

Chris Austin

From: hollysmith [hollysmith7@gmail.com]
Sent: Friday, August 30, 2013 3:45 PM
To: rentalhelp
Subject: RE: 2014 QAP Comments

Hi, Folks! I haven't had sufficient time to consider all the aspects of the QAP which I would like to see modified, however, here are my initial comments:

1. Site Selection—bring back the maximum points for sites situated within ONE HALF mile of a grocery store and pharmacy/dollar store. As evidenced by the maximum 60 points being awarded for 38 of the 43 preliminary applications submitted in the East, it appears that almost all sites, with public water and sewer available, are within a mile of a Food Lion and a Dollar Store. As such, to improve site selection, reduce the mileage to ½, as it has been in the two previous years;
2. In the same vein as # 1, add additional amenity criteria for site selection points—banks, gas stations-convenience stores, medical offices, and fast food establishments within a half or 1-mile are services which are needed by our lower-income residents and as such should be considered in the site scoring process.
3. Using the “fewest credits/unit” as the first tiebreaker is not equitable for projects across the State, in that land prices and impact fees drive the overall cost of development, and land costs and impact fees vary widely from highly-populated areas (typically high income counties) to rural (typically a low or income county), more economically-depressed areas. With the fewest credits/unit as the benchmark, lesser quality sites, and under-funded/ riskier projects will be allocated tax credits;
4. There is a maximum, but no minimum amount, for Rehab, Line # 4, and New Construction-Buildings, Line # 5 in the QAP. Based on the Agency's stance on a developer's lack of experience from its previous development activity, whether it is in rehabilitation, adaptive reuse, or new construction, it does not make sense to use that lack of experience as a basis for accepting an unreasonably-low estimate for Line # 4 or Line # 5. The Agency has reliable data regarding historical costs for Rehab, Adaptive Reuse, and New Construction from Final Cost Certifications on file, which could be used to establish that range of cost for each construction type;
5. Lower Income-targeting, of 40% in Moderate-income counties, threatens the long-term feasibility of tax credit projects in those locations because of the disparity between high income and low income folks in Moderate Income counties—“Moderate” Income earners do not make up the bulk of renters in these Counties! We rent to those in the 50% and 60% income categories to begin with, so having the additional, onerous requirement of 25% of the units at 40% of AMI reduces the gross income below what can be reasonably financed. Operating expenses per unit are the same, regardless of the rent level, and the cannot be met with 25% of the units being rented at 40% of Area Median Income. Eliminate the “25% @ 40% of AMI” requirement in Moderate-Income designated counties.
6. Developer Fees should increase at the same rate as the Agency's fees—we are subject to the same, or higher, rising cost scenarios—labor and material costs, insurance, borrowing costs.
7. The Agency should not put an artificial cap on equity pricing—this negatively impacts the ability of the Developer to obtain the best price and highest source amount for his project. If tax credit prices decline between application and allocation, that risk falls on the Developer, as do other financing risks associated with Development.

That's it for now! Thank you for your consideration.

Holly

From: Chris Austin [<mailto:clAustin@nchfa.com>] **On Behalf Of** rentalhelp
Sent: Friday, August 16, 2013 12:23 PM
To: rentalhelp
Subject: 2014 QAP Comments

As mentioned in yesterday's Housing Credit awards announcement, the Agency is accepting comments on the 2014 Qualified Allocation Plan. Please submit comments by Friday, August 30th to be considered before the first draft is released. You may email comments to rentalhelp@nchfa.com or mail to the following:

NC Housing Finance Agency
attn: Rental Investment
3508 Bush Street
Raleigh, NC 27609

In addition to suggested revisions, we are also seeking comments on what you considered to have worked well in the 2013 cycle. Letting us know what worked is just as important as letting us know what did not. As always, we recommend being as specific as possible and providing examples or proposed text when suggesting revisions.

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