

## Chris Austin

---

**From:** Taylor Davis <tdavis@nhe-inc.com>  
**Sent:** Tuesday, August 27, 2019 9:01 AM  
**To:** Chris Austin  
**Cc:** Joseph Kass  
**Subject:** NC QAP comments

Thank you for the opportunity to offer public comments on the 2020 NC QAP:

Regarding the Chart A Under Section III. C. Project Development Costs: we support increasing this number to \$88,000.

- The 2020 QAP should reflect not only current construction prices, but should also project forward for applications in this upcoming cycle that will be not be awarded until August 2020. These 2020 awarded projects will likely not be able to lock in a price on a construction contract until at least January of 2021.
- Both the 2018 QAP and the 2019 QAP had the Chart A figure as \$78,000 per unit. For this to remain unchanged 3 years in a row does not reflect the reality of what is happening to construction prices in our market. The \$78,000 limit was a challenging number to hit for the 2018 awarded developments, requiring high amounts of value engineering. It will be very difficult for to maintain \$78,000 for the 2019 awarded developments. It is very unrealistic for 2020 awarded developments.
- 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 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 funds per project, limits on WHLP per project, 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 unconstrained construction costs would not only be unlikely to be awarded, but would also simply be infeasible based on the above-mentioned NCHFA 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.

Regards

Taylor Davis  
President

**NHE | Property Management | Development | Service Coordination**

Physical: 5 Legacy Park Road, Suite A | Greenville, SC 29607

Mailing: Post Office Box 5539 | Greenville, SC 29606

Direct 864-438-5093 | O 864-467-1600 | F 864-438-5093

[tdavis@nhe-inc.com](mailto:tdavis@nhe-inc.com) | [nhe-inc.com](http://nhe-inc.com)

*Improving homes and lives every day.*

The information contained in this email may be confidential and/or legally privileged. It has been sent for the sole use of the intended recipient(s). If the reader of this message is not an intended recipient, you are hereby notified that any unauthorized review, use, disclosure, dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please contact the sender by reply email and destroy all copies of the original message.