



AFFORDABLE HOUSING
MANAGEMENT, INC

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Via Email

September 16, 2015

Mr. Chris Austin
North Carolina Housing Finance Agency

Dear Chris:

Affordable Housing Management, Inc. (AHM) appreciates the opportunity to provide the following suggested changes to the North Carolina 2016 Qualified Allocation Plan (QAP):

II. D. 2: Eliminate the cap on nonprofit sponsored awards. Projects should be selected based on the merits of the development, not the tax status of the developer.

II.E.1.a: Lower the Principal cap to \$1.4 million.

III.C.3.b: Applicants should only be able to submit one application per site

IV.A.1.b.(ii): Adding additional scoring levels may be a good way to create variation in scoring and reduce the tie breaker significance. AHM supports adding additional scoring criteria; however, there should be no maximum scoring potential as that could end up creating another tie breaker scenario.

AHM does not agree with proposals to decrease the one mile to a half mile distance from amenities.

Bus Stops: Eliminate the requirement there be a covered waiting area. Most cities do not provide covered waiting areas except at selective high use locations and prioritize adding routes or additional stops to current routes, when funding is available.

IV.D.1.a: Eliminate the five year period as long as the developer has successfully developed, operated and maintained in compliance five tax credit projects in NC.

If any other changes are made to this section, the Agency should grandfather developers, under the 2015 QAP criteria, who have previously been determined not to be qualified under this section but have since received a co-developer tax credit award in 2014 or 2015, until meeting the placed in service for one year requirement.

VI.B.1.d: AHM supports the recommendation the Agency conduct a survey of affordable housing lenders to determine required range(s) of interest rates for private permanent financing based on various amortization periods. The Agency should announce these rates prior to preliminary applications being submitted or at least by the date the draft Market Studies are made available.

Miscellaneous Scoring Criteria: AHM supports a sliding scale point system based on being under or above the average credit per unit, using the ten year total, but not including RPP.

AHM does not support giving a developer points they may apply to their applications.

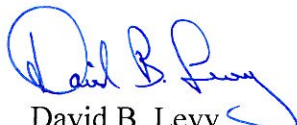
VI.B.2.a: AHM supports realistic new construction minimum operating expenses of \$3,400 per unit per year, not including taxes, reserves and resident support services. Where the project will be paying for water/sewer, the minimum should be \$3,800 per unit, with a corresponding change for rehabs.

Equity Pricing: Recommend including language in the QAP specifying what the policy is when developers are able to obtain additional equity. If the Agency will continue to split equity increases above a base amount, recommend that determination is not made until a construction contract is executed. If construction costs have increased from when the application was submitted, all additional equity should offset the increase. If any additional equity is left, allow it to be used for contingency and then if not used, apply it to reduce any deferred developer loan, RPP or other perm loans.

Design: AHM supports the proposal for the agency to participate in a design forum with architects and engineers that specialize in LIHTC designs to determine appropriate changes to the design requirements to be incorporated into the 2017 QAP. In the meantime, the requirement for ceiling fans in the living room and all the bedrooms should be changed to just the living rooms. Ceiling fans in children's bedrooms creates ongoing maintenance problems.

QAP: AHM requests the agency consider moving the QAP process to an earlier date in order to provide developers adequate time to apply changes to their proposed developments.

Respectfully submitted,


David B. Levy
Executive Director