



City Of Raleigh
North Carolina

Nancy McFarlane
Mayor

October 8, 2012

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

Subject: Draft 2013 Qualified Allocation Plan for Tax Credits

Dear Mr. Kucab:

For over 20 years, the City of Raleigh and the NC Housing Finance Agency (NCHFA) have worked together to produce quality rental housing for our citizens. We thank you for your interest in working with the City of Raleigh. I am particularly proud that Raleigh's citizens have overwhelmingly expressed their support of our efforts by approving bond funding on three different occasions to help leverage NCHFA funds.

In the past, the City of Raleigh has had the opportunity to build rental housing in a variety of locations throughout the City, which is a goal of the City's scattered site policy. The City has also had the opportunity to influence your funding decisions by awarding Joint Venture Rental Housing Program funds to those projects that we believe best meet our local objectives. With a City funding commitment, these projects have enjoyed greater success rate in securing a tax credit award from your agency.

We are concerned that the changes proposed in the 2013 draft QAP will limit our ability to influence the selection of tax credit projects that best meet our local needs and policies. Given the level of investment that we make in such projects, we think that we should have more, not less, influence in the selection of winning proposals.

As I noted, the City of Raleigh wants to provide affordable housing options in a number of locations throughout the City. Under your draft plan for 2013, it will be difficult if not impossible to provide affordable rental housing in our downtown area and neighborhoods surrounding downtown. 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 clubs, those in the arts community, and many other service workers who are employed in our downtown businesses.

Many of the neighborhoods surrounding downtown Raleigh have benefited from significant City investments and redevelopment activities. 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.

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

1. We request that you reinstate scoring for mortgage subsidies in the Metropolitan funding competition.
2. We request that the site amenities scoring process be amended to take into account more measures of factors that make for a quality location. Your proposed criteria are biased towards suburban locations. Examples of this would include schools, banks, and parks.
3. We request that you give projects located in a redevelopment area a "perfect" site amenities score. There may be other ways to accomplish the same objective.
4. Last year, I understand that many projects received the same score under your selection system and the value of tax credits per apartment unit was used to determine awards. We request that this calculation should exclude any basis boost received if the project is located in a Qualified Census Tract or Difficult to Develop Area.

We note that you have grouped Wake County into a Metro competition with Mecklenburg County. While we are not entirely sure of the impact of this change, we are generally supportive of the revision.

Again, I want to reiterate how pleased the City of Raleigh is with our relationship with the NCHFA. We hope that you will be able to address the concerns I have raised in order to maintain our collaborative relationship going forward.

Thank you,

A handwritten signature in cursive script that reads "Nancy McFarlane".

Nancy McFarlane
Mayor