

October 27, 2014

Mr. A. Robert Kucab
Mr. Scott Farmer
North Carolina Housing Finance Agency

Re: 2015 QAP

Dear Bob and Scott:

Thank you for the opportunity to provide further comments in regard to the draft 2015 Qualified Allocation Plan. We offer the following [or attached] list of recommended changes for your consideration.

You will note that the intended effect of most of these changes is to reduce the importance of the credits-per-unit tiebreaker. As a diverse group of for-profit and non-profit developers, we believe that the credits-per-unit tiebreaker has the unfortunate effect of reducing the quality, feasibility, and sustainability of tax credit developments in North Carolina.

For the benefit of the low and moderate income renter households we serve, and to sustain broad public support for the LIHTC program, we believe it is necessary to maintain a high level of quality in the product, including initial quality of design and construction as well as the ability to maintain quality in future years.

Thank you for your consideration.

Sincerely,

The Affordable Housing Group
Beacon Management
Charlotte-Mecklenburg Housing Partnership
DHIC
Halcon Development
Mountain Housing Opportunities
The Pendergraph Companies
United Property Management/Mills Construction
Western Carolina Community Action

Comments to the proposed 2015 North Carolina QAP

These comments are supported, have been jointly prepared and are submitted by the non-profit and for-profit affordable housing groups listed on the last page of this document.

1. Change the Site Scoring to the following:

<u>Amenity</u>	Maximum Distance for Points Indicated			
	<u>1.0 mi</u>	<u>1.5 mi</u>	<u>2.0 mi</u>	<u>2.5 mi</u>
Grocery	4	3.5	3	2.5
Pharmacy/Shopping	4	3.5	3	2.5
Hospital/Healthcare	3	2.5	2	1.5
Restaurant	3	2.5	2	1.5
Gas/Convenience	3	2.5	2	1.5
Bank/Credit Union	3	2.5	2	1.5
School (Family only)	3	2.5	2	1.5
Senior/Comm. Center (Elderly only)	3	2.5	2	1.5

Maximum Points 23 points

*Retain definitions of Grocery, Pharmacy and Shopping.

*Hospital/Healthcare means a hospital, urgent care or a general practice physician. It does not include clinics within pharmacies or other similar facilities.

*Restaurant includes fast food restaurants.

*Gas/Convenience means a gas station with a convenience store that sells food and drinks. It does not include vending machines only.

*School includes any public elementary, middle, junior high or high school and any public community college, college or university. Charter schools are considered public schools.

*Senior/Community Center includes any senior center or community center that is staffed with full-time employees or volunteers.

*Modify the Bus/transit stop language to the following:

A bus/transit stop qualifies for six (6) points, not to exceed the total for subsection (ii), if it is:

- in service or fully funded as of the preliminary application date,

- on a fixed location and has a covered waiting area, or if a letter of commitment is included in the application from the developer or the transit agency to provide a covered waiting area if credits are awarded to the project,
 - served by a public transportation system at least every hour between 7:00 AM and 7:00 PM Monday – Friday and 8:00 AM and 6:00 PM Saturday
 - within 0.25 miles walking distance of the proposed project site entrance using existing sidewalks and crosswalks, or if a letter of commitment is included in the application from the developer to provide connecting sidewalks and/or crosswalks if credits are awarded to the project.
2. In order to balance providing some very low rents to very low income persons without overburdening the low income tenants, reduce the percentage of targeted units from 20% to 10%.
 3. Add mortgage subsidy points in the Metro area only. We propose 4 points for mortgage subsidies of \$10,000 per unit and 2 points for mortgage subsidies of \$5,000 per unit. If there are credits left over from the East, Central or West regions, those credits are available to the next highest scoring projects from the other regions not counting mortgage subsidy points for this calculation only.
 4. The maximum number of units for any project in the East, Central or West regions should be 80 units. The maximum number of units for any project in the Metro region shall remain 120 units.
 5. The minimum hard cost per unit (Lines 5 and 6 on the PDC) should be \$60,000 and the maximum (before negative points) should be \$70,000.
 6. The minimum operating cost per unit for new construction projects should be \$3,400 not including taxes, reserves and resident support services.
 7. If an applicant ultimately receives higher tax credit pricing than indicated in his or her tax credit application, the project should be able to take advantage of such pricing and reduce any type of permanent debt (conventional, RPP, WHLP etc...) and/or deferred developer fees. Whatever the policy is regarding this issue should be in writing and in the QAP.
 8. The cap on the number of projects per county should change from a project cap to a unit cap as follows:

Metro Counties – retain existing mechanism

Non-Metro Counties:

Population over 65,000 = maximum of 120 units

Population under 65,000 = maximum of 60 units

*Population per 2010 Census

Supported, prepared and submitted by:

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