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November 26, 2013

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

Re: 2014 Qualified Allocation Plan Comments

Dear Scott:

This letter is to formalize my thoughts on the 2014 Qualified Allocation Plan.

The only comment I would like to make is regarding the First Tiebreaker. The First Tiebreaker is currently defined as follows:

“The project requesting the least amount of federal credits plus RPP per unit based on the Agency’s equity needs analysis. The tax credit amount considered for this calculation will be the ten year total.”

While I understand the Agency’s reasoning for this tiebreaker, I am concerned that it will ultimately lead to poor quality of affordable housing because developers will try and find ways to cut costs in order to compete. There are several developers, including myself, who have worked hard to improve the quality of construction as well as to upgrade the appearance of the project in an effort to accomplish two things. First, to set the construction quality of the tax credit program apart from the other housing programs so there is a distinct and obvious difference between the housing programs. Second, the “proof” of the better construction quality will allow tax credit developments to penetrate more desirable locations, i.e. Antiquity Heights.

This tiebreaker will force developers to simplify their construction plans and scale back quality which means will be headed right back to where we started, which is affordable housing that LOOKS like all the other affordable housing programs’ housing stock.

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Last Tuesday, I was in Washington, DC with the Developer's Coalition and had meetings with four different legislative offices. We met with staff for Senator Kay Hagan, U.S. Representative David Price and his legislative assistant, U.S. Representative Walter Jones and his legislative assistant, and legislative assistant of U.S. Representative Richard Hudson. One of the recurring themes of all of these meetings was their appreciation for the appearance of tax credit properties and the fact that you could no longer tell that they were affordable housing because of their appearance. U.S. Representative David Price specifically noted that he could not tell the difference between a market rate property and recent tax credit properties and how much that helped garner support of the tax credit program.

The construction cost cap is still in place and will keep developers from building extravagant properties; let the cap be the tool to keep construction costs in check. It has already been proven that very nice looking properties can be developed within that cap.

We have come a long way over the last several years in developing beautiful, affordable housing projects and by doing so, have increased political support for the program. I believe that the current First Tiebreaker will force developers to cut costs by simplifying the design and appearance of affordable housing projects. We would essentially be going backwards and erasing all of the progress that has been made to date. I strongly discourage the Agency from keeping that tiebreaker in the 2014 Qualified Allocation Plan.

As always, thank you for your consideration.

Sincerely,



Catherine F. Connors