

# Solstice Partners, LLC

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September 7, 2012

## VIA E-MAIL

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

Re: Comments to Draft 2013 QAP

Dear Scott:

This letter is to comment on the draft 2012 QAP. My comments are as follows:

1. The first comment is regarding the site evaluation process. I would recommend the Amenities section be revised to take out the points for driving distances to the nearest grocery and pharmacy. I don't think it was as effective in identifying the "best" sites in the 2012 round as was intended when these criteria were written into the 2012 QAP. In fact, I think it had just the opposite effect. Some sites, that any seasoned developer would consider "dog" sites, were awarded credits over sites that were clearly superior, simply because they were in the ½ mile. I understand the intent was to take the subjectivity out of the process, and maybe this criteria did that; but, common sense was also eliminated from the process which is a detriment to the tax credit program.
2. Also, under the Amenities section of the QAP where points are awarded if the site is within ½ mile of the companies you have listed on Page 11 and 12. There are communities that need and deserve affordable housing that may not have any of the companies on the list in their town. There are still "mom and pop" grocers in rural communities which should count under the amenity section. Instead, maybe you can define a grocery by what they sell, i.e., milk, eggs, bread, frozen foods, meats, etc.

3. My next comment is regarding a Rural Development set aside. I know that rural development, new construction deals are not very common, but I think that there should be an RD set aside, in the event one is submitted to the Agency. I think that when a project has a substantial commitment from RD, such as a \$1,000,000 permanent loan and rental subsidy for the project, there should be a way for that project to receive credits under an RD set aside. If no RD deals apply during a round, the credits simply pass into the general pool of credits.
4. Mortgage subsidies and leveraging. I would like to see the points for the metro region completely go away. Points have been eliminated for the rest of the regions in the State. Why should this provision ONLY apply to the metro areas? As you know, there are several communities in Mecklenburg County, in particular, that are worthy of a tax credit project, but are effectively "shut out" because there is no subsidy money available, outside the City of Charlotte. Antiquity Heights was funded by a MIRACLE, and you know that... It's just not right. Level the playing field for the entire State by eliminating the points in the Metro section.

As always, thank you for your consideration.

Sincerely,



Catherine F. Connors