

## Chris Austin

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**From:** Stephen Brock <stephen@brockvi.com>  
**Sent:** Wednesday, September 30, 2020 10:27 PM  
**To:** Chris Austin  
**Subject:** QAP Comments - 1st Draft

Dear NCHFA:

Below are my comments in reaction to 1st Draft of the 2021 QAP:

**App Limit** —Going in to Pre Apps, we don't know at all what we're up against and obviously knowing the apps within a given county and set aside is a major factor in how we chose to move forward. I suggest increasing Pre Apps limit to 6 or 7 and make Full Apps max of 5.

If Pre Apps are capped at 5, at least let us submit an unlimited number, then require that we withdraw enough apps to reach 5 within 2-3 days.

**2020 First Tiebreaker of Low Poverty CTs** — I agree with deleting this. Thank you.

**2021 Proposed First Tiebreaker (lowest CPU)** — I support this, however, I do not support the 85% of basis caveat. The 4% CPU range points will keep this in check. See also next item.

**General Cost & Basis Constraints** — The current draft is asking us to aim at a bulls eye we can't see (4% range of CPU) ...but don't aim at the middle of the bullseye... aim for the lower portion of that bullseye...but don't go too far....all while constrained by hard costs minimums, an OPEX minimum, deferred dev fee maximum, and now possibly basis reduction minimums. Basically, we have few tools left to use. If low cost is the goal, then reward low cost and don't constrain it too much.

Specifically, I suggest eliminating basis reduction minimums and vertical hard cost minimums (or for the latter, reducing current levels). Vertical hard cost minimums should NOT be increased as some of have suggested. If just one developer/GC can deliver at a certain low number, then it is — by definition — possible and should be rewarded, not penalized or constrained.

**Deferred Developer Fee** — should not be a major lever to get to lower credits per unit. I suggest reducing maximum to 10% at Full App (but possible to go higher during development). Developers should fund the deal they need, not leave it short to begin with...this will only beget further problems later. If an app needs to defer 25% of Dev Fee at the beginning, something else is fundamentally wrong.

**2 Bonus Points** — Just confusing and it will essentially make it a random lottery. After all the work and expense of apps — including the work of cities, architects, and others — the role of chance should not extend any further in to the process than it already is (ie, one bonus point increases role of chance enough already). Our livelihoods deserve more than random chance. And it's not like it can be made up quickly....these are once per year cycles. The intention was more scoring variation — the currently proposed first tiebreaker will achieve scoring differentiation.

**Amenity Distance** — I support change to 1.2 or 1.3 miles. This will open up a lot of more good and affordable sites.

**Green Building Programs** — per other comments submitted, adding new green program certifications is NOT necessary. Building LEED or other is extremely time and resource intensive and just not worth it. It's just more middlemen creating more work and taking more money out of the deal. Architect will cost more. Materials will cost

more. Certification entities themselves add cost. Some extra skilled labor may be required on some items. Timelines potentially slowed down as we wait for certifications (or they get rejected!).

NCHFA should continue to track the evolution of specific high level green techniques/materials/technologies — but only require the items that make a big difference (80/20 rule). When the cost of those items fall to a certain worthwhile level, then require them one by one. Green programs have a lot of minor requirements that individually don't do much but insert a lot of change and cost increase to current, known designs. Focusing on the big items will achieve a better balance between cost/time burdens and results.

We can be green without a certification from a third party. And developers are free to chose to follow these guidelines without a mandate.

**1BRs in 4% —** this should not be required. Often, 1BRs don't even cover their share of OPEX, much less contribute to debt service.

**Incompatible Use - new 500 ft for Interstate** — I do not support this. Many people choose to live next to interstate in all kinds of towns and cities — especially urban areas. It is not a negative for a lot of people.

Thank you,

Stephen Brock  
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