

## Tara Hall

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**From:** Traci Dusenbury <traci@halconcompanies.com>  
**Sent:** Friday, August 16, 2024 3:07 PM  
**To:** RentalHelp  
**Subject:** EXTERNAL: 2025 QAP Comments and 2023 issues

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First of all, before we get into the 2025 QAP, I have to say that many developers are having a difficult time closing 2023 projects because they all have gaps and they really need some assistance, especially those not in entitlement areas, but even those. Some of the entitlement communities have given amounts higher than they ever have before and they don't understand why we need more even though we have explained that costs have gone up and our rents are capped by HUD. They are having other market-rate communities doubling rents on residents and the residents are displaced with nowhere to go, yet they don't want to give us more money to get our developments closed because it's higher than they have given to one development before. If you could consider talking to them or possibly issuing a notice to the entitlement communities about the widespread nature of what affordable developers are facing and the Agency appreciating them helping out in these unprecedented times, this may really help us. They have asked why is NCHFA not helping? If there is any way NCHFA can forward commit funds from 2025 or if there are any other options, that would be helpful. Right now many of the projects I'm seeing are using most of or their entire development fees and the Investors will not allow developers to close and if they do close, they cannot get any fee, even if there is still some non-deferred. This is really hurting developers. The Investors are going to require us to refresh credits, so please allow this with no penalties --financial or for applying the following year as this would hurt us financially even more. We don't want to have to re-submit because these developments are severely needed in these communities. Lack of affordable housing is a real crisis as I'm sure you know so we don't want to delay building these developments any longer than we have to. The Cities are even threatening to withdraw funds if we don't get closed and we don't want to lose all of that leveraged money. Something really needs to be done .

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!

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.

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. 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. 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). I've made this argument for 3 years now I believe because I feel very strongly that our residents would use banks, restaurants and gas stations almost every day or every other day! This would give some flexibility at not having to have a school for a senior community! I would prefer that you add in 2 additional services and keep the points where they are. This would open up so many more sites for developers, so we are not all fighting over the same sites. I know you were trying to differentiate site scores, but no one wants to spend as much money as we have to spend on a site that doesn't score maximum.

We would like to also ask for an increase in developer fee due to inflation. Please consider going to \$23,500-\$24,000/unit.

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!

Thank you,  
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