

Evergreen Construction Company
7706 Six Forks Road
Raleigh, NC 27615

(10/27/2014)

The following comments are made in reference to the first draft of the 2015 QAP:

1. Request that the agency delete item (k) "has either sold or requested a qualified contract for a North Carolina tax credit property" under PROJECT TEAM DISQUALIFICATIONS section of the QAP (page 17 of 32).

It has been our experience that once the initial 15 year compliance period ends the investor limited partner wants to sell their interest. Sometimes the partners can agree to a price and their interest is acquired by the existing partners but as we have also found to be the case, a price cannot be agreed upon so the property is put up for sale on the open market. We have experienced this latter scenario on three projects, two of which have already been sold (within the last 11 months) with the third currently listed for sale. So without knowing what the criteria would be for determining under what conditions a principal would be disqualified, we request this item be deleted.

2. Request that the agency remove "power transmission lines and towers" from the SITE SUITABILITY section of the QAP as it relates to 3 points for negative features (page 13 of 32).

This particular item is already dealt with in the 6 point incompatible use category and has the effect of dinging an application twice for the same thing.

3. Request that the agency eliminate item 1. (a) MAXIMUM PROJECT DEVELOPMENT COSTS under PROJECT DEVELOPMENT COSTS, RPP LIMITATIONS, AND WHLP section of the QAP (page 14 of 32).

Agency staff would still have the ability to consider whether costs are reasonable by comparing costs to past projects or by requiring an explanation as to the costs being proposed. By eliminating the cap cost and the negative points, you could potentially see applications submitted with more realistic costs; however if the tiebreaker remains as the least amount of credits requested, then you may not. But at the very least, the proposed costs per unit need to be adjusted upward. As a GC we are hearing from our subcontractors that there is an abundance of work in North Carolina and they need to be able to pay themselves and their employees more in order to keep them on our jobs. On top of that, if there is any truth to the articles that appeared in the N&O regarding contractors misclassifying their workers, resulting in a 20% cost difference, then this too needs to be considered in revising the cost per unit amounts. I would suggest \$70,000 per unit before negative points. I also suggest adding a

minimum cost per unit amount, determined by looking at the average per unit costs from the cost certifications received from the 2011 awards.

- Request that the agency eliminate the points associated with DESIGN STANDARDS under section G.2.(a), (b), (c), CRITERIA FOR SCORE EVALUATION (page 20 and 21 of 32).

This section of the QAP has more or less become pass/fail because the applications end up with tie scores and the agency does not want to put the scoring burden of this section of the QAP on its staff, which I completely understand. Just continue to provide us with minimum standards that we have to design to.

- Request that the agency amend the driving distances and points associated with those distances as it relates to the AMENITIES section of the QAP (page 11 of 32) for grocery and shopping/pharmacy as well as adding to this section the two additional amenities listed below, as a way to differentiate out site scores:

	≤ 1.0	≤ 1.5	≤ 2.0	≤ 2.5	> 2.5		
Grocery	18 pts.	14 pts.	10 pts.	6 pts	0 pts.		
Shopping or Pharmacy	9 pts.	7 pts.	5 pts.	3 pts.	0 pts.		
Public Park or Rec. Center (Family Only) or Senior Center (Elderly Only)	4 pts.	3 pts.	2 pts.	1 pt.	0 pts.		
Retail Center with min. 3 retail stores	4 pts.	3 pts.	2 pts.	1 pt.	0 pts.		

Max. 35pts.

- Request that the agency reduce the proposed targeting set aside percentages of units to ten percent (10%) in IV.B.2.(a), (b), and (c) of the QAP (page 14 of 32).

7. If the QAP design requirement (Exhibit B, II.F.6.) is going to remain whereby water/ice dispenser rough-in box with cold water supply line be installed in the wall, then I think a requirement for the refrigerators to come with ice makers would make sense. Otherwise, I request the rough-in not be required if you are not requiring ice makers. The agency is already concerned about appliances since proposing to mandate dishwashers in all units so if the goal is to have ice makers in the units, then require them.

8. Request that the agency put in writing how it will allow excess equity to be used in the event a higher credit price is received by the developer as opposed to what was reflected in the full application.

9. Request the agency consider allowing the applications in the Metro to only compete against other applications within that county, as opposed to competing against all applications in Metro Region. So in essence each county would have a set aside of credits within the Metro Region by percentage of population (Appendix K).