

Tara Hall

From: Dennis Tharrington <dennis@igbinc.com>
Sent: Friday, August 16, 2024 5:16 PM
To: RentalHelp
Subject: EXTERNAL: Comments on 2025 QAP

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Everyone,

For 2025, please consider allowing more WHLP and RPP per unit in all regions. The areas that are not in entitlement communities really need this with construction costs and insurance and taxes where they are! Insurance on one project just went from \$35,000 per year to \$67,000 per year. This type of increase is devastating for the project and the developer.

Regarding taxes, if you would have a conversation with the Real Estate Commission about advising local governments and appraisers to put an 8% cap rate on affordable communities instead of a 6% or 7%, this would help us also. We faced huge tax bills with projects we were building due to increasing valuations. Our real estate appraiser said “we couldn’t appeal these valuations because we didn’t have a year of operating documentation.” This needs to be addressed at the state level, I think. We had a huge increase in tax billing and our equity provider (Red Stone) withheld all of our remaining developer’s fees due to the increase.

Additionally, we had some great sites this past year and when at final QAP--an additional 3 points were added in for Secondary Amenities in mid-December. It made our sites that we already had under contract not score the maximum. We ended up losing significant earnest money deposits due to this as well as the money spent on studies of various kinds and the architectural fees, etc. It would be great if no changes are made to site scoring after the 2nd Draft of the QAP. And, I would beg you to please remove those additional 3 pts from Secondary Amenities because a site does not need 3 government-operated amenities such as a park/library, school, and community center/senior center to be a good site. It was impossible to get the entire 26 points in this community, and it was a community that desperately needed affordable housing. There are so many other sites out there that we could access if you removed these additional 3 points. If you want to leave them in, I beg you to add in another line item for an additional Service (ie. bank, restaurant or gas station).

This last-minute change also was of benefit to large developers. We are small. We option 3-4 sites at most. I know from discussions with my attorney that large developers tie up as many

as 15 sites. They can survive last-minute QAP changes much easier than small developers, only making final applications on the sites they control that can still score well.

Additionally, please consider increasing the credit cap to \$1.4 million per project. Please also consider increasing the principal cap to \$2.3 million, instead of \$2 million, so that someone could potentially get 1 larger and 1 smaller project.

Thank you for your consideration and thank you so much for the Agency's and Rental Housing Staff's willingness now to work with developers during these tough times and your willingness to consider rent increases, etc. This has been very helpful and is much appreciated!

Dennis Tharrington



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