Wilbourne, Kim 9083

From: Laura Nicholson [redacted]
Sent: Wednesday, October 29, 2025 5:02 PM
To: Taxcreditquestions; Wilbourne, Kim 9083
Cc: T Kevin Connelly; William W Chamblin; Field Goodlett; James Norman
Subject: [External] 2026 DRAFT QAP & TEB Comments - Connelly Development

Please accept the below comments on the DRAFT 2026 QAP and Tax-Exempt Bond Program:

QAP:

Page 8, Leveraging:
Only count funds that have a direct material financial impact (benefit) to the development. Must be able to prove a financial benefit to the development, i.e. lower perm loan, lower state credit need, lower federal credit need.

Page 19, Item 14 Minimum Hard Cost Requirement:
Please lower the state imposed 65% hard cost ratio to a 60% hard cost ratio for bond developments. Bond developments have higher soft costs than the typical 9% development and lowering this ratio would make allowances for bond interest, reinvestment earnings, and the higher soft costs associated with bond financing. While a waiver is allowed at initial application, which is appreciated, the Authority would potentially have fewer waiver requests if the hard cost ratio was simply lowered to 60% for bond developments.

Page 16, Annual Operating Expenses:
Please reduce the projected annual operating expenses from $4,000 to $6,000 per unit per year to $3,500 to $6,000 per year.

Appendix C2- Tax Exempt Bonds

General Comment:
As was mentioned as a comment in the QAP, please lower the state imposed 65% hard cost ratio to a 60% hard cost ratio for bond developments. Bond developments have higher soft costs than the typical 9% development and lowering this ratio would make allowances for bond interest, reinvestment earnings, and the higher soft costs associated with bond financing. While a waiver is allowed at initial application, which is appreciated, the Authority would potentially have fewer waiver requests if the hard cost ratio was simply lowered to 60% for bond developments.

Page C2-2, Item A Application Process:
1. Please list criteria and documents needed for the preliminary bond application.
2. If a development budget is to be provided the Authority needs to provide survey information for syndication equity pricing as soon as possible.
3. A 5% variance of cost between initial and full application could be millions of dollars in variation.

Thank you for your consideration of the above comments.

T. Kevin Connelly,
President
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125 Old Chapin Road
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