

Tara Hall

From: James Royster <jroyster@mosaicdevelopmentgroup.org>
Sent: Wednesday, September 28, 2022 3:57 PM
To: RentalHelp
Cc: Kathy Stilwell
Subject: 2022 QAP Comments

Tara and Scott –

As always we appreciate the opportunity that NCHFA grants developers to comment on the QAP.

1. Developers expend a great deal of time, energy and money to select competitive sites, gain site control (frequently with non-refundable deposits), initiate site and building design necessary to obtain necessary zoning and submit a quality application in January. While we understand the desire to make improvements to the QAP – changes to the site scoring or threshold design criteria (e.g. retaining wall restrictions) at this stage of the process (2nd draft QAP expected in November) is unfair.

We respectfully ask that changes to the site scoring and threshold design requirements be issued one year in advance.

2. We agree that the walk score is an imperfect criteria that is subject to manipulation and in many cases does not adequately qualify sites based on meaningful criteria that make one site better than another for our residents. We have scored some of our existing properties and it just doesn't make sense. We have seen sites that are immediately adjacent to a shopping center with a grocery, retail and pharmacy have very low Walkscores while sites with significantly less amenities have higher Walkscores. Options could include additional variation on points based on more distance parameters (1/4 mile), allowing more amenities to score points, etc.
3. Consider granting points for bus stops if the local municipality or transportation authority commits in writing to adding a bus stop/cover at a specific location prior to the placed in service date.
4. Given the continued uncertainty of construction and material pricing consider waiting another year before establishing a maximum project development cost.
5. All existing properties should be automatically eligible for a 2% rent increase each year as long as it does not result in exceeding the maximum allowable rents.
6. We do not want to see a return to the credit per unit tie breaker unless it falls at the end of the tie breaker list as the final determination.
7. Please revisit the developer fee cap. More and more we are forced to utilize the developer fee to fill funding gaps and investors/lenders want to know that the fee is there and large enough to be meaningful as the first layer of protection for cost overruns. This should result in fewer deals coming back to NCHFA seeking relief.
8. Please see our prior comments regarding a review of the retaining wall distances. This is a decision that should be made with input from developers, architects, engineers and management to identify a reasonable and technically sound resolution.

9. We recommend NCHFA defer parking requirements to the local municipality and/or reduce the current parking requirements.
10. We have experienced difficulties finding vendors to provide laundry equipment due to lack of use. Please seek guidance from management companies and consider reducing the number of machines required per unit.
11. If you grant 2 bonus points to each developer we should be allowed to apply those points as we wish including putting both points on the same project.
12. The Rent Up Reserve process as it currently exists is not efficient. We would like to see the process simplified by removing the Rent Up Reserve, but establishing a higher minimum for the Rent Up Expense line item. The developer should be allowed to utilize any savings for other eligible project costs.
13. We would like to see a more equitable tie breaker that incorporates both counties that have not seen new units in recent years, but also considers the need. Either an overall capture rate/units created or some other quantifiable factor. Forcing units into areas with little need while forsaking areas with intense needs does not seem the most appropriate allocation of resources.

Kind Regards,

Jimmy Royster
Senior Project Manager
Mosaic Development Group
4600 Park Road, Suite 390
Charlotte, NC 28209
704-763-1727