

## The Affordable Housing Group of North Carolina

### Comments to the First Draft 2015 QAP

The Affordable Housing Group has submitted comments earlier in conjunction with 3 other non-profit developers and most recently in conjunction with a much broader group of for-profit and non-profit developers. The following comments are meant to be a supplement to those group comments which we fully endorse.

II.D.2 –(pg 7)– Limits - Please eliminate the cap on non-profit sponsored awards. Projects should be evaluated and awarded based on the quality of the project- not the tax status of the developer.

II.E.3. –(pg 7)– Agency-Designated Boost – We appreciate the boost as proposed, while also acknowledging that this eliminates assistance/incentive to develop projects in QCT/DDA areas. We propose that projects in a QCT or DDA be allowed to utilize WHLP funding – even if located in one of the excluded counties. See additional comment in Tenant Rent Levels below.

IV.A.1.b.ii –(pg 11)– Amenities - **We strongly encourage NCHFA to consider site scoring changes.** In addition to moving away from the credit per unit tie breaker as the primary goal, there are other benefits. Under the current process, any site that achieves a perfect site score is likely to proceed to the final application. By creating variation in the site scoring in the preliminary round, developers will have a better idea if their projects will be competitive. This will allow developers to make better business decisions on what applications to pursue prior to spending significant time, energy and money on a final application.

IV.A.1.b.iii – (pg 12)–Site Suitability - We agree with the change to allow building development at least 250 feet from rail lines, high traffic corridor (although we would still like a definition for this) and power lines. We propose that the same language “Any of the following within 500 feet of a proposed project building:” be applied to the remaining negative features on that list rather than “A parcel or right of way within 500 feet...”

IV.B.2.c – (pg 14) – Tenant Rent Levels – Propose that the language in this section include projects that are in a QCT or DDA. “If the project is in a Low Income county or in a QCT or DDA,....”

IV.C.2.d.-(pg 16) – Restrictions on RPP Awards - Does the agency intend to issue a list of those parties that have failed to comply? If not, then it would not be appropriate to punish a developer for the misdeeds of our consultants, GC or Management firm when we are not aware of them.

IV.H.1.b –(pg 21)– Rehab Threshold – Please advance the year to 1999 as no change was made to the date last year.

VI.A.8.-(pg 25) – Smoke Free Housing – TAHG agrees that smoke free housing is preferred and we are implementing this on a voluntary basis at our properties. However, we believe this should remain up to the developer on a project by project basis. Perhaps it could earn a point or become the first tie-breaker.

VI.B.2.a – (pg 25) – Operating Expenses - We recommend that NCHFA review their asset management documentation as well as equity investor underwriting standards to establish an updated minimum.

VI.B.3.a.-(pg 25) –Equity Pricing - **We strongly encourage NCHFA to clearly state in the QAP exactly what the policy is when developers are able to obtain additional equity for a project.** Also, assuming the impact of the current credit per unit tie-breaker can be eliminated; we propose that NCHFA allow the market to establish equity pricing. Given the loss of the STC and the continued shrinking of other funding resources, developers should be encouraged to maximize the amount of equity they can obtain from investors. The current process does not encourage investors to pay top dollar, thus putting an increased burden on state and local resources to fill the gap.

VII.A.3.g.-(p 29) – Terms – Please clarify this language – it currently seems to require that the owner sign a certification, when I believe the intent is that the owner shall be required to submit certification paperwork signed by the contractor and subcontractors.