application);

3 points

Be amended to read...

- Security/Surveillance System: Expanded system will be tied into the monitoring system of the local police department. (Documentation from police department should be submitted as an attachment in the application);

3 points

Promoting Balanced Housing Opportunities (page 46 of 84)

We share DSHA’s belief that families of all incomes should be able to live in areas that “offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure.” It should be the goal of community revitalization to transform distressed neighborhoods into areas of opportunity while proactively protecting affordable rental housing opportunities so that, long-term, children and families of all incomes can benefit from the investments made within the area.

Residents that live in distressed areas are not connected to the opportunities they need to thrive. This geographic lack of opportunity promotes inequity and serves to perpetuate the cycle of intergenerational poverty. To transform these distressed areas into areas of opportunity and choice, multiple investments must be made and then nurtured. Long-term commitment is required. The set of investments must include high-quality, mixed income housing which helps foster balanced housing opportunities.

We suggest that additional consideration be given to redevelopment efforts that provide holistic solutions to these distressed areas. The planned redevelopment of the Riverside area combines a commitment toward providing mixed income housing with other fundamental services including a cradle to college & career readiness education pipeline; community health & wellness facilities and economic development. These elements support DSHA’s belief that families of all incomes should be able to live in areas that “offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure.”

Furthermore, we believe that our suggested amendments more fully align the Promoting Balanced Housing Opportunities section with the current reading of the Community
Revitalization, Opportunity Zones, and Downtown Development Districts section. The addition of the Opportunity Zones and its full intent to benefit impoverished ‘opportunity areas’ into the 2020 Draft QAP amplifies our belief and positions.

We suggest the Promoting Balanced Housing Opportunities section which currently reads...

In order to balance housing investments and encourage the creation of affordable housing opportunities within areas of the State that contain little or no affordable rental housing opportunities, but that may offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure, points will be awarded to family development proposals that are in Areas of Opportunity. Developments can be New Creation of Preservation and points will be awarded as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>% Units Located in Area of Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%-49.9% of Total Units</td>
</tr>
<tr>
<td>7</td>
<td>50%-99.9% of Total Units</td>
</tr>
<tr>
<td>15</td>
<td>100% of Total Units</td>
</tr>
</tbody>
</table>

Be amended to read...

In order to balance housing investments and encourage the creation of affordable housing opportunities within areas of the State that contain little or no affordable rental housing opportunities, but that may offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure, points will be awarded to family development proposals that are in Areas of Opportunity. Developments can be New Creation of Preservation and points will be awarded as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>% Units Located in Area of Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%-49.9% of Total Units</td>
</tr>
<tr>
<td>7</td>
<td>50%-99.9% of Total Units</td>
</tr>
<tr>
<td>15</td>
<td>100% of Total Units</td>
</tr>
</tbody>
</table>

Locations that are currently be identified as distressed can be converted into Areas of Opportunity through a comprehensive strategy and sustained efforts will also be considered. Mixed-income developments within locations that are not currently Areas of Opportunity, but that are part of a comprehensive revitalization effort committed to connecting residents with excellent opportunities, help support community revitalization efforts while promoting...
the goal of balanced housing. Developments located in a distressed or stable area that (a) are mixed-income with at least 20% of the total units in the development being market rate units that are not rent-restricted or subject to income limits and (b) receive the maximum number of points within the “Community Revitalization, Opportunity Zones, and Downtown Development Districts” section shall be awarded five (5) points under this section.

**Site and Neighborhood Standards (page 46 of 84)**

Under the Access to Transit section as outlined on page 47, the limitation that “**only two (2) properties may be submitted to DTC for 2020**” seems unreasonable and self-limiting in nature. The apparent lack of available resources within the Delaware Transit Corporation/DeIDOT should not hamper the goals and aspirations of DSHA in serving the needs of Delawareans who need safe and affordable housing. **We suggest that this clause be omitted in its entirety.**

Furthermore, the conditions associated with negative points in the Amenities table starting on page 48 are especially likely to exist in distressed neighborhoods within larger cities. These areas have become distressed in large part due to intentional racially motivated policies and practices which have disproportionately impacted minorities and lower income individuals. Addressing the challenges requires making a range of thoughtful investments including mixed income housing. These areas already suffer from a lack of amenities. We do not believe an additional burden of negative points is appropriate.

We suggest the Amenities portion of the Site and Neighborhood Standards section **which currently reads...**

Negative points will only be deducted from points earned in the Amenities category and will not reduce the base score for the application. Nothing in this category alters or waives threshold siting or environmental criteria. For this Amenities category, half points will be rounded down and only full points will be included in final application scoring.

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured along existing right of way</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤ .5</td>
</tr>
</tbody>
</table>


### Table 1: Distance to Amenities

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured as radius</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤ .25</td>
</tr>
<tr>
<td>Grocery of at least 10,000 sq. ft. and sufficient food to maintain daily food consumption</td>
<td>3</td>
</tr>
<tr>
<td>Walk-in medical facility / hospital</td>
<td>3</td>
</tr>
<tr>
<td>Walk / Bike Trail</td>
<td>2</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>2</td>
</tr>
<tr>
<td>Child Care (family) / Senior Center (senior)</td>
<td>2</td>
</tr>
<tr>
<td>Public School (family sites only)</td>
<td>2</td>
</tr>
<tr>
<td>Library</td>
<td>2</td>
</tr>
<tr>
<td>Park</td>
<td>2</td>
</tr>
<tr>
<td>Community, civic, or town center open to public</td>
<td>2</td>
</tr>
<tr>
<td>Fixed Route Transit Stop</td>
<td>2</td>
</tr>
<tr>
<td>Bank</td>
<td>1</td>
</tr>
<tr>
<td>Department or clothing store</td>
<td>1</td>
</tr>
<tr>
<td>Hardware Store</td>
<td>1</td>
</tr>
<tr>
<td>Post Office</td>
<td>1</td>
</tr>
<tr>
<td>Indoor Fitness</td>
<td>1</td>
</tr>
<tr>
<td>Community facilities: place or worship, community garden, cultural arts, police, or fire station</td>
<td>1</td>
</tr>
<tr>
<td><strong>Public Airport</strong></td>
<td>-3</td>
</tr>
<tr>
<td><strong>Active landfill / dump / junkyard</strong></td>
<td>-3</td>
</tr>
<tr>
<td><strong>Jail, prison, or detention center</strong></td>
<td>-2</td>
</tr>
<tr>
<td><strong>Railroad</strong></td>
<td>-2</td>
</tr>
<tr>
<td><strong>Heavy Industry</strong></td>
<td>-2</td>
</tr>
</tbody>
</table>

Be amended to read...

Negative points will only be deducted from points earned in the Amenities category and will not reduce the base score for the application. Nothing in this category alters or waives threshold siting or environmental criteria. For this Amenities category, half points will be rounded down and only full points will be included in final application scoring.
Furthermore, the inconsistent application in measuring the distance for the desired Amenities and the negative Amenities is unfair to projects that may contain a natural barrier between the project location and potentially unfavorable Amenities. Applying a uniform measuring system along the existing right of way for both desired and negative Amenities should be considered.
In Summary

We applaud DSHA for appreciating the deep connection between place and opportunity. We believe it is imperative that we make thoughtful, comprehensive investments in distressed areas so that all Delawareans have access to the opportunities they need to thrive. The suggested changes to the Promoting Balanced Housing Opportunities and the Site and Neighborhood Standards sections are put forth with that belief and commitment in mind. Large scale high-quality mixed-income affordable housing plans, made possible by the 9% Low Income Housing Tax Credits, helps these worthy initiatives accelerate progress while ensuring the neighborhood remains accessible to a range of incomes.

We thank you for your consideration and stand ready to address any questions or comments that you may have with respect to our submitted commentary.

Respectfully Submitted,

David J. Ford
Chief Financial Strategist
REACH Riverside Development Corporation

cc: Director Anas Ben Addi (via email only)
    Mr. John Hill, Executive Director, Wilmington Housing Authority (via email only)
    Ms. Karen Spellman, Deputy Executive Director, Wilmington Housing Authority (via email only)
    Mr. Logan Herring, Chief Executive Officer, REACH Riverside (via email only)
    Mr. Charles S. McDowell, Chair, REACH Riverside (via email only)
December 2, 2019

Ms. Cynthia L. Deakyne
Housing Development Administrator
Delaware State Housing Authority
18 The Green
Dover, DE 19901

Re: 2020 Qualified Allocation Plan – Comments and Suggested Amendments

Dear Ms. Deakyne:

The Wilmington Housing Authority (WHA) appreciates the opportunity to submit these comments regarding the proposed 2020 Qualified Allocation Plan ("QAP") for your consideration and review.

Our comments are in relation to following sections: (1) Tax Credit Allocations and Pools – General Application Limits, (2) Tax-Exempt Bond-Financed Developments, (3) Threshold Requirements, (4) Scoring and Ranking, (4) Development and Unit Amenities, (5) Promoting Balanced Housing Opportunities, and (6) Site and Neighborhood Standards. Each section will be addressed in that order with our general comment following.

General Application Limits (page 25 of 84)

We applaud the Delaware State Housing Authority (DSHA) on its efforts to enable larger scale, transformative projects to be more immediately impactful and not take a decade or more to be completed. In order to drive meaningful impact in distressed communities, larger-scale & multiple phased developments are often required. Once a master-planned redevelopment has started, it is critical to keep momentum within the project to ensure community safety and limit the disruption of the residents being relocated. There is also significant cost savings from a construction point-of-view, as multiple mobilizations will unnecessarily add to the total construction cost of the project.
Tax-Exempt Bond-Financed Developments (page 28 of 84)

In reviewing the newly added provision that are required in order to receive non-competitive tax credits, we suggest the fifth bullet point which currently reads...

- DSHA may, at its sole discretion, waive the requirement to make application for 4% Tax Credits and DSHA financing on the same deadline date as the 9% Tax Credit application round, for applicants where a special appropriation is approved by the State Legislature or new federal funding/subsidy for a specific new development and/or type of new development.

Be amended to read...

- DSHA may, at its sole discretion, waive the requirement to make application for 4% Tax Credits and DSHA financing on the same deadline date as the 9% Tax Credit application round, for applicants where a special appropriation is approved by the State Legislature or new federal and/or State funding/subsidy for a specific new development and/or type of new development.

This minor modification will consider federal and state funding opportunities that may exist.

Threshold Requirements (page 34 of 84)

Based upon our review of the Threshold Requirement, we believe further clarity to avoid any ambiguity is required. As such, we suggest the Development Team subsection f. which currently reads...

Applicants are not eligible to compete if they:

- **f.** Have a development team (GP/MM ownership, architect, contractor, and management) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and
  - **a.** Has not closed or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); or
  - **b.** Has two or more Delaware LIHTC projects that have not converted to permanent financing.
Be amended to read...

Applicants are not eligible to compete if they:....

  f. Have a development team (GP/MM ownership, architect, contractor, and management, each counting for 25% of the team) that is 75% the same on the 2020 LIHTC application as allocations from the previous two allocation years, and

     a. Has not either closed on its financing or met the 10% test for their first DSHA LIHTC 9% allocation (regardless of the allocation year); or

     b. Has two or more Delaware LIHTC projects that have not converted to permanent financing.

We want to ensure once a development team has closed on the financing for a previous phase and they do not have two or more Delaware LIHTC projects that have not converted to permanent financing, they can submit a new 9% application.

Scoring and Ranking (page 40 of 84)

DSHA has publicly stated using the Low Income Housing Tax Credit in the most efficient and effective way possible is a major tenant and priority of their efforts. We strongly concur with this priority. As Delaware only receives a small state allocation of approximately $3 million in credits, that results in the ability to allocate funds to 3 or 4 projects each year. Therefore, DSHA desires to allocate scarce credits to those projects that are the most shovel-ready in any given application round. DSHA also desires to ensure the capacity of the entire development team to keep construction on track to make the most effective and efficient use of those limited credits. All noble positions that we deeply concur with in DSHA’s efforts to best serve all Delawareans.

In order to further these desirable efforts to ensure effectiveness and efficiencies, we recommend that the Development Team scoring for Management Experience be reinstated to the 10 Possible Points in contrast to the draft position of 5 Possible Points.

It seems contradictory that less points be allocated to the Development Team that will be responsible to deliver effective and efficient processes to serve Delawareans in need of safe and affordable housing.

Development and Unit Amenities (page 43 of 84)

Amenities are important and promote higher quality of life for all residents. As defined by DSHA under the heading of Substandard Housing (page 17 of 84), a unit is deemed substandard if it “1. Does not provide safe and adequate shelter; and 2. Endangers the health, safety, or well-being of a family in its present condition.” As such, all residents benefit from the fundamental aspects of safe and secure housing.

We suggest the On Site Community Center portion of the Development and Unit Amenities section which currently reads ...
• On site community center: The community center should be of sufficient size to accommodate the residents and services (if provided). The community center should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. The community center shall include a computer/business center equipped with computers, printers, and other technology for residents' access (separate points will not be awarded for computer and/or business centers); 5 points

Be amended to read...

• On site or multi-phase development community center: The community center should be of sufficient size to accommodate the residents and services (if provided). The community center should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. The community center shall include a computer/business center equipped with computers, printers, and other technology for residents' access (separate points will not be awarded for computer and/or business centers). Multi-phase development community centers must meet all the above requirements and the center must be within 1,250 feet of the phase; 5 points

This will ensure that scarce affordable housing resources are not being used to construct small duplicative community spaces in phased developments, but that the overall development is served with an appropriate amount of community space.

We suggest the Security/Surveillance System portion of the Development and Unit Amenities section which currently reads...

• Security/Surveillance System: Expanded system will be tied into the monitoring system of the local police department. (Documentation from police department should be submitted as an attachment in the application); 3 points

Be amended to read...

• Security/Surveillance System: Expanded system will be tied into the monitoring system of the local police department. (Documentation from police department should be submitted as an attachment in the application); 3 points
Promoting Balanced Housing Opportunities (page 46 of 84)

We share DSHA's belief that families of all incomes should be able to live in areas that "offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure." It should be the goal of community revitalization to transform distressed neighborhoods into areas of opportunity while proactively protecting affordable rental housing opportunities so that, long-term, children and families of all incomes can benefit from the investments made within the area.

Residents that live in distressed areas are not connected to the opportunities they need to thrive. This geographic lack of opportunity promotes inequity and serves to perpetuate the cycle of intergenerational poverty. To transform these distressed areas into areas of opportunity and choice, multiple investments must be made and then nurtured. Long-term commitment is required. The set of investments must include high-quality, mixed income housing which helps promote balanced housing opportunities.

We suggest that additional consideration be given to redevelopment efforts that provide holistic solutions to these distressed areas. The planned redevelopment of the Riverside area combines a commitment toward providing mixed income housing with other fundamental services including a cradle to college & career readiness education pipeline; community health & wellness facilities and economic development. These elements support DSHA’s belief that families of all incomes should be able to live in areas that “offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure.”

Furthermore, we believe that our suggested amendments more fully align the Promoting Balanced Housing Opportunities section with the current reading of the Community Revitalization, Opportunity Zones, and Downtown Development Districts section. The addition of the Opportunity Zones and its full intent to benefit impoverished ‘opportunity areas’ into the 2020 Draft QAP amplifies our belief and positions.

We suggest the Promoting Balanced Housing Opportunities section which currently reads...

In order to balance housing investments and encourage the creation of affordable housing opportunities within areas of the State that contain little or no affordable rental housing opportunities, but that may offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure, points will be awarded to family development proposals that are in Areas of Opportunity. Developments can be New Creation of Preservation and points will be awarded as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>% Units Located in Area of Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%-49.9% of Total Units</td>
</tr>
<tr>
<td>7</td>
<td>50%-99.9% of Total Units</td>
</tr>
<tr>
<td>15</td>
<td>100% of Total Units</td>
</tr>
</tbody>
</table>
Be amended to read...

In order to balance housing investments and encourage the creation of affordable housing opportunities within areas of the State that contain little or no affordable rental housing opportunities, but that may offer economic opportunity, proximity to workplaces, high performing schools, and/or supportive infrastructure, points will be awarded to family development proposals that are in Areas of Opportunity. Developments can be New Creation of Preservation and points will be awarded as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>% Units Located in Area of Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%-49.9% of Total Units</td>
</tr>
<tr>
<td>7</td>
<td>50%-99.9% of Total Units</td>
</tr>
<tr>
<td>15</td>
<td>100% of Total Units</td>
</tr>
</tbody>
</table>

Locations that are currently identified as distressed can be converted into Areas of Opportunity through a comprehensive strategy and sustained efforts will also be considered. Mixed-income developments within locations that are not currently Areas of Opportunity, but that are part of a comprehensive revitalization effort committed to connecting residents with excellent opportunities, help support community revitalization efforts while promoting the goal of balanced housing. Developments located in a distressed or stable area that (a) are mixed-income with at least 20% of the total units in the development being market rate units that are not rent-restricted or subject to income limits and (b) receive the maximum number of points within the "Community Revitalization, Opportunity Zones, and Downtown Development Districts" section shall be awarded five (5) points under this section.

Site and Neighborhood Standards (page 46 of 84)

Under the Access to Transit section as outlined on page 47, the limitation that "only two (2) properties may be submitted to DTC for 2020" seems unreasonable and self-limiting in nature. The apparent lack of available resources within the Delaware Transit Corporation/DeDOL should not hamper the goals and aspirations of DSHA in serving the needs of Delawareans who need safe and affordable housing. We suggest that this clause be omitted in its entirety.

Furthermore, the conditions associated with negative points in the Amenities table starting on page 48 are especially likely to exist in distressed neighborhoods within larger cities. These areas have become distressed in large part due to intentional racially motivated policies and practices which have disproportionally impacted minorities and lower income individuals. Addressing the challenges requires making a range of thoughtful investments including mixed income housing. These areas already suffer from a lack of amenities. We do not believe an additional burden of negative points is appropriate.
We suggest the Amenities portion of the Site and Neighborhood Standards section which currently reads...

Negative points will only be deducted from points earned in the Amenities category and will not reduce the base score for the application. Nothing in this category alters or waives threshold siting or environmental criteria. For this Amenities category, half points will be rounded down and only full points will be included in final application scoring.

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured along existing right of way</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤ .5</td>
</tr>
<tr>
<td>Grocery of at least 10,000 sq. ft. and sufficient food to maintain daily food consumption</td>
<td>3</td>
</tr>
<tr>
<td>Walk-in medical facility / hospital</td>
<td>3</td>
</tr>
<tr>
<td>Walk / Bike Trail</td>
<td>2</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>2</td>
</tr>
<tr>
<td>Child Care (family) / Senior Center (senior)</td>
<td>2</td>
</tr>
<tr>
<td>Public School (family sites only)</td>
<td>2</td>
</tr>
<tr>
<td>Library</td>
<td>2</td>
</tr>
<tr>
<td>Park</td>
<td>2</td>
</tr>
<tr>
<td>Community, civic, or town center open to public</td>
<td>2</td>
</tr>
<tr>
<td>Fixed Route Transit Stop</td>
<td>2</td>
</tr>
<tr>
<td>Bank</td>
<td>1</td>
</tr>
<tr>
<td>Department or clothing store</td>
<td>1</td>
</tr>
<tr>
<td>Hardware Store</td>
<td>1</td>
</tr>
<tr>
<td>Post Office</td>
<td>1</td>
</tr>
<tr>
<td>Indoor Fitness</td>
<td>1</td>
</tr>
<tr>
<td>Community facilities: place or worship, community garden, cultural arts, police, or fire station</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distance measured as radius</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ .25</td>
</tr>
<tr>
<td>Public Airport</td>
</tr>
<tr>
<td>Active landfill / dump / junkyard</td>
</tr>
<tr>
<td>Jail, prison, or detention center</td>
</tr>
<tr>
<td>Railroad</td>
</tr>
<tr>
<td>Heavy Industry</td>
</tr>
</tbody>
</table>
Be amended to read...

Negative points will only be deducted from points earned in the Amenities category and will not reduce the base score for the application. Nothing in this category alters or waives threshold siting or environmental criteria. For this Amenities category, half points will be rounded down and only full points will be included in final application scoring.

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured along existing right of way</th>
<th>≤ .5</th>
<th>≤ 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery of at least 10,000 sq. ft. and sufficient food to maintain daily food consumption</td>
<td></td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Walk-in medical facility / hospital</td>
<td></td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Walk / Bike Trail</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Pharmacy</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Child Care (family) / Senior Center (senior)</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Public School (family sites only)</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Library</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Park</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Community, civic, or town center open to public</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Fixed Route Transit Stop</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Bank</td>
<td></td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Department or clothing store</td>
<td></td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Hardware Store</td>
<td></td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Post Office</td>
<td></td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Indoor Fitness</td>
<td></td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Community facilities: place of worship, community garden, cultural arts, police, or fire station</td>
<td></td>
<td>1</td>
<td>.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Distance measured as radius</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Airport</td>
<td>≤ 25: -3, ≤ 5: -2</td>
</tr>
<tr>
<td>Active landfill / dump / junkyard</td>
<td>≤ 25: -3, ≤ 5: -2</td>
</tr>
<tr>
<td>Jail, prison, or detention center</td>
<td>≤ 25: -2, ≤ 5: -1</td>
</tr>
<tr>
<td>Railroad</td>
<td>≤ 25: -2, ≤ 5: -1</td>
</tr>
<tr>
<td>Heavy Industry</td>
<td>≤ 25: -2, ≤ 5: -1</td>
</tr>
</tbody>
</table>

Furthermore, the inconsistent application in measuring the distance for the desired Amenities and the negative Amenities is unfair to projects that may contain a natural barrier between the project location and potentially unfavorable Amenities. Applying a uniform measuring system along the existing right of way for both desired and negative Amenities should be considered.
In Summary
We applaud DSHA for appreciating the deep connection between place and opportunity. We believe it is imperative that we make thoughtful, comprehensive investments in distressed areas so that all Delawareans have access to the opportunities they need to thrive. The suggested changes to the Promoting Balanced Housing Opportunities and the Site and Neighborhood Standards sections are put forth with that belief and commitment in mind. Large scale high-quality mixed-income affordable housing plans, made possible by the 9% Low Income Housing Tax Credits, helps these worthy initiatives accelerate progress while ensuring the neighborhood remains accessible to a range of incomes.

We thank you for your consideration and stand ready to address any questions or comments that you may have with respect to our submitted commentary.

Respectfully submitted,

John Hill
Executive Director
Wilmington Housing Authority

cc: Director Anas Ben Addi (via email only)
Ms. Karen Spellman, Deputy Executive Director, Wilmington Housing Authority (via email only)
Mr. Charles S. McDowell, Chair, REACH Riverside Development Corporation (via email only)
Mr. Logan Herring, Chief Executive Officer, REACH Riverside Development Corporation (via email only)
Ryan Bailey, Senior Developer, Pennrose LLC (via email only)
Willie Pass, Chief Operating Officer, Wilmington Housing Authority (via email only)