

Chris Austin

From: Holly Smith <hollysmith7@gmail.com>
Sent: Wednesday, September 20, 2017 6:59 AM
To: Chris Austin; Scott Farmer
Subject: 2018 QAP comments

Thanks, Chris and Scott, for the informative discussion at the public meeting last Thursday. I have the following comments to the proposed 2018 QAP:

*Limiting project size to 48 units in "Small Towns" should *not* be included in the final draft of the 2018 QAP. The Agency should rely on their authority to approve/disapprove the Primary Market Area determined by the Analyst and/or additional, supportive information provided for consideration, if the concern is that the project has too many units to lease and keep occupied. Small Towns often draw on their entire county's population (and beyond, in some circumstances) due to population/demographics and lack of suitable, affordable housing in the PMA. Furthermore, the proposed change creates a significant disadvantage for credit allocation and successful development in Small Towns because:

(1) Limiting Small Towns to 48-unit project will limit the advantage of WHLP funds, since 48 units will generate less than one-half of the WHLP available for Moderate and Low Income counties due to less eligible basis generated;

(2) land costs may be less than in Metro-located regions, but Small Towns are more susceptible to high construction costs because of distances from "apartment boom" metro areas, where experienced GCs are plenty busy with 120-unit tax credit and 300 unit conventional projects. If you limit Small Town projects to 48 units, there will be *even less* opportunity to provide affordable housing in moderate and low income counties due to the higher cost the GC will charge. In many Small Towns, tax credit financed properties are the only housing choice for moderate-to low income earners;

(3) Senior projects consisting of single buildings requiring elevator access will not be feasible, since the elevator and its maintenance cost are too high to be spread across just 48 units which include a large proportion of one bedroom rents;

*Conversely, on the operating side, Small Town Rents have not typically increased fast enough to cover the proposed, higher O & M modeling expense, nor do they need to--for example, Site managers and maintenance personnel in Small Towns/Low-to Moderate income areas are typically paid less than their Metropolitan counterparts due to less competition for employees in Small Towns/Low-to-Moderate income areas. The disparity between income and expense escalations will be more pronounced when the PMA's rents are low to begin with, which will result in more Small Town projects not meeting the 20-year minimum DCR requirement.

*Amenity distances--I support your proposed reduction in distances for Small Towns--as history shows, it is too easy to meet maximum points in this category, which is the first priority of the QAP--"location and site suitability." Developers and proposed developments should be "rewarded" for locating the best sites, with the site score reflecting that. A site can still score the maximum points (50), without having all amenities within 1.5 miles and perfect site suitability (total possible, 60 pts). I also support sections (iv) and (v) where the Agency has the discretion to increase or decrease points at its discretion--we have all seen sites that don't seem suitable for housing

*I do not recommend PSF maximums and minimums--the calculations would be tedious/time consuming for the Agency and would have the unintended consequence of requiring the preliminary plans to have the *exact* square footage to the final plans.

Thanks for your hard work and encouraging additional input in the QAP process!

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