Chris Austin

From: Tim Morgan <Tim@spectrum-evergreen.com>
Sent: Monday, September 18, 2017 12:25 PM
To: Chris Austin
Subject: 2018 QAP Comments

Chris

I ask the agency to consider the following for 2018:

Section IV.

A.1.(b)(ii) Driving Distance in Miles

Increase driving distance to 2, 2.5, 3 and 4 as a way to open up additional sites that may be less expensive to purchase. With the 1 mile increment we are competing with commercial developers for sites and paying a premium for them. So not only do we have high land cost but now we are dealing with extremely high construction costs, that are changing daily. It is also getting more difficult to find sites in Raleigh that score a perfect 60, which you must have in order to stand a chance to get funded, yet the housing need in Raleigh is only growing worse.

Keep small town driving distance at the 2017 levels (meaning 2, 2.5, 3 and 4 miles) simply because there will be 2016 deals (that received additional 2017 credits) that will need to reapply in the 2018 application cycle in order to resize the sources due to construction cost issues. The proposed distance reduction may harm some of those as it relates to site score.

E.2. Small town project size - let the market study dictate size of the project.

F.3. Eliminate the proposed "Applicant Bonus Point". Firms that submit multiple applications are placed at a disadvantage against single applicants.

F.2. Credits Per Unit Average - Elderly developments cost more to construct than family developments due to the additional common areas – 20+% of the total s.f. devoted to common area space. The current average percentages are too narrow for elderly projects to compete, much less the proposed averages. Only (4) elderly new construction projects received funding in 2017 compared to (23) family new construction projects. The competitiveness of elderly projects is further restricted by the rent targeting requirements, which again you need in order to be competitive. Outside the metro (where there is less soft money available), it is difficult to get the targeting points because elderly projects do not have 3 bedroom units AND we have to be more conscious of where we set the rents at (meaning not near the top of the max. hsg. exp. limit) due to the elderly population being on fixed incomes (social security/small pension). With the proposed designated boost, the applicant will have the ability to ask for the additional credits in order to reach the targeting points. So as a result the percentages need to be adjusted upward in order to be able to take advantage of the boost without taking a hit because you fall outside the averages. I would suggest 7.5% and 10%. I understand this will result in more tie scores but at least a more hopeful chance of elderly projects competing, with the loss determined by poverty level.

Thanks.

Timothy G. Morgan, Vice President
Evergreen Construction Company
7706 Six Forks Road, Suite 202
Raleigh, NC 27615

(919) 848-2041, ext. 201
www.evergreenconstructionco.com