

Chris Austin

From: Scott Redinger <sredinger@saredinger.com>
Sent: Friday, September 01, 2017 7:36 PM
To: rentalhelp
Subject: 2018 QAP Comments

Chris here are my comments regarding the 2018 QAP Draft

Redevelopment Projects should not be reduced to one project because the Redevelopment Projects help Cities and Towns preserve historic buildings as affordable housing for lower income families and elderly. The adaptive reuse of an historic building as an affordable housing resource also requires that cities and towns help restore the surrounding neighborhood which improves the quality of life of neighborhood residents. Redevelopment Projects allows the Agency to have a significant positive impact on many different types of housing in the surrounding neighborhood..

Agency Basis Boost should also be available to Redevelopment and Rehab projects

Site Score Criteria. The maximum distance from amenities in small towns should not be reduced to 1.5 miles it should remain at 2 miles or be increased to more miles for the site to amenities.. Why, because the LIHTC and HUD Section 8 Rent Limits are very low and are typically less in the small towns located in rural counties of NC. In order to be able to provide an affordable housing resource using LIHTC's applicant s need to be able to find a quality site in a residential area within a reasonable distance (5 miles) from various amenities which may not be located in the same shopping center like they often are in larger cities. As you know with the elimination of Community Development funding that use to be available from the NC Division of Community Assistance for LIHTC housing and the elimination of State LIHTC it has become more challenging to be able to develop LIHTC housing in small towns in rural counties. The lower price for LIHTC's has also made it harder to make the numbers work. Extending the distance from amenities will allow developers to be able to buy a site in a quality location at a lower price will help the projects financial feasibility.

Credits Per Unit Scoring: The Agency should not award LIHTC's based on points for the Credits Per Unit Average Percentages which still encourage Developers to attempt to minimize their credits per unit request by maximizing the number of apartment units and reducing operating cost to the NCHFA minimum standard. Scoring Criteria based on Credit Per Unit Average percentage can put applications in rural towns of NC at a disadvantage because the number of apartment units limit is less than the larger City limits per unit. . In order to reduce the credits per unit applicants will have to minimize operating cost to the NCHFA minimum even if the actual operating cost may be higher which can jeopardize future operating cost. Also applicants planning to Develop a LIHTC apartment in a rural Town in NC are not going to be able to receive the higher rents available in the metro Cities because their operating and debt service cost are typically not significantly less than the same cost in Metro city projects. The Agency should not create scoring criteria that may threaten the future financial wellbeing of projects in rural Towns that may be developed by nonprofits that typically do not have the money to subsidize a project because of their low rents.

Rehabilitation Project Criteria; Even though the Total Rehab Cost and Total Replacement Cost have been increased the Agency should not set a limit for Rehab Cost and Total Replacement Cost. Because in order to get a rehab project funded an applicant that needs to complete more apartment upgrades, repairs and replacements may have to eliminate an improvement item or items that should be addressed. This will impact their Replacement Reserve Funds in the future. Projects located in Rural Towns of NC with HUD Section 8 PBV rents or NCHFA rents limits are not going to be able to receive a higher rent necessary to reestablish their Replacement Reserve in a timely manner which can be harmful to their residents if a necessary replacement of a Hot Water Heater or HVAC system ,etc. cannot be made because they do not have the Replacement or Operating Reserve Funds. If an applicant has received HUD Section 8 Project based Vouchers for resident rent subsidies they must be able to replace broken equipment and repair the apartments in a timely manner in order to continue to comply with HUD Housing Quality Standards or the HUD Section 8

Rental Assistance will be withdrawn from the apartment unit resulting in a tenant's displacement. Based on my recent experience regarding the cost of repairing or replacing the wood windows of an historic school converted to apartments in a rural NC Town there is no grant money from the NCHFA, NC Dept. of Commerce, Division of Community Assistance, NC Rural Development or NC DEQ to help pay for the window repairs or replacement. The Agency should require that Rehab Applicants completely upgrade and/or replace any existing building items and features to help ensure that the applicant is able to create and maintain sufficient Replacement Reserve Funds for future improvements.

Historic Properties that received an allocation of LIHTC and HTC to help convert an historic building to affordable housing should not be subject to a Rehab Cost and Total Replacement Cost limits because an historic building cannot be upgraded as inexpensively as new construction building without jeopardizing the future ability of the owner to be able to apply for and receive HTC equity for the buildings renovation. The Agency should help communities that have historic buildings that received an allocation of LIHTC to convert to affordable housing sustain the continued quality of the historic building for its residents and the community's history.

Rehabilitation Set Aside: The Agency should increase the rehabilitation Set Aside to 25% this year and/or at least in the future every other year to help sustain the continued use of the older LIHTC Projects built 15 years ago. Unlike new construction projects the older LIHTC apartment communities are already occupied by lower income families and seniors who should continue to have the opportunity to remain in a quality affordable housing apartment.

New Construction Set Asides should not be based on the geographic regions of the State but instead on the Income Designations of Counties to help ensure that residents of lower income counties have an increased opportunity for an affordable housing resource for their lower income residents. Also moderate and low income counties do not receive HUD CDBG and HOME Funds like the larger metro cities do. Since the legislature transferred the HUD Funds the State received for non-metro cities to public facility improvements instead of affordable housing development. The non-metro Cities do not have the funding sources to help LIHTC developments.

Separate Scoring Criteria for Metro Cities and Non Metro Cities and Rural Towns should be based on the Income Designation of their Counties. Because of the number of units that may be built in the higher income metro cities verses the lower income Towns and the different rental income limits for LIHTC and HUD PBV developments in higher and lower income counties it is harder to put together competitive applications for projects in lower income counties. Therefore the Agency's LIHTC scoring should be based on the Counties Income Designation which will help if the Agency creates Credit Set Aside percentages based on County Income Designations not Geographic Regions.

Rehab Evaluation Criteria 2 (d) (ii) says short comings for Rehab applications will be mitigated to the extent that the Tax Credit allocation is necessary to prevent the loss of government funds. The Agency should realize that a Rehab Applicant that received HUD Section 8 Project Based Vouchers when the project was first built that does not receive an allocation of Rehab Credits and cannot complete the necessary upgrades and repairs to ensure compliance with HUD Housing Quality Standards that there will be a loss of Government HUD Section 8 PBV funding resulting in the existing low income tenants being displaced and the apartments be rented to higher income tenants if they are able to be repaired.

Thank you for your consideration of my 2018 QAP comments.

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Scott Redinger