

Chris Austin

From: James Pressly <jhpressly@presslyresidential.com>
Sent: Monday, October 30, 2017 4:03 PM
To: Chris Austin
Subject: 2018 QAP comments

Chris,

Thanks for hosting us last week at the NCHFA conference, and for organizing and moderating the developer's workshop. After speaking with a number of builders and developers, and reflecting on our personal experience through the 2016 allocation cycle, we would ask the Agency to consider the following as it works to finish the 2018 QAP:

1. Development Costs, Line Item 5 (Construction of New Buildings): The proposed maximum project development cost is way too low, and we are still seeing construction costs increase dramatically. Here's an illustration of how labor and material cost increases have hamstrung our 2016 project John Ross Commons:

Date of Cost Estimate	Building Cost	Cost Per Unit
May 2016	\$3,120,000	\$65,000
November 2016	\$3,400,000	\$70,800
October 2017	\$4,166,400	\$86,800

Source: Parker General Contractors

- In light of these labor and material cost increases, we suggest the Agency raise the maximum project development cost to \$85,000 per unit in the 2018 QAP.
2. Credit Per Unit Average: As written, the Agency is incentivizing developers to artificially deflate costs to come in below the average CPU. We suggest the CPU points in the 2018 QAP should mirror those of 2017, or that the Agency should change the language to award points "within" the specified range, not "below" the specified range. This will mitigate a race to the bottom.

Thank you,

James

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