I. Introduction

The low-income housing tax credit (LIHTC) has become the predominant federal subsidy for affordable rental housing. Since it was established by the 1986 Tax Reform Act, the tax credit has led to the construction of over 37,000 rental units in North Carolina alone, and over 1.2 million nationally.[1] While the program emphasizes long-term affordability, housing experts are beginning to focus on the preservation needs of early tax credit properties facing the end of their affordability periods. "Preservation" in this sense refers to the use of public subsidy to ensure tax credit properties remain financially viable. However, the next generation of properties will also face similar preservation issues that may jeopardize their continuing viability as affordable housing. This paper focuses on the role of state housing policy in supporting preservation efforts and the policy issues that are involved.

II. Background

The low-income housing tax credit is an indirect subsidy used to attract private investment to the construction of affordable multifamily rental housing. Developers of affordable housing are eligible to receive the credits, which they then sell to private investors to raise equity for funding development costs. Tax credit investors are typically large corporations and banks who use the credits as a dollar for dollar reduction in their federal corporate tax liability, redeemable over a ten-year period.

For income tax purposes, properties are owned by limited partnerships which in turn are owned by developers and investors. An investor serve as a limited partner with a majority interest (99% or greater) which entitles it to that percent of all associated tax benefits, including tax credits, tax losses and property depreciation. The developer acts as the general partner and has full responsibility for asset management and property compliance. Partnerships are structured to last between 15 and 18 years, by which point investors can no longer claim tax benefits and the IRS stops enforcing program requirements. Partnership agreements typically require the general partner to buy-out the limited partner's ownership stake or sell the property to another buyer during this 15-18 year period. One of these sale transactions is necessary to terminate the partnership and allow the investor to "exit" the partnership.[2]

In contrast to other more direct federal subsidy programs, the Internal Revenue Service regulates the LIHTC through the tax code. States in turn are responsible for allocating, administering and monitoring the use of credits. States have $1.75 per capita in annual credits to allocate on a competitive basis for new housing construction, rehabilitation, or acquisition of existing buildings. To be eligible for credits, developers must rent a certain percentage of units at either 50% or 60% of area median income, although in practice most properties rent entirely to tenants at or below these income levels. Developers were originally required to enforce these income restrictions for a minimum of 15 years. However, in 1989 Congress extended these restrictions to a minimum of 30 years to ensure long-term affordability of tax credit properties. This has created two stocks of properties in North Carolina: pre-1990 properties subject to 15 year rent restrictions; and ones built after 1990 subject to a land use restriction agreement (LURA) that enforces rent restrictions for 30 years.

III. What is Year 15?

Year 15 refers to a variety of overlapping events that impact a property's ownership and regulation after its first 15 years of operation. They include:

- Partnerships will begin to expire, forcing developers to liquidate their limited partner's interest in the partnership.
- Early tax credit properties will be eligible to raise rents and may potentially lose their affordability.
- The IRS ceases its program compliance monitoring and enforcement oversight of properties.
- Properties will need new capital to refinance current debt and fund maintenance and replacement needs.[3]

These events will have a direct impact on a property's financial solvency, and in some cases its affordability. In response, general partners will have to assess the following options whether to: a) buy-out a property from their limited partners or sell it to another owner b) adjust a property's affordability; or c) refinance a project to meet new equity needs.[4] These events are already beginning to occur among early tax credit properties. However, LURA properties will experience many of the same pressures, meaning Year 15 will have broad impact on the entire stock of tax credit properties. The context and implications of these events are discussed further in this paper.

IV. Research question

The North Carolina Housing Finance Agency (NCHFA) administers the state's tax credit program, and will lead preservation efforts in the state. This paper examines the factors that NCHFA will have to consider in deciding whether preservation of existing tax credit units should be a priority. In particular, will Year 15 jeopardize the affordability of tax credit properties? Where expiring affordability is not an issue, what is the scope of preservation needs and what challenges will NCHFA face in addressing them? This paper addresses these issues in terms of the implications for NCHFA policy and the continued viability of tax credit properties as affordable housing.

V. Methodology

Information was gathered from a series of stakeholder interviews and analysis of a NCHFA database. Stakeholders include housing developers, both private and nonprofit, consultants and advisors to developers, lenders, syndicators and NCHFA officials. Interviews were designed to solicit the impressions of these various groups concerning the policy issues surrounding preservation. Therefore, these findings are meant to be indicative, but not exhaustive of the perspectives that different stakeholders will have about Year 15. The NCHFA database contains detailed information on tax credit projects built and/or financed in North Carolina from 1987-2001. Information from stakeholder interviews was used to analyze the database and illustrate key research findings.

VI. Research Findings

<u>Affordability</u>

National observers have emphasized Year 15 poses a special threat to early tax credit properties with expiring rent restrictions.[5] Stakeholders feel this threat is less prominent in North Carolina, because properties are typically smaller, more rural or suburban than in other states, and therefore less exposed to strong housing markets where rent increases would be likely. Market factors will largely determine whether rent can be raised, regardless of other constraints.[6] Properties at greatest risk of losing affordability will be those in urban housing markets where profit-motivated owners have the incentive and ability to increase rents.[7] Stakeholders agreed that for-profit owners would seek to raise rents after Year 15 where possible, but that this impact will be limited and will not raise significant affordability concerns.

Stakeholders feel affordability will not be an issue for post-1990 properties due to their LURA restrictions. Owners of these properties will be forced to comply with restrictions despite an opportunity to realize higher rents or the need to raise new equity for capital needs. Consequently, stakeholders feel the most relevant issue for LURA properties is whether they can be financially viable as affordable housing beyond Year 15.[8] Nevertheless, expiring affordability will potentially be a concern in cases where a developer attempts to sell a property but cannot locate a buyer. Under qualified contract provisions in Section 42 of the tax code, an owner who wishes to sell can request NCHFA to find a party to purchase and operate a property for the balance of the extended restriction period.[9] If the agency cannot find a buyer, rent restrictions will terminate and the property can be sold to any party of the owner's choice. The new buyer must then observe a three-year waiting period before raising rents beyond tax credit limits or evicting low-income tenants.[10]

A developer who maintains ownership beyond Year 15 can also risk violating extended restrictions by raising rents, despite the terms of a LURA. No stakeholders mentioned this as a viable alternative and most felt that developers of tax credit properties have a strong commitment to affordability. Nevertheless, an owner's incentive to violate a LURA will depend on the feasibility of other alternatives, such as property sale or refinancing. Where an owner cannot sell or refinance a property, they may be more inclined to risk raising rents. Their ability to do so without penalty will depend largely on the NCHFA's ability to enforce program restrictions in the absence of IRS involvement. Legal action by tenant associations and housing advocates could also play a significant enforcement role in preventing LURA violations.[11]

Appendix B projects the number of early tax credit units that are both eligible and potentially at risk of rent increases due to absence of other subsidy restrictions after Year 15. As graph 1 illustrates, approximately 2,186 of the units in non-LURA properties are *eligible* to raise rents and are therefore most at risk of expiring affordability. This represents 27% of all the units among non-LURA properties and 6% of units among all tax credit properties.[12] Early tax credit properties will reach Year 15 between 2003-2014, with the majority occurring between 2003 and 2006. The greatest potential loss of affordability will likely occur in this latter period.

Graph 2 indicates that approximately 7,650 units among LURA properties are at risk of rent increases, despite the terms of their LURAs, due to lack of restrictions from other subsidies. This represents 28% of all units in all LURA properties, and 22% of units among all tax credit properties given the same parameters of for-profit sponsorship and absence of other subsidies. LURA properties will reach Year 15 between 2005 and 2017 with the majority doing so between 2010 and 2017. While most of these properties will remain affordable, these estimates suggest the scope of LURA properties potentially at risk of rent increases, and the periods when this risk will occur.

<u>Preservation Issues</u>

Stakeholders agree that the preservation needs of tax credit properties will be less critical than meeting the needs of other aging subsidized housing. This is primarily due to the high level of construction quality and building design of tax credit properties, as well as the relatively higher level of tenant income targeted, compared to other subsidized housing.[13] However, some stakeholders still feel that Year 15 could create legitimate preservation needs within the stock of tax credit properties.

Developers agreed that selling a property is the most convenient way for them to terminate a limited partnership. It is likely that this option will predominate among other property disposition strategies, particularly if additional preservation subsidies are not available. However, it is unclear whether a market will exist for selling tax credit properties, given that many have little residual value due to their low-income status.[14] Developers will be more inclined to avoid sale and choose to buy-out a property instead if it has appreciated in value, or if they also manage the property and earn income through this role.[15] For this to occur, developers must refinance a property's debt, including first and second mortgages in order to reduce the property's debt burden and reflect any appreciation that has occurred.[16] However, properties may be unable to support new financing terms through low-income rents, leaving developers in need of additional subsidy from NCHFA. Where subsidy is not available, developers felt that property bankruptcy and foreclosure is a realistic possibility.[17]

Developers feel that new NCHFA subsidies for resyndication should include a combination of grants and "soft" loans[18], in addition to new tax credits. Resyndication involves allocating credits to either a new buyer or the current owner/developer for the rehabilitation and/or acquisition of a tax credit property. A developer can use the credits to form a new limited partnership with new investors that will raise equity for renovating and upgrading a property. However, resyndicated tax credits also provide a useful way for a developer to dissolve expiring partnerships and fulfill their general partner responsibilities. Consequently, resyndication is a particularly attractive option as it provides developers a subsidy vehicle to maintain their general partner interest in a property.

The Agency must balance two sets of housing needs: meeting the demand for new housing production versus preserving existing housing; and, the relative impact of preserving tax credit properties in contrast to other subsidized housing. NCHFA has traditionally allocated credits for new construction rather than the rehabilitation and preservation of other non-tax credit properties.[19] Insofar as credits are allocated to preservation, the Agency currently views the tax credit program as a means to address the needs of the state's most distressed properties.[20] These primarily consist of HUD Section 8 and 236 programs.

NCHFA's position on resyndication also reflects an unwillingness to use scarce tax credits to resolve ownership issues among existing properties.[21] Funds spent on this purpose reduce the amount available for meeting demand for new units or rehabilitating the state's worst housing. Furthermore, the Agency feels tax credit properties should be able to access conventional financing, and will not exhibit sufficient repair and preservation needs to justify further subsidy. Stakeholders recognize this position will likely guide NCHFA preservation activity in the short term, yet speculate that Year 15 may force the agency to address preservation issues among tax credit properties if enough experience rent increases or financial insolvency. Where these needs arise, most agree that preservation should be a priority for more recent properties with stricter design and quality standards that have greater preservation value.[22]

Appendix C illustrates the potential need for resyndication and other forms of NCHFA assistance to tax credit properties. The graphs identify the number of tax credit units and projects according to the year they reach Year 15. These estimates illustrate when the need for resyndication will likely be greatest due to the number of projects experiencing Year 15 events. As Graph 1 shows, the number of *units* reaching Year 15 fluctuates, but will be greatest between 2009 and 2016. Graph 2 shows that the number of *projects* reaching Year 15 is greatest between 2003 and 2011, in part reflecting the greater average number of units per project among more recent properties. Using the number of units as the measure for assessing the impact of Year 15, the period from 2009-2016 will be the period of greatest need for NCHFA preservation activity.

Developers will likely pressure NCHFA for new tax credits, in addition to other subsidies as their properties approach Year 15. As Appendix C illustrates, this pressure may be greater from 2003-2011 due to the larger number of projects affected. However, the greatest need for NCHFA preservation efforts in terms of tenants and units affected by Year 15 will occur from 2009-2016. These data confirm stakeholder opinions about the importance of preserving more recent tax credit properties.

<u>Enforcement and monitoring</u>

The IRS can audit partnerships up to three years after Year 15 to verify the general partner's record of compliance with tenant income and rent restrictions. This creates a significant enforcement mechanism to ensure owners comply with program guidelines. After Year 15, states will assume sole monitoring and enforcement responsibilities for properties with extended affordability. This creates a substantial dilemma for NCHFA in terms of financing monitoring costs and creating a new enforcement mechanism apart from the tax code.

Monitoring costs prior to Year 15 are factored into a property's original financing. However, no funding is provided for monitoring beyond Year 15.[23] These new costs will require diverting existing agency funds or finding a new source outside of the agency. The amount of funding available will determine the degree to which NCHFA is able to ensure owners observe LURA restrictions and, where able to do so legally, that they follow proper procedures for raising rents by observing the three-year period for rent decontrol. Additionally, continued monitoring will provide information for the agency to use in making qualified contract decisions. Monitoring beyond Year 15 will have important implications for whether properties continue to exhibit the level of maintenance, quality and affordability of properties. Reduced monitoring requirements, or a lack of future monitoring, may influence project disposition should owners face less regulation and restriction on property management or sale.

NCHFA will also be similarly challenged to enforce the new monitoring regime it creates for post-Year 15 properties. The agency's primary means of enforcement is the threat of legal action, or withholding future credits to owners who violate their LURAs. Of the two, the latter may be more effective. Previous legal action by the agency has proven to be expensive, time consuming and has yielded mixed results.[24] Affordable housing developers are sensitive to their reputation and good standing in program compliance. Stakeholders agreed that few developers would be willing to risk violating a LURA, even in the absence of NCHFA or tenant legal action, due to the effect it would have on their reputation and their access to future tax credits.[25] Therefore, NCHFA's ability to withhold credit allocations may be the most effective and practical means of LURA enforcement. However, relying on this strategy may present isolated problems in the case of owners less concerned about access to credits in the future, or where the agency monitoring fails to identify owners who have violated a LURA.

<u>Preservation Roles of Local Government and Nonprofits</u>

Stakeholders emphasized two additional issues beyond the scope of this paper that deserve brief mention. Local governments will play an important role in preservation activity given the various ways they subsidize tax credit properties.[26] The most common form of subsidy is through soft second mortgage debt. In order to refinance a property, most developers will have to petition a local government to refinance the second mortgage, or forgive the debt entirely. If a developer attempts to sell a property, a local government must approve the new buyer and agree to subordinate their secondary debt to a new financing agreement. As Appendix D shows, local governments have invested $55 million in tax credit properties, helping to finance roughly 134 projects with 4436 units, or 12% of all tax credit units. This investment, along with other local subsidies, will give local officials significant leverage to ensure local priorities are factored into property disposition decisions.

National observers cite the potential role of nonprofit housing organizations as preservation entities beyond Year 15.[27] Nonprofits can purchase tax credit properties on more favorable terms than for-profit developers, giving them a competitive advantage in purchasing either properties they have sponsored, or ones being sold by other owners.[28] Some also have right of first refusal options that given them first preference to purchase properties they have sponsored. North Carolina stakeholders cite a lack of capacity among nonprofits that will prevent them from being significant preservation actors beyond their own properties. However, most identified a small set of nonprofits that may be able to play larger preservation roles. The sector has grown in sophistication and experience as a whole in the last decade, and nonprofits currently sponsor 17% of all projects and 25% of all units in the state.[29] While nonprofit capacity will continue to grow, it is less clear whether nonprofits will be able to assist preservation efforts broadly.

V. Conclusion

Two questions guided this research: will Year 15 jeopardize affordability among tax credit properties and what is the nature and scope of preservation needs? Affordability is less likely to be a concern in North Carolina due to market and location factors, and in part to overlapping subsidies. Loss of affordability from properties raising rents will be greatest for early tax credit properties that reach Year 15 from 2003-2006. Affordability will be of less concern, but potentially remain an issue, for LURA properties depending on equity needs at Year 15 and NCHFA enforcement of LURA restrictions.

Tax credit preservation needs will be less critical than those of other subsidized housing, but may warrant greater attention than NCHFA currently envisions will be necessary. The agency will face growing pressure from developers as Year 15 progresses for new tax credits, as well as grant and loan subsidies, particularly from 2009-2017 when resyndication needs will be greatest. A decision to withhold assistance will likely result in more owners choosing to sell properties, potentially raising affordability concerns in the process.

While preservation action will be less critical in the short term, the following recommendations suggest actions NCHFA can take to begin addressing Year 15 issues:

<u>Disposition tracking</u> – NCHFA should track early tax credit properties to determine the disposition issues they encounter, whether rent increases occur and if properties remain viable in the absence of subsidy. NCHFA should use this information to help forecast future preservation needs and possible responses.

<u>Resyndication</u> – given the likelihood of demand for new credits, NCHFA should begin developing a formal policy towards resyndication, including guidelines for allocating new credits to tax credit properties that the agency has an interest in preserving. This could involve a two-tier system of eligibility thresholds for credits to ensure tax credit properties are eligible for credits, as well as more distressed properties with greater needs.

<u>Property monitoring</u> – NCHFA should develop monitoring requirements that ensure LURA restrictions are upheld. Monitoring data should be used to inform resyndication and qualified contract decisions with information about owner management, property maintenance and repair and compliance with program guidelines.

<u>Outreach</u> – local governments, and potentially nonprofits, will have a role in tax credit preservation. NCHFA should reach out to these sectors, share information about property disposition, and coordinate preservation strategies where possible.

Endnotes

[1] California Housing Partnership Corporation. "The Tax Credit Turns Fifteen: Conversion Risk in California's Early Tax Credit Portfolio," November, 2001.
[2] Interview with Greg Mayo, January 10, 2003
[3] Karen Dresser and Mike Duffy. "Ohio's Tax Credit Properties: What Happens in 'Year 15'?" Ohio Capital Corporation for Housing, 2001.
[4] Kate Collignon. "Expiring Affordability of Low-Income Housing Tax Credit Properties: The Next Era in Preservation," Joint Center for Housing Studies of Harvard University, October, 1999.
[5] California Housing Partnership Corporation 2. Dresser and Duffy 1. Collignon 4.
[6] Interview with Danny Ellis, December 4 2002.
[7] Interview with Gordon Blackwell, December 6, 2002.
[8] Mayo.
[9] Internal Revenue Code, Section 42(h)(6)(F)
[10] Internal Revenue Code, Section 42(h)6,(E)(i)(II)
[11] Collignon. "Expiring Affordability of Low-Income Housing Tax Credit Properties: The Next Era in Preservation," Joint Center for Housing Studies of Harvard University, October, 1999.
[12] This estimate includes only for-profit sponsored projects that free from other subsidy restrictions, but does not account for property location which influences whether eligible properties are also *likely* to raise rents.
[13] Blackwell.
[14] Interview with Pat Garrett, December 27, 2003.
[15] Garrett.
[16] Interview with Murray Duggins, December 17, 2002.
[17] Interview with Peter Hubicki, December 27, 2002.
[18] "Soft" loans refer to low-interest loans (1-3%) typically offered by local or state entities that provide near equity financing towards project development costs.
[19] Abt Associates, Inc. "North Carolina: Profile of Low Income Housing Tax Credit (LIHTC) Properties Placed in Service from 1995 to 1999," March, 2002.
[20] Interview with Steve Culnon, January 16, 2003.
[21] Interview with Maida Renson, January 3, 2003.
[22] Interview with Paul Kimball, January 17, 2003.
[23] Kimball.
[24] Culnon.
[25]Interview with Kathleen Foster, January 16, 2003.
[26] Interview with Gregg Warren, January 21, 2003.
[27] Collignon, 34.
[28] IRC Section 42,(i),(7),(B)
[29] See Appendix D.

Appendix A. – Interviews

North Carolina Housing Finance Agency
1. Steve Culnon, Director of Rental Investment

2. Paul Kimball, Manager of Rental Assets

3. Mark Shelburne, Rental Investment Group

Developers
4. Gregg Warren, Downtown Housing Improvement Corporation

5. Danny Ellis, GEM Management

6. Ned Fowler, Northwestern Regional Housing Authority

7. Gordon Blackwell, Regency Development Associates

8. Pat Garrett, Charlotte Mecklenburg Housing Partnership, Inc.

9. Murray Duggins, United Developers

10. John Loving, John Loving & Associates, Inc.

11. Peter Hubicki, Hubicki Ventures, LLC

12. Kathleen Foster, Kathleen Foster and Associates

13. Maida Renson, Guilford Financial Services, LLC

Syndicators
14. Greg Mayo, Community Affordable Housing Equity Corporation

15. *Rob Vest, Apollo Inc.*

Consultants/Other
16. Robert Niegelsky, Housing Consultant

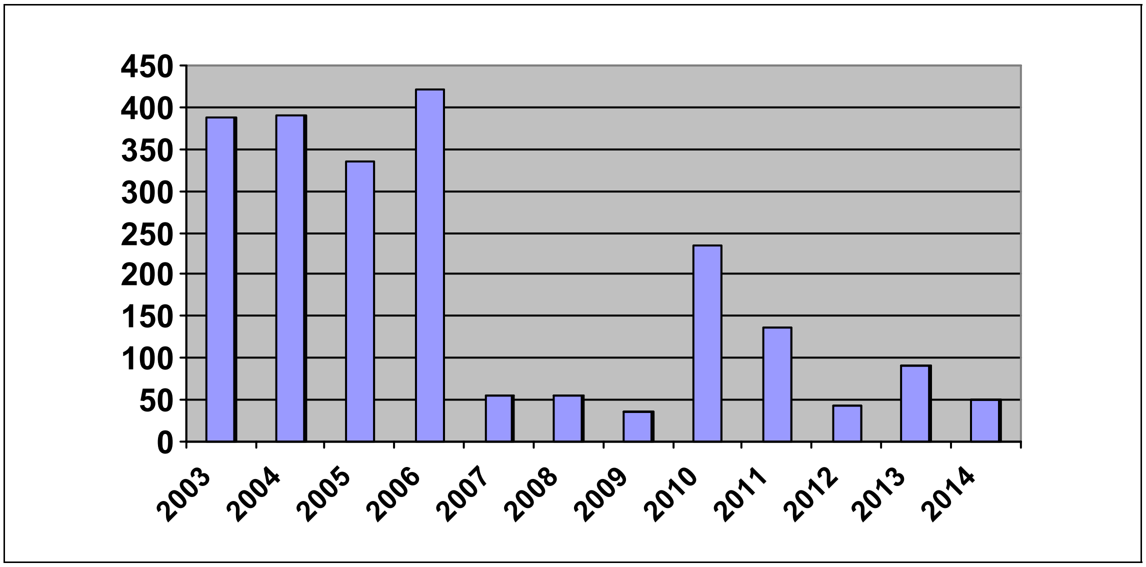
17. Teri Beckman, Local Initiatives Support Corporation

18. Roger Earnhardt, NC Community Reinvestment Corporation

19. Ann Eaves, Wisconsin Housing and Economic Development Authority

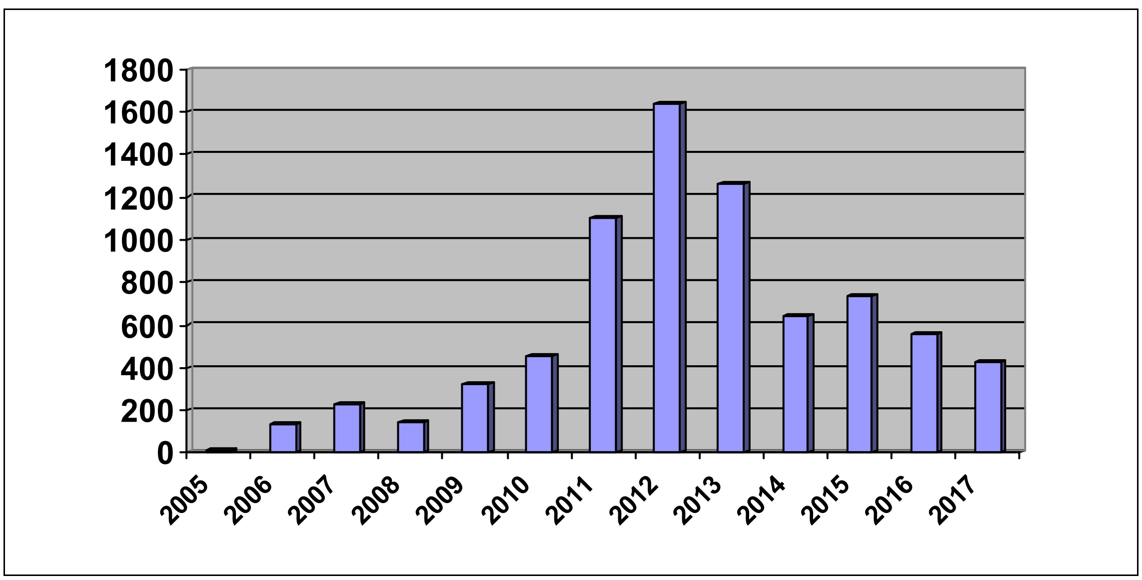
Appendix B. – Units Eligible for Rent Increases

Graph 1: Units in non-LURA properties eligible to raise rents*



* Total units = 2233, excluding 349 units with missing years

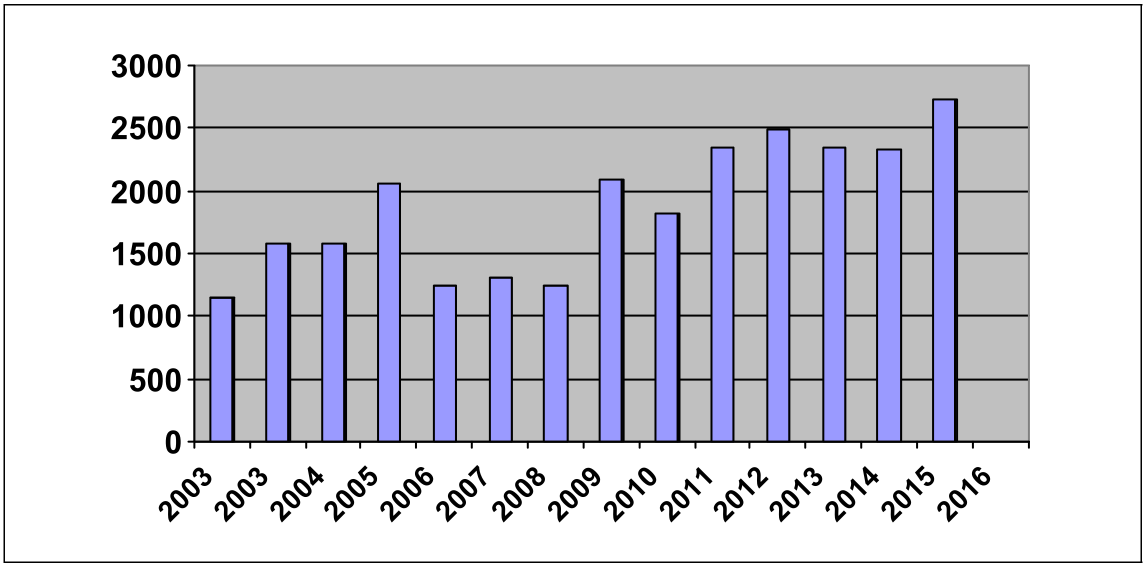
Graph 2: Units in LURA properties eligible to raise rents*



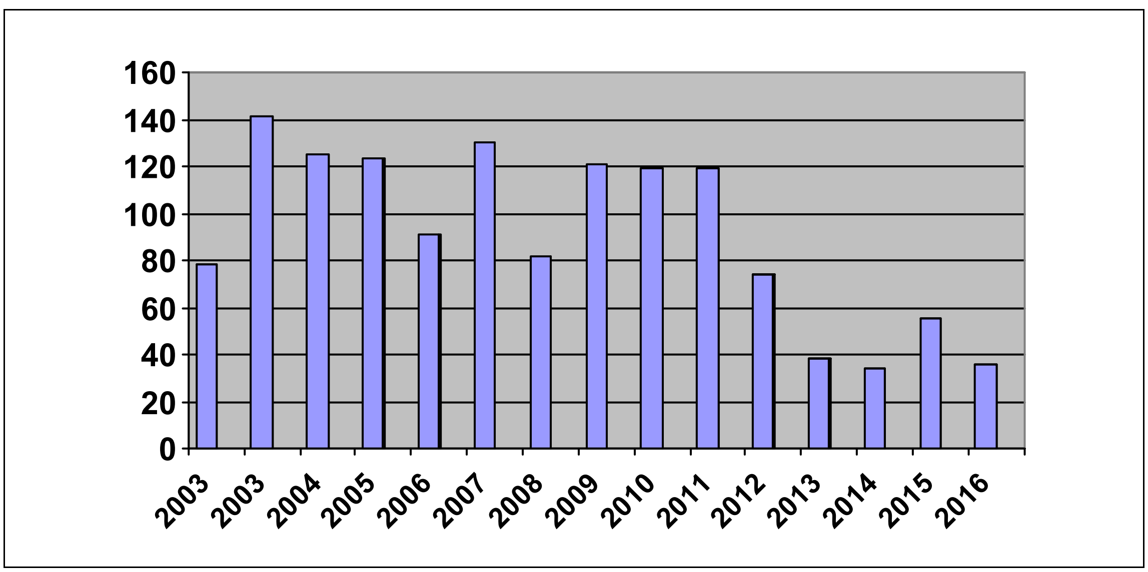
*Total units = 7654, excluding 2470 units with missing years

Appendix C. – Units and Projects at Year 15

Graph 1: Number of Units by Year at Year 15



Graph 2: Number of Projects by Year at Year 15



Appendix D. - Local Government Second Mortgage Equity in Tax Credit Properties

Non-LURA Properties
Placed in service: 1988-1995; Year 15: 2003-2010

	Properties	Units	Equity	Average $ per property
For profit	17	542	$3,868,614	$227,566
Nonprofit	3	141	$1,502,357	$500,786
Total	20	683	$5,370,971	$268,549

LURA Properties
Placed in service: 1991-2003; Year 15: 2006 – 2018

	Properties	Units	Equity	Average $ per property
For profit	54	2,619	$32,364,886	$599,350
Nonprofit	44	1,789	$17,009,927	$387,689
Total	98	4,408	$49,374,813	$503,825

All Properties

	Projects	Units	Equity	Average $ per property
For profit	71	3219	$36,233,500	$510,331
Nonprofit	47	1217	$18,512,284	$393,878
Total	108	4436	$54,745,784	$506,906

Note: these estimates exclude properties with mortgage amounts below $50,000 on the assumption that a developer could pay off this debt and free their property of its secondary debt. However, this only excludes seven properties and $170,408 from the analysis.

Appendix E. – Stock characteristics

Table 1. Property information according to LURA status

	Non-LURA		LURA		Total	
	Number	Percent	Number	Percent	Number	Percent
All projects	607	----	936	----	1,543	----
Total units	8166	----	27,431	----	35,597	----
Ownership status						
For profit properties	601	99%	776	83%	1,377	89%
Nonprofit properties	*6*	*1%*	*160*	*17%*	*166*	*11%*
Sub-total of properties		100%		100%		100%
# of for profit units	7,901	97%	20,488	75%	28,389	80%
# of nonprofit units	*265*	*3%*	*6, 943*	*25%*	*7,208*	*20%*
Sub-total of units		100%		100%		100%
Location						
Metro area properties	478	79%	790	84%	1,268	82%
Non-metro area properties	*129*	*21%*	*146*	*16%*	*275*	*18%*
Sub-total of properties		100%		100%		100%
# of metro units	4,243	52%	22,931	84%	27,174	76%
# of rural units	*3,923*	*48%*	*4,500*	*16%*	*8,423*	*24%*
Sub-total of units		100%		100%		100%

Table 2. Property Information Overall

	Non-LURA		LURA		Total	
	Number	Percent	Number	Percent	Number	Percent
All properties	607	39%	936	61%	1,543	100%
Total units	8166	23%	27,431	77%	35,597	100%
Ownership status						
For profit properties	601	44%	776	56%	1,377	100%
Nonprofit properties	*6*	*4%*	*160*	*96%*	*166*	*100%*
# of for profit units	7,901	28%	20,488	72%	28,389	100%
# of nonprofit units	*265*	*4%*	*6, 943*	*96%*	*7,208*	*100%*
Location						
Metro area properties	478	38%	790	62%	1,268	100%
Non-metro area properties	*129*	*47%*	*146*	*53%*	*275*	*100%*
# of metro units	4,243	16%	22,931	84%	27,174	100%
# of rural units	*3,923*	*47%*	*4,500*	*53%*	*8,423*	*100%*

Appendix F. - Questionaire

Background

1. Are you a for-profit or nonprofit developer?

2. Do you also manage your projects you have developed?

3. What type of projects do you develop? Urban, suburban or rural?

4. How long have you been developing/owning affordable housing?

5. What type of projects do you typically develop? New construction, rehabilitation or both?

6. Have you developed projects with extended affordability restrictions?

Open Ended

1. How familiar are you with Year 15 issues?

2. How familiar do you think other developers are?

3. Do you feel Year 15 is a threat to extended affordability?

4. What factors would lead a developer to raise rents at Year 15?

5. How would those factors influence a decision to sell a property or convert it to market rents?

6. Is Year 15 more or less of an issue in North Carolina compared to other states?

7. How much do the expectations of their limited partners/investors factor into Year 15 decisions?

8. Is developer status (for-profit vs nonprofit) or development characteristics (location, market dynamics, recapitalization needs) more important in determining whether how a developer addresses Year 15?

9. What do you feel is necessary to assist developers who want to keep their projects affordable but who otherwise might be forced to choose an early opt out?

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