



MEMORANDUM

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A. Robert Kucab
Executive Director

To: Coastal Stormwater Rules Working Group
From: North Carolina Housing Finance Agency
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Re: Proposed Changes to the Coastal Stormwater Rules

Our construction and development staff has reviewed the proposed rules and there are aspects of these rules that certainly will pose a threat to the development of affordable rental housing in these coastal counties. As a general comment, we recognize that the rules are most severe for those areas within a ½ mile of shellfish waters which is not the typical location for affordable housing. However, there are rule changes that would impact development throughout these counties. We also recognize that affordable housing was not likely a factor in the formulation of these rules, but may unfortunately be one of the unintended consequences. Below are a few of our observations of how these rules may impact the development of affordable rental housing:

Page 1, Line 24 and Page 3, Line 7

The rules allow for certain impervious soil percentages for each site. They take the square footage of the property and determine how much of the pervious site is being built on and replaced with impervious materials such as sidewalks, parking lots, buildings, picnic shelters, gazebos or other improvements that add to the water runoff. As proposed, the percentages would be reduced from 30% and 25% to 24% and 12% respectively. These lower percentages will require affordable housing developers to acquire more land in order to provide the same number of affordable units.

Page 3, Line 35 through Page 4, Line 3

The proposed rules would require the pervious/impervious percentages to be calculated without using acreage designated as wetlands, flood plain or buffers. Again, this will require developers to acquire additional land in order to provide the same number of affordable units.

Page 2, Lines 1-2; Page 2, Lines 23-24; Page 3 Lines 14-15; and Page 3, Lines 26-27

The proposed rules will also require an increase from 30 to a 50 foot vegetative buffer along property lines that will assist in filtering water runoff from the site. This change may also require more land to be purchased in order to provide the same affordable units.

Page 4, Lines 6-9 and Page 3, Line 24

The proposed rules require retention ponds to remain dry during dry weather seasons, yet must still hold a greater amount of water. This may require the developer to raise the elevations higher on flat sites so that the retention ponds are allowed to empty completely. The proposal would also increase the requirements for retention ponds to hold water runoff from 1.5 inches of water to 3.5 inches of runoff (the 1 year, 24 hour storm rainfall estimate). The proposal may require some sites to store water underground in large buried pipes that will only release water over a long period of time. This additional site work could mean a substantial cost increase to the affordable housing projects.

Page 4, Line 10 through Page 5, Line 29

The proposed rules require 1+ acre sites that disturb 10,000 square feet of land (roughly ¼ acre) to have a storm water program. The civil engineering alone may cost thousands of dollars to meet these requirements whether you're an individual home owner or a large tract developer.

In summary, the cost of additional land and site work associated with the proposed Coastal Stormwater rules may dramatically increase the overall development costs for housing development in these areas making some affordable housing projects financially infeasible. By some estimates the proposed rules will cost between \$5,000 and \$25,000 per housing unit. Those few projects that can support the additional costs will only do so by passing those costs on to the residents through higher rents. Land is already expensive in the coastal counties and to impose these rules could make the difficult task of providing affordable housing along our coast a near impossibility.