

DURHAM



1869
CITY OF MEDICINE

CITY OF DURHAM

Office of the Mayor

101 CITY HALL PLAZA | DURHAM, NC 27701

919.560.4333 | F 919.560.4801

www.durhamnc.gov

October 22, 2014

Mr. Robert Kucab
Executive Director
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Re: 2015 Draft Qualified Allocation Plan (QAP)

Dear Mr. Kucab:

Thank you again for your past support of affordable housing in Durham. As we noted last year we believed that changes in the QAP were needed to restore the voice of local government in influencing the selection of projects to be awarded credits and to improve the geographic balance of affordable housing within the state. We appreciate that the 2014 QAP returned Durham to the Metro Region and increased the number of Redevelopment Projects from two to three.

Our comments this year are more limited and focused on the Developer Experience section on page 16 and 17. This section in the draft 2015 QAP has unintended consequences particularly for local units of government such as Durham which seek to initiate and sponsor an affordable housing project as part of a larger neighborhood revitalization and select the best qualified development organization to help implement such project. Because of the scale, scope and objectives of the Southside Revitalization the City of Durham sought to secure a prominent developer with the skill and experience to both help plan and successfully implement an important part of the revitalization. The City chose McCormack Baron Salazar Inc. (MBS) through such an open process a number of years ago. The City negotiated and agreed to a Master Development Agreement with them to complete at least two mixed income phases totaling over two hundred units, among other tasks. Large redevelopment projects such as Durham's Southside revitalization project and similar Choice Neighborhood type projects frequently carry with them HUD-mandated timelines for the completion of milestones and overall project completion. When CDBG funds are invested for site prep and infrastructure improvements for an LIHTC Redevelopment Project, there must be a reliable projection of the timeframe for the award of LIHTC, closing/construction start and occupancy of the project by low income residents. As you know, the City has already committed a substantial portion of their housing funds to this particular revitalization effort.

Mr. Robert Kucab
Executive Director
October 22, 2014
Page 2

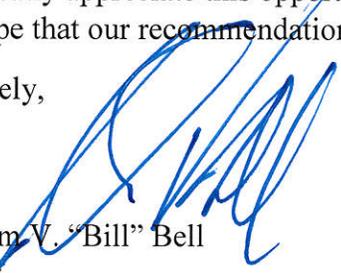
As currently drafted, a Principal who is ineligible under the NCHFA QAP Developer Experience section must partner with an eligible Principal in order to be eligible; however, this creates unnecessary alliances, produces inefficiencies, and makes what is already a very complex undertaking even more complex.

Our recommendation is to amend this section to allow units of local government to freely choose the best qualified development organization for a government initiated and sponsored 9% Tax Credit Redevelopment Project, as defined in the QAP.

Durham as well as other Cities, Redevelopment Agencies and Housing Authorities across the state should be free to choose the best qualified development organization for a large scale Redevelopment Project especially if it is through a fair and open selection process. Developers with demonstrated and successful experience in other states with the federal 9% or 4% Tax Credit should be able to participate in North Carolina regardless of their lack of specific North Carolina state experience if they have been selected by a unit of local government to assist with the implementation of a government sponsored Redevelopment Project.

We greatly appreciate this opportunity to provide comments on the 2015 QAP and we hope that our recommendations will be given every possible consideration.

Sincerely,



William V. "Bill" Bell
Mayor