



City Of Raleigh

North Carolina

Nancy McFarlane
Mayor

November 9, 2015

Mr. A. Robert Kucab
Executive Director
North Carolina Housing Finance Agency
P.O. Box 28066
Raleigh, North Carolina 27611-8066

Subject: Draft 2016 Qualified Allocation Plan Comments

Dear Mr. Kucab:

For over 20 years, the City of Raleigh, the NC Housing Finance Agency (NCHFA) and our partners have worked together to produce quality rental housing for our citizens. Thank you for your Agency's assistance in making affordable housing development possible in Raleigh, and for accepting comments on your draft 2016 Qualified Allocation Plan (QAP).

Creating new affordable housing opportunities is a priority for the City of Raleigh; City Council recently approved a new Affordable Housing Plan and Location Policy, which will guide our partnerships with developers over the coming years. Through this policy, the City seeks to increase the supply of affordable housing in underserved areas, near transit services, in downtown and in approved revitalization/redevelopment areas, and to affirmatively further fair housing choice for all residents. In the past, the City has had the opportunity to influence NCHFA funding decisions by awarding Joint Venture Rental Housing Program funds to projects that we believe best meet our local objectives. With a City funding commitment, these projects have enjoyed a greater success rate in securing a tax credit award from your agency. We hope to retain this ability so that local priorities can guide affordable housing investments.

Under the current draft 2016 QAP, it will be very difficult to provide affordable rental housing in downtown and neighborhoods surrounding downtown, even with the assistance of our Joint Venture funding. As you know, downtown Raleigh is booming and we have an influx of higher-end apartments under construction. We want to be able to serve people who may be working in restaurants and offices, those in the arts community, and many other service workers who are employed in our downtown businesses. Affordable rental housing is one tool that we want to be able to provide in order to keep the diversity that makes these neighborhoods so vibrant.

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In order to address these interests, the City of Raleigh respectfully requests that that the QAP be amended in the following manner:

1. We suggest that you increase secondary amenity points to 12 or remove the limit altogether.
2. We request that you reinstate scoring for mortgage subsidies in the Metro region funding competition to help leverage NCHFA rental resources and encourage local governments to partner with you in funding rental affordable housing.
3. We also request that you increase the number of redevelopment projects that can be funded each year across the state to six (6), with no more than two (2) in each region.
4. In previous years I understand that many projects received a perfect site score under your selection system and the value of tax credits per apartment unit was used to determine awards. We request that this credits per unit calculation exclude any basis boost received if the project is located in a Qualified Census Tract or Difficult to Develop Area.
5. It is our understanding that many developers are doing all that they can to reduce requested credits in order to secure an award. Because a developer fee is the second source of funds for unforeseen cost overruns, we think that the Agency should set a minimum threshold for developer fee.

Again, I want to reiterate the City's appreciation for the programs and services you provide for North Carolina. We have been pleased with our relationship with the NCHFA, and hope that you will be able to address these suggestions in order to maintain our collaborative relationship going forward. Please help us continue to provide quality affordable housing opportunities across our City, even in downtown.

Thank you,



Nancy McFarlane
Mayor