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DEVELOPMENT • CONSTRUCTION • MANAGEMENT

August 30, 2013

Mr. Scott Farmer
NC Housing Finance Agency
Attn: Rental Investment
3508 Bush Street
Raleigh, NC 27609

VIA EMAIL: rentalhelp@nchfa.com

Dear Mr. Farmer:

The Woda Group, Inc. appreciates the opportunity to provide comments to be considered for the State's 2014 QAP for the 9% LIHTC application round.

a) RAD deals

The RAD program is an important initiative of HUD that promotes private ownership and participation in Housing Authority properties and will allow for much-needed community revitalization. We suggest, however, that RAD properties not be included in the 9% LIHTC application round. RAD properties should instead use bond financing and 4% credits. RAD properties can be underwritten using 4% credits thereby leaving the 9% credit for other developments and allowing North Carolina to create and preserve additional housing units.

We recommend that RAD projects be excluded from the 9% funding round, or at a minimum, capped at a low amount.

b) Choice Neighborhood Initiative sites

We ask that NCHFA provide points in the QAP for projects that are located within a Choice Neighborhoods Initiative (CNI) target area. We also ask that such applications not be penalized under the Neighborhood Characteristics scoring criteria.

The CNI target areas are often selected because of the extent of distress such as high poverty rates; high concentrations of vacant lots and substandard homes; high crime; and poor performing schools. Applications located within a CNI target areas would therefore often not score the max points under the Neighborhood Characteristics. We would therefore recommend that applications being made in CNI target areas be given the same number of points (18) as projects within a "Good" area.

We also recommend that NCHFA provide 3 to 5 additional points to developments in CNI target areas so that CNI Implementation Grant applications to HUD can score well in order to bring such Federal funding to North Carolina.

To be awarded the points above, the application should include a copy of the CNI Planning Grant or the CNI Implementation Grant awarded by HUD.

c) North Carolina Based Developer, Developer Capacity

We request that points for being a North Carolina based developer be removed. Many North Carolina based developers work in other states. If other states enacted reciprocal restrictions, the impact would be detrimental to North Carolina based developers. At a minimum, we ask that developers based in states that do not have barriers for North Carolina based developers not be subjected to this restriction in North Carolina.

The tax credit industry is increasingly complex, and investors and syndicators prefer to invest with larger developers with good track records and strong balance sheets. These types of developers command higher equity prices thereby allowing North Carolina to more efficiently use its credits to create as many units as possible. In lieu of the requirement that a developer be based in North Carolina to receive points, we ask that you consider awarding points based on a combination of developer experience, track record, and net worth, as these are the factors used by the investment community to evaluate developers. Specifically, you could have a sliding scale for experience. Developers with more than 100 properties placed in service could earn maximum point, those with 50 could earn the next level of points, and those with 25 could earn the lowest number of points. Developers that have been removed as general partner of any project should receive negative points. Developers should be required to have a net worth at least equal to the total development cost of the project for which they receive a reservation of credit, and should also be required to have liquid assets equal to at least 20% of total development costs.

Thank you for your consideration of these changes.

Sincerely,

A handwritten signature in black ink, appearing to read "Denis Blackburne". The signature is fluid and cursive, written in a professional style.

Denis Blackburne, Senior Vice President
The Woda Group, Inc.