

# MC Morgan & Associates, Inc.

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August 28, 2015

Mr. Chris Austin  
North Carolina Housing Finance Agency  
3508 Bush Street  
Raleigh, NC 27609

**Re: Comments for 2016 Qualified Allocation Plan**

Dear Chris:

Thank you for the opportunity to offer comments on the Qualified Allocation Plan (QAP). **We consider the 2015 QAP a well-conceived plan that needs no substantive changes.** The following are merely suggestions to what is a good plan and process.

- 1) Update Exhibit B. Participate in a design forum with architect and engineers that specialize in LIHTC designs. The forum should be targeted toward incorporating recent building code and insurance changes; while identifying possible ways to reduce cost for the program long term. This process should take a year and changes should be finalized by June of 2016 to give developers time to design and budget before 2017 submittals.
- 2) Reduce the number of years required to maintain a minimum 1.15 DCR from 20 years to 15 years for projects without RPP.
- 3) Delete the requirement for 40% tenant rent levels for moderate income counties. Use 2015 QAP low income county percentages for both moderate and low counties. This is in response to losing the State Tax Credit and the current WHLP not providing enough gap financing for moderate and low income counties.
- 4) Increase the cap in non-metro counties to 2 projects per county or 1 million in credits per county.
- 5) If the fee for submitting an application goes up then developer fee goes up by the same percentage. This will keep inflation adjustments consistent for all parties involved long term.
- 6) Bond deals only. New Construction bond deals should not be required to target any units below 60% AMI. The developer fee cap should be lifted. Syndication and development cost caps should be increased to match industry trends. The minimum expense limit of \$3,200 should be lowered to a sliding scale, i.e. 100-180 units at \$3,000 per unit, 180-300 units at \$2,600 per unit, etc. This will help to encourage 4% bond use by the development community. Applications should be accepted on a quarterly basis versus bi-annually.

Thank you for your consideration.



Mark C. Morgan  
President  
MC Morgan & Associates, Inc.