



2939 Breezewood Avenue
Suite 201
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P.O. Box 87770
Fayetteville, NC 28304

August 13, 2014

North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27607

Re: Recommended change to 2015 QAP

Gentlemen:

We suggest the two following changes be made to the 2015 QAP under:

IV. SELECTION CRITERIA AND THRESHOLD REQUIREMENTS

C. PROJECT DEVELOPMENT COSTS AND RPP LIMITATIONS

1. MAXIMUM PROJECT DEVELOPMENT COST

- (a) It is suggested that the maximum under Chart A be increased to \$64,000
- (b) It is suggested that The Agency will **not permit** an applicant to submit an application with a per-unit development cost less than their most recent final cost certification unless that cost is higher than the maximum permitted. If so, the cost should be submitted at the maximum. It is important that all entries on the final cost certification form reflect accurate costs.



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VI. GENERAL REQUIREMENTS

B. UNDERWRITING THRESHOLD REQUIREMENTS

2. OPERATING EXPENSES

- (a) If an applicant plans to include utilities in their rent structure require that the expense be reflected in their operating costs
- (b) Please be certain that unrealistic expenses are not accepted so additional debt service can be submitted, therefore, requesting less tax credits. We do not want this to become "a race to the bottom" for the tax credit program.

We believe these changes will make the cost more realistic with the current cost of construction and operating statements being more accurate.

Sincerely

Murray O. Duggins