Richard Angino – Third Wave Housing

Cleanup Comments

There are several items which I would suggest are reworded or cleaned up which are as follows:

1. In the early days of the tax credit business, many Tax Credit Agencies would call developers during the application process when a developer exceeded the number of winning applications and asked the developer which of their winning applications they would like to drop. The credits would then trickle down the application list to the next applicants on the scoring list until another developer hit their maximum. This is a very good and fair system which would work within the existing points system. I would suggest that this is used instead of the Applicant Bonus Point which has several flaws when it is used with the goals behind the existing tie breakers.
2. There should be some thresholds on the Redevelopment Set-Aside so that NCHFA has the ability to not allocate credits under the set-aside. We have several examples from past years in North Carolina where this set-aside became the last standing application(s) win even if they don't make sense when compared with the general pool. There should be some reasonable test or threshold to make sure NCHFA is not allocating $15,000 per unit in credits just because they have to per the QAP.
3. Bond transactions should be exempt from the minimum site score requirement since they are not competing on how close they are to amenities. The market studies will show if the property is feasible due to its location.
4. RPP Loan Language. There is new language related to lien position being proposed. The primary "hard" loan has to be in first loan position even if they are smaller than the RPP loan. I just don't see FNMA, Freddie, HUD, CICCAR and other primary loan lenders allowing their loans to be in second lien position. I can see this proposed ordering applying to other cash flow mortgages.
5. Operating expense. These annual increases of $200 are out stripping inflation and is getting way too high for most low and moderate counties who have not seen the increases in rents and wages to justify this inflation in operating costs. Unless you modify the 20 years at 1.2 debt coverage ratio rule in the QAP, you are basically underwriting out the low and moderate income counties out of the ability to apply for housing tax credits.