Comments for 2027 NC QAP

Thank you for this opportunity to submit public comments for the draft 2027 NC QAP.

1. **Amenities Driving Scoring** Section IV.A.1.(b)(ii) – We support keeping the maximum points for driving distances to amenities at 46 points. The points for driving distances helps avoid tiebreakers. It also encourages site selections in areas with a lot of quality amenities which not only benefits the future residents but also enhances the long term value of LIHTC properties.

    - Please keep the 46 maximum points for driving distances to amenities in the 2027 QAP.

2. **Driving Distances** Section IV.A.1.(b)(ii) – We support returning to the distance of 1.5 miles (rather than 2.0 miles) earning the maximum points in each amenity category. For many years through 2020 the distance was set at 1.0 mile, then from 2021 to 2025 it was relaxed to 1.5 miles. In 2026 it was relaxed further to 2.0 miles. The result is more of an emphasis on tiebreakers. We would encourage a scoring system focused on points and scores rather than tiebreakers. Distances to amenities is an excellent and fair way to identify high quality areas in site selection that benefit the residents. For those that walk or have limited transportation options, distances are very important. Distances to amenities is a scoring component that many states rely on in their QAP. It is fair, it is objective, and it avoids many of the unintended consequences of developers attempting chase the math of a tiebreaker.

    - Recommend returning to 1.5 miles for maximum points in each amenity category for driving distances.

3. **Bus Stops** Section IV.A.1.(b)(ii) – We support moving the points for bus stops outside of driving distances into its own category for points (to exceed the 46 point total for subsection ii). We believe that having a bus stop with service six days a week is a tremendously valuable service for future residents. If the intent of scoring sites is to find something that truly differentiates excellent sites from mediocre sites, a bus stop within 0.25 miles is an excellent candidate. Currently the bus stop points are included inside of the 46 points for driving distances. By moving these points outside of the total for section ii and making them their own standalone point category, it allows the bus stop points to be more determinative in site selection and scoring.

    - Recommend moving points for bus stop outside of the 46 maximum points for driving. The bus stop points would be in addition to the 46 point maximum. Section IV.A.1. could have a total of 70 points for example.

4. **Tiebreakers** – We support the above changes to point scoring to help avoid the reliance on tiebreakers altogether. However, since tiebreakers are necessary, we recommend the following changes:

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- Move the current Third Tiebreaker, *lowest average income*, up to Second Tiebreaker. This tiebreaker is a direct benefit to future residents and is in the spirit of providing affordable housing to households that need it.

- Revise the wording of the current Second Tiebreaker, *highest number of total units*, to focus on Credits Per Unit. The focus on total number of units is a well intentioned, but imprecise way to boost production of affordable housing units. It does not take into account acreage, density, zoning, topography, etc. Whereas Credits Per Unit (CPU) does efficiently take into account a wide variety of variables such as land cost, site work, financing rates, rents, construction cost, etc. into a wholistic financial picture. CPU encourages the development community to maximize production and use scarce resources wisely, while taking into account a wide variety of complex project details. We strongly recommend that CPU replace the "highest number of total units" tiebreaker.

5. **Annual Tax Credit Per Project Maximum** – The per project limit is currently $1,500,000. This cap on annual credits is pressuring applications to apply with lower unit counts. The lower unit count affects the economies of scale in construction pricing and long term property management operations.

   - **2021 = $1.2 million**
   - **2022 = $1.2 million**
   - **2023 = $1.2 million**
   - **2024 = $1.3 million**
   - **2025 = $1.3 million**
   - **2026 = $1.5 million**

   - We advocate for increasing the annual tax credit to $1.75 million per development.

6. **Annual Tax Credit Per Principal Limit** – The per principal limit is currently $2,600,000. We encourage the limit be set as equal to 2 full sized allocations of 9% tax credits.

   - We advocate for increasing the annual tax credit per principal limit to equal 2 full sized 9% allocations.

7. **RPP Limits** Section IV.C.2.(a)(i) – We support increasing the RPP per unit amount across all counties. The RPP dollars come with many additional federal and state requirements. Many developers are forgoing a request for RPP altogether. Please allow the developments that need RPP for gap financing to apply for more per unit and per development.

   - Recommend increasing RPP per unit to:
     - $20,000 in HIGH Income Counties
     - $25,000 for MODERATE Income Counties
     - $30,000 for LOW Income Counties

8. **WHLP** – Many developers will request WHLP (in years that it is available) without requesting RPP because WHLP has fewer federal and state requirements. We suggest requiring that projects requesting WHLP *MUST* request an equal amount of RPP. This should help stretch the WHLP dollars further by ensuring developers are using all NCHFA resources available to make the project financially feasible, not just relying on the dollars that have fewer rules.

    - Recommend requiring WHLP requests (when available) also include RPP requests.

9. **Line 5 Construction Costs** Section IV.C.1.(a) – Line 5 is currently capped at $135,000 per unit, which we believe is set too low and needs to be increased. Our most recent construction contracts and pricing we've received from multiple GCs on recent developments show that the Line 5 number is closer to $145,000 or $150,000 as a floor and closer to $155,000 as a maximum ceiling. We would note that it is typical for larger 4% TEB developments to have lower line 5 costs on a per unit basis due to the economies of scale. And family developments tend to be less expensive than senior developments. The QAP should allow for flexibility. There are enough other mechanisms in the QAP to help control costs (the limited tax allocations per development for example).

    - Recommend increasing Line 5 from $135,000 to at least $145,000 per unit.

10. **Applicant Bonus Points** Section IV.F.2 – We support keeping the Applicant Bonus Points as currently designed and written. This has been a useful component of the QAP for encouraging developers to focus their full applications on their best and most impactful projects in communities rather than submitting the maximum number of applications to simply maximize their chances of an allocation.

    - Please keep the Applicant Bonus Points as currently structured.

11. **Olmstead Points** Section IV.F.5 – We support keeping the Olmstead Points and the emphasis on counties listed on the DHHS priority list.

    - Recommend keeping the Olmstead Points for DHHS priority counties.

Thank you.

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