

Chris Austin

From: Traci Dusenbury <tdusenbury@halconcompanies.com>
Sent: Thursday, October 19, 2017 9:15 AM
To: Chris Austin
Subject: QAP 2nd draft comments

Chris,

Thank you for listening and addressing many of the concerns of the development community in the 2nd draft of the 2018 QAP.

I am writing with a couple of concerns, however, in this latest draft that are very serious:

- 1) Based on 2016 projects I'm involved in that have not closed, construction costs really need to be around \$76,000/unit before giving negative points. We do not want to end up where we are now, again...and with limited labor and materials costs rising, I don't want us to be set up for failure from the onset. Please consider this. I have recently received more than enough evidence to support this that I can provide to you from bids received and that continue to rise with every new project we bid.
- 2) I am also very concerned about the change in language for Section IV.F.2. Credits per Unit Average Calculation. I am concerned that by giving the 4-8% below average maximum points incentive, you are once again incentivizing developers to present overly-aggressive underwriting to NCHFA in order to win an award they may not be able to close. I believe giving maximum points to projects falling within 5% of the average (up or down) is really the best method and I believe you should go back to the way the language was written in the 2017 QAP. By giving that below average incentive, you may be unintentionally providing a low target and promoting a race to the bottom again. With the current market environment in such a flux, and with those who received 2016 awards suffering as we are, this is not the time for another race to the bottom. Please consider going back to what you had in 2017 with "within" being the key word in the section and preferably with the 5% and 10% targets.

Thank you for your consideration.

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