



August 20, 2014

Mr. Chris Austin
NC Housing Finance Agency
Attn: Rental Investment
3508 Bush Street
Raleigh, North Carolina 27609

Dear Mr. Austin:

We appreciate the opportunity to comment on the 2015 Qualified Allocation Plan (QAP) for the State of North Carolina. Triangle Transit is the regional public transportation authority for the Research Triangle region of North Carolina. We operate regional bus and paratransit services that connect Raleigh, Durham, Chapel Hill, Cary, Hillsborough and other municipalities. In addition, for the City of Durham we manage Durham Area Transit Authority (DATA), which provides bus and paratransit service throughout the City and County of Durham.

In cooperation with the local municipalities and regional planning organizations, we are developing the Durham-Orange Light-Rail Transit system (D-O LRT), which will provide high-quality fixed-guideway transit service connecting the employment centers at the University of North Carolina, Duke University, downtown Durham, and North Carolina Central University with residential neighborhoods containing a mix of income levels. A key priority shared by all the D-O LRT project partners is making sure there is adequate affordable housing located close to stations along the proposed D-O LRT, as well as along other high-frequency transit corridors.

In addition, Triangle Transit and DATA, along with Chapel Hill Transit, are providing expanded bus services using funding from a voter-approved half-cent sales tax dedicated to transit enacted in 2013. Both Chapel Hill and Durham have additionally prioritized infill and denser development around future rail stations and along other transit corridors. As a result, both counties will have more high-quality transit options that are well suited for income-constrained households.

Our experience as a transit provider has illustrated the important link between housing affordability and transit accessibility for households with low incomes. Many of our riders live in low-income households. According to our recent rider

survey, 42% of DATA riders have household incomes less than \$10,000 per year, while an additional 14% have household incomes less than \$15,000 per year. Among our users who ride DATA most frequently, 62% report household income below \$15,000 per year.

For these lower-income households, the low cost of transit versus automobile ownership is critical. For example, a monthly transit pass that allows for unlimited rides on DATA is \$36 per month or \$432 per year, and costs half that much for disabled patrons. A monthly transit pass that allows for unlimited rides on Triangle Transit's regional services, as well as Raleigh and Cary's local bus service (Chapel Hill Transit is fare-free), costs only \$76.50 per month (\$34 for disabled patrons), or \$918 per year. By contrast, auto ownership costs \$8,876 per year on average, according to the American Automobile Association.

For many of these riders, then, an affordable housing unit that lacks convenient access to quality transit, and that thus requires regular access to an automobile, is not actually affordable. The federal Department of Housing and Urban Development has acknowledged this connection between affordable housing and transportation accessibility, funding the Center for Neighborhood Technology's Housing + Transportation Affordability Index which evaluates both housing and transportation costs to determine the full cost of living at a particular location. Likewise, the Federal Transit Administration's new guidelines for evaluating whether to fund projects such as the D-O LRT take into account the availability of affordable housing around transit stations and local policies in place to preserve and generate new affordable housing.

Unfortunately, we believe the site selection criteria used in the 2014 QAP penalizes proposed affordable housing projects that are located at sites with high-quality public transit. The key provisions that make it difficult for transit-friendly projects to get funded are as follows:

- The site selection criteria promoting access to supermarkets and other shopping are based solely on driving distance, and do not take into account accessibility on foot or by transit. By prioritizing proximity to establishments including Wal-Mart and SuperTarget, the criteria additionally encourage affordable housing to be built in auto-oriented destinations which often lack quality transit, bicycle, or pedestrian transportation alternatives.
- Adaptive reuse projects receive negative points if they have limited space for parking. However, high-quality transit can reduce parking requirements by making it feasible for more residents to satisfy their travel needs without an automobile. Our survey data indicates that many transit riders are part of households with two wage earners and one car, but transit allows both of them to participate in the workforce.
- Projects located near corridors where there may be high-quality transit, such as high-traffic corridors (bus service) or railroad tracks (light rail or commuter rail), can receive negative points.

Moreover, none of the site selection provisions give credit to projects that are located in proximity to high-quality transit options. By contrast, Qualified Allocation Programs for several other jurisdictions, including Colorado, the District of Columbia, Massachusetts, Minnesota, Oregon, and Texas, give priority to projects in transit service areas. For example, Minnesota awards points depending on the proximity to transit and the quality of the transit service.¹ These policies increase the usefulness of affordable housing by encouraging development in locations where transportation costs are also low.

We make the following specific recommendations **only for the metro portion of the evaluation process**, with reference to the 2014 QAP.

1. Revise the Site Evaluation section to provide a maximum of 10 points for proximity to transit, by adding this to Section IV.A.1(b):

(iv) TRANSIT ACCESSIBILITY (MAXIMUM 10 POINTS)

10 points for projects within ½ mile of an existing or proposed light rail transit, streetcar, or high-quality bus rapid transit station, such as the stations on the Charlotte LYNX Blue Line and Blue Line Extension, the Charlotte CityLYNX Gold Line, or the proposed D-O LRT project.

7 points for projects within ¼ mile walking distance, and 5 points for projects within ½ mile walking distance, of a commuter rail station or bus stop along a route with service of at least one bus every 30 minutes during peak commuting hours (6:30 am – 9:00 am and 4:30 pm – 6:30 pm) and service of at least one bus every 60 minutes during the midday period (9:00 am – 4:30 pm) and evening service that ends no earlier than 9:30 pm.

2 points for projects within ½ mile walking distance of all other bus routes with service with no less than 30-minute frequency during peak commuting hours (6:30 am – 9:00 am and 4:30 pm – 6:30 pm) that also have any service on weekend days.

2. Eliminate the penalty for projects close to frequently used railroad tracks or high traffic corridors (section IV.A.1(b)(iii))

The 2014 QAP provides six points to projects that are more than 500 feet from certain incompatible uses including “frequently used railroad tracks” and a “high traffic corridor”. However, these types of transportation corridors often enable high-frequency and high-capacity transit. For example, the D-O LRT is planned to run alongside the existing freight rail tracks in downtown Durham. This provision would make it more difficult to do joint development projects that integrate affordable housing adjacent to a D-O LRT station. (Arguably, the entire D-O LRT route could qualify as a “frequently used railroad track.”) Likewise, high

¹ http://www.mnhousing.gov/idc/groups/multifamily/documents/document/mhfa_013619.pdf

traffic corridors often also provide frequent transit service. Given that so many proposals garner perfect scores during the evaluation process, these restrictions may eliminate from contention those projects located closest to the highest-quality transit.

We therefore recommend that these criteria be eliminated. In the alternative, we suggest that projects within one-half mile of a transit station be exempted from these penalties if high-quality transit service is provided along or adjacent to the railroad tracks or high traffic corridor at issue.

3. Eliminate the penalty for adaptive reuse projects within transit station areas that have limited parking (section IV.A.1(b)(iii))

The 2014 QAP provides three points to projects that lack certain specified “negative features.” Possible negative features for adaptive reuse projects include “limited parking.” The accessibility improvements that high-quality transit offers reduce the need for parking; in fact, what is adequate parking at more suburban sites is excessive for sites in densely developed metropolitan areas close to transit. Where appropriate, reducing space for parking in urban settings not only trims the costs associated with providing that parking, but also opens up sought after land for development, generating tax revenue for municipalities or allowing for valuable community services such as affordable housing. Moreover, in urban settings it is often more efficient to provide parking in shared structures or other off-site arrangements, perhaps with the cost of parking unbundled from the cost for the residence. Therefore, in reflection of the reduced parking requirements that many cities have already instituted in their urban cores, such as Durham, we recommend that adaptive reuse projects within transit station areas not be penalized for limited parking availability

4. Add transit station areas along the D-O LRT project to the exemption for unit mix and project size penalties.

Section IV.E of the 2014 QAP penalizes most projects that include market-rate units, and limits the size of others. The 2014 QAP allows the agency to waive these penalties for projects which are “within a transit station area as defined by the Charlotte Region Transit Station Area Joint Development Principles and Policy Guidelines.” We request that the definition of “transit station area” be broadened to include those station areas included in a high-quality transit plan such as any projects receiving five or more points in Recommendation 1.

We appreciate the opportunity to comment on the 2015 QAP. We believe our recommendations will encourage the development of affordable housing projects that minimize the combined housing and transportation cost for the low-income members of our community, allowing them to maximize their opportunities. Should you have any questions, please don't hesitate to contact me or Patrick McDonough, our Manager of Planning and Transit-Oriented Development, at

919-485-7455 or pmcdonough@triangletransit.org. Thank you for all you do to support affordable housing in North Carolina.

Very truly yours,

A handwritten signature in black ink that reads "David D. King". The signature is written in a cursive style with a prominent initial "D" and a distinct "K".

David D. King
General Manager
Triangle Transit