



# Development: Creative Approaches to Cost Control

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# GAO Report

- ❖ Understanding the Data
- ❖ Syndicator Costs
- ❖ Cost Control during Construction



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# Cost Containment

## **2008 vs 2018**



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# What stayed the same?

- ❖ Sliding Scale Developer Fees based upon Project Size
- ❖ Land/Acquisition Costs based upon appraised value
- ❖ Sliding Scale Builder's Profit, OH, GR
- ❖ Financing Cost Limits
- ❖ Operating Cost Limits



# What changed over time?

- ❖ Prescriptive limits for construction, architectural/engineering
- ❖ Lease Up & Operating Reserves decreased
- ❖ Capitalized Replacement Reserves limited to one year
- ❖ Level of Rehabilitation
- ❖ Supportive Services Costs – operating costs
- ❖ DSCR



# New in 2018

- ❖ Principals in common – upside remains in project
- ❖ Limits on Unit Size in EB
- ❖ Supportive Services Costs – only PSH
- ❖ Tax Credits per Unit Tie Breaker impact
- ❖ Sustainability focuses on energy and water efficiency
- ❖ Building Efficiency scoring category



# Results of 2018 QAP Changes

- ❖ 9% more units awarded in 2018
- ❖ TDC per unit decreased 8.1%
- ❖ Tax Credits per unit decreased 7.1%

❖ *Results are portion attributed to QAP changes*



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