

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

RE: 2013 Qualified Allocation Plan

Dear Mr. Austin,

Thank you for the opportunity to suggest changes to North Carolina's 2013 Qualified Allocation Plan. We have two suggestions in response to the "First Draft 2013 QAP" which are outlined below:

1. Reinstate Mortgage Subsidies and Leveraging

The Mortgagee Subsidies and Leveraging point category is a strong tool to both maximize the effectiveness of such a scarce resource as Low Income Housing Tax Credits (LIHTCs) and to allow local governments to have a say in the housing built in their communities and therefore should remain in place.

Since LIHTCs are such a limited and scarce resource, every effort should be made to maximize the impact that they have. One of the most effective ways to do this is to reward projects that leverage other sources of funding. By incentivizing projects to use federal and local funding LIHTCs can be leveraged even further to fulfill the mission of creating affordable housing.

Furthermore, Mortgage Subsidies and Leveraging encourages local governments to participate in projects they truly support. Many projects get verbal support of municipalities but, given the state of the economy, far fewer are willing to place their limited funds in to these projects. Given this fact, municipalities that are committed to local affordable housing enough to put funding in to projects should be incentivized to do so.

2. Maintain 2012 Metro Counties List

The 2012 list of Metro Counties should remain in place. By making urban areas compete against rural areas you are creating a competition that urban cities cannot win. For instance, last year all funded projects in the Central Region of the New Construction Set-Aside received a perfect score of 102, therefore the deciding factor came down to which projects used the least tax credits per unit. Because construction cost is significantly higher in urban areas, the competition between urban and rural areas is not on even footing. If the proposed 2013 QAP was in place last year, only one project from the 2012 Metro project list would be funded in the Central Region. Said another way, by not maintaining the current Metro Counties, urban areas will be far less likely to be funded under the proposed 2013 QAP.

3. Change Requirement for Qualified Developer

Integral has successfully been awarded and implemented over 50 tax credit projects in 10 other states. Our vast experience is completely discounted in the NC QAP. It requires companies like us to partner with far less experienced developers in order to compete in NC. This practice discourages having the best developers for the best projects to compete in NC, which we

believe ultimately hurts the citizens of NC because they do not get the benefit of national best practices for their LIHTC developments.

Thank you again for the opportunity to comment on North Carolina's 2013 Qualified Allocation Plan. If we can provide any further information or assistance, please feel free to contact us.

Best Regards,
Integral Development
Daryl Jones, VP