Chris Austin

From:	David Levy <dlevy@ahmi.org>
Sent:	Friday, September 02, 2016 11:02 AM
To:	Chris Austin
Subject:	2017 QAP Comments
Attachments:	ES_Version_3.1_Cost_Savings_Summary.pdf

Affordable Housing Management, Inc. has the following comments on the 2017 Draft QAP:

1. Adding point awards for various items is a positive change that should eliminate multiple developments receiving the same score.

2. Recommend adding two points for new construction building to Energy Star version 3.1. The additional cost to do so is more than offset by lower operating utility costs and reduced unit utility allowances. Building to higher energy efficiency also has positive environmental benefits. The attached document provides costs and savings for Energy Star version 3.1 and how it compares to the 2012 IECC. Any project completed to version 3.1 is going to be at least 15% more efficient than the 2012 IECC (the 2012 IECC, is currently more stringent than the NC 2012ECC).

3. Eliminate the 20% cap on nonprofit sponsored awards. It is not appropriate to disqualify a development based on the tax status of the developer. Projects should be selected based on the merits of the development.

4. Limit the number of awards to any one developer to two new construction deals per year.

5. National Housing Trust Fund: How many dollars will be available for each project and how will it be structured? Will it be a loan and what would the terms be and when would the funds be available to draw down?

6. Maximum Project Development Costs: While it is appreciated Chart A has been increased to $68,000 that is not high enough for developments in the Metro areas. Current Metro developments are costing more than that amount. Additionally, considering the time lapse between determining budgets for 2017 developments and when they will be built, it is likely there will be further price increases by the time construction begins. Recommend creating a Chart C for Metro areas and increasing the amount to $72,000 per unit.

7. Clarify when using RPP funds that 20% of the total units is 20% of the total HOME units and not 20% of all units.

8. Post Award: Make the application accessible while post award changes are pending. For example, once a PAC is submitted and waiting for approval or rejection, the 10% cost certification cannot be worked on within the application until the PAC is approved or rejected, which can take some time.

Currently, the post-award process requires Agency approval when altering the approved designs including amenities, site layout, floor plans and elevations. That can be interpreted to be any changes at all of any type. Suggest changing that approval is required only for "material changes" and then define "material" with a dollar amount, say $10,000, unless the change is being made to a required QAP design feature. This change will benefit both the Agency staff and developers.

Thanks.

David B. Levy
Executive Director
Affordable Housing Management, Inc.
330 S. Greene Street, Suite B-11
336.273.0568 Ext. 131
Fax: 336.273.3975
dlevy@ahmi.org
www.ahmi.org

BODE & HARRELL, LLP
ATTORNEYS AT LAW
2600 FAIRVIEW ROAD, SUITE 200
RALEIGH, NORTH CAROLINA 27608

TELEPHONE (919) 977-0571
FACSIMILE (919) 977-0895

JOHN T. BODE
JAMES A. HARRELL, III

MAILING ADDRESS

POST OFFICE BOX 6338
RALEIGH, NORTH CAROLINA
27628-6338

September 2, 2016

Chris Austin
NC Housing Finance Agency
Attn: Rental Investment
3508 Bush Street
Raleigh, NC 27609

claustin@nchfa.com

Dear Mr. Austin:

I represent an organization of multi-family developers who share mutual concerns about the proposed QAP.

The first tiebreaker changes the award winning project from the project utilizing the fewest credits to the project that addresses the lowest poverty level. The second tiebreaker allows the project with the lowest average income targeting to be awarded. While we appreciate the attempt to consider other options, we respectfully request that the QAP be drafted in a manner that decreases the chances of ties. We believe that this could be achieved by uncapping the site score and by including additional amenities in the amenity category.

Second, the legislative intent behind the creation of the Workforce Housing Loan Program was to allow for the creation of more workforce housing units in rural areas that lack supplemental funding (i.e. City grants/loans). We believe a unit production analysis should be used to determine whether the program has achieved the legislative intent. So our concern is that WHLP funds are being proposed for use in Metro areas when the intent of the legislature was to provide a source of funding to rural areas that didn't previously exist.

Third comment: Take the tenant rent level targeting (page 16 item B.2. of QAP) back to the 2016 levels.

Thank you for your consideration and we look forward to continuing to work with the NCHFA.

Sincerely,

James A. Harrell, III

James A. Harrell, III

Carolina Community Developers, LLC
Post Office Box 4503
Greensboro, NC 27404

September 14, 2016

Mr. Scott Farmer
Mr. Chris Austin
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

RE: First Draft 2017 QAP

Dear Scott and Chris,

Thanks again for holding the listening sessions earlier this year. They were extremely helpful.

I have two comments on the first draft of the QAP:

1. While I support the change to add points for lower income targeting, I believe that the criteria as currently written are extremely difficult to achieve. I would like to suggest that this section be changed to award points based upon the criteria used in 2016 to qualify for RPP funding.

2. Please consider allowing more flexibility with regard to project size for properties located in redevelopment areas. It would be very helpful if the maximum could exceed 80 units, and the minimum could be less than 24 units.

Thank you for your consideration.

Maida Renson

HICKORY
North Carolina
Life. Well Crafted.

City of Hickory
PO Box 398
Hickory, NC 28603
Phone: (828) 323-7412
Fax: (828) 323-7550
Email: asurratt@hickorync.gov

Office of City Manager

August 30, 2016

Mr. A. Robert Kucab
NC Housing Finance Agency
Attn: Rental Investment
3508 Bush Street
Raleigh, NC 27609

RE: Feedback to Draft 2017 Qualified Allocation Plan

Dear Mr. Kucab:

As you are aware from our August 3 letter, with the significant support from the Hickory community, the City's bond program will spur economic development opportunities and improve downtown infrastructure. Our downtown benefits from any new residential units, including those constructed by future applications to the North Carolina Housing Finance Agency. Given this information and upon review of the draft 2017 Qualified Allocation Plan, we have concerns about page 14 section (iii) Site Suitability which would not allow these opportunities.

We are requesting that your office consider amending the guidelines for appropriate sites for new housing by reducing the site distance criteria for electrical utility substations (whether active or not) from 500 feet to 250 feet when there is less than 0.7 acres as measured by the total equipment area enclosed by fencing. By reducing the current distance criteria of 500 feet to 250 feet, which is the standard distance for railroads, high traffic corridors and power transmission lines and towers, opportunities for housing developments in our downtown would increase and potentially occur through NCHFA, therefore allowing for further advancement of the progress occurring in our City.

Thank you for your time and consideration,

Andrea Surratt, AICP. ICMA-CM
Interim City Manager
City of Hickory

HICKORY
North Carolina
Life. Well Crafted.

City of Hickory
PO Box 398
Hickory, NC 28603
Phone: (828) 323-7412
Fax: (828) 323-7550
Email: asurratt@hickorync.gov

Office of City Manager

August 3, 2016

Mr. A. Robert Kucab
3508 Bush St.
Raleigh, NC 27609

RE: Downtown Hickory Development

Dear Mr. Kucab:

The City of Hickory has been fortunate enough to receive support from the Hickory voters for a $40 million bond issue to be used on the enhancement of our City and the creation of jobs, with a portion of that funding to be used on improving infrastructure in our downtown area. Our downtown area will benefit from the option of new residential units, some of which may be constructed through future applications to the North Carolina Housing Finance Agency.

We are requesting that your office consider amending the guidelines for appropriate sites for new housing by reducing the site distance criteria for electrical substations from 500 feet to 250 feet when there are less than 0.7 acres as measured by the total equipment area enclosed by fencing. Reducing the current distance criteria of 500 feet to 250 feet would allow development in our downtown area to occur through NCHFA, therefore allowing for further advancement of the progress occurring in our City. I am available to discuss further details with you should you have questions.

Thank you for your time and consideration.

Sincerely,

Andrea Surratt, AICP. ICMA-CM
Interim City Manager
City of Hickory

THE HOUSING PARTNERSHIP

September 2, 2016

North Carolina Housing Finance Agency
Low Income Housing Tax Credit Program
Attn: Scott Farmer
3508 Bush Street
Raleigh, NC 27609

Subject: Comments on the 2017 North Carolina QAP Draft

Dear Scott,

Thank you for publishing the QAP draft early this year. Early preview helps with our site identification process and insures that we have enough time to develop a project that is in line with NCHFA's goals for the upcoming year. CMHP also appreciated the 1:1 sessions this spring and early draft ideas memo in June. We found all of those offerings beneficial.

For the 2017 draft published earlier this month, we respectfully submit the below comments/ideas. Many of our comments/suggestions from June were reflected in the QAP draft and we are very appreciative. We are overall in support of the changes for 2017 and would encourage future development of point categories so that it is harder to achieve a perfect project score.

<u>Comments for New Provisions:</u>

<u>Rent Affordability Targeting (p16)</u>
While we are in favor of increasing incentives for deeper targeting for all projects, including 35% extremely-low units will mandate RPP support and/or higher credits per unit, likely to approach or exceed $90K/unit in metro areas. Unless there are sufficient RPP funds to be allocated to all projects, this is a difficult provision to meet. CMHP recommends the targeting be directed at a combination of extremely low and very low units to help with financial feasibility. Our proposal would be a total of 35% of units serving low and extremely low residents (50% and below) with a minimum of 20% of units serving extremely low-units. For example, one project could submit a project showing 20% extremely low units and 15% very low units to achieve the 35% target. That sample project would not be eligible for NHTF or RPP, but could still compete. Another project could provide 25% extremely low and 10% very low and would be eligible for NHTF and RPP. This would allow projects to vary their structures and still compete.

<u>Maximum Project Development Costs (p17)</u>
We are in support of the increase and ask that NCHFA consider increasing by another $2,000/unit for METRO areas (total of $4,000/unit over 2016 QAP). The current cost of construction is extremely high in the metro areas. CMHP continues to advocate for lifting of the cap altogether.

Tiebreaker Criteria (p23)

We are in support of this change and are hopeful it will be a positive driver for development locations. However, one challenge that we foresee is that 2010 census data will not capture improvements in poverty levels for redevelopment areas. For example, homes in our Brightwalk development are now selling for $350,000-$400,000+, but homes didn't begin selling until 2012. As a result, the improvement in poverty level is not captured in the 2010 census data. The new site bonus points could offset this if awarded. However, without the bonus points, a site in a redevelopment area is not likely to compete well in a tiebreaker scenario.

Owner Investment (p30)

As written, the definition of Owner Investment is not clear. CMHP is not in support of this as written. Principals should have the ability to put in a permanent loan or grant to the project if it is ultimately supported by other soft funds or grant sources (e.g. NeighborWorks Capital allocation, recycled CHDO awards, etc).

Comments for Existing Provisions:

Non-Profit Limits (p7 - II, D ,2)

CMHP continues to feel that the limit on nonprofit organizations participation in the LIHTC allocation is contrary to the spirit of the LIHTC program. We advocate for removal of this provision.

Principal Limits (p7 - II, E,1)

In addition to the principal limit of $1.8MM, we propose a provision that limits the number of 9% awards to any one Principal to a maximum of three (3) total 9% awards, state-wide. This would not apply to bond-deals or any one specific set-aside.

Application Schedule for Bonds

Increasing the application periods from two to four would allow more flexibility to layer funding that may come from local sources on an unpredictable calendar basis and to get projects in the queue while interest rates support project feasibility.

Shopping Establishments List (p13 - IV, A, ii)

In addition to the existing list of shopping establishments, we propose that Home Depot and Lowes be listed as qualifying shopping establishments. Their product selection includes a wide variety of home goods that are comparable to the selections offered at dollar stores. Also, we propose that a town center or strip shopping center with a varied offering of smaller retail tenants that provides the same goods selections as those listed under qualifying establishments should qualify with NCHFA approval.

Loan Underwriting Standards / Management Fee (p 28 – VI, B, 1, a)

CMHP proposes that the management fee should be separately calculated as a % of Gross Revenues for Years 2-20, just as it is in year 1. The current language escalates management fee at 3.00% along with the remainder of expenses, which results in a higher calculated management fee for years 2-20 since revenues are only growing at 2%. Although it seems to be a small change, it affects how much hard debt the project can support by impacting DSCR in Year 20. 20 years of higher escalation rate accumulates.

THE HOUSING PARTNERSHIP

Developer Fees (Page 30 – VI, B, 7, a)
CMHP advocates for a higher developer fee per unit for developments that are in high opportunity, difficult development areas that may encounter high land costs or rezoning challenges due to location. This would entice developers to go after more challenging sites that otherwise score well but would be difficult to bring to fruition. Currently, the minimum LIHTC deal size is 24 units which generates a $312,000 developer fee ($13,000/unit). The amount of fee and the project location could be subject to pre-approval by NCHFA.

Thank you in advance for taking the time to review our suggestions. Please let us know if you would like to discuss our recommendations.

Sincerely,

Julie A. Porter
President
Charlotte-Mecklenburg Housing Partnership

HOME TO OPPORTUNITY

September 2, 2016

NCHFA
Low Income Housing Tax Credit Program
Scott Farmer
PO Box 28066
Raleigh, NC 27611

Thank you again for the one-on-one listening sessions earlier this year. DHIC offers the following comments on the draft 2017 QAP.

What we like:

- The revisions to amenity scoring although we do think that the vast majority of applicants will receive the maximum scoring.
- The new tiebreakers, although we didn't see them coming into play much during 2016.

Revisions that we suggest are:

- Amenities: Increase the maximum score.
- Development Cost limits: Increase the metro cost limits by at least $4,000. There is a shortage of labor and a vast amount of new construction going in metro regions. We feel that the cap for all regions should be increased as well.
- Rent affordability: We like the concept of rewarding applicants that offer deeper income targeting but we think 35% of the units at 30% AMI is too deep for metro projects. We suggest that no more than 25% of the apartments should be targeted to very low income households.
- Credits per unit average: We think that this is where most of the funding decisions will be determined. Given that applicants won't know what other applicants will be submitting or what standard we need to meet, it will be a guessing game for most applicants. It will feel like a lottery.
- Removal of limit on credits that can be awarded to non-profit sponsors (II,D,2)
- More guidance on the change request process; some projects change a fair amount as the development process progresses and it would seem like an administrative burden (on both sides) to submit change requests multiple times/frequently/for every change.

Chris Austin

From: Tim Morgan <Tim@spectrum-evergreen.com>
Sent: Thursday, August 04, 2016 3:10 PM
To: Chris Austin
Subject: 2017 QAP Comment

I request the agency to add Ollie's Bargain Outlet as a Shopping establishment that would qualify as a Primary Amenity. They have 24 stores in North Carolina. You can confirm this by going to their website www.ollies.us

Big Lots has 17 stores, Fred's Super Dollar has 20 stores and Maxway has 29 stores so Ollie's is in line with other currently approved shopping establishments.

Timothy G. Morgan, Vice President
Evergreen Construction Company
7706 Six Forks Road, Suite 202
Raleigh, NC 27615
(919) 848-2041, ext. 201
www.evergreenconstructionco.com

Chris Austin
NC Housing Finance Agency
Attn: Rental Investment
3508 Bush St
Raleigh, NC 27609

Dear Mr. Austin:

We appreciate the opportunity to comment on the 2017 Qualified Allocation Plan (QAP) for the State of North Carolina. GoTriangle is the regional public transportation authority for the Research Triangle region of North Carolina. We operate regional bus and paratransit services that connect Raleigh, Durham, Chapel Hill, Cary, Hillsborough and other municipalities. In addition, for the City of Durham we manage GoDurham, which provides bus and paratransit service throughout the City and County of Durham.

Background

In cooperation with the local municipalities and regional planning organizations, we are developing the Durham-Orange Light-Rail Transit system (D-O LRT), which will provide high-quality fixed-guideway transit service connecting the employment centers at the University of North Carolina, Duke University, downtown Durham, and North Carolina Central University with residential neighborhoods containing a mix of income levels. In addition, GoTriangle and GoDurham, along with Chapel Hill Transit, are providing expanded bus services using funding from a voter-approved half-cent sales tax dedicated to transit implemented in 2013. Both Chapel Hill and Durham have additionally prioritized infill and denser development around future rail stations and along other transit corridors. As a result, both counties will have more high-quality transit options that are well suited for income-constrained households.

A key priority shared by GoTriangle and all our regional partners is making sure there is adequate affordable housing located close to stations along the proposed D-O LRT, as well as along other high-frequency transit corridors. We were recently awarded a $*1.6* million grant by the Federal Transit Administration (FTA) to do comprehensive planning around D-O LRT station areas, and a key topic of study under the grant is how the municipalities and GoTriangle can best encourage the development of affordable housing within the station areas.

The Importance of the Transit-Affordable Housing Link

Our experience as a transit provider has illustrated the important link between housing affordability and transit accessibility for households with low incomes. Many of our riders live in low-income households. According to our recent rider survey, 50% of GoDurham riders have household incomes less than $15,000 per year, while an additional 20% have household incomes less than $25,000 per year.

For these lower-income households, the low cost of transit versus automobile ownership is critical. For example, a monthly transit pass that allows for unlimited riders on GoDurham is $36 per month or $432 per year, and costs half that much for disabled patrons. A monthly transit pass that allows for unlimited rides on GoTriangle's regional services, as well as Raleigh and Cary's local bus service (Chapel Hill Transit is fare-free), costs only $76.50 per month ($34 for disabled patrons), or $918 per year. By contrast, auto ownership costs $8,558 per year on average, according to the American Automobile Association.

For many of these riders, then, an affordable housing unit that lacks convenient access to quality transit, and that thus requires regular access to an automobile, is not actually affordable. The federal Department of Housing and Urban Development has acknowledged this connection between affordable housing and transportation accessibility by supporting development the Location Affordability Portal which evaluates both housing and transportation costs to determine the full cost of living at a particular location. Likewise, the Federal Transit Administration's new guidelines for evaluating whether to fund projects such as the D-O LRT project take into account the availability of affordable housing around transit stations and local policies in place to preserve and generate new affordable housing.

GoTriangle Applauds Several Changes in Recent Years in QAP

We appreciate the changes that have been made to the QAP over the last few years to improve the link between affordable housing and transportation costs. Since the 2015 edition, the QAP has awarded points to projects within one-quarter-mile of transit stops that provide a minimal level of service. We are also in favor of two proposed changes to the Secondary Amenity category in the 2017 QAP draft. The first is the change in the driving distance requirement to require amenities to be closer to projects. Second, we approve of the addition of new secondary amenity categories, as that increases the chances that the presence of a transit stop will be relevant to a project's final score.

In addition, though points are still taken away from projects within a certain distance of "frequently used railroad tracks" such as a light-rail corridor, we note that the distance has been reduced from 500 feet in the 2014 QAP to 250 feet in the 2017 draft QAP.

These are important and worthwhile steps that improve the competitiveness of transit-served affordable housing projects. To continue to insure that projects score well under the QAP criteria continue to recognize the link between housing and transportation costs, we have several additional suggestions.

Continued Improvement Opportunity: Parking

The 2014 QAP provides three points to projects that lack certain specified "negative features." Possible negative features for adaptive reuse projects include "limited parking."

We are concerned that the restriction on projects with "limited parking" may make those projects within areas served by high-quality transit less competitive, or even dissuade developers from developing and submitting proposals. A project's parking needs depend on its context. What is adequate parking at more suburban sites may be excessive for sites in densely developed metropolitan areas close to transit. For example, the County and City of Durham's Unified Development Ordinance requires less parking and imposes reduced parking maximums in areas within the Compact Neighborhood Tier, which includes all the D-O LRT station areas in Durham. Projects in Durham's Downtown Tier do not require parking.

We recommend that the QAP be amended to make explicit that projects which meet local code requirements for parking at a particular site be deemed to have adequate parking. This could include projects submitted under either existing zoning or a proposed rezoning where the rezoning request has received preliminary support by municipal staff or an elected body, or where the rezoning is consistent with the municipalities Future Land Use Map.

Continued Improvement Opportunity: Project size penalties

Section IV.E.2 of the QAP limits the size of projects. The 2014 QAP allows the agency to waive these limits for projects which are "within a transit station area as defined by the Charlotte Region Transit Station Area Joint Development Principles and Policy Guidelines." We request that the definition of "transit station area" be broadened to include areas within the Compact Neighborhood Tier in the City and County of Durham. These are areas around stations on the proposed D-O LRT project which are targeted for high-density, urban development, and would be appropriate for projects larger than the limitations in IV.E.2.

Continued Improvement Opportunity: Proximity to "frequently used railroad tracks"

As we noted earlier, the redefinition of "incompatible use" to include only those frequently-used railroad tracks within 250 of a project, down from 500, was a significant improvement. However, there are several examples of market-rate multifamily residential developments along the Charlotte Lynx light rail line which are within 25 feet of the edge of the nearest light-rail track. See Figure 1 below.

We assume that this provision was included to guard against developments that are sited on largely inexpensive land adjacent to railroad tracks plied by freight rail lines. Light rail systems are significantly quieter and can support significant development located well within 250 of the tracks. Therefore, we recommend that the reference to “frequently used railroad tracks” be amended to include the phrase “(not including railroad tracks used for light-rail service).”

Figure 1 (Google Street View at New Bern St, Charlotte, NC. Photo taken March 2016)

We appreciate the opportunity to comment on the 2017 QAP. We believe our recommendations will encourage the development of affordable housing projects that minimize the combined housing and transportation cost for the low-income members of our community, allowing them to maximize their opportunities. Should you have any questions, please don’t hesitate to contact me. Thank you for your ongoing efforts to support affordable housing in North Carolina.

Very truly yours,

Patrick McDonough

Manager of Planning and Transit-Oriented Development
GoTriangle

pmcdonough@gotriangle.org

919.485.7455

Greensboro Housing Authority
450 North Church Street
Greensboro, NC 27401
Telephone: 336.275.8501
www.gha-nc.org

Office
Chief Executive Officer

September 12, 2016

Mr. Scott Farmer
Director of Rental Investment
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609

Re: **2017 North Carolina Low-Income Housing Tax Credit Qualified Allocation Plan Comments**

Dear Mr. Farmer:

Thank you for the opportunity to provide comments on the 2017 North Carolina Low Income Housing Tax Credit Qualified Allocation Plan (QAP). As the second largest public housing authority in the state of North Carolina with over 6,100 units of affordable housing and largest affordable housing provider in the City of Greensboro serving the underserved citizens in the City and throughout Guildford County, the Greensboro Housing Authority (GHA) fully understand and value the importance that the low-income housing tax credit program provides to the affordable housing community. Without access to the benefits of the low income housing tax credit program, many affordable housing providers would be severely limited in fulfilling its mission to create and maintain safe, quality, affordable housing to low income families, elderly and the disabled within their communities.

For the past 75 years, GHA has been providing housing to low and moderate-income individuals in the City of Greensboro and Guilford County, together with supportive services through its various programs. In 2013, GHA received a portfolio award from the United States Department of Housing and Urban Development to redevelop its properties through the Rental Assistance Demonstration (RAD) program, whereby all of the 20 properties owned by GHA will convert from the public housing program (Section 9) to a Project-Based Voucher (Section 8) rental subsidy program a long term Housing Assistance Payment contract on each property under the RAD program for the next 20 years. The RAD conversion of all 20 properties will allow GHA to leverage debt financing from the private market and take full advantage of the Low Income Housing Tax Credit (LIHTC) (program administered by your agency (the North Carolina Housing Finance Agency).

In order to fully participate in the LIHTC program, GHA is requesting a revision to the following sections of the QAP:

1. **Section IV (D)(1)(a): Development Experience** – GHA requests that NCHFA expands the Principal criteria to include qualified public housing authorities ("PHA"s), where PHAs demonstrate technical experience, financial capacity, years in service, and overall development team (consisting of architects, general contractors, financial lenders and equity investors) to be eligible for an award of 9% Tax Credits.

2. **Section IV (D)(1)(d): Development Experience** – GHA requests the addition of a separate section to allow for pre-qualification review by the Agency to qualify as a Principal and receive eligibility to participate in the LIHTC program as an applicant, managing general partner, and Developer for existing properties that are owned by sponsors for public housing revitalization and rehabilitation projects that receive RAD awards.

3. **Section V (B)(4): Allocation of Bond Cap – Eligibility for Award** – GHA requests the insertion of language to allow for PHA sponsors to be eligible for an award of tax-exempt bond volume in particular, projects that serve as a component of an overall public housing revitalization and rehabilitation effort, such as projects that receive a RAD Commitment to Enter into a Housing Assistance Payments Contract for the development proposed by the pre-application.

If you have any questions, or need further information, please contact me at 336-303-3116.

Sincerely,

Tina Akers Brown

Tina Akers Brown

TAB:em

Chris Austin

From: Traci Dusenbury <tdusenbury@halconcompanies.com>
Sent: Friday, September 02, 2016 5:00 PM
To: rentalhelp
Subject: QAP comments

Chris & Scott,
Thank you for your efforts to meet one-on-one with developers and your willingness to incorporate developer ideas and comments to try to improve the QAP and NC tax credit program. My comments regarding the 2017 Draft QAP are as follows:

1) Pg 15, (iv) Site Bonus Points—although I fully trust in your designating bonus points as all sites are not equal, please specify general criteria or qualities you will be judging these sites by for these additional points. Also, it sounds like it could be for multiple sites. Could you consider only the top 3? If this isn't specified it may become difficult for you.
2) Pg 12 Amenities-Would you consider just having Pharmacy OR Shopping under Primary Amenity for 14 points (or however you want to allocate the points) since you already have "Other Primary Amenity" under Secondary Amenities? Also, under Secondary Amenities, could you please consider adding at least 1, if not 2, other "Service" for 3 points, so that more than 1 different option (of bank, restaurant or convenience store) could be counted? A site with a restaurant and bank or two restaurants even, is more valuable to some than one with a bank and doctor's office, or two grocery stores or two pharmacies for instance. Regarding healthcare, people have doctors they see for years and may not change based on where they are living, however, it's very likely they will frequent a bank/ATM and any restaurant that is close to their home. Both are very valuable as daily needs can be met by these services, particularly restaurants with our hectic lifestyles, kids activities, etc.
3) Pg 13, I agree with adding LIDL grocery to the list of grocery stores since so many have been announced for NC, as long as it's in place and operational by the preliminary application date.
4) Pg 16, Please confirm if the tenant rent levels listed are available for all applications to get points, or only required for RPP, since RPP was in the heading for the section, just wanted to make certain? It would be my preference that this remain for only RPP requests as in the past.
5) Pg 16, Will you consider keeping the same targeting percentages as under the 2016 QAP instead of increasing them from 20% to 35%? This is a large increase. And, if this is now available for all developments, not including RPP, it may be difficult to get these points for developments without using RPP. I don't want this to be the case.
6) Pg 23 Tiebreaker-Will you consider removing the Second tiebreaker for the lowest average income targeting and perhaps put a tiebreaker for the lowest percentage of deferred developer fee here? Just a thought. And, take out the deduction of 2 points for deferring more than 25% of the fee on page 29 of the application?
7) Thank you for only requiring the water and sewer letters!

Thanks for your time and consideration as always.

Traci Dusenbury
919-741-9328

HALCON COMPANIES LLC

Traci N. Dusenbury
Developer / Owner

o: (804) 272.2009
c: (919) 741.9328
f: (804) 367.5809

tdusenbury@halconcompanies.com
14313 Derby Ridge Court, Midlothian VA 23113

development | real estate | consulting

Chris Austin

From: Traci Dusenbury <tdusenbury@halconcompanies.com>
Sent: Wednesday, October 26, 2016 12:05 PM
To: Scott Farmer; Chris Austin
Subject: 2017 QAP comment

I would still like to ask that you consider adding 1 or 2 other amenity lines for additional "service" options. Under the current QAP, you can only count either 1 restaurant, 1 bank, or 1 convenience store. I wish we could count all three because they are all important in daily life. In looking at where I live, we don't have a convenience store/gas station within a mile and everyone in my neighborhood complains constantly. The way you have it now, you can only count more than one if you have a strip mall with 4 operating businesses and then it's only worth 3 points. Regarding this strip center, I know you discussed this at the meeting, but I want to be clear and confirm that these can be any type of establishments or only retail, food, convenience store, or bank? For instance, where I live, there is a shopping center with a dry cleaners, a veterinarian office, 2 restaurants and a bank. Would that count?

Thanks for the clarification.

Traci

Traci Dusenbury
919-741-9328

HALCON
COMPANIES LLC

Traci N. Dusenbury
Developer / Owner

o: (804) 272.2009
c: (919) 741.9328
f: (804) 367.5809

tdusenbury@halconcompanies.com
14313 Derby Ridge Court, Midlothian VA 23113

development | real estate | consulting

Chris Austin

From: Councilman Keith Miller <kmiller@cityofkm.com>
Sent: Friday, September 02, 2016 1:09 PM
To: rentalhelp
Subject: Comments for the 2017 Qualified Allocation Plan

The current QAP aligns developer incentives to build 100% of the units at rents/incomes =< 60% of AMI to maximize tax credits. This may further concentrate poverty which means children growing up in these units will have less opportunity for interaction with children from families that are not poverty disadvantaged thus prolonging the generational cycle of poverty; may cash flow starve developments leading to an inability to sink/reserve funds for redevelopment and exterior updating every 7-15 years creating a development and property value drag on the surrounding properties; politically, some, perhaps overly cynically believe, the current skew to only low income rents/incomes increases the democratic electoral footprint of a permanent class of dependent and under-educated voters. Ignoring the political allegations, if we are truly motivated to achieve social justice, compassion and break the generational dependency cycle then we might offer a 4x bonus of tax credits for mixed-income developments will have 80% or the units at rents/incomes greater than 80% of AMI. If the developer gets a 4x bonus on 20% of the units they receive same total amount of tax credits as if they built 100% of the units at rents/incomes =< 60% of AMI. However, the property will now have a significantly higher free cash flow, perhaps 50% or more in some of my models, and may increase free cash flow by 500% or more. This will give developers an incentive to build mixed income projects with only 20% of the units at low rents/incomes and 80% of the units at higher rents/incomes. This, in turn, will give the children in the mixed income properties extensive opportunity to interact with and develop relationships with children from families without extreme income disadvantages. This should help instill aspiration and foster lifelong values and contacts the children may utilize to help lift each other to higher socioeconomic outcomes. Seniors in mixed income properties will benefit from the extra assistance and fellowship that can be provided to them by the market rate and > 80% AMI residents. The 50% increase in revenue and 500% increase in free cash flow will afford the managers the ability to sink/reserve funds for redevelopment and exterior elevation upgrades and further amenities and programs. The additional free cash flow will also reduce financial risk to lenders. The increased disposable income will improve the retail demographics which will better support area businesses and spur additional economic development. If we add a bonus for properties that will wire and equip a computer lab for after school homework assistance and coordinate with the local schools and community agencies to provide either on-site and/or virtual classroom tutoring, homework assistance and access to Khan academy we will further accelerate ending the generational poverty cycle. The mixed income skew should also lessen the political divide, both at the policy level and at the community level. The mixed-income skew should have a significantly more positive impact on property values which would in turn increase income, property and sales tax revenues making for a faster payback on the social investment of the tax credits.

I am pretty sure the current legislature and current governor would allocate some additional funds to support a mixed income skew to the programs instead of the current low end skew because the mixed-income skew will increase property values and economic development throughout the state at a faster rate than the current low income skew.

I apologize for any incorrect, ignorant or off-putting comments above. I am a lay person and am sharing thoughts arising from 10 years of council and planning/zoning board experience.

Please let me know if I can converse with staff and stakeholders about some of the proposed initiatives.

Keith Miller
City Councilman
Kings Mountain, NC
kmiller@cityofkm.com
City 704-734-0333
Cell 704-477-5354

Chris Austin

From: Mark Morgan <mark@mcmainc.com>
Sent: Wednesday, August 03, 2016 10:52 AM
To: Chris Austin
Subject: QAP Comment Bus/transit

Chris, if a transit system is in place within a community as presented in the 2017 QAP. We can all agree that the tenants will use the system so the value to the project exist. Can we add the follow to bus/transit section?

As written:

A bus/transit stop qualifies for 2 points, not to exceed the total for subsection (ii), if all of the above criteria are met except for covered waiting area.

Change:

A bus/transit stop qualifies for 2 points, not to exceed the total for subsection (ii), if three out of four of the above criteria are met.

Mark C. Morgan, CCIM
(336) 689-0447
mark@mcmainc.com

Chris Austin

From: Russ Griffin
Sent: Thursday, August 11, 2016 8:14 AM
To: Chris Austin; Toby Sutherland
Subject: FW: 2017 NC QAP Accessibility Guidelines

From: Hugh Dinteman [mailto:hdinteman@martinriley.com]
Sent: Wednesday, August 10, 2016 4:38 PM
To: Russ Griffin <rsgriffin@nchfa.com>
Subject: 2017 NC QAP Accessibility Guidelines

Russ,
Based on our reading of ICC A117.1-2009 (a.k.a. ANSI), it appears that the "Accessible Unit" designation as described in Section 1002 would largely coincide with what we are currently doing for handicapped units that are under NCHFA's QAP program.
We would prefer to rely on a published code solution to providing accessibility rather than relying on a code solution plus additional guidelines.
This may make our jobs as architects and your job as plan and project reviewers a little easier and more clear as to how best to achieve accessibility for these projects.
Hopefully this could be considered as you help formalize the 2017 QAP requirements.
Thank you,
Hopefully this could be worked into the 2017 guidelines.
Hugh Dinteman, NCARB, RA-GA, RA-TX, LEED®-AP BD+C
Martin Riley Associates - Architects, P.C.
215 Church Street
Suite 200
Decatur, GA 30030-3329
Phone: 404.373.2800 x107
Fax: 404.373.2888

MC Morgan & Associates, Inc.
P.O. Box 16038
High Point, North Carolina 27261

September 16, 2016

Mr. Chris Austin
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Re: Comments for 2017 Qualified Allocation Plan

Dear Chris:

Thank you for the opportunity to offer comments on the Qualified Allocation Plan (QAP). **We consider the DRAFT 2017 QAP a well-conceived plan**.

1) Please consider keeping the 2016 TENANT RENT LEVELS. In combination with the requirements under OLMSTEAD SETTLEMENT the rent spread has become a real issue. 60% rents are increasingly subsidizing the 30% and 40% rents. The 30% and 40% rents are usually lower than the operating expenses for the unit. We suggest that you keep the 2016 rent levels and assign the points listed in 2017 QAP DRAFT to those rent levels.

2) Please consider increasing the cap in non-metro counties to 2 projects per county or 1 million in credits per county.

3) Please consider removing the SECOND TIEBREAK as the LOWEST AVERAGE INCOME TARGETING. This tiebreak seems to be in conflict with other QAP priorities like lower land and development cost.

4) Please consider removing SITE BONUS POINTS or consider using it as the SECOND TIEBREAKER.

5) Please consider an inflation mechanism within the 2017 QAP. If an increase in fees is warranted, then developer fee and construction cost should be increased at the same percentage.

6) Please consider reducing the number of years required to maintain a minimum 1.15 DCR from 20 years to 15 years for projects without RPP.

7) For BOND DEALS, please consider the following: The developer fee cap should be lifted. Syndication and development cost caps should be increased to match industry trends. The minimum expense limit of $3,600 should be on a sliding scale, i.e. 100-180 units at $3,200 per unit, 180-300 units at $2,600 per unit, etc. Applications should be accepted on a quarterly basis versus bi-annually.

8) Please consider scoring family and elderly developments separately in the CREDITS PER UNIT AVERAGE category.

Thank you for your consideration.

Mark C. Morgan, CCIM
President
MC Morgan & Associates, Inc.

Miller Valentine Group
Development

Miller-Valentine Group
9349 WaterStone Blvd.
Suite 200
Cincinnati, Ohio 45249

513-774-8400
513-683-6165 Fax

September 2, 2016

Via Email to: rentalhelp@nchfa.com

NC Housing Finance Agency
ATTN: Rental Investment
3508 Bush Street
Raleigh, NC 27609

Re: First Draft 2017 QAP Comments

Dear Mr. Austin:

MV Residential Development LLC (MVRD) thanks you for the opportunity to provide input to the development of the 2017 Qualified Allocation Plan. We appreciate NCHFA's willingness to solicit and consider comments from industry practitioners. MVRD hopes its suggestions and ideas will prove useful as NCHFA prepares its final Qualified Allocation Plan.

Our responses can be found in the attached narrative behind the letter.

We appreciate the opportunity to provide suggestions for the upcoming 2017 Qualified Allocation Plan. If NCHFA staff would like to further discuss any of the above comments, please call me at (513) 774-8400.

Sincerely,

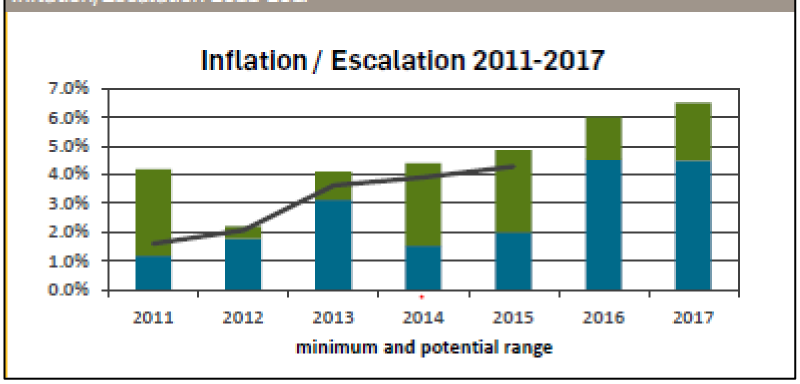
Brian McGeady
Partner, President, MV Affordable Housing Development
MV Residential Development

<u>Comments:</u>

- We appreciate NCHFA's willingness to adapt and change the 2017 QAP. It appears that some of the changes NCHFA has contemplated will allow developers to underwrite more modest rental rates and permanent debt levels as well as lower developer fee deferrals. While these changes are welcome, we ask that there be more differentiation in the scoring system.

- The Maximum Project Development Costs only increased $2,000 for Chart A and B. We have researched the inflation statistics for residential construction and found that during growth periods, inflation is 8% for nonresidential buildings and 9% for residential buildings. The Gilbane Building Company published the following figure in its Winter 2015-16 report:

FIGURE C:
Inflation/Escalation 2011-2017



A Quarterly Forecast Report published by Turner Construction Company indicates inflation in construction has risen 13% since 2013. There is a national shortage of skilled labors, which affects job selection and their willingness to travel. Both of these issues are putting upward pressure on construction costs.

We strongly recommend that NCHFA research the state's inflation rates and reevaluate the Maximum Project Development Costs.

- We request NCHFA keep the Agency Designated Boost. We are thankful the Protecting Americans from Tax Hikes Act of 2015 permanently extended the minimum low-income housing tax credit rate; however, some proposed communities could still be challenged with basis and need the cushion.

Miller Valentine Group
Development

Suggestions:

- We suggest that NCHFA implement a scoring criterion that measures Economic Growth and Census Statistics to further differentiate proposals. Sites should be awarded that are located in a county with the greatest job growth and economic performance. Partnering with the NC Chamber and ensuring that Workforce Housing is provided in the areas with the greatest job opportunity will create successful projects and drive the Chamber's Jobs Agenda.

- If NCHFA wants to measure a sites proximity to schools, they should also evaluate its performance factors. Developers should be responsible for ensuring that a community is built in an area with access to good schools with Math and Reading Performance Scores above the State average.

- We encourage NCHFA to incentivize site's that propose affordable housing in areas with job opportunities; in areas near strong and stable communities and in areas which demonstrate the capacity for community revitalization opportunities.

  For Multifamily proposals considerations could include: Low poverty rates, limited affordable housing options, both subsidized and nonsubsidized, limited affordable housing production in past 20 years, close proximity to employment, strong housing markets and high owner occupied markets. Senior proposals could include: large number of seniors eligible for affordable housing, limited affordable housing options both subsidized and nonsubsidized, limited affordable housing production in past 20 years and close proximity to amenities for the senior population, including health and retail establishments, home health agencies, and hospitals.

  These criteria would be objectively scored by NCHFA staff.

- In addition to our Maximum Project Development Costs comments, we would like NCHFA to itemize different building products by type and by their regional classification as Rural or Urban.

Rural:
Apartment without elevator - $69,000
Apartment with elevator - $72,500
Townhouse – $78,000
Duplex- $81,000
Single Family Home - $85,000

Urban:
Apartment without elevator - $66,000
Apartment with elevator - $69,500
Townhouse – $75,000
Duplex- $78,000
Single Family Home - $82,000

NATIONAL HOUSING TRUST

September 1, 2016

Mr. Scott Farmer
North Carolina Housing Finance Agency
2508 Bush Street
Raleigh, NC 27609

Re: North Carolina Draft 2017 Qualified Allocation Plan

Dear Mr. Farmer:

The National Housing Trust is a national nonprofit organization formed to preserve and revitalize affordable homes to better the quality of life for the families and elderly who live there. The National Housing Trust engages in housing preservation through real estate development, lending and public policy. Over the past decade, NHT and our affiliate, NHT-Enterprise Preservation Corporation, have preserved more than 25,000 affordable apartments in all types of communities, leveraging more than $1 billion in financing.

We are committed to this work because saving affordable housing is the essential first step in addressing our nation's housing dilemma. **Preservation is integral to building and maintaining sustainable, economically vibrant and healthy communities.**

We appreciate the opportunity to submit draft comments on NCHFA's draft 2017 Low Income Housing Tax Credit Draft Qualified Allocation Plan (QAP). The Trust supports the inclusion of a 10% rehabilitation set-aside, and encourages NCHFA to maintain it in the final 2017 QAP. The Trust would also like to offer the following comments for your consideration:

- ***Balance Incentives for Areas of High Opportunity vs Preserving Existing Low-Income Housing; and***
- ***Consider using Local Energy Companies.***

Balanced Incentives for Investing in Areas of High Opportunity and Preserving Existing Housing in Low-Income Neighborhoods. The Supreme Court's ruling in "Texas Department of Housing and Community Affairs v. Inclusive Communities Project" has affirmed the importance of "two reasonable approaches a housing authority should follow in the sound exercise of its discretion in allocating tax credits for low-income housing." These approaches include investing housing credits in areas of high opportunity and using them to preserve existing affordable housing in low-income neighborhoods.

National Preservation Initiative
1101 30th Street, N.W., Suite 400 ■ Washington, D.C. 20007 ■ 202-333-8931 ■ FAX: 202-833-1031

North Carolina's QAP includes language preventing the use of tax credits in areas of minority and low-income concentration, absent a community revitalization plan. The Trust supports efforts to combat explicit and implicit discrimination in housing. However, it is important that NCHFA continue striving to promote access to high opportunity communities AND ensure that residents who choose to remain in neighborhoods currently experiencing distress and concentrated poverty have access to housing resources and investments that improve their housing.

Balancing the creation of new affordable housing in areas of opportunity and rehabilitating housing in distressed areas is the best way to create and maintain sustainable, economically vibrant, and healthy communities. The preservation and rehabilitation of existing affordable housing can promote housing choice by:

- Acting as a vital tool for revitalization by catalyzing investment and development in distressed neighborhoods serving racial minorities;

- Preserving affordable housing in existing communities, enabling households who choose to stay in their neighborhoods to do so.

The Trust supports a balanced approach of investing in all communities, and recognizes that may often mean preserving at-risk housing even in areas that do not have a formal community revitalization plan adopted by the local government or are located in a low-income concentrated neighborhood. The preservation of affordable housing can itself be an important generator of investment and revitalization within a distressed community.

According to the National Housing Preservation Database, there are over 12,000 federally subsidized units with contracts up for renewal in North Carolina over the next year. In so far as those units are located in distressed areas, the current language in NCHFA's draft QAP restricts efforts to preserve this crucial affordable housing. **The Trust strongly suggests that North Carolina reduce barriers for rehabilitation projects that seek to reinvest in distressed areas, or exempt preservation projects from the concentration eligibility criteria.**

The Trust also encourages NCHFA to partner with North Carolina's utilities to make energy-efficiency programs more accessible to affordable, multifamily developments. A majority of states implement utility-funded energy efficiency programs designed to help owners invest in efficiency repairs and improvements, yet lack the capacity or expertise to effectively reach the community of affordable housing owners and developers. We recommend NCHFA work with utility companies in the state to improve energy efficiency programs and help owner's access utility-sponsored energy efficiency resources.

Energy is often the highest variable cost in affordable housing, materially affecting both owners and residents. Increasing energy efficiency in affordable rental housing is a cost-effective approach to lower operating expenses, maintain affordability for low-income households, reduce carbon emissions, and create healthier, more comfortable living environments for low-income families. **The Trust encourages NCHFA to partner with North Carolina's utilities to make energy-efficient programs more accessible to affordable, multifamily developments.**

Conclusion

As you consider these recommendations, you can explore how other states are approaching each of these issues in their Qualified Allocation Plans by searching PrezCat (www.prezcat.org), an online catalog of state and local affordable housing preservation policies. We would be also be happy to work with you to flesh out some of these ideas, and identify options that work best for the preservation of affordable housing in North Carolina.

It is important for housing choice that states balance tax credit allocations between new construction and preservation/rehabilitation. The preservation of existing housing can help preserve and revitalize existing communities. The National Housing Trust urges the NCHFA to continue its support for sustainable communities and the preservation of North Carolina's existing affordable housing by exempting preservation projects from the concentration eligibility criteria in your final 2017 QAP.

Thank you for the opportunity to comment on this important issue in the State of North Carolina.

Sincerely,

Michael Bodaken
President

Chris Austin

From: Craig Miller <cmiller@pappasproperties.com>
Sent: Monday, August 22, 2016 11:21 AM
To: rentalhelp
Cc: Wade Finger; Marc Salotti
Subject: 2017 QAP Plan - Feedback

To Whom It May Concern,

I'd like to request the following change be made to the draft 2017 Qualified Allocation Plan document.

In section IV.4.1.b.ii. (site evaluation, amenities), please add **Lidl** to the list of establishments that qualify as a Grocery. Lidl is well-known discount grocery store (mainly focused in Europe) that is expanding operations in the U.S. and is opening locations in the North Carolina.

Thank you,

Craig Miller
Pappas Properties
704-716-3917 (office)
704-236-7949 (mobile)
cmiller@pappasproperties.com

2017 QAP Comments from Partners Behavioral Health Management MCO/LME

Page 5, Section II Set-Asides, Award Limitations:

- B1. 16% for West, while mostly rural, does not meet the demand for TCLI more urban requested counties of Burke and Gaston. Would these mostly qualify for USDA?
- A. and B2. While we see the differences between Rehabilitation and Redevelopment projects, what would cause NCHFA to adjust the awards to go to Redevelopment vs. Rehabilitation?
- D. It states the National Housing Trust Fund dollars have been awarded already. Was this amount just added to the QAP amount as listed in the Consolidated Plan which was revised in June 2016?

Page 11, Section IV Selection Criteria and Threshold Requirements

- A1. Page 14 Bus/transit only offers 6 points for available transportation. These points should be higher, at least 10 to 12 total points, because many low income individuals and families do not have cars. This encourages the development to be closer to many more amenities that would benefit the tenants.
- A1. Page 15 How is the county deemed a desirable real estate investment and most appropriate for the Site Bonus points?
- B2. Page 16 Why are the points the same for each of the income categories? Wouldn't they be higher for high income and lower for low income or vice versa?
- D2. Page 19 Many management companies are difficult to work with to accept reasonable accommodations for Targeted Key. NCHFA has encouraged Targeted Key complexes to waive application fees for the TCLI/DOJ settlement individuals but many continue to charge those fees. Will the committee seek input from the Regional Housing Coordinators to assess appropriate use of Key application processing?
- 4. Page 21 Wouldn't the committee want to award more points or give priority to complexes willing to do 20% of units as Key?
- 5a. Page 22 More points should be awarded to increased percentage of one bedrooms AND NOT ELDERLY. Most areas need more one bedroom units to assist in housing TCLI/DOJ individuals and most of these individuals are too young to qualify for elderly units. While these individuals can access two bedroom units in complexes without one bedrooms, we have found it sets some up for failure because they let someone use their extra room at no cost, have more room to hoard items, or have more space that causes higher utilities.
- 5b. Page 22 Applications for these priority counties should be given more than one point.

Chris Austin

From: Scott Redinger <sredinger@saredinger.com>
Sent: Monday, September 26, 2016 1:07 PM
To: Chris Austin
Cc: Scott Farmer; April Counts
Subject: 2017 QAP. and 2017 FHLB Atlanta AHP Application
Attachments: 2017-2019 AHP Schedule.pdf

I received the 2017 Atlanta FHLB AHP application schedule (attached) from James Monaghan. As you will see the applications are due on February2nd and Funding Decisions are to be made on May 25th. As you know the FHLB AHP Program can offer up to a $500,000 grant or low interest loan. This can be a very helpful funding source for LIHTC projects that will target lower income families. I have not been able to use FHLB AHP funds with LIHTC applications in the past because their funding schedule varies from year to year and it was not possible to obtain an AHP funding commitment by the LIHTC final application deadline in May.

Based on the LIHTC final application deadline of May 12th and the FHLB decisions on funding AHP applications by May 25th it would still not be possible to have the FHLB AHP commitment by the deadline date for LIHTC applications this year. However the NGHFA final application deadline date and the FHLB Decision Date for AHP funding is only 13 days apart this year. I think it would be very helpful to NCHFA LIHTC applicants and the NCHFA, if the NCHFA would either postpone the final application deadline for LIHTC applications this year to May 31st this year or would be willing to accept funding commitments from applicants that received a FHLB AHP grant or loan commitment after the May 12th LIHTC application deadline.

Developer Experience: God has blessed me and allowed me to assist several nonprofits with the development of more than one LIHTC project. Unlike for profit LIHTC developers and large nonprofit LIHTC developers that are located in large cities and/or develop affordable housing throughout the state the rural nonprofits that I have assisted with more than one LIHTC development such as the Laurinburg Housing Authority's nonprofit Opportunity Inc. and CADA generally serve the communities located in their service area. They may not want to or need to submit LIHTC applications every 5 years. However when they need to submit a LIHTC Rehab application more than 5 years after their last LIHTC project was placed in service in order to maintain an existing older LIHTC development I think they should be allowed to submit a LIHTC Rehab application provided that the property they are proposing to renovate and/or their other properties have remained in compliance with LIHTC regulations and/or if they had an audit finding that needed to be corrected they corrected the problem in a timely manner.

I realize that the QAP allows them to team up with an experienced productive LIHTC developer. However they may not be able to afford to do that depending on the property's condition and location. LIHTC properties located in rural areas of NC often have lower rents whether they have Section 8 PBV or the lower rents limited by the LIHTC rules. Because of the lower rents even with an allocation of Rehab Credits, RPP and Workforce funding they may not be able to pay off the existing debt and/or support a market rate loan because of the areas low rents.

Based on my experience the nonprofits who have developed an affordable LIHTC project with modest rents whether they received HUD Section 8 PBV rental assistance or a modest LIHTC rent often do not have the financial capacity to guarantee the equity and may have to co-develop with an experienced financially capable developer.

They should be able to hire an experienced LIHTC consultant who can assist them from the Preapplication to the issuance of the 8609 for less money than a co-developer who will require more of the developer fee because the developer most likely will have to guarantee the equity. Because it may be possible for the Equity Syndicator to limit the payment of most of the developer fee until the older LIHTC property is Renovated and back up and running with a new 8609.

Rehab Credit Set Aside: Due to the age of a number of LIHTC applications I think the NCHFA should increase the Rehab Credits Set Aside to at least 30%

The reason I sent this email is because Sallie Surface has asked me to assist CADA with a LIHTC Rehab application for Woodland Olney School. CADA will be able to serve as the sole developer because the last project they completed Enfield School on November 2, 2010.

Thank you for your consideration of this email.

Thank you,
Scott Redinger

Scott A. Redinger, Inc.
4553 Technology Drive
Suite 3 Box 15
Wilmington, NC 28405
Eastern Office - 910-793-2850
Western Office - 828-483-6539
Cell Phone - 910-262-2688

Chris Austin

From: Scott Redinger <sredinger@saredinger.com>
Sent: Friday, October 07, 2016 3:49 PM
To: rentalhelp
Subject: RE: Second Draft 2017 QAP

2017 QAP Comments

Rehabilitation LIHTC
Increase the Rehabilitation LIHTC Set Aside rom 10% to 20% to help maintain the quality of the increasing number of LIHTC apartment communities that were funded more than 15 years ago.
Provide a funding priority for older LIHTC apartments located in rural communities of NC who do not have the financial capacity or access to the HUD funds previously available form NC Division of Community Assistance for affordable housing construction and renovation.

Tiebreakers
Eliminate the first tiebreaker for LIHTC Apartment Communities located in the census tracts with the lowest poverty level in a County. The first tiebreaker is not consistent with the second tiebreaker, projects with lowest average income. Land located in census tracts with the lowest poverty level will be more expensive which will make it more difficult to offer a lower rent to low income families. The first tiebreaker will also make it more challenging to meet the 25% set aside for apartments for lower income families resulting in a need to increase the rents for 75% of the apartments.
The first tiebreaker should be projects with the lowest average income.

Thank you,
Scott Redinger

Scott A. Redinger, Inc.
4553 Technology Drive
Suite 3 Box 15
Wilmington, NC 28405
Eastern Office - 910-793-2850
Western Office - 828-483-6539
Cell Phone - 910-262-2688

From: Chris Austin [mailto:claustin@nchfa.com] **On Behalf Of** rentalhelp
Sent: Tuesday, October 04, 2016 2:09 PM
To: rentalhelp <rentalhelp@nchfa.com>
Subject: Second Draft 2017 QAP

The Second Draft 2017 Qualified Allocation Plan is now available on the Agency's website: 2017 QAP.

Given the changes between the first and second draft were so few, we did not create a changes memo. The following are the significant changes:

- National Housing Trust Fund (page7): Appendix J is intended to provide additional information and will be posted to our web site soon
- Site Scoring (page 14): clarified the 4 stores in a strip shopping center for Retail can be any type of store
- Site Suitability (page 14): electrical utility substation distance was reduced from 500 feet to 250 feet to be consistent with power transmission lines and tower
- Tenant Rent Levels (page 16): required percentage of deeper targeted units for points was reduced

Chris Austin

From: Stephen Brock <stephen@brockvi.com>
Sent: Friday, September 02, 2016 4:19 PM
To: rentalhelp

Subject: QAP Comment

Income Targeting — while I salute lower income targeting efforts, the income targeting in the first draft is far too severe. 35% at 30% AMI or 40% AMI causes severe DCR crashing, forcing a need to use way more credits than should be required to reduce debt. This is because 30% and some 40% AMI unit rents do not even cover their respective OPEX costs on a per unit basis making them a drag (not a contributor) to OPEX and debt carry — this transfers more burden to 60% AMI units and does not set up properties for healthy, long term performance. *Relative to 2016 deals, a deal for 2017 under this structure will require 35-40% more tax credits and certainly result in less deals and units*. When we had the NC LIHTC, this kind of deep income targeting was feasible but the WHLP is not substantial enough to make this possible.

I suggest doing 30% or 40% AMI at 10% of units and then 10% at 50% AMI...OR just do 20% at 50% AMI….then, leave 80% of units at 60% AMI. This will balance fairness and address some lower income brackets without cutting into credits and production too severely. At the same time, deals will not trend down so fast and be on better footing for the long term.

Regards,

Stephen Brock

Chris Austin

From: Stephen Brock <stephen@brockvi.com>
Sent: Tuesday, September 20, 2016 9:57 AM
To: rentalhelp
Subject: QAP -- comment set #2

Dear NCHFA:

Further comments on the 2017 QAP Draft 1.

Credits Per Unit — Instead of rewarding points on credits per unit centered around the average, I would suggest scoring vertical hard costs (ie, not site work) per unit around the average and, separately, soft costs per unit around the average.

Site Work — give site work its own 20% contingency line item (below the GC markups) and require a letter from a civil confirming that the estimate (not including contingency) is reasonable. This gives NCHFA an easy clawback source in the budget if favorability is later realized without digging in to other line items that are or should be more accurate.

Pre App Drawings — Please do not continue to require elevations and building floor plans at Pre-App. It often changes at Full App anyway and we all know what apartment buildings look like. Nothing is gained at pre-app by turning in these drawings however it is a lot of work for architects. Please require (1) a site plan with perhaps the stories/ height of buildings noted, (2) representative unit plans by bedroom type, and (3) maybe a representative sample elevation with materials noted etc that is similar to the style. Again, current procedure is asking for a huge amount of work on deals that will not make it to Full App, lose at Full App, and change by Full App.

Income Targeting — Per my comments submitted on September 2, 35% of units at 30% or 40% AMi is far too deep and will drag down the NOI over the medium to long term.

OPEX mins — I believe there should be two sets of OPEX mins....one for dev paid water/sewer and one for tenant paid.

OPEX taxes — I believe applicants need to show their real estate tax calculation (though I would not require a letter from tax assessor as they won't sign it). Some seem unrealistically low....I saw one for $5,000 on an 80 unit family property.

Additional tax credit equity — I strongly support letting developers take ALL additional equity realized. There are few, if any, other ways to realize significant favorability on a deal to offset the significant downside risk in other areas — especially now in an environment of rising construction prices. Developers need some sort of upside facility.

QAP Timing — thank you for earlier draft!!

Regards,

Stephen

The Mulholland Group, LLC

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 respectively 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

Woda
DEVELOPMENT
CONSTRUCTION
MANAGEMENT

128 Habersham Street
Savannah, GA, 31401
Office: 912.224.2169
www.wodagroup.com

September 1, 2016

Mr. Scott Farmer
NC Housing Finance Agency
Attn: Rental Investment
3508 Bush Street
Raleigh, NC 27609

VIA EMAIL: rentalhelp@nchfa.com

Dear Mr. Farmer:

The Woda Group, Inc. appreciates the opportunity to provide comments to be considered for the State's 2017 QAP for the 9% LIHTC application round.

a) The first Tiebreaker

We had recommended in prior years that the first tiebreaker not be the amount of tax credits requested per unit. We therefore appreciate that the agency is considering including more point categories in the selection process.

In the initial 2017 Draft QAP it seems that nearly all applications will still be decided by the new tiebreaker. The proposed first tiebreaker being the application located in the census tract with the lowest poverty rate makes the site selection process extremely ambiguous. It would appear that if the first and therefore essentially the only tiebreaker is based on the poverty level in census tracts that developers will flock to census tracts with high income levels and with very little poverty. Such sites will score the best at the tiebreaker level and we understand the objective the agency is trying to achieve by avoiding concentration of poverty.

However, our fear is that the selection process will therefore focus on sites that will have higher land purchase prices than we have seen over the past years, trigger more NIMBY issues, may require more zoning changes or variance requests. It will also mean that many locations with medium poverty levels will be overlooked as not scoring well enough at the crucial tiebreaker level. Census tracts with higher poverty ratios will be completely ignored. Often these medium to high poverty areas need affordable housing more urgently than some of these other higher income locations that will benefit from the proposed revised QAP scoring.

We prefer there to be more scoring differentiation based on selection criteria and that if a tiebreaker is required it not be the lowest poverty level in a census tract.

b) <u>Amount of tax credits requested per unit</u>

The revised proposal will eliminate the undesired “race to the bottom” where ultimately developers would end up either cutting costs and claiming they could build a quality project without the appropriate matching budget.

However, the way the revised proposal is worded points will be allocated to applications that are the closest to the average tax credits requested per unit of the respective geographic region and/or Metro pool. Points being awarded whether you are above or below the average. This means that no recognition is given to applications that have sought out cheaper land costs, avoided topography that would incur additional site work costs, achieved additional local funding sources, etc. It pushes a developer to seek these points by being average, even slightly below average to score max points.

The initial QAP draft does not reward or encourage developers to find the right site, keep acquisition and construction costs low and under control, nor work hard to leverage additional funding and/or seek the best pricing for equity pricing and loans.

We would recommend that the point structure in place in 2016 be reinstated.

c) <u>Site Bonus Points</u>

By allowing “Up to 2 points to be awarded to the site(s) in a county deemed to be the most desirable real estate investment and most appropriate for housing amongst all applications in that county” makes it very difficult for a developer to select the right site. There is a lot of subjectivity in what is “deemed the most desirable real estate investment”. Furthermore, a lot of effort can go into finding a site that will score well in a tie-breaker situation (i.e. find a site that has a low purchase price with low construction costs, or in a census tract with low poverty if the new proposed first tie-breaker is maintained) only to be “jumped over” to a site deemed more appropriate. This does not seem like a fair way to select applications.

We recommend this new proposal to add such bonus points not be included in the 2017 QAP.

Thank you for your consideration of these comments.

Sincerely,

Denis Blackburne
Senior Vice President
The Woda Group, Inc.

Chris Austin

From: Bill Owen <owenbill@aol.com>
Sent: Friday, October 14, 2016 10:54 AM
To: Chris Austin
Cc: mod@murrayduggins.com; jsmith@dugginssmith.com
Subject: QAP Question

Hi Chris,

It was good to see you and the workshop was very informative. However, I do have another question regarding CREDITS PER UNIT AVERAGE points. As I understand the points it is as follows:

2 points if you are at 95% below to 105% above the average
1 point if you are between 96% to 90% below or 106% to 110% above the average.

As you are aware last year there were minus points for being above the average and plus points for being below without a closed end.

Giving points for being above the average seem contrary to the third tie breaker which awards the lowest requested tax credits.

I request consideration for either removing this altogether, or make the points available only for being below the average. As it is, if the average goes up, an application that came in below 90 % of the average could lose out on points. Also, being below could make more tax credits available for additional funding of other applications.

I appreciate your consideration of this suggestion.

Bill Owen
United Developers, Inc.
2939 Breezewood Avenue
Fayetteville, NC 28303
owenbill@aol.com
910-624-3523 (Cell)
910-483-4274 (Fax)

WEAVER-KIRKLAND DEVELOPMENT, LLC

September 1, 2016

Scott Farmer
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Re: 2017 Draft QAP-Comments

Dear Mr. Farmer:

Weaver-Kirkland Development, LLC appreciates the opportunity to offer the following comments to be considered on the first draft of the 2017 Low-Income Housing Tax Credit Qualified Allocation Plan (QAP) for the State of North Carolina.

1. We appreciate the agency's efforts in adding additional points in this year's QAP to differentiate sites which should help to eliminate the majority of sites receiving similar scores. With that said, we would like more information as to how the agency will determine which site should receive the bonus points as the most desirable real estate investment in the county . Will this be determined by the NCHFA or another third party such as the local government officials in the county?
2. We feel the maximum number of awards to any one Principal should be three, including no more than two in the new construction set-asides.
3. We recommend allowing up two awards in non-metro counties if the targeted populations are different (One Senior award and one family award)

Thank you for your consideration of these comments.

Sincerely,

Charlie Heritage
Vice President

weaver-kirkland.com - 8401 Key Blvd, Greensboro, NC 27409 - 336-378-7900

Chris Austin

From: Patrick Theismann <ptheismann@beacon-nc.com>
Sent: Wednesday, January 25, 2017 10:42 AM
To: rentalhelp
Cc: Suma Dunham
Subject: 2017 QAP Amendment Update - Comment/Question

Good morning and I hope this note finds you well. I would like to submit a comment/question to the recently released amendment to the 2017 QAP regarding the request of additional credits. I would like to submit that not only owners of new construction but also **rehabs** allocated 9% tax credits in 2016 may request an additional allocation of tax credits to potentially fill any funding gaps. The question I would like to submit would be why this amendment was only available to new construction?

Thank you for your time and consideration in review of this information. Have a wonderful day.

Respectfully,

Patrick J. Theismann
Vice President
Beacon Management Corporation
408 Battleground Avenue
Greensboro, NC 27401
Direct: (336) 398-2702
Fax: (336) 545-9004
Mobile: (336) 337-5007
Email: ptheismann@beacon-nc.com

Chris Austin

From: Greg Mayo <gmayo@CAHEC.com>
Sent: Wednesday, January 25, 2017 11:39 AM
To: Chris Austin
Subject: 2017 QAP Amendment for 2016 Awards

While appreciative of NCHFA's efforts to assist projects awarded in credits in 2017, I request that NCHFA reconsider section H. (e) and the requirement for a minimum deferred developer fee of 25%. Increasing the deferred developer fee beyond amount in the original application is contrary to the goal of attracting and securing investor equity for these projects. From an investor's perspective, the developer fee is viewed as a contingency that can be used to offset construction costs, to support operations during lease-up, and to resize permanent debt for interest rate increases or lower than projected net operating income. Investors are acutely aware of rising construction costs and interest rate swings and are seeking investment opportunities with a lower risk profile. By increasing deferred developer fee, NCHFA is potentially increasing the risk associated with the project. Riskier projects may not find equity in the current market or receive equity offers that are discounted for the risk. The repayment of the deferred developer fee from cash flow will also reduce the tax benefits delivered to investors thus requiring a further reduction the equity. Please also note that the investor underwriting does reflect actual construction costs, not just the application costs, which means that the investor underwritten deferred developer will be higher than NCHFA's calculation since construction costs are trending higher than the application numbers.

For the above reasons, I encourage NCHFA reconsider the requirement for a minimum deferred developer fee of 25%. I believe that the deferred development fee requirement undermines efforts to attract equity for these projects.

Greg Mayo | **Vice President, Acquisitions** | gmayo@CAHEC.com
7700 Falls of Neuse Road, Suite 200 | Raleigh, NC 27615
Direct: 919.788.1810 | **Fax:** 919.532.1810 | **Cell:** 919.623.3574

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Chris Austin

From: Jim Yamin <jim@workforcehomestead.com>
Sent: Friday, January 27, 2017 5:13 PM
To: rentalhelp
Subject: RE: 2017 QAP Amendment Update

Chris,

I'd like to offer a couple of comments regarding the proposed QAP amendment.

1. Regarding the Agency's assumed equity price of $0.90 when determining the gap to be filled, I think projects outside the metro areas will be unable to negotiate pricing that high given the current market. I suggest the Agency demonstrate greater flexibility and consider a lower pricing standard for such projects, in close consultation with equity providers.
2. Requiring a minimum deferred developer fee of 25% seems onerous, especially when we're starting out with projects that have fallen out of financial feasibility and the goal is to get them on a firm financial footing and get them off of thin ice.

Thanks,
Jim Yamin
Workforce Homestead Inc. 14 Brewery Lane, Tryon NC, 28782 | 828-351-9151 | jim@workforcehomestead.com

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From: Chris Austin [mailto:claustin@nchfa.com] **On Behalf Of** rentalhelp
Sent: Wednesday, January 18, 2017 4:22 PM
To: rentalhelp <rentalhelp@nchfa.com>
Subject: 2017 QAP Amendment Update

After sending the proposed QAP amendment on January 6, we became aware the amendment must go through the formal QAP adoption process of comments and a public hearing. As such, we are accepting comments on the attached proposed language (which has been slightly revised from the initial draft) until February 17, 2017. Those comments will be posted on our web site.

A public hearing on this proposed language will be held at NCHFA's office on February 15, 2017 at 2pm. We are offering an audio-only webinar as an alternative to attending the hearing. Anyone using the webinar will be able to participate just as those in attendance. Webinar information and NCHFA's address are below.

NCHFA Address
3508 Bush Street
Raleigh, NC 27609

Webinar Information
Register using the link below. After registering, you will receive a confirmation email with details for joining the audio-only webinar.
2017 QAP Amendment Webinar Registration

If you wish to be removed from our email list, reply to this email with "Remove" in the subject line.