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FAYETTEVILLE, NC 28304

October 8, 2015

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

Dear Scott:

Please consider the following suggestions for change to the 2016 First Draft of the QAP. We believe they are positive changes and will enhance the program.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Duggins", with a horizontal line extending to the right.

Murray Duggins

Chairman

A handwritten signature in blue ink, appearing to read "Jim Smith", with a horizontal line extending to the right.

Jim Smith

President

United Developers appreciates the decision to include the many positive parts of the 2015 QAP in the first draft of the 2016 QAP. We would like to comment on a few of the changes and ask that you reconsider making them final as they affect the total program in a positive manner.

1. Application Requirements: We do not see the validity of allowing only one application per site. As you are aware there are many funding options available, however, it is not known at application time which funds would "run out" first. With RPP funds and WHLF funds being an unknown, it appears that it is in the developer's interest to try to get their application funded in the best way possible. If a developer feels that they still have a strong application even without RPP or WHLF, they should be able to submit the application both ways. It is not a costly process only requiring an additional application and market study fee. Secondly, it does give The Agency flexibility in determining which manner to fund an application to insure the maximum number of developments receive an award. We request that the decision to submit multiple same site applications be a developer's decision.
2. Site Score Criteria: One of the most important issues with amenities is the convenience to the tenants. It does not make sense to have a grocery store that is one mile away when there is a grocery store and pharmacy within walking distance of the proposed development and not being able to use them both because they are in the same building. From the tenant's point of view, they will most probably shop at the nearest store, regardless of another one being one mile away. Secondly, many developers have already signed options on sites based on the ability to double-count a business that is closest to the development, and are considering resubmitting applications that were not funded in the 2015 cycle. The additional requirement of pharmacy and shopping is fine as long as they can both be counted if they are in the same building. It is late in the year to make that change, and we request that a change such as this be announced earlier. This change has the same potential negative affect as changing the site amenities distances.

3. Credits Per Unit Average: There needs to be more information provided as to how this will be determined. Will the average be shown only when the funded applications are announced? It appears that this method may further reduce the number of tax credits per unit requested to make the developments more difficult to perform. All developers will want to be in the "more than 15% below the average" to receive the maximum points.

4. Other states award points, or give preference, to those who have developed quality housing in their respective states. Since Workforce Housing Loan Funds are funded by the State of North Carolina from tax dollars, it is recommended that one of the Principals have permanent ties to the State such as a presence in North Carolina to qualify for the use of WHLFs as part of their financing.