

Chris Austin

From: Stephen Brock <stephen@brockvi.com>
Sent: Tuesday, September 20, 2016 9:57 AM
To: rentalhelp
Subject: QAP -- comment set #2

Dear NCHFA:

Further comments on the 2017 QAP Draft 1.

Credits Per Unit — Instead of rewarding points on credits per unit centered around the average, I would suggest scoring vertical hard costs (ie, not site work) per unit around the average and, separately, soft costs per unit around the average.

Site Work — give site work its own 20% contingency line item (below the GC markups) and require a letter from a civil confirming that the estimate (not including contingency) is reasonable. This gives NCHFA an easy clawback source in the budget if favorability is later realized without digging in to other line items that are or should be more accurate.

Pre App Drawings — Please do not continue to require elevations and building floor plans at Pre-App. It often changes at Full App anyway and we all know what apartment buildings look like. Nothing is gained at pre-app by turning in these drawings however it is a lot of work for architects. Please require (1) a site plan with perhaps the stories/ height of buildings noted, (2) representative unit plans by bedroom type, and (3) maybe a representative sample elevation with materials noted etc that is similar to the style. Again, current procedure is asking for a huge amount of work on deals that will not make it to Full App, lose at Full App, and change by Full App.

Income Targeting — Per my comments submitted on September 2, 35% of units at 30% or 40% AMi is far too deep and will drag down the NOI over the medium to long term.

OPEX mins — I believe there should be two sets of OPEX mins....one for dev paid water/sewer and one for tenant paid.

OPEX taxes — I believe applicants need to show their real estate tax calculation (though I would not require a letter from tax assessor as they won't sign it). Some seem unrealistically low....I saw one for \$5,000 on an 80 unit family property.

Additional tax credit equity — I strongly support letting developers take ALL additional equity realized. There are few, if any, other ways to realize significant favorability on a deal to offset the significant downside risk in other areas — especially now in an environment of rising construction prices. Developers need some sort of upside facility.

QAP Timing — thank you for earlier draft!!

Regards,

Stephen