



5 Dakota Drive, Suite 204
Lake Success, New York 11042
Tel: 212-661-5015
Fax: 212-661-5771
www.tmg-housing.com

September 15, 2016

Mr. Chris Austin
Director of Tax Credits
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609-7509

Via Email: claustin@nchfa.com

re: 2017 Qualified Allocation Plan
Public Comment

Dear Mr. Austin:

We are respectfully submitting the subject public comment to the 2017 Qualified Allocation Plan for your consideration.

We are currently exploring the financing of the acquisition and rehabilitation of Pressley Ridge Apartments in Charlotte with tax exempt bonds and 4% tax credits. Pressley is a 504 unit apartment complex. The total project cost estimate for this transaction is approximately \$41 million. However, the QAP currently only allows a \$1.9 million developer fee. In this transaction that only represents a 5% developer fee which is woefully inadequate given the size and risk of the transaction.

The various guarantees required by LIHTC investor, construction completion (\$20 million), operating deficits (unlimited), and tax credit delivery (\$19 million) for a period of three years warrants a different approach. Most state agencies allow for at least a 10% developer fee and we were hoping that your staff and board of directors would consider a percentage rather than a fixed dollar limit for developer fee. The Pressley is a precursor of large scale projects built in the 1970s and 80s that don't lend themselves to remain market rate but can be renovated to provide high quality affordable housing.

Thank you for your consideration of this matter.

Respectfully submitted,

Royce Mulholland
President