



165 S. French Broad Ave.  
Asheville, NC 28801



**Charlotte Housing Authority**

*Building Community, People & Partnerships*

400 East Blvd.  
Charlotte, NC 28203



330 E. Main St.  
Durham, NC 27701



450 N. Church St.  
Greensboro, NC 27401

October 17, 2017

Scott Farmer  
NC Housing Finance Agency  
3508 Bush St.  
Raleigh, NC 27609

Re: 2018 QAP Comments

Dear Mr. Farmer,

As some of the largest housing authorities in the state of North Carolina, Asheville, Charlotte, Durham and Greensboro, thank you for the opportunity to provide comments on the 2018 North Carolina Low Income Housing Tax Credit Qualified Allocation Plan (QAP). Combined we administer over 25,000 units of affordable housing and serve over 48,000 individuals and we fully understand the importance and need for affordable housing for the neediest of families. We have a high priority to serve Extremely Low Income (ELI) families, with incomes below the federal poverty rate and/or 30% of Area Median Income (AMI), and most of our residents fall into that income range. According to the 2017 National Housing Preservation Database (NHPD), there is a shortage of affordable units across North Carolina that are available to ELI renters. Additionally, many of the publicly supported rental homes are at risk of loss and expiration of affordability restrictions within the next five years. We collectively have over 55,000 on waitlists. Each person on the waitlist represents a family that is not being served and not provided for with affordable housing.

In order to address the overwhelming need for quality affordable housing for our constituents, our organizations have been fortunate enough to receive approval by the Department of Housing and Urban Development (HUD) to participate in the Rental Assistance Demonstration (RAD) program. RAD gives us a unique opportunity to leverage a 20 year subsidy resource of federal housing assistance to maximize the use of LIHTC financing. Therefore, please consider the following comments to the NC QAP to expand affordable housing opportunities to those with the most need in communities across North Carolina.

## Regarding the 9% Tax Credits:

1. **Section IV(B.2.) (Page of 16 of 34):** An applicant may earn maximum of 2 points for rent affordability and tenant rent levels under three scenarios based on High, Moderate, and Low income county designations.
  - **REQUEST:** We request one (1) bonus point awarded to projects with at least twenty-five percent (25%) of qualified low-income units affordable to and occupied by households with incomes at or below thirty percent (30%) of area median income, and at least 40% of qualified low-income units afforded to and occupied by households with incomes at or below fifty percent (50%) of area median income. This request will allow for affordable housing providers to serve extremely low income.
  - Among our four counties alone, Buncombe, Durham, Guilford and Mecklenburg, 30% of the AMI for a family of four, ranges from \$17,640 to \$25,800. Families in North Carolina with incomes below \$24,999 total 454,047, or 18% of all North Carolinians. This will target NC residents in the greatest need of housing.
2. **Section IV (B.2.) (Page of 16 of 34):** An applicant may earn zero (0) points for projects that receiving federal rental assistance. However, an applicant must submit a letter from the issuing authority in a form approved by the Agency in order to convert tenant-based Housing Choice Voucher (Section 8) to Project based subsidy (pursuant to 24 CFR part 983).
  - **REQUEST:** We request a one (1) bonus point awarded to projects that contain federal rental assistance through HUD's RAD Project Based Voucher or Project Based Rental Assistance programs (Section 8) or Public Housing (Section 9).
  - This request will allow NC public housing authorities and other HUD contract administrators to serve those on waiting lists.
3. **Section II (B.2.a.) (Page 5 of 34):** "The Agency will adjust the awards under the Plan to ensure the overall allocation results in an award for one Redevelopment Project."
  - **REQUEST:** We request an increase in awards to four (4) Redevelopment Projects.
  - This request will allow for the redevelopment of new or newly renovated affordable units within designated revitalization areas. This in return would benefit areas with some of the highest economic needs while increasing local employment and housing opportunities to underserved jurisdictions throughout the state of North Carolina.
4. **Section IV (F.8.a.)(Page 22 of 34):** "First Tiebreaker: The project in the census tract with the lowest percentage of families below the poverty rate."
  - **REQUEST:** We request that Redevelopment Projects and other projects that involve the revitalization of former public housing units be given equal value with the lowest poverty census tract in connection with this tiebreaker.
  - Our Properties are where they are, and they are frequently in high poverty census tracts. This change will give redevelopment and revitalization efforts on behalf of our extremely low-income residents equal footing with greenfield developments at this important tiebreaker stage.
5. **Section IV (C.1.a.) (Page 17 of 34):** "The Agency will assess negative points to applications with a maximum project development costs more than \$70,000 (under Chart A of the Project

Development Costs (PDC) section of the Application) and \$81,000 (under Chart B of the PDC). The point structure in Chart B will apply to the following:

- \*all units are detached single family houses or duplexes
- \*serving persons with severe mobility impairments
- \*development challenges resulting from being within or adjacent to a central business district
- \*public housing redevelopment projects
- \*building(s) with both steel and concrete construction and at least four stories of housing.”

- **REQUEST:** We request that the inclusion of public housing agency and HUD Rental Assistance Demonstration (RAD) projects under the public housing redevelopment projects be added as part of the Chart B eligibility Projects.

6. **Section IV (D.1.d)(Page 19 of 34):** “To be eligible for an award of 9% Tax Credits, at least one Principal must have successfully developed, operated and maintained in compliance one (1) 9% Tax Credit project in North Carolina or six (6) separate 9% Tax Credit projects totaling in excess of 200 units.”

- **REQUEST:** We request the inclusion of language to allow that at least one Principal must have successfully developed, operated and maintained in compliance either one 9% tax credit project or one tax-exempt bond project in North Carolina. The project(s) must have been placed in service between January 1, 2011 and January 2017.
- This request will allow for Principals that successfully developed, operated and maintained in compliance tax credit projects in NCHFA’s LIHTC program.

#### **Regarding 4% Tax Credits:**

1. **1. Section IV (E.3)(Page 20 of 34):** “New construction tax-exempt bond projects may not exceed two hundred (200) units unless approved by the Agency prior to the preliminary application deadline.”

- **REQUEST:** We request the removal of the total units per project for new construction tax-exempt bond projects.

2. **Section III (A.)(Page 9 of 34):** The first round and second round of tax-exempt bond volume and 4% Tax Credits application deadlines are the third Friday in January and July respectively, with the full application deadline on the second Friday of May (First Round) and the second Friday of October (Second Round). The notification of tax credit awards occurs in August for the first round and January for the second round.

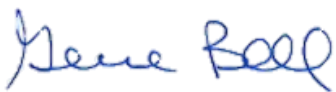
- **REQUEST:** We request the acceptance and processing of tax-exempt bond volume cap and four percent (4%) low-income housing tax credit applications on a monthly or quarterly time frame. Additionally, we request the elimination of the initial application process and suggest accepting one full application for each project.
- This request will allow for available financing in high competition areas, in which affordable housing opportunities are being lost to market-rate purchasers with available financing and shorter acquisition hold periods.

3. **Appendix B Section (V.F.1.) (Page 11 of 15):** “Family projects require a minimum of 1.75 parking spaces per unit.”

- **REQUEST:** We request a modification to the current language to the following: “Family projects are required to adhere to the parking requirements established by the local jurisdiction. The Applicant is required to demonstrate evidence of compliance to the applicable parking requirements for the Project.”
  - This request will allow for parking requirements that are consistent with the existing conditions of the Project and meet the zoning and building codes of the local jurisdiction.
4. **Section IV (H.1.d.) (Page 24 of 34) and Section V (B.2.c.)(Page 25 of 34):** “Rehabilitation application must not have an acquisition cost in excess of sixty percent (60%) of the total replacement costs.”
- **REQUEST:** We request the removal of the acquisition cost limit of sixty percent (60%) of total replacement costs. This request will allow applicants to claim the necessary acquisition cost basis up to 100% of the appraised value and acquisition price, which is essential in high- income county designations where the acquisition price is higher than the total replacement costs.
5. **Section IV(H.2.a)(Page 24 of 34):** The Agency will require owners to improve site amenities and common areas.
- **REQUEST:** We request the removal of cost limits on Furniture, Fixtures and Equipment (FFE) materials, especially for the improvement of site amenities and common areas for rehabilitation and new construction projects.
  - This request will allow for owners to develop quality affordable housing communities and effectively compete with market rate housing providers.

Thank you for the opportunity to comment and consideration of our suggestions. We would all welcome the opportunity to speak further about the items outlined above.

Sincerely,



Gene Bell  
Chief Executive Officer  
Asheville Housing Authority



Fulton Meachem  
Chief Executive Officer  
Charlotte Housing Authority



Anthony Scott  
Chief Executive Officer  
Durham Housing Authority



Tina Akers Brown  
Chief Executive Officer  
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