

Tara Hall

From: Bill Bolstad <bbolstad@mosaicdevelopmentgroup.org>
Sent: Thursday, September 25, 2025 7:45 PM
To: Tara Hall
Cc: Darryl Hemminger; Jon Thompson
Subject: EXTERNAL: 2026 QAP Comments
Attachments: Cats Micro Transit.pdf

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Good Evening Tara,

Thank you as always to you and your team for your work on refining and adjusting the QAP. It is no doubt an unwieldy task to balance the concerns coming from a variety of different parties from all around the state.

In follow up to the hearing today, we would like to provide the following comments and clarifications related to the draft 2026 QAP:

1. **Micro Transit:** Micro Transit is the public transit equivalent of an Uber or Lyft-type service. In many areas, Micro Transit is replacing conventional bus service. It is a rapidly growing trend in public transportation, and exists in part to provide reliable public transportation to otherwise underserved or unserved communities. This form of public transportation is designed to meet the same objectives as a traditional fixed-service bus line. We would ask that the Agency give serious consideration to including this as an option. Without it, large swaths of both urban and rural communities (and in some cases entire communities) may otherwise be effectively eliminated from the LIHTC competition for lack of shopping or transit. For example, we evaluated a site in northern Mecklenburg County that met all of the standards for a perfect site score until very recently when the Charlotte Area Transit System (CATS) replaced the bus line with their new on-demand transit program called **CATS Micro** ([link here](#) or informational PDF also attached). As a result, this entire community now no longer has a single site that is competitive for LIHTC's. Without modification to the QAP, more and more areas will be effectively and unnecessarily eliminated from the LIHTC competition as this trend continues.

To be specific, we would propose that NCHFA add the following language to the end of the section on transit: *"In addition, Projects located within a defined micro-transit service zone in which a public transit system offers on-demand shared ride service integrated with a broader transit network, and which functionally meets the requirements above, shall also be eligible for 6 points under this transit access category."*

2. **Total Replacement Cost Definition:** Currently, the term "Total Replacement Cost" is undefined. In certain contexts, "Total Replacement Costs" refers to the total cost to replace a project after a catastrophic loss. In these instances, TRC would typically exclude certain costs such as land, permitting, and design fees. We presume the language in the QAP is intended to refer to the total 'all-in' project costs, in which case we would recommend NCHFA use the term "Total Development Cost," or provide a definition for "Total Replacement Costs."

3. **Total Replacement Cost Cap:** If Total Replacement Cost is meant to refer to total all-in development cost (hard costs, soft costs and land), we suggest raising it to \$350K/unit. As one example of our rationale, we are currently working on a high quality and highly desired project in Durham. With increases in construction cost, site work, and borrowing costs as well as decreases in equity pricing, the total cost of this project has seen significant increases since we first began working on it several years ago. Best estimates put that project at roughly \$338K/unit all in. As another example, a partner of ours on the Evoke Living at Sugar Creek project in Charlotte, (constructed between 2019 and 2020) recently reported that building that same product on another, similar parcel of land in Mecklenburg County cost him nearly double in less than 5 years' time. The original total development cost of that project was just under \$166K. His comment puts TDC likely at greater than \$300K today.

We appreciate the Agency's efforts to take developer feedback into account when updating the QAP each year. Please do not hesitate to reach out if you have any questions about the information provided above. We hope to see you at the conference next week!

Regards,

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