

Framing Success: Lessons from Policy Changes in Affordable Housing



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Simple Asset Management



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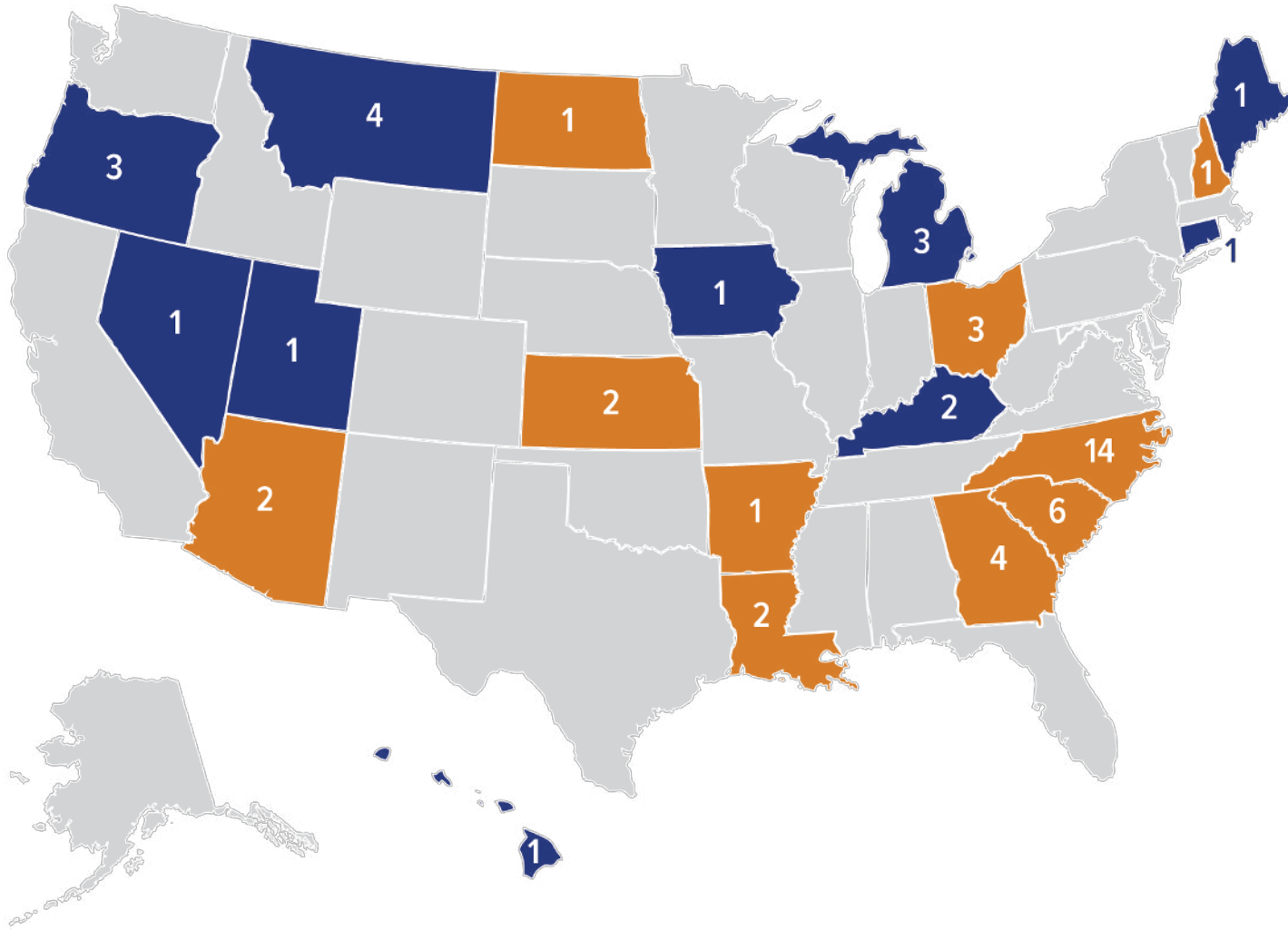
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Novogradac & Company

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National Housing and Rehabilitation Association's 2025 Summer Institute

54 QAPs Revised and/or Implemented in 20 States



- ### Revised and/or Implemented
- Arizona
 - Arkansas
 - Georgia
 - Kansas
 - Louisiana
 - Michigan
 - New Hampshire
 - North Carolina
 - North Dakota
 - Ohio
 - South Carolina

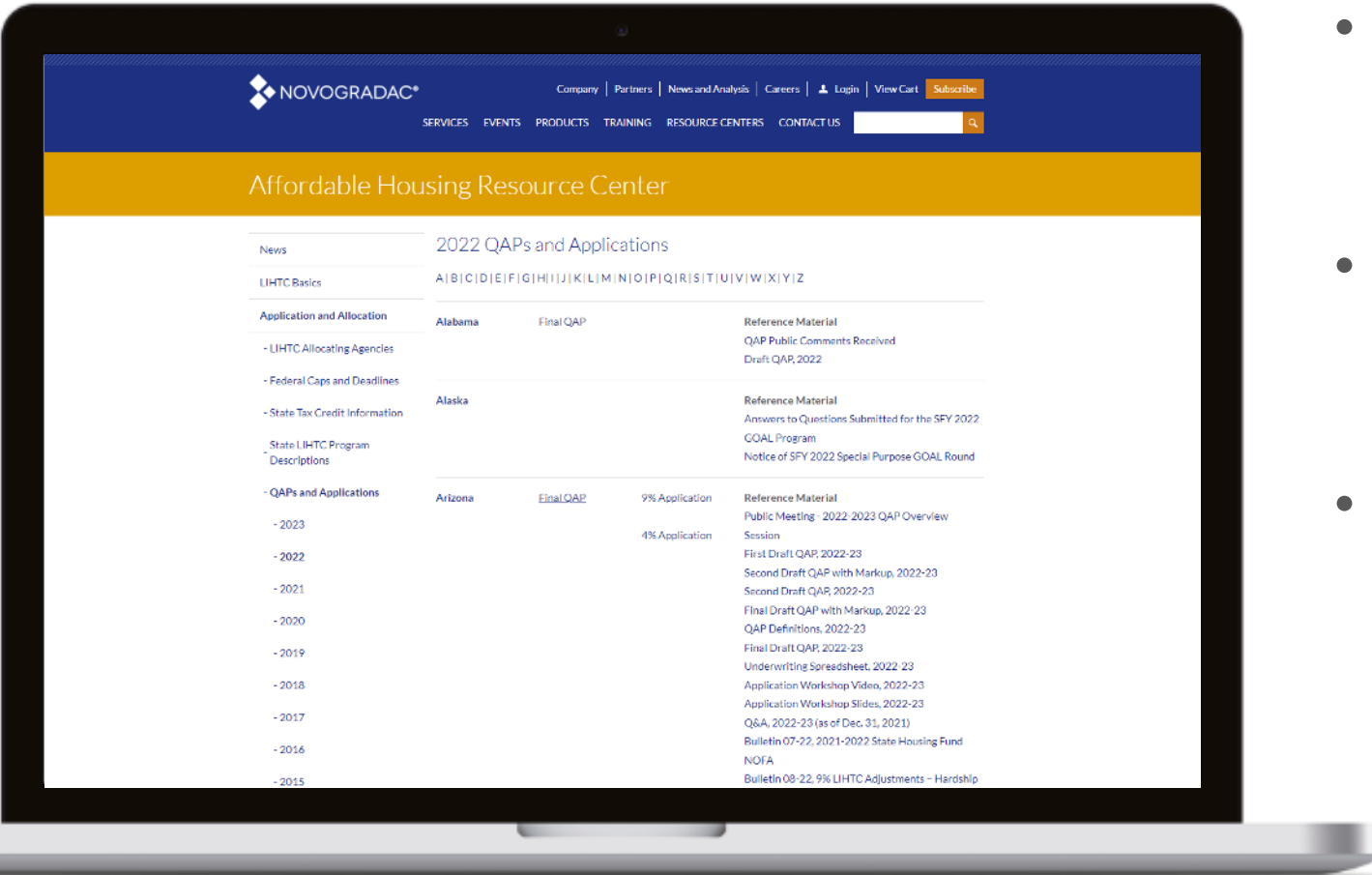
- ### Revised
- Connecticut
 - Hawaii
 - Kentucky
 - Maine
 - Michigan
 - Montana
 - Nevada
 - Oregon
 - Utah

Source: Novogradac

Overview

State Administration

www.taxcredithousing.com



- Every state has an allocating agency, as does DC, Guam, Northern Marianas, Puerto Rico, USVI, Chicago, and NYC
- Every jurisdiction has a QAP, but it's not always the consequential document (Guidelines, Manual)
- Also need to be aware if it's been amended, especially if in a 2nd year

Selection Criteria

State Administration

Numerical Scoring

Variation matters; amount of points or % of total does not

Building a gazebo vs. finding a site in certain census tracts

Evaluation of Proposal Against Verbal Descriptions

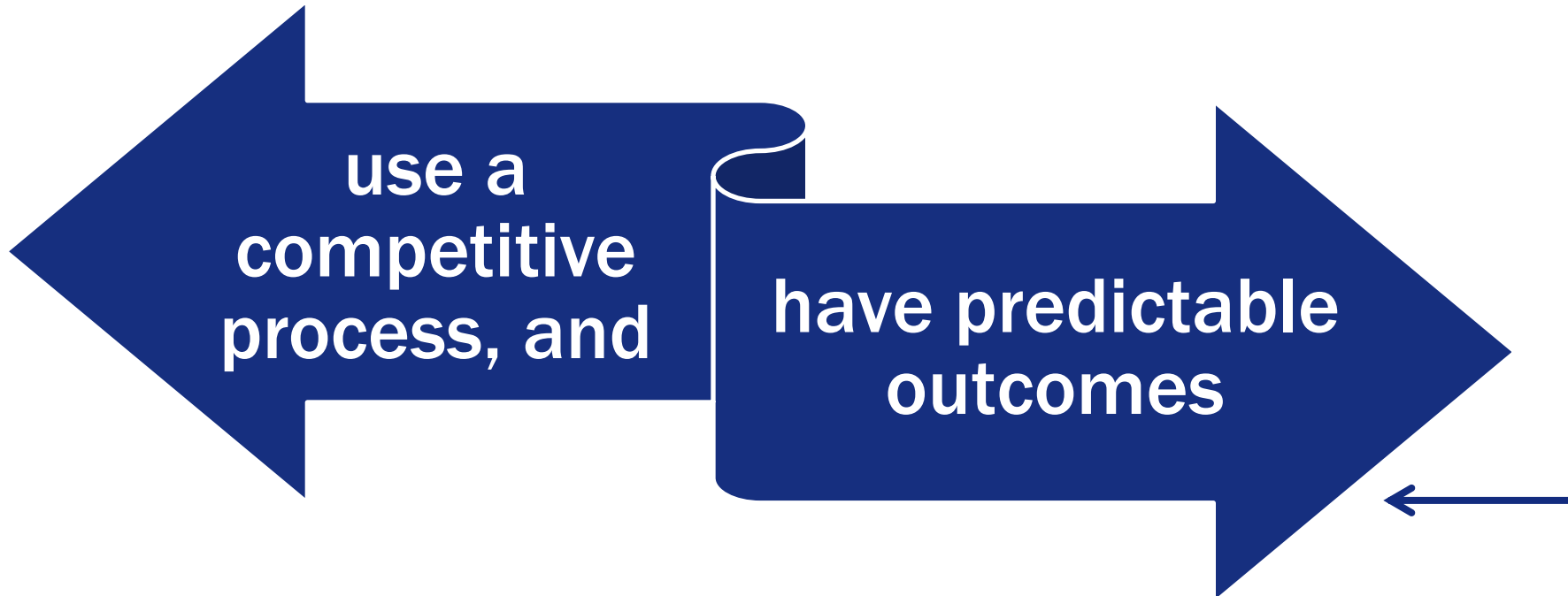
Assessment can be by board, committee, staff, and/or others

“Innovation Round”

Creating a Competition

Competition vs. Certainty

Many LIHTC participants want allocating agencies' implementation to both:



These two objectives are mutually exclusive

Creating a Competition

Consequential, Predictable, Realistic

Ultimately the result-deciding selection criteria compare LIHTC applications in ways developers cannot foresee and/or control

With just a few exceptions, QAP selection factors can be any two of the following, but not all three:

- 1. Consequential-** produces a range of scores, difficult to earn the maximum
- 2. Predictable-** applicants can calculate the exact amount of points in advance
- 3. Realistic-** avoids incentives to make poor choices or impossible promises

Creating a Competition

Consequential, Predictable, Realistic

Combination	Example Policies	Why Not the Other
A. Consequential and Predictable	set amount of distance to amenities	bidding wars for the most competitive tracts
	being in an opportunity area	many applications cluster in specific locations
B. Predictable and Realistic	deeper rent/income targeting	all applications meet
	particular design features	all applications include
C. Consequential and Realistic	truly comparative assessments	cannot anticipate what other applicants will submit
	lottery	random

Attempting to have all three nearly always means one doesn't happen. The better practice is to accept this fact and build policies around it.

Creating a Competition

Race to the Bottom

Consequential provisions can morph into a “race to the bottom” including the lowest of LIHTCs/unit, rents charged, or development costs. Almost invariably these follow a pattern of becoming less realistic over time:



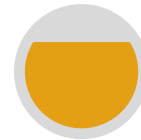
Year 1

Some developers win by pushing XXX farther than others
Those who lost because of it learn and remember



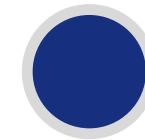
Year 2

Everyone pushes XXX too far
Some developers win by also pushing YYY farther than others
Those who lost because of it learn and remember



Year 3

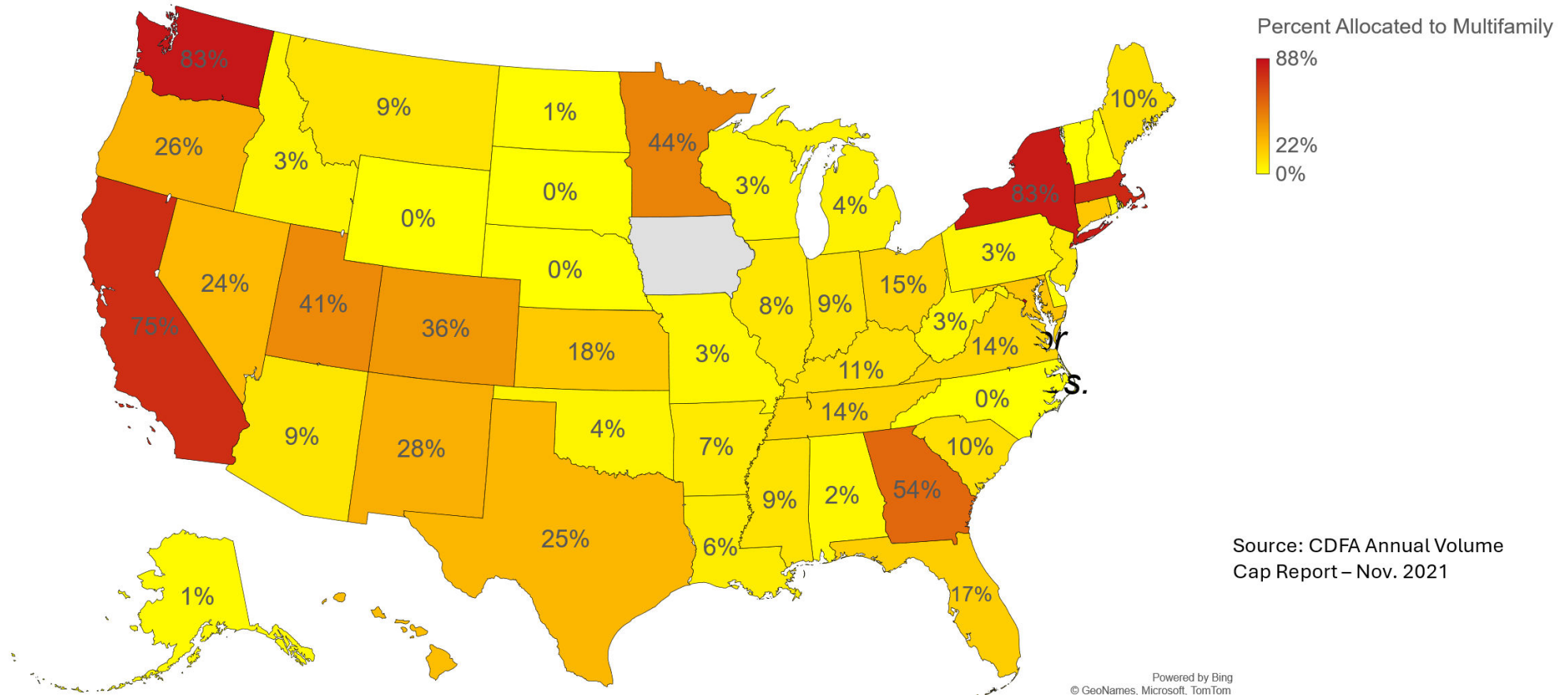
Agency adopts a measure to control XXX
Everyone pushes YYY too far
Some developers win by also pushing ZZZ farther than others
Those who lost because of it learn and remember



Year 4

Agency adopts a measure to control YYY
Everyone pushes ZZZ too far
Rinse and repeat ...until a crisis emerges

Percent of 2020 Private Activity Volume Cap Allocated to Multifamily by State



Providing Effective QAP Input

1 ■ Be specific

- Most important takeaway
- General/vague requests rarely have impact
- Don't assume what the agency knows
- Write out proposed text word for word
- Examples and results (with data) are far more convincing than opinions

Providing Effective QAP Input

2

**Weigh in
early and
often**

- Do not wait for the draft, comment beforehand
 - particularly if seeking major departure
 - the agency may incorporate
- Official periods are often a formality; most agencies accept input year-round
- Submit more than once; don't just repeat

Providing Effective QAP Input

3

■ Communicate and learn

- Email/letter should be only one part of communication
- Meet with agency personnel periodically, including at industry events
 - Value is learning their concerns/goals/limitations
 - Knowledge gained can inform future comments
- Pay attention other parties' perspectives

Providing Effective QAP Input

4

■ Understand

- How does the QAP help or impede certain types of developments?
- Watch out for incorrect assumptions
- Potential to miss mark or make matters worse

Providing Effective QAP Input

5 ■ Express support

- Mention what you like about current policies
- Others may be critical
- Could lose something beneficial by remaining silent
- Almost nothing is universally popular

Providing Effective QAP Input

6

■ **Focus on
substance
over style**

- Style of presentation and grammar is secondary
- Quality of content matters most
- Emails are the same or better than writing a letter

Providing Effective QAP Input

7

■ **Be realistic,
fair and
professional**

- Acknowledge agency/program limitations
- Tell it straight, avoid spin
- The people reading comments care about their work and deserve respect

Providing Effective QAP Input

8

■ **Be patient**

- QAPs are like battleships: powerful tools that require time to change course
- Your idea may be ahead of its time
- The outcome could've been worse if you'd stayed silent