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Prioritizing Health Outcomes in Affordable Housing:
**A GUIDE ON STATE QUALIFIED ALLOCATION
PLANS AND HEALTH ACTION PLANS**

A State's Qualified Allocation Plan (QAP) is an important affordable housing policy lever that impacts the majority of the affordable housing constructed or rehabilitated on an annual basis. Affordable housing stakeholders and public health professionals can use this guide to determine if a state's QAP prioritizes health in design and construction of affordable housing, and if not, the guide provides users with next steps to lift up health priorities and the Health Action Plan.

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The views expressed are those of the author(s) and do not necessarily reflect the views of the Health Impact Project, The Pew Charitable Trusts or the Robert Wood Johnson Foundation.

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Enterprise is a proven and powerful nonprofit that improves communities and people's lives by making well-designed homes affordable. As a social enterprise, we bring together the nationwide know-how, policy leadership, partners, donors and investors to multiply the impact of local affordable housing development. Over more than 35 years, Enterprise has created 662,000 homes, invested nearly \$53 billion and touched millions of lives.

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Table of Contents

INTRODUCTION 3

Bringing the HAP to the QAP 5

How to Use This Guide 5

Section 1: Qualified Allocation Plan (QAP) 7

 1.1 Health in the QAP 8

 1.2 Health Promoting Building Design and Construction Criteria 9

 1.3 Project Team Members: Public Health Consultant 11

 1.4 Community and Resident Engagement 12

Section 2: Context for the QAP 13

 2.1 Community and Resident Experience 14

 2.2 Industry Stakeholder Knowledge and Awareness 15

 2.3 Competition for Tax Credit Awards 17

 2.4 Design and Construction 18

 2.5 Implementation, Monitoring and Enforcement 19

CONCLUSION 21





INTRODUCTION

We are spending an increasing amount of time in our homes, and the quality of these homes and the surrounding community can have a dramatic impact on our health. Research has found that less than 20% of individuals’ health is determined by clinical care, meaning 80% is determined by behaviors and the social and environmental conditions in which they live, work and play.¹ Housing that is affordable, stable, healthy, efficient, and environmentally responsible improves health and well-being of residents and the surrounding community.

Affordable housing stakeholders and public health professionals have the opportunity to work together to realize improvements in the quality of affordable housing produced and to ensure investments positively impact the health and well-being of residents. This guide will provide an introduction to the Low-Income Housing Tax Credit (LIHTC) Program and state Qualified Allocation Plans (QAPs), their impact on affordable housing, and the ways in which it can influence health of those living in these properties.

THE IRS LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

There are many different types of policies and programs that exist to create or preserve affordable housing, and the most impactful is the IRS LIHTC Program which provides an annual tax allocation for states to distribute to developers.² Each state has a designated allocating agency that determines distribution of these tax credits. The National Council of State Housing Agencies provides a list of allocating agencies by state.³

TAX CREDIT DISTRIBUTION: THE QUALIFIED ALLOCATION PLAN

The method of distribution is determined by a state’s QAPs, a process by which proposed projects are ranked and then allocated tax credits. Most state allocating agencies update the QAP and relevant supplemental documents on an annual or biennial basis, based on changes in regulation, results of tax credit awards and feedback from the affordable housing sector. The final draft of the QAP is then approved by the agency’s board and signed by the Governor.

¹ <https://www.enterprisecommunity.org/resources/on-the-path-to-health-equity>

² • To learn more about the IRS LIHTC Program, please visit A Call to Invest in Our Neighborhoods (ACTION) Campaign’s website: [About the Housing Credit](#) and Novogradac’s Affordable Housing Resource Center: [About LIHTC](#)

³ <https://www.ncsha.org/housing-help/>

TAX CREDIT APPLICATIONS

To remain competitive, proposed projects must meet all of the mandatory criteria, select additional scoring criteria and keep development costs low. The mandatory and scoring criteria vary state to state, dependent on the priorities and goals of each individual state. On average, states receive requests for more than three times their annual allocation.⁴

INTRODUCING HEALTH INTO THE QAP

There are many ways health and health promoting resources that can be included in a state’s QAP. Health promoting resources can be physical components of affordable housing, like vegetable garden plots, or policies and programs instituted by the affordable housing managers, like smoke-free housing policies. Health promoting criteria will typically be incorporated either as a requirement (i.e., mandatory criteria) or part of the scoring criteria in a state’s QAP, and they typically fall into one of four categories. Many QAPs have incorporated at least one criterion from each category:

1. **Affordable Housing Creation/Preservation** - the creation or preservation of long-term affordability creates a home and community for residents.
2. **Location** – siting new affordable housing in locations that have access to health-promoting resources
3. **Building – designing and constructing indoor and outdoor environments that will positively impact the residents’ health**
4. **Resident** – providing interaction and services that increase positive health outcomes

These categories work together to produce quality affordable housing, positively impacting the health of residents.



This guide and the Health Action Plan focus on Category 3, providing ways to address the design and construction of the physical building.

HEALTH ACTION PLAN

State allocating agencies frequently reference green building programs, energy efficiency and other health-promoting design. Enterprise Green Communities, which contains the Health Action Plan (HAP) as an optional criterion, is referenced in over half of states’ QAPs. However, while many affordable housing developers are using Enterprise Green Communities or other green building programs, the design decisions about the building are often made without regard to the specific health needs of a building’s residents.

The HAP, developed as part of the release of the 2015 Enterprise Green Communities Criteria and updated in 2020, provides affordable housing developers a process for integrating health into affordable housing design and development activities. This innovative process pairs affordable housing developers with public health professionals to prioritize the health needs specific to their community through data analysis and community engagement, resulting in cost-effective strategies that amplify project goals and improve factors that drive health and well-being for residents.

HAP STEPS INCLUDE:

1. **Commit to embedding health into the project life cycle**
2. **Partner with a public health professional**
3. **Collect and analyze community health data**
4. **Engage with community stakeholders to prioritize health data and strategies**
5. **Identify strategies to address those health issues**
6. **Create an implementation plan**
7. **Create a monitoring plan**

For those new to the Health Action Plan and the contribution buildings can make to improving residents’ health, we recommend visiting the [Enterprise Community Partners Health Action Plan website](#) before continuing to review the steps of the HAP and resources.

⁴ <http://rentalhousingaction.org/about-lihc>

Bringing the HAP to the QAP

Currently, there are few state QAPs that reference health in relation to design and construction and even fewer that reference the HAP or a similar process. While the HAP is available for project teams to use regardless of its inclusion in the QAP, it is far from common practice and many allocating agencies and project teams may be unaware of its existence.

Often stakeholders are aware of the connection between health outcomes and affordable housing design and construction but may not know how to move from awareness to action. In other cases, stakeholders may be aware of the HAP, but see it as complicating an already complex program. Lastly, stakeholders may be worried about the costs associated with this new process and may not understand the tangible results the HAP produces.

These stakeholder concerns could be perceived as barriers to incorporating the HAP into a state's QAP or could be considered an opportunity to educate stakeholders. By recognizing challenges of incorporating the HAP into the QAP, it provides an opportunity to build a better case; sharing supporting evidence, creating support from the stakeholder community and identifying and mitigating potential conflicts will create good will and a higher likelihood of adding the HAP to the QAP. If stakeholders seem particularly reticent to add the full HAP framework, it may be preferable to modify the QAP to include individual HAP steps.

The following sections of this guide will identify the challenges of incorporating the HAP into a state's QAP and will also provide some potential ways to mitigate conflicts. This guide can be considered the start to the journey; the end depends on a willingness to meet stakeholders where they are and make the journey together. In the end, any successful effort of including health in the QAP should be celebrated; it need not be the full HAP framework to make a difference to residents, project teams and communities.

How to Use This Guide

This guide will provide a systematic way to examine a state's QAP in relation to the physical building, health-promoting resources and the HAP. Since the QAP is updated on a regular basis, it is important to understand where there are opportunities for improving the housing built or rehabilitated through tax credit awards. It is also important to understand the challenges project teams face when designing and constructing healthy housing, while remaining competitive in the tax credit process. There are two sections that will provide further insight on a state's QAP and the affordable housing sector:

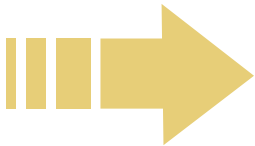
- **Section 1: Qualified Allocation Plan** will assess the number of health-promoting resources associated with the design and construction of the building within the QAP. It will help determine what steps of the Health Action Plan already exist in the document and where there may be areas of opportunity to incorporate additional steps.
- **Section 2: Context for the QAP** will provide information to gather that is not in the QAP but will influence its implementation. This information will include feedback from relevant stakeholders, tax credit competition and the implementation of the QAP.

As each individual has a different level of familiarity with a state's QAP, this guide can be used in different ways. For those unfamiliar with the QAP and affordable housing sector, it is recommended to:

- Review this guide in its entirety,
- Complete Section 1 questions by reading the QAP, and
- Partner with a stakeholder familiar with the state's QAP and affordable housing sector to complete Section 2 questions.

For those familiar with the state's QAP and the affordable housing sector, it may be more useful to review only specific sections of the guide.





SECTION 1: QUALIFIED ALLOCATION PLAN (QAP)

Use this section as a guide to gather information on the role health plays in a state’s QAP. It will help you understand what components of the HAP may already exist in a state’s QAP and where there may be areas of opportunity to promote health.

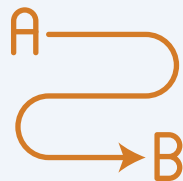
As a reminder, most state allocating agencies update the QAP and relevant supplemental documents on an annual or biennial basis. These updates are based on stakeholder feedback and metrics from awarded projects. If this guide finds opportunities to promote health in the state’s QAP, it will be important to visit the allocating agency’s website to learn more about the QAP update timeline.

EACH SUBSECTION OF THIS GUIDE HAS THREE COMPONENTS:



QAP Item to Review

It will identify a piece of the state’s QAP relevant to health and health promoting resources, and how it influences the project team and their tax credit application. It will provide an example of a state’s QAP for reference.



Connecting it to the HAP

It will identify the specific step in the HAP related to the QAP Item to Review. It will provide guidance on how the HAP results can be shared to demonstrate the positive outcomes for residents of affordable housing properties. It will also provide guidance on how a tax credit application and the HAP will or will not align.



QAP Review

It will provide guiding questions to consider when reviewing the QAP. It will provide guidance on how to think through opportunities and challenges of incorporating the HAP, in whole or in part, into the state’s QAP and subsequent tax credit projects.

»» 1.1 Health in the QAP

Health and health outcomes may be explicitly outlined in the QAP’s state priorities, an implicit thread running throughout the document, or not discernable. In Georgia’s 2020 QAP, the Department of Community Affairs (DCA) explicitly outlines their commitment to health within their state priorities, listed toward the beginning of the document. Notice the explicit connection made between health and design in the last sentence:

Georgia 2020 QAP: *Health Outcomes for Residents: Physical and mental health are necessities for thriving individuals and families. The location where a household lives strongly influences household health through components like access to quality care, education, and healthy foods. In addition, safe, quality affordable housing provides the foundation and central location for encouraging healthy lifestyles. As such, DCA has a strong commitment to encouraging better health outcomes for residents through site selection, site design, community partnerships, and focused services.*⁵

CONNECTING IT TO THE HEALTH ACTION PLAN

The first step in a HAP is to embed health into the project life cycle; ideally, this should happen as early as possible in the project so all relevant decisions can consider health. Project teams can always choose to pursue a HAP, regardless of whether health is referenced in the QAP. However, the more health is prioritized in the QAP, the more likely that a project team’s efforts in pursuing a HAP will be recognized and rewarded during the tax credit application process.

For project teams pursuing a HAP in a state where health is not identified as a priority in the QAP, results from the HAP and the impact on residents should be shared with the allocating agency staff. Many state allocating agencies work closely with developers and project teams and offer many avenues to provide feedback (See Section 2.2 Industry Stakeholder Knowledge and Awareness). If a state has not yet prioritized health in the QAP and project teams would like to see change, it is important to educate affordable housing stakeholder on the impact of housing on health. This awareness will help stakeholders think more broadly about the definition of health and the role of the QAP.

QAP ASSESSMENT

Conduct a simple search for the word “health” in the QAP and answer the questions below:

- 1. Is health mentioned in the QAP? How many times and where?**
- 2. If health is referenced as a threshold requirement or scoring criteria, which of the four categories does it fall into?**
- 3. Are there mandatory or scoring criteria that align with Category Building: Designing and Constructing Indoor and Outdoor Environments that will positively impact the residents’ health?**

An agency with a QAP that explicitly outlines a commitment to improving health outcomes will be more likely to be aware of how building design and construction impact health, as well as be more interested in the outcomes of a HAP. If the QAP does not have any discernable references to health, it is vital to create low-barrier educational opportunities for the allocating agency and their stakeholders (See Section 2.2 Industry Stakeholder Knowledge and Awareness).

⁵ https://www.dca.ga.gov/sites/default/files/2020_qualified_allocation_plan.pdf



1.2 Health Promoting Building Design and Construction Criteria

The QAP can contain requirements or incentives to create indoor and outdoor environments that positively impact residents' health. These types of mandatory and scoring criteria can include, but are not limited to, lead-based paint abatement, accessible design⁶, smoke-free properties and on-site physical activity amenities. To note, incentivized criteria will appear in the QAP; however, requirements may appear in the QAP or in supplemental documents, such as a state's Design Manual and/or Standard. Below are a few examples:

Alabama 2020 QAP, Mandatory Criteria: *Lead-Based Paint (“LBP”) Testing: For all buildings built prior to 1978, a LBP testing report must be included in the Phase I ESA [Environmental Site Assessment]. [Alabama Housing Finance Authority] requires the Phase I ESA include a statement that all LBP will be completely abated (eliminated) by a licensed LBP contractor.*⁷

Minnesota 2021 QAP, Scoring Criteria: *Smoke Free Building(s): If applicable, provide the written policy prohibiting smoking in all the units and all common areas within the building(s) of the project for the term of the [Land Use Restrictive Agreement]. The project must include a non-smoking clause in the lease for every household.*

*The written policy must be submitted with the application and must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by owner but must be included in the written policy.*⁸

Indiana 2020-2021 QAP, Mandatory Criteria: *Applicants must adopt a minimum of four universal design features from each Universal Design Column.*

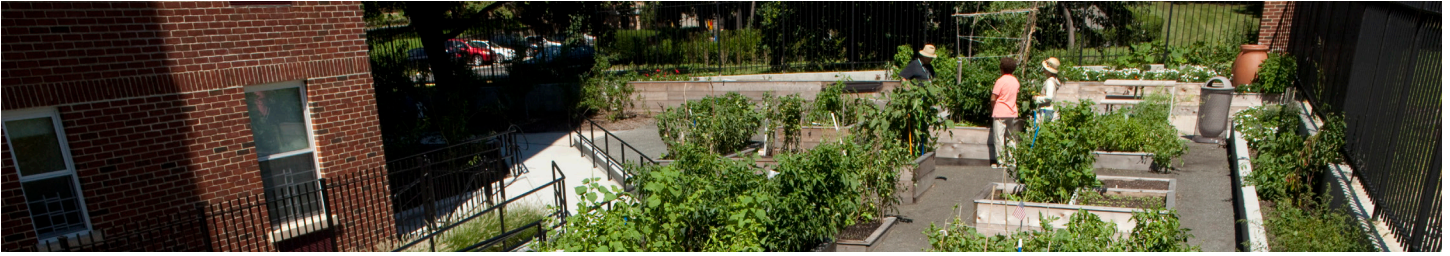
*[Indiana Housing and Community Development Authority (IHCDA)] encourages the adoption of universal design features best suited to the applicant's proposed development. To that end, IHCDA will accept proposed universal design features beyond the provided list relevant and necessary to the applicant's development. In submitting universal design proposals, the applicant must clearly describe the additional feature, provide justification for the necessity of its inclusion, and provide justification for the desired column classification. The evaluation, acceptance, and classification of universal design proposals is the sole discretion of IHCDA.*⁹

⁶ Affordable housing projects will have to meet applicable state and local building codes, including any American with Disabilities Act (ADA) requirements. In addition to these requirements, states often reward projects that design a certain percentage of units that exceed these baseline accessibility requirements. Many reference Universal Design. To learn more about Universal Design and other approaches, review Enterprise Green Communities 2020 Criteria, 7.12 Beyond ADA: Universal Design at <https://www.greencommunitiesonline.org/healthy-living-environment>

⁷ https://www.ahfa.com/Content/Uploads/ahfa.com/files/MF%20Allocation/2020%20docs/AHFA%202020%20QAP_Publication%20after%20Gov%20Approval.pdf

⁸ http://www.mnhousing.gov/sites/Satellite?blobcol=urldata&blobheadname1=Content-Type&blobheadname2=Content-Disposition&blobheadname3=MDT-Type&blobheadvalue1=application%2Fpdf&blobheadvalue2=attachment%3B+filename%3DMHFA_216814.pdf&blobheadvalue3=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1533150628785&ssbinary=true

⁹ <https://www.in.gov/ihcda/files/Final%202020-2021%20QAP.pdf>



GREEN BUILDING CERTIFICATION

Green building certification can be found as a requirement or scoring criterion in QAPs and offers a comprehensive solution, incorporating many individual health-promoting design and construction criteria. Green building certification provides minimum requirements and offers project teams a selection of optional items to choose from. It allows stakeholders to access a variety of design and construction solutions that positively impact residents' health without individual solutions required separately or incentivized in the QAP. At the time of publishing this document, a reference to green building certification appears in over half of states' QAPs.

For those new to green building certification, we recommend exploring the most referenced green building program websites:

- [Enterprise Green Communities](#)
- [Leadership in Energy and Environmental Design \(LEED\)](#)

CONNECTING IT TO THE HEALTH ACTION PLAN

The fifth and sixth steps in a HAP is to identify design and construction strategies to address resident health issues and to create an implementation plan. The more strategies that exist as criteria in the QAP or are included in a green building certification program, the easier it will be for the project team to justify additional cost in the project budget. Ultimately, the project team will need to consider the impact to the project budget as they select the number of HAP-identified strategies to implement; balancing HAP implementation and budget is vital for the project team to remain competitive during the QAP application process.

QAP ASSESSMENT

Review the design and construction requirements in both the threshold requirement section and the scoring section of the QAP. Review any supplemental documents associated with design and construction. Answer the questions below:

- 1. How many design and construction criteria have positive impacts on health? Are they required or incentivized?**
- 2. Does the QAP or supplemental documentation reference a green building program?**

In many cases, strategies identified by the HAP are low- to no-cost to implement; examples can include reorienting the layout of a common space or selecting different landscape plantings. Occasionally, a prioritized strategy may have a cost premium associated with it. If this strategy is not a requirement or a scoring criteria item, project teams should be prepared to justify any increased costs of design and construction. To ease the burden for future project teams using the HAP, it will be important to highlight the benefits of implementing the HAP-identified strategies and any costs associated with implementation.



»» 1.3 Project Team Members: Public Health Consultant

The QAP will define the development or project team, creating categories for different roles. In most cases, the public health professional will fall under the role of consultant. It is important to understand whether and where the public health professional can be incorporated into the project budget for the tax credit application. If the public health professional must be included in the developer fee, it is important to note that there is typically a cap on this fee. Example:

New Jersey 2020 QAP, Definition: *“Developer fee” or “development fee” means the fee that covers the overhead and profit of the developer... Professional fees not paid out of the developer fee are the fees for the architect, engineer, lawyer, accountant, surveyor, appraiser, soil investigator, professional planner, historical consultant, and environmental consultant... All other consultant and professional fees shall be included in the developer fee and are not allowed to be shown as separate line items on the tax credit application; otherwise, those fees shown separately will be added to the developer fee line item... [T]he amount of developer fee allowed for eligible rehabilitation or new construction costs is limited to 15.00 percent of total development cost excluding acquisition (that is, land and building) cost, working capital, marketing expenses, escrows, operating deficit reserves, step-in-the-shoes costs, and costs associated with syndication.¹⁰*

CONNECTING IT TO THE HEALTH ACTION PLAN

Step two of the HAP requires the project team to partner with a public health professional or entity. The public health professional’s fees will need to be accounted for in the project’s budget for the tax credit application and most likely as a line item in the developer’s fee, unless another source of funding, such as a grant, has been identified.

QAP ASSESSMENT

Review the definition section of the QAP and any additional sections that provide guidance regarding fees. Answer the questions below:

- 1. Does the QAP define the Development or Project Team? Does it define the role of consultant?**
- 2. Is there a limitation on entities or individuals who may be defined as consultants?**
- 3. Where would the public health professional’s fee be allocated within the project budget for the tax credit application?**

Whether the QAP strictly or loosely defines the role of consultant and the allocation of fees, it is important to confirm your interpretation with the allocating agency staff.

¹⁰ https://nj.gov/dca/hmfa/media/download/tax/qap/tc_qap_proposed_2019_2020.pdf

»» 1.4 Community and Resident Engagement

The QAP may provide guidance or requirements for community and/or resident outreach and engagement. In some cases, it may be identified as part of a Community Revitalization Plan, found in the scoring criteria. In other cases, it may be a requirement for applying for the tax credit, especially if the project will temporarily displace residents. Example:

Ohio 2020-2021 QAP, Submission Requirements: *The application shall include a community outreach plan and documentation or other evidence that it was completed prior to submission. The community outreach plan and its exhibits must include the following, clearly labeled components:*

- **List of Stakeholders Notified.** *Stakeholders notified may include but are not limited to residents, businesses, local elected officials, police and fire departments, community development corporations, and/or nonprofit community organizations.*
- **Stakeholders Notification Method.** *OHFA recommends the notification method include posting notices in libraries or other public spaces where residents or potential residents may frequent, public meetings, design charrettes, and/or notices in local papers and social media. Outreach notifications need not identify the population proposed to be served; however, OHFA encourages as much transparency in the outreach process as is practicable.*
- **Copies of all Materials.** *The applicant shall provide copies of written notices placed or published, presentations or meeting materials, including any sign-in sheets from any public meetings, and support or opposition letters from community groups or contacts established through the outreach process.*
- **Description of Stakeholder Feedback & Developer Response.** *Applicant shall provide a summary of the feedback received, a description of how stakeholder feedback was analyzed and if and how it was incorporated into project plans.*

OHFA strongly encourages applicants to complete community outreach prior to submitting a proposal application. See the Public Notification section for additional requirements regarding public official engagement.¹¹

CONNECTING IT TO THE HEALTH ACTION PLAN

Step four of the HAP requires the project team and public health professional to engage with community stakeholders to prioritize health data and strategies. If the project team is already required to conduct stakeholder or community engagement through the QAP, it is an opportunity to deepen the connections and create more transparent relationships. Additionally, it provides the project team with a stronger narrative to share in their tax credit application.

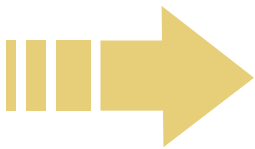
QAP ASSESSMENT

Review the submission requirements as well as the scoring criteria of the QAP. Answer the questions below:

1. **Does the QAP require community and/or resident engagement to apply for the tax credit? Is it loosely or strictly defined?**
2. **Do the scoring criteria include points for a Community Revitalization Plan? If so, are explicit instructions defined for community engagement?**

If a QAP identifies multiple pathways where community and/or resident engagement is required or incentivized, it indicates that the allocating agency places a high value on the project team understanding the community. In this case, the allocating agency will likely understand the importance of sharing health data with those who will be impacted by the project.

¹¹ <https://ohiohome.org/ppd/documents/2020-21-QAP-BoardApproved.pdf>



SECTION 2: CONTEXT FOR THE QAP

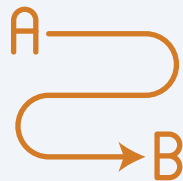
Use this section as a guide to gather information relevant to the QAP but typically not explicitly stated in the document. This information will help provide context and impact of the QAP on residents and the affordable housing sector. It will also provide more insight on how project teams move through the tax credit program.

EACH SUBSECTION OF THIS GUIDE HAS THREE COMPONENTS:



QAP Context to Review

It will identify a piece of context relevant to the QAP, but typically existing outside of the QAP, and how it influences the project team and their tax credit application. It will provide an example of what this context may look like in practice for reference.



Connecting it to the HAP

It will identify the specific step in the HAP related to the QAP Item to Review. It will provide guidance on how the HAP results can be shared to demonstrate the positive outcomes for residents of affordable housing properties. It will also provide guidance on how a tax credit application and the HAP will or will not align.



Tax Credit Program Review

It will provide guiding questions to consider when reviewing the QAP. It will provide guidance on how to think through opportunities and challenges of incorporating the HAP, in whole or in part, into the state's QAP and subsequent tax credit projects.

»» 2.1 Community and Resident Experience

Affordable housing is constructed and preserved for a variety of populations: seniors, families with children, formerly homeless and those needing supportive services. Residents of affordable housing and their surrounding community do not have monolithic experiences, needs or desires. The most informative way to determine which items listed in Section 1 should be recommended in the QAP is by asking those living in the affordable housing properties. This type of engagement can lift up anecdotes and support to share with the affordable housing sector. Enterprise ran a HAP Pilot Program with five community development corporations (CDC) and the following are some highlights of their community engagement documented in the Evaluation Report¹²:

- **Being In Community:** In Chicago, the community meeting was held at a local YMCA and was conducted in Spanish. About 15 mothers and their children attended. The group participated in several interactive exercises designed to identify health issues that were important to them and to discuss the root causes of and contributing factors to these health challenges. The group also identified health assets of the community and provided meaningful feedback on the unit design.
- **Groundtruth Data:** In New Orleans, collected data showed high levels of crime in the community, but residents shared that they felt very safe in their neighborhood and expressed more concern about other threats, such as the potential for children to drown in the canals. In response, the project team determined that they would use existing bamboo overgrowth to build a green wall as barrier to the canal.

CONNECTING IT TO THE HEALTH ACTION PLAN

As previously mentioned, step four of the HAP requires the project team and the public health professional to engage with community stakeholders to prioritize health data and strategies. If projects have already completed a HAP, collecting and sharing the residents’ experiences, along with how it informed the project team’s decisions is useful to share with allocating agency staff and others in the affordable housing sector. Many QAPs offer scoring criteria for amenities; demonstrating that the project team selected a certain amenity based on resident feedback demonstrates the influence of the HAP on the success of the project.

TAX CREDIT PROGRAM REVIEW

Section 1.4 determined whether the QAP already has processes in place to engage residents and the community. If this type of process is in place, it is a great first step. However, there are other resident and community voices, resources and examples that can be brought to the table. To identify resident and community stakeholders who are impacted by affordable housing and their perspectives, answer the questions below:

1. **What neighborhood, community or resident engagement channels already exist?**
2. **What is being lifted up in those conversations in relation to health and the built environment?**
3. **Are those experiences shared with the allocating agency and the affordable housing sector?**

¹² <https://www.enterprisecommunity.org/resources/health-action-pilot-program-process-evaluation-6090>



»» 2.2 Industry Stakeholder Knowledge and Awareness

Before state allocating agencies update the QAP and relevant supplemental documents, they collect information from a variety of resources, including feedback from the affordable housing sector. Additionally, the allocating agency then sends the QAP to the agency's board and the Governor.

Prior to participating in the QAP update process, it is important to understand the dynamics of the state's affordable housing sector and surrounding politics. Due to the competitive nature of tax credit awards, the allocating agency often provides opportunity for the public to participate in any meetings, events or listening sessions; someone new to the process has many opportunities to gain insight to the perspective of the allocating agency and affordable housing sector. Some examples include:

- **Listening sessions and public comment opportunity** – many state allocating agencies have in-person and virtual public listening sessions. These sessions present an opportunity to learn more about what developers' and other stakeholders' concerns are regarding the QAP. Some states may post audio of these listening sessions, others may post public comment submitted to the agency.
- **Award lists and narratives** – all state allocating agencies publish award lists, sharing basic information about the project, location and the developer. In some states, like Colorado, awarded projects must also submit a narrative, providing a deeper understanding to what each project is prioritizing.
- **Housing conferences** – most state agencies or affordable housing coalitions host annual conferences, bringing together all sectors of the industry to discuss relevant issues.
- **Trade associations and nonprofit coalitions** – states will typically have trade associations that represent the developer interest in affordable housing; additionally, states may have nonprofits or coalitions that represent the residents' interest in affordable housing.



CONNECTING IT TO THE HEALTH ACTION PLAN

As previously mentioned, the first step in a HAP is to embed health into the project life cycle; project teams do not need explicit permission from the QAP or their state Housing Finance Agency to make this type of commitment. If a QAP does not reference health but allocating agency staff show interest in the subject, it could present a unique opportunity for the project team to share their results.

TAX CREDIT PROGRAM REVIEW

Section 1.1 assessed whether health was referenced in the QAP. Reviewing available materials, listening to stakeholders’ responses during listening sessions and conferences, and individual discussions will provide more depth, perhaps giving perspective to how stakeholders do or do not think about health. Answer the questions below to gain insight on the affordable housing stakeholder perspectives, where they see challenges and opportunities and if health is a topic of discussion:

1. Visit the allocating agency’s website and review documents from previous QAP public comment periods. Was health mentioned in any listening session, public comment or other forum? What is the general feedback and how does it align or not align with the QAP?
2. Review state conference and training agendas typically found on the allocating agency’s website. Do any of the conferences, events or trainings have sessions that focus on health?
3. Attend upcoming meetings, calls and other industry events. What is the level of awareness among stakeholders regarding housing’s impact on health, health promoting criteria and the HAP?
4. Visit coalition and trade association websites and speak with appropriate staff. What are their priorities, and does it include health?

»» 2.3 Competition for Tax Credit Awards

As previously mentioned, the competition to receive a tax credit award is fierce, and it often leads to high utilization of scoring criteria by project teams in order to remain competitive. In Pennsylvania, there has been a surge in projects pursuing Passive House certification, a standard that creates ultra-low energy buildings. The reason for this surge is two-fold; one, the strong competition for tax credit awards, and two, Passive House certification has a high scoring value.

It also means that if a scoring criterion is not being selected by tax credit applications, then it is either too difficult to pursue or it is not of enough value to the project team. In response, the allocating agency may reconfigure the criterion, lower the number of points, or remove it altogether. Maryland's Department of Housing and Community Development (MD DHCD) shared a presentation during their listening sessions¹³ that illustrated not only how competitive the market is, but also some highlights regarding the utilization of scoring criteria by tax credit applications and the modifications they would be making based on this data.

CONNECTING IT TO THE HEALTH ACTION PLAN

The HAP contains many components that often mirror threshold or scoring criteria in the QAP. If these criteria are already in place, and are highly utilized, layering on the decision-making process of the HAP could make the individual criteria more effective. If there are few health promoting criteria in the QAP or if they are underutilized, the HAP could become another underutilized scoring criterion.

TAX CREDIT PROGRAM REVIEW

Section 1.2 determined the status of health promoting criteria in the QAP. By gaining a better understanding of the competitiveness of the state's tax credit market and the utilization of scoring criteria, it is easier to determine the opportunities and challenges to modifying the QAP. Answer the following questions to determine the level of competition for tax credits and the potential impact this competition has on individual scoring criteria:

1. **Review annual award publications. What percentage of projects are awarded?**
2. **Review any additional documents that provide perspective as to why an allocating agency makes changes to the QAP, such as the presentation shared by MD DHCD. What is shared about health promoting criteria?**
3. **If the above information is not available, visit the allocating agency's website to review the current QAP as well as previous years. What has changed in the QAP? Has there been changes to relevant criteria?**

¹³ <https://dhcd.maryland.gov/HousingDevelopment/Documents/lihtc/2020QAPGuideRevisions/QAP-Regional-Meetings-Presentation.pdf>

»»» 2.4 Design and Construction

The QAP and supplemental documents will determine how far along in design a project must be to apply for tax credits. In most states, the applicant must demonstrate control of the property and show that it is properly zoned or that paperwork has been filed. Architectural and site drawings usually need to be submitted; the level of completion these drawings must be varies by state. In some cases, applicants will be required to submit proof of a building permit from the jurisdiction, which means the design has been finalized and the project team is ready to commence construction.

Whatever the status of design, all QAPs will require the applicant to invest in architectural and engineering services prior to project awards. Additionally, project teams will be required to make other planning and design investments that include, but are not limited to, site environmental assessments for new or adaptive reuse projects and physical needs assessments for existing buildings undergoing rehabilitation. The design documents and assessments help to determine the project's budget which will also be submitted with the tax credit application. While project teams often anticipate minor changes to the design, significant changes would impact the project's budget and, potentially, the tax credit award.

CONNECTING IT TO THE HEALTH ACTION PLAN

A successful HAP will impact the design of a project; therefore, it is vital to conduct as many steps as possible prior to the award of the tax credit. If a project team waits until the project is awarded tax credits to hire a public health professional or entity, it may be too late for HAP recommendations to be incorporated into the design without significant cost. Additionally, if a project team pursues a HAP for a project that goes unawarded and unbuilt, it could turn them away from investing in a HAP in the future.

TAX CREDIT PROGRAM REVIEW

Each state's QAP sets a different threshold for completion of the architectural design, but all require some level of investment in an architecture team and their design services. The allocating agency is often cautious of adding additional requirements or scoring criteria that increase a project team's up-front investment prior to notification of award. It will be important for stakeholders to determine how to best mitigate the fees associated with a HAP's public health professional services prior to its inclusion in the QAP as a requirement or a scoring criterion. Answer these questions below to determine what design work and site assessments must be completed for a project team to submit tax credit application:

1. **What types of drawings and how complete do the drawings need to be for a tax credit application? Is there flexibility after a project is awarded to modify the design?**
2. **What investments are project teams required to make prior to learning if they would be awarded? How do these costs compare to investments that a HAP would require?¹⁴**
3. **Are there other sources of funding that could pay for the public health professional's consulting costs?**
4. **What are some potential long-term benefits for residents and cost savings for property managers by conducting a HAP?**

¹⁴ The Enterprise HAP Pilot Program Process Evaluation provides valuable insight on costs and timeline for project teams that have not yet conducted a HAP: <https://www.enterprisecommunity.org/resources/health-action-pilot-program-process-evaluation-6090>

»» 2.5 Implementation, Monitoring and Enforcement

When a project is awarded tax credits, the project team is committing to implement all QAP requirements and scoring items selected during the application process. The allocating agency will monitor the project teams to ensure compliance. To verify compliance, project teams will submit a variety of documents, and the allocating agency will review the submittals, provide feedback, and enforce when necessary. The more clarity the QAP and supporting documents can provide regarding how to demonstrate compliance and how the allocating agency will enforce, the more likely awarded projects will meet the intent of requirements and scoring criteria.

For the green building certification scoring criterion in the Michigan QAP, the Michigan State Housing Development Authority (MSHDA) provides a table that clearly defines submittal requirements at the time of award, one year after the award and two years after the award, should a project choose to pursue green building certification.

MSHDA 2019 Green Policy Compliance Timeline

	LIHTC Reservation	LIHTC 10% Certification (1 year after award)	LIHTC Placed In Service (within 2 years after award year)
MSHDA Affordable Green Standard	Identify the project type and green standard to be integrated into the project. A fully executed copy of the MSHDA Green Policy Certification must be submitted with the tax credit application.	The tax credit 10% certification application must be accompanied by a fully executed copy of the MSHDA Green Policy Certification .	The placed in service application must be accompanied by a fully executed copy of the MSHDA Green Policy Certification .
Enterprise Green Communities	Identify the project type and green standard to be integrated into the project. A fully executed copy of the MSHDA Green Policy Certification must be submitted with the tax credit application.	The tax credit 10% certification application must be accompanied by proof of project registration with Enterprise Green Communities Criteria Certification. The certification level to be achieved must be clearly identified.	The placed in service application must be accompanied by either: Enterprise Green Communities Certification OR MSHDA Green Policy Certification and Green Communities Checklist with project scoring ***.
National Green Building Standard	Identify the project type and green standard to be integrated into the project. A fully executed copy of the MSHDA Green Policy Certification must be submitted with the tax credit application.	The tax credit 10% certification application must be accompanied by proof of project registration with Home Innovation Research Labs. The rating level to be achieved must be clearly identified.	The placed in service application must be accompanied by either: NGBS Certification OR MSHDA Green Policy Certification and NGBS Checklist with project scoring ***.
U.S. Green Building Council LEED	Identify the project type and green standard to be integrated into the project. A fully executed copy of the MSHDA Green Policy Certification must be submitted with the tax credit application.	The tax credit 10% certification application must be accompanied by proof of project registration with the U.S. Green Building Council. The rating level to be achieved must be clearly identified.	The placed in service application must be accompanied by either: U.S. Green Building Council Certification OR MSHDA Green Policy Certification and USGBC Checklist with project scoring ***.

*** A copy of the official certification must be submitted to the Authority within 30 days of receipt.

SOURCE: https://www.michigan.gov/documents/mshda/mshda_li_ca_22_tab_m_green_amenities_240580_7.pdf



CONNECTING IT TO THE HEALTH ACTION PLAN

The HAP provides a clear set of steps for project teams to follow and requires an implementation and monitoring plan. These plans will guide all project team members through incorporating specific health-promoting features into the design and construction of a project. Documentation that results from these steps will help project teams demonstrate that if a HAP is incorporated into a QAP, there is a way for the allocating agency to monitor progress and compliance.

TAX CREDIT PROGRAM REVIEW

As there are many moving pieces in an affordable housing project, any proposed requirement or scoring criterion for the QAP should have a clear path to compliance, an educated workforce, and an identified enforcement agent. It will be important to consider how the HAP will be implemented by the project team, and then how it will be documented for the allocating agency. Fortunately, the HAP has a clear set of steps that should align well with the typical QAP process. Answer these questions below to determine where the HAP will align with current QAP implementation, compliance and monitoring procedures:

- 1. What will project teams need to know about implementing the HAP or new criteria? How will they gain this knowledge?**
- 2. What will allocating agency staff need to know to ensure project teams comply with the HAP process? How will they gain this knowledge?**
- 3. What would the HAP change regarding the implementation, compliance and monitoring of other criteria? Are there any synergies to be found?**



CONCLUSION

Each state's QAP houses state-specific priorities for affordable housing, regularly modified as stakeholder feedback is shared with the allocating agency. The HAP pairs public health professionals with affordable housing project teams to consider resident health needs while making design decisions. This practice is not yet common in the context of a QAP as most only incentivize prescriptive healthy housing measures. While a project team is encouraged to implement a HAP regardless of whether it is referenced by a QAP, QAPs that incentivize the HAP in full or in part will likely fund more properties that have health-promoting strategies that meet residents' health needs. This guide presents a unique opportunity to positively impact the quality of affordable housing and the health of people who live in these properties.

As all state QAPs are different, it is important to review this guide, read the QAP, and have discussions with affordable housing stakeholders to determine how the HAP could be incorporated most effectively. Answering the prompts in this guide will identify a set of potential opportunities where the HAP could be incorporated into a state's QAP and subsequent tax credit projects. Not all QAPs will be in a position to incentivize the HAP in full. However, this guide highlights potential opportunities to include discrete steps of the HAP framework as an intermediate step in promoting positive resident health outcomes through building design and construction.

It is also important to recognize that any modifications to the QAP will have both intended and unintended consequences. The HAP framework responds to community health priorities that can be addressed through the built environment; it's not always easy to predict what type of design interventions will be most valuable for a given community or property. In the context of affordable housing development, project teams must always be cognizant of the impact and the cost of the strategies that they are implementing. It's a careful balance, to weigh the trade-offs between investing in upfront development costs and long-term impacts particularly when unit counts are on the line. This caution is not to discourage efforts to add community-informed health guidance or a HAP to a QAP. It is merely a reminder to ensure that recommended changes have supporting evidence and support from the stakeholder community, align with agency priorities, and that potential conflicts or impacts have been identified and, if possible, mitigated. By taking these steps, more QAPs are likely to incorporate processes like the HAP and center community needs in their building design guidance.





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