Chris Austin

From: Andy Martin <aMartin@nrpgroup.com>
Sent: Friday, August 25, 2017 12:08 PM
To: Chris Austin
Subject: NCHFA Comments to 2018 QAP Draft

Importance: High

Chris:

We are writing to comment on the proposed NCHFA QAP for 2018, specifically Section V. Allocation of Bond Cap; item B.2.(c). As you are aware that section prohibits an owner of a property from obtaining a tax-exempt bond allocation with 4% tax credits to acquire an existing property where the acquisition cost is in excess of sixty percent of the total replacement costs of such property. This appears to be similar to the rule contained in Section 4.H.1.(d) as it relates to selection criteria for the rehabilitation set-aside for 9% credits.

Developers structuring the acquisition of existing properties for the purpose of renovating, preserving, and adding affordable housing units by utilizing Tax-Exempt Bonds and 4% tax-credits often find appraisal values well in excess of 60% of the replacement costs. Most properties in the market today, which are in good locations and/or in good physical condition, are realizing much higher valuations. As such, the rule in Section V.B.2.(c) limits the ability of NCHFA's network of Rental Housing Partners to redevelop quality affordable housing and bring more market rate product into the program using the tax-exempt bonds. Accordingly, we would ask Section V.B.2.(c), as it relates to bond financed transactions, to be modified in order to reflect the current market environment.

We greatly appreciate your consideration in this matter and would enjoy the opportunity to discuss further at your convenience.

Sincerely,

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