

Listing of Major Revisions  
Second Draft 2013 QAP  
Posted November 1, 2012

This memorandum should be read along with the draft 2013 Qualified Allocation Plan (“QAP”). The listing is in order of appearance and does not include all material changes. Text in **yellow highlight** describes changes from the first draft.

**USDA-RD and the Rehabilitation Set-Aside** (QAP pages 5-6)

North Carolina’s USDA-Rural Development state office has the ability to designate its priorities, which will be expanded to include new construction projects. As such, the \$750,000 for this use has been moved out of the 10% for rehabilitation into a separate section. Other RD projects can still apply and be considered under the applicable set-aside.

**Geographic Regions** (QAP page 5)

The Metro is only Mecklenburg and Wake counties; each will be awarded a minimum of two new construction projects. The other five counties formerly in the Metro moved to the East, Central, and West due to end of mortgage subsidy points and the change in county limits. All regions continue to reflect their per-capita share of tax credits.

**Redevelopment Projects** (QAP page 6)

If necessary, the Agency will adjust the awards under the Plan to ensure the overall allocation results in awards for two Redevelopment Projects.

**Agency-Designated Basis Boost** (QAP page 8)

**The second draft no longer proposes a change in the HFA-designated boost.**

**Ineligible Counties and Limits on Awards** (QAP page 8)

Ten counties are ineligible for awards in 2013 based on the results of the 2012 cycle. Each received more than three times its per-capita share of tax credits and has a population of less than 100,000. The Agency understands there is a market for affordable housing across the state, including the ten ineligible counties. However, it is also important to seek a more equitable distribution of tax credits so as to reach areas which may have been unserved or underserved in recent years.

The proposed limit of one rehabilitation and one new construction project also is based on an equitable distribution of tax credits: a single average sized award is more than what would be the population-based amount of \$2.25 for almost all counties. Going forward, this policy would take the place of counties being ineligible based on the prior year’s results.

**Requirement for RPP Eligibility** (QAP pages 12 and 16)

The Uniform Relocation Act also covers acquisition of real property using federal funds, including HOME. Therefore, in order to be eligible for an RPP loan, at the time of executing the option or contract developers must have sellers sign the “Notice of Real Property Acquisition” form. The form will have to be submitted with the preliminary application. Absent the form at preliminary application, Applicants will be ineligible to request RPP funds at full application.

**Site Evaluation Criteria** (QAP pages 12-13)

Two establishments, Red & White and Walmart Express, have been added to the list of qualifying grocery stores. Walmart Express is also included as shopping. Two groceries, Super Kmart and

Sav-Mor, are no longer open in North Carolina and were removed. Only pharmacies with general merchandise for sale will qualify for points.

The route to or from amenities must be drivable regardless of what Google shows. The driving distance measurement has been changed from a half mile to one mile increments. There is one less scoring level (three instead of four), and the points have been adjusted accordingly.

Sites will be able to earn three points for traffic controls despite having right turn only access.

**Mortgage Subsidies** (QAP pages 14-15)

The draft removes points for applications with mortgage subsidy commitments in the Metro.

**Not Requesting State Tax Credits** (QAP page 16)

For many years the QAP has awarded points for matching household incomes to the state tax credit's statutory limits on rents, which avoids mismatched incomes and rents (60% income paying 30% rents). However, the points also created an incentive to use the STC and deeper income targeting when it may not be necessary for feasibility. The draft QAP offers the same number of points for applications not requesting STC funds, so a project could be targeted to households at 60% area median income without penalty.

**RRP Loan Amount** (QAP page 17)

The maximum loan amount has been reduced to \$800,000. This change reflects the uncertainty of future funding for both HOME and Housing Trust Fund and the increased demand for gap financing by applicants.

**Equity and Tax Credit Rates** (QAP page 26)

The range of maximum and minimum equity prices will be announced by the deadline for market analysts to mail studies (March 18<sup>th</sup>). The monthly tax credit rates used in underwriting will be the months before preliminary and full applications (December and April).