POINTE ROYALE DEVELOPMENT

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March 5, 2016

To whom it may concern:

In the fall of 2009 I began to investigate the possibility of building a Low Income Housing Property in Coffeyville, Kansas. I made contact with both city officials and the Montgomery County, KS tax appraiser's office. We came to an agreement of what the appropriate taxes would be for this property based on the state's formula for LIHTC developments. This project was completed in 2010 and the first year's property taxes were in line with the state's formula.

In 2014, I received a re-valuation for the Coffeyville property. This valuation was so far removed from the results an Assessor would obtain if using the LIHTC development formula and the state provided worksheet to tabulate the value of these properties. It was clear that this property had been valued using the income method, which applies to market rate properties.

The taxes on the Coffeyville property went from $11,000 in 2013 to $38,000 in 2014. With the tight budget that this property follows, this increase in property taxes would cause this property to fail.

I immediately opened a dialogue with the county assessor, who explained to me that he "doesn't agree with the methodology" and that he feels that tax credit properties should be taxed like market rate properties. I explained that the rents are below market rate, and cannot be raised without state approval. His response was to tell me that I should try to get congress to change the law. He explained that I had the option to take this to the State Court of Tax Appeals and that he looked forward to the fight.

I cannot build any more houses without knowing that the rules will be honored -- nor, in my opinion, would any other developer. I made a multi-million dollar investment, believing that the statute would be uniformly applied.   If the position held by the Assessor in Montgomery County were to be upheld, my property, and possibly others around the state would have to go into foreclosure.

Sincerely,

Thomas J Carlson