

From: [Marjorianna Willman](#)
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Subject: FW: 2014 QAP
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From: "Rick Miller" <rmiller@national-development.com>
Date: July 25, 2013, 1:39:43 PM CDT
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Subject: 2014 QAP

Brenda,

It was good to see you at the Grand Opening ceremony for Autumn Place on Tuesday. We're very pleased with the outcome of both Autumn Place and Willow Creek and, as you could see, both developments have been very well received by the community.

I wanted to bring up an important issue that has come to light with the new QAP. It seems that during the past couple of months or so, language was removed/changed regarding the TDC limits as it relates to government grants and below market government loans. In the 2013 QAP, such grants and loans were excluded from TDC which was significant issue for the Housing Authorities that we work with.

As you know, in order to redevelop the aging housing stock of most of Louisiana's Housing Authorities, existing, obsolete complexes have to be remediated and demolished before rebuilding can begin. In our experience, we typically have to abate lead based paint and asbestos before demolition can begin. We also have significant time and effort into completing the environmental clearances required by HUD before we can begin this process. The total cost of these activities has ranged from \$350,000-\$600,000/project for the last three that we have completed for Housing Authorities. On average, this is \$10,000-12,000/unit in costs that the typical suburban developer does not incur as they are not dealing with the remediation and demolition of old, infill properties such as these.

On one project that we redeveloped, we also had to bring in almost 4' of fill to raise the new buildings out of the flood zone as required by our lenders. Once again, because the Housing Authority is redeveloping their housing stock, they must use their existing properties and don't have the luxury of going out and finding land that is already out of the flood zone and therefore doesn't require additional fill. In this particular case, the cost of the additional fill was \$400,000; almost \$10,000/unit.

Housing Authorities also have additional soft costs such as legal, design work, environmental and other HUD related requirements that increase their cost across the board. Other developers are not faced with these costs.

The Housing Authorities have raised additional funds outside of the LHC to make these complicated projects work. In doing so under the current QAP, they will be penalized and will have nominal funds available to build the housing itself. Do we really want plain boxes for our residents to live in? Do we want their apartments to look like the "Public Housing" of the past. That is what folks like Richard Murray are trying to avoid.

We would like to see this TDC language changed back to the way it was written in the

2013 QAP. We are not asking for any additional resources from LHC per project or per unit. If the Housing Authorities can find additional resources to improve their product and revitalize their communities, why should they be penalized for it?

Thank you for your consideration in this regard.

Rick Miller

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