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September 2, 2016

Via Email to: rentalhelp@nchfa.com

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

Re: First Draft 2017 QAP Comments

Dear Mr. Austin:

MV Residential Development LLC (MVRD) thanks you for the opportunity to provide input to the development of the 2017 Qualified Allocation Plan. We appreciate NCHFA's willingness to solicit and consider comments from industry practitioners. MVRD hopes its suggestions and ideas will prove useful as NCHFA prepares its final Qualified Allocation Plan.

Our responses can be found in the attached narrative behind the letter.

We appreciate the opportunity to provide suggestions for the upcoming 2017 Qualified Allocation Plan. If NCHFA staff would like to further discuss any of the above comments, please call me at (513) 774-8400.

Sincerely,

A handwritten signature in black ink, appearing to read "B. McGeady".

Brian McGeady
Partner, President, MV Affordable Housing Development
MV Residential Development

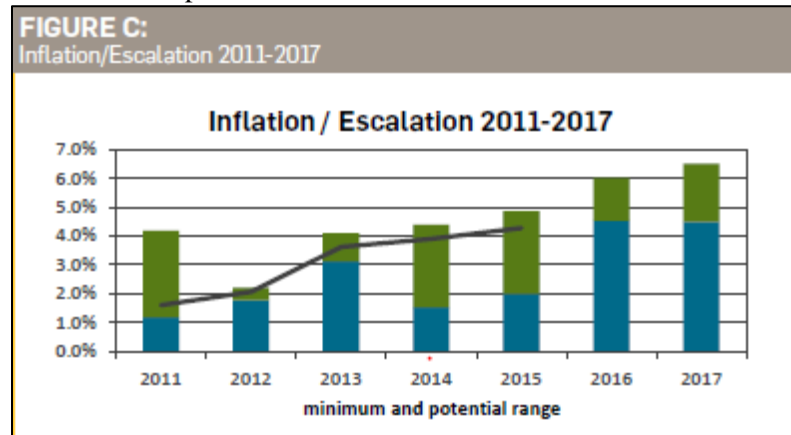


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Comments:

- We appreciate NCHFA's willingness to adapt and change the 2017 QAP. It appears that some of the changes NCHFA has contemplated will allow developers to underwrite more modest rental rates and permanent debt levels as well as lower developer fee deferrals. While these changes are welcome, we ask that there be more differentiation in the scoring system.
- The Maximum Project Development Costs only increased \$2,000 for Chart A and B. We have researched the inflation statistics for residential construction and found that during growth periods, inflation is 8% for nonresidential buildings and 9% for residential buildings. The Gilbane Building Company published the following figure in its Winter 2015-16 report:



A Quarterly Forecast Report published by Turner Construction Company indicates inflation in construction has risen 13% since 2013. There is a national shortage of skilled labors, which affects job selection and their willingness to travel. Both of these issues are putting upward pressure on construction costs.

We strongly recommend that NCHFA research the state's inflation rates and reevaluate the Maximum Project Development Costs.

- We request NCHFA keep the Agency Designated Boost. We are thankful the Protecting Americans from Tax Hikes Act of 2015 permanently extended the minimum low-income housing tax credit rate; however, some proposed communities could still be challenged with basis and need the cushion.

Suggestions:

- We suggest that NCHFA implement a scoring criterion that measures Economic Growth and Census Statistics to further differentiate proposals. Sites should be awarded that are located in a county with the greatest job growth and economic performance. Partnering with the NC Chamber and ensuring that Workforce Housing is provided in the areas with the greatest job opportunity will create successful projects and drive the Chamber's Jobs Agenda.
- If NCHFA wants to measure a sites proximity to schools, they should also evaluate its performance factors. Developers should be responsible for ensuring that a community is built in an area with access to good schools with Math and Reading Performance Scores above the State average.
- We encourage NCHFA to incentivize site's that propose affordable housing in areas with job opportunities; in areas near strong and stable communities and in areas which demonstrate the capacity for community revitalization opportunities.

For Multifamily proposals considerations could include: Low poverty rates, limited affordable housing options, both subsidized and nonsubsidized, limited affordable housing production in past 20 years, close proximity to employment, strong housing markets and high owner occupied markets. Senior proposals could include: large number of seniors eligible for affordable housing, limited affordable housing options both subsidized and nonsubsidized, limited affordable housing production in past 20 years and close proximity to amenities for the senior population, including health and retail establishments, home health agencies, and hospitals.

These criteria would be objectively scored by NCHFA staff.

- In addition to our Maximum Project Development Costs comments, we would like NCHFA to itemize different building products by type and by their regional classification as Rural or Urban.

Rural:

Apartment without elevator - \$69,000
Apartment with elevator - \$72,500
Townhouse – \$78,000
Duplex- \$81,000
Single Family Home - \$85,000

Urban:

Apartment without elevator - \$66,000
Apartment with elevator - \$69,500
Townhouse – \$75,000
Duplex- \$78,000
Single Family Home - \$82,000