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September 6, 2012

via email to: rentalhelp@nchfa.com

NC Housing Finance Agency
Attention: Rental Investment
3508 Bush Street
Raleigh, NC 27609

RE: Comments 2013 Qualified Allocation Plan

To whom it may concern:

Thank you for making time to catch up on Miller Valentine Group's (MVG) annual progress, future plans and current events surrounding the national and local tax program. As we shared in our meeting, MVG is now operating in 14 states and was recently ranked 11th for tax credit housing starts at 540 units, as well as being ranked 24th for units owned at 9,548 tax credit units. In North Carolina, MVG was awarded its first tax credit property in 1998 and just opened The Enclave in August 2012. We have maintained a regional construction office in North Carolina for many years. Including market-rate assets, MVG is operating 11 properties in North Carolina. These are managed by our resident district manager, whose office is located in Charlotte. We have been and remain committed to doing our part to meet North Carolina's housing needs by improving the quality of life for all the residents we serve.

We submitted a more general letter outlining our comments on the 2013 QAP. The purpose of this letter is to address more specific aspects of the 2013 QAP that we feel are necessary to promote the addition of a second phase onto our highly successful 68 unit Enclave (phase I) family deal opened August 7, 2012 in Winston-Salem. While conceptual at this point, our goal is to replicate the product built in phase I in phase II so that the completed phase II community will be socio-economically harmonious and consistent with the current conditional (i.e. site plan specific) zoning entitlement. For example, Phase I is consistent with the originally adopted zoning site plan.

Briefly, the recently opened phase I consists of 68 units: (26) 3 bedroom and (42) 2 bedroom. As presented at the grand opening, we received over 1,000 phone calls just in the first couple of weeks after putting only a street project sign up. Today, approximately 112 folks remain on our waiting list and those folks have made a cash deposit to be on this list. The entire site is about 26 acres, less phase I's 8.5 acres, leaves 17.50 acres for phase II. The initial zoning was 200 total units, less 68 built in phase I, leaves 132 units per zoning or a density of about 7.5 DU's per acre in phase II. At this time, we do not have a detailed site program for phase II, but certainly there is plenty of space. It would be our pleasure to go into more detail about the overwhelming market response to phase I and the demonstrated strong marketability and development program for phase II, but we would like to remain focused on how the 2013 QAP could be changed to support a second phase in the first place. Because as the QAP is written for 2012, Enclave phase II does not score well enough.

We want to address how NCHFA may award a particular project that is believed to be a candidate for strong success, has strong local governmental support, but otherwise falls short on site scoring. Public-private partnerships should be emphasized, because achieving local or state programmatic goals supported by their own subsidy require more specific solutions tailored to the needs of their local citizens. Local goals may not always jive with the particular requirements of NC's LIHTC program. MVG believes that the 2013 QAP should provide a mechanism to offset point loss so that local governments willing to invest substantial funds in service of their citizens may achieve their goals through a more efficient integration of LIHTC resources. In this process, NCHFA's goals will be more efficiently met.

In the case of Enclave, phase II's 17.50 acres was paid for entirely with NC's allocation of NSP funds. Moreover, the City of Winston-Salem invested millions into what they perceived as a moderately risky, yet very much needed development. Both state and local officials are very pleased that they chose to make the Enclave investment and want to see their investment in the phase II land through to fruition. Phase I's success should be followed by a second phase, in our opinion, thereby unlocking the investments already made by local and state governments.

In no particular order the following are a few of our suggestions:

Based on the 2012 QAP's scoring, Enclave Phase 2 would lose the following points:

Greater than .5 miles for grocery and pharmacy	6 points
Site Suitability because of railroad and power lines	6 points

A Total of 12 points behind the competition, assuming all awarded sites score perfectly.

We suggest modifying the Mortgage subsides and leveraging section to include:

If NSP Funds are included in the sources of subsidy, then award the following points:

Funds/Unit	Points
$5,000	5
$7,500	10
$10,000	15
$12,500	20
$15,000	25

Another viable possibility utilized by Georgia's Department of Community Affairs, per their QAP's Appendix A attached, would be to adopt a similar methodology. In Georgia, they utilize either option A, Superior Project Concept or B, Local Government Strategy for Neighborhood Rebuilding as tools to deal with the circumstance that Enclave Phase II faces. Based on the response in our meeting, we feel that option B, Local Government Strategy for Neighborhood Rebuilding, may make more sense for NCHFA, but either tool accomplishes a similar goal. In our suggestion to NCHFA, we would change Georgia's 6 points in either option A or B from 6 points, as shown in Appendix A, to 15 points each. Please see Appendix A below, which is excerpted from Georgia's 2012 QAP.

Thank you for the opportunity to share some general thoughts and ideas about how to improve the 2013 QAP. We look forward to the hearings and further discussion about next year's process.

Yours truly,

Brian McGeady
Director of Multi-Family Development

Attached: Appendix A from Georgia's 2012 QAP

Appendix A from Georgia's 2012 QAP

XVI. SUPERIOR PROJECT CONCEPT AND DESIGN Maximum 6 Points

A. Superior Project Concept.

DCA may, but is not required to, elect to give one submitted Application six (6) points if it determines that the project represents a superior project concept that has "community changing" effect on the neighborhood, represents a unique concept or design, or will meet an overriding DCA policy objective not generally addressed in tax credit projects. Criteria could include a superior level of sustainability, a project proposed to meet a unique and urgent need in a community, or a project that has shown substantial community support and involvement. Financing sources alone are not sufficient to be considered for superior project concept. The award and exact criteria for this point category is at DCA's sole discretion.

Applicants should include a narrative (maximum 2 pages), along with supporting documentation, which demonstrates how the development will achieve these goals, citing as many of the above attributes as possible to be favorably considered for these points. If part of a comprehensive strategy, there should be a commitment of sufficient resources to substantiate that the strategy has a reasonable chance of implementation Efforts that show coordination with other state and local funding sources for economic and community development are encouraged in this initiative.

OR

B. Local Government Strategy for Neighborhood Rebuilding.

DCA may, but is not required to, elect to give one submitted Application six (6) points for a proposed project that is part of a Local Government's holistic "place based" strategic initiative for rebuilding a severely stressed neighborhood. While the Local Government is not required to be part of the Project Team, it must clearly be actively engaged in selection of the Project Team and in formulation of the strategy for the community and the project.

The project concept must clearly show the following:

1. Community strategy includes local government requirements for greenspace
2. Local Government engagement and contribution towards redevelopment of the high priority area.
3. Incorporation of planning objectives set out in Transit Oriented Developments, Sustainable Communities or Livable Centers Initiative.
4. Designation as a high priority by the local government

DCA will require local government officials to meet with DCA staff prior to submission of the Application to determine whether the proposed project may be eligible for these points.