Mark Shelburne

From: Stephen Brock [stephen@brockvi.com]
Sent: Friday, October 11, 2013 10:16 AM
To: rentalhelp
Subject: QAP Comments - #2

Dear Officer:

My comments re the First Draft of the 2014 QAP:

***Proximity to grocery and pharmacy/shopping**. I support keeping min distance at 1 mile. Properties closer than that will certainly command higher land costs and thus credits per unit. Properties within 1 or even 2 miles of these services are just as viable.

***Maximum tax credits per unit** -- one deal in 2013 was awarded with over $15,000 per unit in tax credits, presumably through the Redev set aside. I strongly support the Redev set aside however using this many credits is appalling and a slap in the face to developers who present more financially efficient deals. A simple maximum credits per unit parameter should be established to prevent this from happening again.

***Developer Fee** -- I support the increase in Developer Fee per unit. I also support raising the maximum allowable total Developer Fee from $1MM accordingly to allow larger developments (80 units is the max developers now would get paid for) which can achieve financial economies of scale.

***Federally Insured Loans** -- preventing developers from using RPP along with federally insured loans seems counterproductive. Federally insured loans will help reduce or eliminate the need for RPP loans on a given deal. Developers are incented to minimize RPP on a given deal anyway due to the tiebreaker and that it's a limited resource. They also make relatively lower rent revenue deals such as Elderly more viable as well. Federally insured loans present many advantages that should be recognized instead of penalized. This is a competition and better is better.

***RPP in tiebreaker formula** -- conceptually, I agree with rewarding deals that minimize resources used (credits and RPP). However, I would not include RPP in the tiebreaker. Developers heavily weigh the pros against the cons of using RPP in their deals and the decision to use it, I believe, is not entered into lightly. Everyone knows it's a limited resource. On the other hand, it may be necessary for deal viability (especially on Elderly deals where rents are generally lower). This basic tradeoff is a major part of the decision process. I think adding RPP into the tiebreaker formula doesn't accomplish anything and it may just muddy the waters unnecessarily.

If RPP must be accounted for in the tiebreaker realm, then I would suggest a modification as the proposed structure does not account for the discount of credits due to pricing. Credits are sold at less than 100% of value while of course RPP funds are not. Putting them in the formula as currently proposed is mixing apples and oranges and opens this up to unwanted gamesmanship. For purposes of the tiebreaker, I would suggest multiplying the credits times a pricing factor to put them on even par (net value to the deal) with RPP dollars.

Regards,

Stephen Brock