

## Chris Austin

---

**From:** Holly Smith [hollysmith@nc.rr.com]  
**Sent:** Monday, October 08, 2012 4:39 PM  
**To:** rentalhelp  
**Subject:** comments on proposed 2013 QAP

Hello, Chris, Mark, and Scott:

I think the draft QAP looks good, except for two issues:

1. **The 5 points for not using the State Tax Credit Loan.** I have run several sets of projections, and have found that eliminating reliance on the STC Loan only works in high-income counties, particularly the two metro areas, where the rents are high enough to substitute RPP or conventional permanent loan funds for the STC Loan subsidy. Consequently, if your goal, in addition to the percentage of tax credits directed to the Metro counties, is to reduce the number of projects in non-metro, low and moderate income counties, that's the way to do it! If that is NOT your intention (and I hope not!), but you do wish to reduce the amount of STC funds requested, limit that 5 point advantage to projects competing in high income counties. Rents at 60% of AMI in low income counties are not sufficient to support additional debt, and land costs in moderate-income counties are too high relative to the 60% rents, for the projects to work without some subsidy.
2. **Determination of In-state Principal Office**, which references Appendix J. I could not locate Appendix J for the 2013 Draft QAP, on the NCHFA website. Can you clarify?

Otherwise, I think the First Draft of the 2013 QAP looks great! Thanks for your hard work.

Holly