Chris Austin

From: David Levy [dlevy@ahmi.org]
Sent: Monday, October 27, 2014 5:08 PM
To: Scott Farmer; Chris Austin
Subject: 2015 QAP

Please consider the following comments to the First Draft 2015 QAP:

II.D.2 –(pg 7)– Limits - Eliminate the cap on non-profit sponsored awards. Developments should be evaluated and awarded based on the quality and merits of the development- not the tax status of the developer.

II.E.3. –(pg 7)– Agency-Designated Boost – The proposed boost is good, while also acknowledging that this eliminates assistance/incentive to develop projects in QCT/DDA areas. Propose 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.

II.F.1.b.-(pg 7) – Metro Region – Provide a minimum of two developments per Metro County.

IV.A.1.b.ii – (pg 12) – Amenities – Modify the Bus/transit stop language to the following:
A bus/transit stop qualifies for six (6) points, not to exceed the total for subsection (ii), if it is:
• in service or fully funded as of the preliminary application date,
• on a fixed location and has a covered waiting area, or if a letter of commitment is included in the application from the developer or the transit agency to provide a covered waiting area if credits are awarded to the project,
• served by a public transportation system at least every hour between 7:00 AM and 7:00 PM Monday – Friday and 8:00 AM and 6:00 PM Saturday
• within 0.25 miles walking distance of the proposed project site entrance using existing sidewalks and crosswalks, or if a letter of commitment is included in the application from the developer to provide connecting sidewalks and/or crosswalks if credits are awarded to the project.

IV.A.1.b.ii – (pg 12) – Amenities- Do away with naming specific Grocery, Shopping or Pharmacies and provide qualifying criteria, such as hours open, types of items available, etc. Have the developer provide documentation that the operation meets the criteria.

IV.A.1.b.iii – (pg 12)-Site Suitability - Agree with the change to allow building development at least 250 feet from rail lines, high traffic corridor (request a definition for this) and power lines. It makes sense and I request 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.-(pg14) - In order to balance providing some very low rents to very low income households, reduce the percentage of targeted units from 20% to 10%.
Mortgage Subsidy – Add mortgage subsidy points to the Metro area only. Propose 4 points for mortgage subsidies of $10,000 per unit, 3 points for $7,500 per unit and 2 points for $5,000 per unit. If there are credits left over from the East, Central or West regions, those credits should be available to the next highest scoring projects from the other regions not counting mortgage subsidy points for that calculation only.

IV.B.2.c – (pg 14) – Tenant Rent Levels – Propose 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.1-(pg 15) – Maximum Development Costs – The minimum hard cost per unit (lines 5 and 6 on the PDC) should be $60,000 and maximum (before negative points) should be $70,000.

IV.C.2.d.-(pg 16) – Restrictions on RPP Awards - The agency should 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 acts of consultants, GC or Management firm when a developer is not aware of them.

IV.D.1.a.- (pg 16) – Development Experience – Following the sentence "The project must have been placed in service between January 1, 2008 and January 1 2014." add: Developers who were eligible and submitted a 2013 application that met threshold, but was not awarded credits, and then co-developed the same development application and was awarded 2014 awards, will become eligible in 2016 if the development is placed in service by January 1, 2016.

IV.D.3.k.-(pg 18) – Project Team Disqualifications – Define "sold" as this should not include developers that have either sold a project due to obtaining rehab tax credits, or if sold to another party and that party continues to keep the project affordable as per the land use restriction.

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.B.2.a – (pg 25) – Operating Expenses - Recommend NCHFA review their asset management documentation as well as equity investor underwriting standards to establish an updated minimum. Minimum operating costs per unit for new construction developments should be $3,400.

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

Tax Credit Pricing- If an applicant receives higher tax credit pricing than indicated in the application, the development should be able to take advantage of that pricing and reduce any type of permanent debt (RPP, conventional, WHLP, etc.) and/or deferred developer fee loans. Whatever the policy is, it should be included in the QAP.

Thank you.

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