

**NORTH CAROLINA**

**HOUSING**

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**FINANCE**

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**AGENCY**

# Developers' Workshop

Topics Covered:

1. Stimulus update
2. Draft 2010 QAP
3. Design requirements and code revisions
4. Interesting numbers
5. On-line application

Will take questions during, comments at the end

# Stimulus Status: National

- Groups are advocating to extend Exchange; uncertain if will pass
- Almost no possibility of more TCAP
- Other ideas to create more equity include:
  - 5 year carryback and
  - allowing more types of investors
- Contact NC Coalition for more information

# Stimulus Status: NC

- Closed 9 Exchange loans; disbursed \$14M
  - draw request available on website
  - contact Agency to schedule closing
- TCAP projects are completing ERs
- Exchange is not available for 2009 awards
- Please contact us if there is any way to help in working with investors/syndicators

# 1602 Draw Request Form

- Will need to submit:
  - statement of construction loan balance,
  - any materials sent to const. lender,
  - AIA certificate(s), and
  - other materials to document amount
- Cannot request funds in advance of need
- Submit to the project's development analyst

# QAP Changes

- Disclaimers:
  - entire document still a draft
  - not covering everything
- Focus is on what developers need to know for application
- Mostly new/changed policies, some basics
- Listed roughly in order of appearance in QAP

# LIHTC Amounts

- No forward commitments of 2010 ceiling
- Estimate \$20M, exact amount unknown
- 20% for rehabilitation applications
- Remaining for new construction:
  - West 17%
  - Central 25%
  - Metro 36%
  - East 23%

# Award Limits

- Max to any Principal will be the lesser of:
  - \$1.5M, which is a hard cap, or
  - 3 projects (not limited by region)
- Only 50% of joint venture award will count if
  - involves a NP with limited capacity or experience, and
  - meets § 42 NP set-aside requirements (material participation)
- Max to a county is \$2M

# 30% Basis Boost

- Available based on high land costs
- Allows sites that were not feasible before
- Amount based on § 42 analysis, may be <30%
- Agency may order an appraisal, costs to be paid by applicant
- Notification in March

# Rehabilitation

- Proposals to either
  - increase the number or
  - substantially reconfigurethe residential units will be new construction
- Mark to Market eligible if have not begun or completed full restructuring in the last 5 years
- 1<sup>st</sup> selection factor will give preference to federally subsidized housing

# Site Evaluation

- Focus of site criteria is to ask if a good place to live and own property:
  - trend of real estate investment
  - land use pattern (residential)
  - shopping, amenities and services
  - problematic circumstances
- Applications are compared against each other
- On-site negative features, scale and/or visibility could lead to 10 point deduction

# Project Development Costs

- Only includes Line 5, “Construction of New Building(s)” and Line 6, “Accessory Bldg.”
- >\$60,000/unit = 10 point deduction
- >\$69,000/unit = 20 point deduction
- Excludes on-site improvements, overhead, etc.
- Agency will approve costs for historic projects

# Project Devel. Costs, con't

- “Chart B” projects:
  - single family houses or duplexes
  - mobility impairment housing
  - central business district
  - public housing redevelopment
  - steel, concrete, and 4 stories
- $> \$71,000/\text{unit} = 10$  point deduction
- $> \$85,000/\text{unit} = 20$  point deduction

# Market-Rate Units

- Projects with unrestricted units:
  - ineligible for Agency basis boost
  - ineligible for mortgage subsidy points
  - ineligible for RPP loans
  - deducted 10 points
- Above does not apply to applications with
  - grant or no-payment financing equal to foregone LIHTC equity and STC
  - certain rent differentials

# Underwriting Assumptions

- Rent escalation is 2%, expenses is 3%
- Operating expense is \$3,000/unit for new, \$3,200 for renovation
- Hard cost contingency is 5% for new const., 10% for renovation
- See Appendix G, RPP Guidelines
- Loan payments to related party taken out of cash flow after RPP payments

# Additional Contingency

- Application may include greater of:
  - \$500/unit or
  - \$30,000
- Available for any project cost
- If not needed for overruns, may be taken as increased developer fee

# Questions?

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