



February 5, 2024

Mr. Alan Rakowski
Director of Real Estate Allocation
Indiana Housing & Community Development Authority
30 S Meridien Street, Suite 900
Indianapolis, IN 46204
Delivered electronically to: arakowski@ihcda.in.gov

Dear Mr. Rakowski:

Thank you for the opportunity to provide feedback on the draft 2025 Qualified Allocation Plan (QAP). Cinnaire is a nonprofit, mission-driven Community Development Financial Institution (CDFI) and tax credit syndicator with a long history of raising private capital for investment in affordable housing developments across the State of Indiana. We value the work of the Authority to balance priorities and direct funding into affordable housing developments throughout the state. We provide the following comments based on our over 20 years of experience with IHCDA and the affordable housing industry in Indiana.

Emerging XBE Developers

We appreciate IHCDA’s focus on addressing inequities in affordable housing development. The 2023 QAP’s Tax Credit General Set-Aside was a novel approach to supporting emerging developers and was significantly strengthened by the financial guarantee made available by the Authority. In the 2025 draft, we appreciate the continued focus on emerging developers that incentivizes participation and the language that intends to meaningfully build capacity by protecting the emerging developer’s fee and ensuring mentorship with a LIHTC consultant. However, we are concerned the draft removes the Large City Set Aside and eliminates incentives for development in communities where emerging XBE developers may be pursuing an allocation. In addition to the comments further below, we encourage IHCDA to restore the Large City Set Aside.

In addition to the language in the draft, we encourage IHCDA to consider additional ways to support emerging developers, including:

- Ensure robust ownership and control standards as a condition of awarding points to emerging minority developers. Ownership and control standards are an essential tool to build meaningful participation by emerging developers while avoiding potential abuses by straw parties
- Include oversight and accountability mechanisms to ensure that the programs are not abused
- Provide technical assistance, mentorship and experience building opportunities to emerging developers. Strong support for technical assistance and networking opportunities will pay dividends in the long run
- Increase the availability of capital to minority developers, who often face liquidity and experience standards that reinforce systemic barriers to entry
- Consider establishing a set-aside program for emerging minority developers.

Michigan’s 2024-25 QAP included policies to ensure emerging developers meaningfully participate throughout the 15 year compliance period, mentorship, articulated responsibilities, capacity building, and oversight over

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ownership structure and changes. Please find the attached policy paper for additional background on our recommendations above.

Nonprofit Organizations

We value the opportunity to work with nonprofit developers and are concerned that some entities may be taking advantage of the Nonprofit Organization Set Aside by creating nonprofits for the purpose of receiving an allocation but being affiliated with a for-profit organization. Nonprofit organizations make great LIHTC developers because they are driven by their mission to serve their community and keep housing affordable beyond the compliance period and extended use. We encourage IHCD to strengthen the language around nonprofit organizations to ensure these allocations are meeting their intended purpose. IHCD could require additional documentation and review of ownership structure and parties involved to avoid straw parties that may be abusing the intended purpose of the set aside.

Large City Set-aside

Communities across the state continue to face housing shortages and the burden hurts our low-income residents the most. We are concerned the elimination of the Large City Set Aside category will remove an incentive for affordable housing development in larger cities in the state. The recently released *America's Rental Housing* report from the Joint Center for Housing Studies of Harvard University found that housing affordability is slightly better in smaller communities compared to larger communities, but affordability is at its worst point in history. We encourage IHCD to restore the Large City Set Aside, to ensure large and small communities continue to address our severe shortage of affordable housing.

Thank you again for the opportunity to provide Cinnaire's perspective on the draft QAP for 2025. We look forward to continuing to work with IHCD and our partners to invest in people and places to transform lives through equitable financial and development solutions. Please do not hesitate to reach me should you have any questions about our comments.

Sincerely,

J.T. Mackey
Director – Policy, Research & Advocacy
Cinnaire