

Tara Hall

From: Flanagan, Brian <Brian.Flanagan@rbc.com>
Sent: Friday, October 15, 2021 12:23 PM
To: RentalHelp; Scott Farmer; Tara Hall
Subject: RE: First Draft 2022 QAP

Scott and Tara:

Below please find comments to the 2022 Draft QAP. Thanks for all your support of affordable housing development in North Carolina.

While our market waits on the IRS to issue acceptable guidance related to Income Averaging we continue to see a severe drop in Investor interest for deals with Income Averaging. To provide some context, in 2021 RBC Community Investments will invest \$1.1+ Billion in Equity in over 80 LIHTC properties and at this time 95%+ of our investors will not consider new deals with Income Averaging until acceptable guidance is in place.

As State Agencies consider allowing deals to eliminate Income Averaging and move to a new set-aside we also want to stress the importance of incorporating the new set-aside in the LURA.

Therefore we encourage NCHFA to address the following in the 2022 QAP:

- 1) Eliminate the Irrevocable Income Averaging election at time of the full application (Section IV(B)(3)(d)), and
- 2) Allow 2020 and 2021 awards to change their irrevocable election from Income Averaging to 40% at 60% AMI set-aside, with NCHFA underwriting approval, and obtain a LURA matching the 40% at 60% set-aside.

We believe these changes will help provide North Carolina awards increased interest from equity investors and thus ensure competitive equity offers for North Carolina's 2020, 2021 and future awards. Without the changes above or IRS action, there will be far less demand and interest for these awards.

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From: Tara Hall [mailto:tshall@nchfa.com] **On Behalf Of** RentalHelp
Sent: Friday, September 17, 2021 10:13 AM