



THE PENDERGRAPH COMPANIES

DEVELOPMENT ■ CONSTRUCTION ■ MANAGEMENT

MEMORANDUM

To: NCHFA

From: Frankie W. Pendergraph

Date: October 25, 2012

Re: Comments to 2013 QAP

Mortgage Subsidy Points - There should be no points for mortgage subsidies. There are many local governments that simply do not have the financial ability to provide mortgage subsidies. Even though a county may have funds available, many smaller cities and towns within these counties may not have funds available. These smaller cities and towns would be at a disadvantage should mortgage subsidy points return. Mortgage subsidies can always be used to make a development more financially feasible; however the lack of mortgage subsidies should not be the factor that makes or breaks a deal. Additionally, many small cities and towns do not have the staff to handle CDBG and other government funding programs; therefore they are less likely to want to pursue such funding.

Boost – There absolutely needs to be an Agency discretionary basis boost. We have run numbers in all types of counties and due to equity pricing, costs of construction, impact fees, higher land cost (due to site criteria) and the tax credit rate, many deals that worked in the past are not financially feasible without a boost. It is better to have 3-4 fewer tax credit awards and have all of the developments work better than to have more awards that are less financially sound.