

Chris Austin

From: Joseph Kass <jkass@nhe-inc.com>
Sent: Thursday, November 1, 2018 11:38 AM
To: RentalHelp
Cc: Chris Austin
Subject: additional comments for 2019 QAP

Thank you for the opportunity to offer 2 additional public comments on the 2019 NC QAP:

1. Regarding the Chart A Under Section III. C. Project Development Costs: we support increasing this number to \$88,000.
 - The 2019 QAP should reflect not only current construction prices, but also projecting forward for applications awarded in August 2019. These 2019 awarded projects will likely not be able to lock in a price on a construction contract until at least January of 2020.
 - The 2018 NC QAP Chart A figure of \$78,000 per unit will be a challenging number to hit for the 2018 developments, and very difficult for 2019/2020 if the Chart A number remains unchanged.
 - We believe that the reputation of the LIHTC program is best served by delivering high quality developments to NC communities, and \$78,000 for Chart A in 2019/2020 will be very challenging to deliver that high quality product.
 - Our underwriting shows that NCHFA already has several other good cost containment measures in place such as limits on RPP, limits on WHLP, the competition based on credits per unit, and limits on total tax credits per development that sufficiently constrain how much a development can budget for hard construction costs per unit. An application proposing dramatically higher construction costs would not only be unlikely to be awarded, but would also simply be infeasible based on the above-mentioned NCHFA QAP limits on funding sources.
 - An increase to Chart A to \$88,000 allows flexibility for various regions within NC and maintains the ability to deliver a high quality product that meets all of the Appendix B design quality standards in the face of dramatically rising construction costs.
2. Regarding the (iii) SITE SUITABILITY section on pages 14 and 15 of the draft QAP: there are several items that may unnecessarily restrict otherwise great sites. Specifically power transmission lines and tower, which we have observed are not an issue for Class A upscale market rate developments. We propose that rather than a 250 feet buffer, we would like to encourage North Carolina to look at the language in the South Carolina QAP which relies on **fall distance**; the SC QAP states under the Detrimental Site Characteristics:

“[Negative 3 points for sites with a] portion of any building as proposed is located within the fall distance of any pole, tower or support structure of a high voltage transmission power line, communications transmission tower, microwave relay dish or tower, or commercial satellite dish (radio, TV cable, etc.). For field analysis, the Authority will use tower height as the fall distance... All fall distances for any tower, support structure or poles as listed above must be shown on the development site plan and submitted with the application. If the fall distance shows there are no buildings located within it, no points will be deducted.”

We appreciate your consideration.

Joseph Kass
Development Manager

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