



## NATIONAL LOW INCOME HOUSING COALITION

### **NLIHC's Summary of Arkansas' Draft HTF Allocation Plan Summary**

State Designated Entity: Arkansas Development Finance Authority (ADFA)

\$3,000,000 HTF Allocation for 2016

#### **Affordability**

Draft doesn't use the statutory term "affordable". Rather simply declares:

"Rental Assistance – Due to the targeted population of ELI the ability to secure rental assistance so that rents are affordable to ELI families will be a major factor in the success of any proposed development." (page 3)

In Arkansas' 90-point scoring system, a proposed project that has secured rental assistance gets 15 points. (page 7)

NLIHC: This is a problem because it disadvantages creative project proposals that do not depend upon the availability of federal vouchers. To the extent that vouchers are even available, it doesn't necessarily add to the stock, it simply moves vouchers from one unit to another. Does Arkansas (or any of the PHAs) have vouchers available other than turnover vouchers?

Under "Compliance with HTF Regulations" draft includes:

"A statement declaring that the recipient will comply with rent limits, determined to be no more than 30% of the area median income." (page 9)

NLIHC: This does not follow NLIHC's recommendation to target some units at 30% x 20% AMI and even some at 30% x 10% AMI. However, in a positive note, it does not include the interim rule's unwarranted, "or 30% of the federal poverty line, whichever is greater" which can cause cost burden in most non-rural areas.

#### **Length of Affordability**

Minimum of 30 years. (page 3)

Under draft heading, "Application Process" item #4: "Demonstrate the likelihood of sustained 30-year affordability period..." (page 5)

In Arkansas' 90-point scoring system, 5 points will be awarded to projects that demonstrate an ability to remain financially feasible for 5 years beyond the 30-year minimum. (page 7)

NLIHC: This is a positive feature.

## Merit of a Project

Arkansas will use a 90-point system for awarding HTF. (pages 6 and 7)

NLIHC: This is positive because it shows relative priority. However, NLIHC quibbles about the point levels. Those quibbles are explained separately (as indicated above regarding “Affordability” and “Length of Affordability”).

Arkansas will deduct points for projects that have negative neighborhood characteristics, such as being next to railroads, junk yards, airports, etc. (pages 7 and 8)

NLIHC: This too is a positive feature.

## Preferences or Limits to Populations Served

“ADFA will give a preference to **veterans** who are homeless (or at risk of homelessness) or suffer from mental illness.” (page 3)

“ADFA anticipates allocating available NHTF funds to an initial preference of expanding the overall housing supply for the benefit of ELI households...**for homeless and/or transitioning veterans** located in primarily rural areas.” (page 2)

In Arkansas’ 90-point scoring system, if there is a tie, projects will get priority for (page 6):

- The application with the greatest amount of additional subsidy per unit.
- The application with a proposed project which is **closest to the nearest Veterans Administration facility**.

In Arkansas’ 90-point scoring system, under the heading “Applicant Capacity”, 15 points will be awarded to projects based on evidence of the applicant’s **ability to serve homeless veterans** and/or ELI populations. Applicants are asked to explain their strategy for addressing **homeless** and/or ELI. Provide specific details relating to direct or related experience with service provision to **veterans and homeless individuals** and families or those at **risk of homelessness**. Provide a plan to coordinate and integrate HTF-built housing with other programs targeted to serving **veterans and homeless** persons with mainstream resources. (page 6)

In Arkansas’ 90-point scoring system, under the heading “Limitation on Beneficiaries or Preferences”, 25 points will be awarded for targeting rental housing needs for ELI **veterans** who are **homeless or at risk of homelessness** or who suffer from mental **illness**. (page 7)

NLIHC: So, out of 90 total points, a total of 40 points will be for projects serving homeless veterans – a very clear statement of priorities.

See also “Barriers to Addressing ELI and Veteran ELI Populations” on page 8 and “Performance Goals” on page 9

## **Leveraging**

In Arkansas' 90-point scoring system, 25 points will be awarded to projects that have a commitment from other non-federal resources. (page 7)

## **Renter/Homeowner**

“ADFA anticipates allocating available NHTF to expand the overall **rental** housing supply located throughout the state in metro and/or rural areas.” (page 2)

The HTF program will be used to provide funds to develop new construction and/or rehabilitation of **rental** housing. (page 2)

A single proposed development may not contain less than 5 units designated for ELI. (page 4)

In Arkansas' 90-point scoring system, 5 points will be awarded to projects in rural areas that are expanding the overall **rental** housing supply. (page 6)

## **New Construction/Rehabilitation/Preservation**

The HTF program will be used to provide funds to develop **new construction and/or the rehabilitation** of rental housing. (page 2)

“ADFA anticipates allocating available NHTF funds to an initial preference of **expanding the overall housing supply** for the benefit of ELI households...for homeless and/or transitioning veterans located in primarily rural areas.” (page 2)

“Geographic Diversity – ADFA anticipates allocating available NHTF funds to **expand the overall rental housing supply** located throughout the state in metro and/or rural areas.” (page 2)

“The eligible activities for HTF funds under this plan will be for **new construction and/or rehabilitation** of single-family homes and multifamily residential. (page 3)

In Arkansas' 90-point scoring system, 5 points will be awarded to projects in rural areas that are **expanding the overall rental housing supply**. (page 6)

## **Plan to Use HTF for Operating Cost Assistance**

Arkansas' draft Allocation Plan does not mention intent to use.

## Grant or Loan

“ADFA will award HTF funds as forgivable grants...” (page 4)

## Geographic Distribution

“ADFA anticipates allocating available NHTF funds to an initial preference of expanding the overall housing supply for the benefit of ELI households...for homeless and/or transitioning veterans located in **primarily rural areas.**” (page 2)

“AHFA anticipates allocating available NHTF funds to expand the overall rental housing supply located **throughout the state in metro and/or rural areas.**” (page 2)

In Arkansas’ 55- or 75-point scoring system, 5 points will be awarded to projects in **rural areas** that are expanding the overall rental housing supply. (page 6)

## Affirmatively Furthering Fair Housing

Arkansas’ draft Allocation Plan mentions its updated 2014 Analysis of Impediments to fair housing choice (AI) and states that the AI identified 10 primary areas of impediments to fair housing. The draft HTF Allocation Plan simply concludes “ADFA will encourage and offer Fair Housing training in its efforts to measurably overcome the identified impediments.” (page 2)

## Eligible Recipients

Nonprofits and for-profits (page 3)

## Maximum Per-Unit Subsidy

ADFA will determine “Reasonableness of Project Costs” annually by comparing aggregate cost data based on all applications received, compared to historical cost certification cost data of completed projects and current cost data provided by ADFA third-party construction consultant reports. (page 4)

NLIHC: Because HTF must be targeted to ELI households, and because ELI households should not be cost burdened (pay more than 30% of income for rent and utilities), HTF-assisted units will need as much subsidy (capital) as possible. HUD recognizes this, so has an FAQ about maximum per-unit subsidy for the HTF program which is very flexible, <http://bit.ly/1s2xWOv>.

In Arkansas’ 90-point scoring system, if there is a tie, projects will get priority for (page 6):

- The application with the **greatest amount of additional subsidy per unit.**
- The application with a proposed project which is closest to the nearest Veterans Administration facility.

**Maximum HTF Per Project**

\$450,000 (page 4)

**Mixed Income/Close Ties to LIHTC Program**

No specific discussion.

**Use of Subgrantees**

ADFA will not use subgrantees (page 3)

**Applicant Capacity**

This is required by the statute and regulations.

In Arkansas' 90-point scoring system, 15 points will be awarded to projects based on evidence of the applicant's ability to serve homeless veterans and/or ELI populations. Applicants are asked to explain their strategy for addressing homeless and/or ELI population housing needs. Applicants are to provide specific details relating to direct or related experience with service provision to veterans and homeless individuals and families or those at risk of homelessness. Applicants must provide a plan to coordinate and integrate HTF-built housing with other programs targeted to serving veterans and homeless persons with mainstream resources. (pages 6)

NLIHC: Capacity is required in the rule and should be a threshold issue; that is, any applicant without capacity should not be able to compete. However, Arkansas is offering points regarding capacity to serve the preferred population – evidence of serving ELI populations, and homeless households, and in particular for Arkansas, veterans.