

Scott and Tara –

Thank you for the opportunity to comment on the DRAFT 2022 QAP. Mosaic Development Group, Inc. offers the following for consideration.

1. Income Averaging – please take steps to allow IA deals to locate equity in the market place without penalty to the developer. We do not wish to abandon the IA election, but we would rather go to 40/60 than see the deals languish. An option that allows the election to be made at Final Cost Certification seems appropriate as we all await favorable additional guidance from the IRS.
2. Design Standards – given the fluidity and difficulties of the current funding and construction environment, it seems counterproductive to add costs and complexity to the design standards at this time. We will provide more detailed comments on the Appendix B next week.
3. Points –
 - a. We applaud the additional distances allowed to services as this will broaden the available sites.
 - b. As part of the goal of improving the lives/outcomes of children living at LIHTC properties there should be an incentive to build LIHTC housing where students can go to the top schools in that particular county. Please consider changing the way points or tie breakers are awarded to Family sites to emphasize high performing public schools. Rather than proximity, consider the quality of the public schools that serve the property as an overarching goal to improve educational outcomes.

Potential scoring could be properties that are served by a school ranked in the top 20% in the county/district get 3 points, second 20% gets 2 points, third 20% gets 1 point and bottom 40% gets 0 points.

- c. While the average credit per unit points have been frustrating, it is better than a return to the lowest credit per unit tie-breaker. As an alternative to both of these options please consider the following as additional points or a replacement tie-breaker: (The language below is similar to what is utilized in Georgia's QAP)

Favorable Financing – up to 3 points

In order to qualify as Favorable Financing, the loans must have a maximum interest rate 2% or the long term monthly AFR at time of application, whichever is higher. New loans or new grants from the following sources that will provide new capital funding will qualify for points under this category:

1. Federal Home Loan Bank Affordable Housing Program (AHP).
2. Replacement Housing Factor funds (RHF) or other HUD public housing improvement fund
3. HOME funds administered by an entity other than NCHFA.

4. Historic tax credit proceeds.
5. Community Development Block Grant (CDBG) program funds.
6. National Housing Trust Funds.
7. Foundation grants, or loans based from grant proceeds that meet the following legal and financial requirements: a) The foundation must be a private foundation as defined in the US Tax Code 26 USCA 509 or a community foundation that is accredited by the National Standards for U.S. Community Foundations. b) Points will only be counted in this section if the foundation is not related to any entity or person in the General Partner or Developer teams and has a history of supplying grants to affordable housing developments.
8. Other Federal, State, or local grant funds or loans.

Loans originated by a conventional bank are ineligible. Deferred Developer fees are ineligible.

No project participant or affiliate may guarantee, fund, advance, or otherwise provide direct or indirect funding for the purpose of an Application claiming points in this category. If the seller of the land/property (or any related party) is providing funds to finance the development and claiming these points, the sales price will be reduced from the total funds provided, to calculate the favorable financing points allowable.

Point Scale. The total amount (combined) of all new loans and/or new grants will qualify for points according to the following scale:

Amount at least \$30,000 per unit- 3 points

Amount at least \$20,000 but less than \$30,000 per unit - 2 points

Amount at least \$10,000 but less than \$20,000 per unit - 1 point

(Alternatively – all projects in a region would be ranked based on the amount of Favorable Financing per unit which would then become the tie-breaker).