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October 27, 2014

Mr. Scott Farmer
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609-7509

Re: 2015 Qualified Allocation Plan Comments

Dear Scott:

This letter is to formalize my thoughts on the 2015 Qualified Allocation Plan.

There are two comments I would like to make and the first one is regarding the First Tiebreaker. The First Tiebreaker is currently defined as follows:

“The project requesting the least amount of federal credits plus RPP per unit based on the Agency’s equity needs analysis. The tax credit amount considered for this calculation will be the ten year total.”

While I understand the Agency’s reasoning for this tiebreaker, I am concerned that it will ultimately lead to poor quality of affordable housing because developers will try and find ways to cut costs in order to compete. There are several developers, including myself, who have worked hard to improve the quality of construction as well as to upgrade the appearance of the project in an effort to accomplish two things. First, to set the construction quality of the tax credit program apart from the other housing programs so there is a distinct and obvious difference between the housing programs. Second, the “proof” of the better construction quality will allow tax credit developments to penetrate more desirable locations, i.e. Antiquity Heights.

This tiebreaker will force developers to simplify their construction plans and scale back quality which means will be headed right back to where we started, which is affordable housing that LOOKS like all the other affordable housing programs’ housing stock.

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The construction cost cap is still in place and will keep developers from building extravagant properties; let the cap be the tool to keep construction costs in check. It has already been proven that very nice looking properties can be developed within that cap.

We have come a long way over the last several years in developing beautiful, affordable housing projects and by doing so, have increased political support for the program. I believe that the current First Tiebreaker will force developers to cut costs by simplifying the design and appearance of affordable housing projects. We would essentially be going backwards and erasing all of the progress that has been made to date. I strongly discourage the Agency from keeping that tiebreaker in the 2014 Qualified Allocation Plan.

The second comment is regarding the mortgage subsidy points. I strongly disagree that points be given to projects with mortgage subsidies. It's simply not fair to towns throughout North Carolina in the larger counties like Mecklenburg, Wake and Guilford. The playing field was leveled when the mortgage subsidy points were taken out of the QAP last year and I truly believe that's the way it needs to stay. By the way, I have discussed this point in depth with Fred Mills and Danny Ellis and they both 100% agree.

As always, thank you for your consideration.

Sincerely,



Catherine F. Connors