

Chris Austin

From: Ned Fowler [efowler@nwrha.com]
Sent: Friday, September 07, 2012 11:22 AM
To: rentalhelp
Subject: Comments to 2013 LIHTC-QAP-NC - prior to release of First Draft

Dear NCHFA Rental Investment Team:

Because affordable rental housing remains in critically short supply across North Carolina even as the need for it continues to grow profoundly, NCHFA's charge to prepare the document that will govern the threshold, underwriting, selection, processing and administration of LIHTC and RPP in the coming year is an extraordinarily important mission. As both a current Agency partner in affordable housing initiatives and as one of the small but vigorous number of housing organizations that will compete under the Agency's LIHTC funding guidelines, Northwestern Housing Enterprises, Inc. (NHE) appreciates the opportunity to make these two comments and observations on the draft QAP.

1. Advantaged Financing-Whether an applicant is a for-profit or a non-profit, the point structure of the QAP selection process absolutely should encourage any development team that can bring a meaningful source of permanent financing at or below 2% interest rate and sized at \$5,000/\$8,000/\$10,000 or more per dwelling unit. Restricting advantaged financing to specific sources limits rather than promotes sound development opportunities. Where the primary funding basis of every LIHTC affordable housing development is NCHFA sources, as has been the case for many years, why should the Agency take a position that some outside advantaged sources are appropriate and others are not? To maintain that it is unfair to one group that another group may have easier access to certain sources of advantaged financing is a misguided notion that serves only to weaken otherwise sound development proposals. Why would NCHFA not want to open the same opportunity to all by saying in effect "you bring an advantaged commitment and we will distinguish your application within the point structure of the selection process"? Each applicant would then have an equal challenge to find secure advantaged financing from any and all reputable sources. This approach would strengthen projects and lessen the burden on government.

2. Site Evaluation-Driving distance of one to two miles to site amenities is often the norm rather than the exception for affordable housing sites available in rural communities. Since most of North Carolina is small town/rural, NHE believes that it is not the only development sponsor to have potential applications severely impacted by the driving distance point structure component adopted by NCHFA in its 2012 QAP and proposed for renewal in the 2013 version. The negative impact of this scoring element is a particularly hurtful blow to the adaptive reuse of historic structures in otherwise stable neighborhoods with strong local support, but which happen to be located greater than half a mile from grocery/shopping/pharmacy. A simple and effective solution would be a carve-out for rural developments or for adaptive reuse, or perhaps an altogether new scoring approach that would allow a project site with a longer driving distance to compete against higher priced sites that are closer to amenities.

NHE very much appreciates the Agency's time, consideration and thoughtful effort in distributing scarce resources.

Sincerely,
Ned

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