

## Tara Hall

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**From:** Holly Douglas <holly@hollidaydev.com>  
**Sent:** Thursday, October 7, 2021 1:16 PM  
**To:** RentalHelp  
**Subject:** Comment to 2022 QAP

Good afternoon,

This comment may be late in coming, but I respectfully request NCHFA revisit the decision to revert back to lowest credit per unit as the primary determinant of awards. It is the 2nd tie breaker but the one that will drive the majority of awards.

The race to the bottom that dictated awards from 2013-2016 is the reason we left the North Carolina round. We have an aging portfolio with properties going back to the early 1990's, and we have seen what happens when you cut corners on the front end. We have properties we consistently fund out of pocket because of operating shortfalls, either because they were over leveraged or because we blindly chased points on the front end that compromised the longevity of the community. It seems illogical to incentivize developers to value-engineer to the cheapest allowable version on a property type that will be rent restricted for 30+ years.

I appreciate the comment made by another developer that the current system is to some extent a lottery. However, we submitted as out of state developers in 2018 and 2021 without discussions with colleagues about where they were submitting applications from a cost and credit standpoint. We sharpened our pencil, talked to our GC and syndicators, and put forth the best number we could given the knowledge and information we had at the time. We put numbers in that we could live with and felt were in line with the market, without the pressure to arbitrarily cut corners to get funded. It worked in one year, and we fell short another year. But both times our numbers were real numbers. I feel like this is what the Authority should want, and removing the credits per unit average is a shift back in the wrong direction. There are other ways to ensure efficient use of resources than making the biggest determinant who can build the cheapest, most highly leveraged product. Or, perhaps adding additional point categories that cannot be obtained by so many applicants to offset this item so most don't go to tie-breaker?

Thank you in advance for your consideration.

Respectfully,  
Holly Douglas  
Douglas Development