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Speaking UP for a better tomorrow
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To: NC Housing Finance Agency
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RE: Comments on the 2018 Qualified Allocation Plan (QAP)

For the 2018 QAP update, our non-profits would like to offer the following comments regarding encouraging affordable housing to be connected with transit infrastructure.

We would be happy to meet to discuss this with the agency in the future.

In recent years, several North Carolina counties have approved referenda to pay for major expansions in public transit service and infrastructure of both bus and passenger rail. In 2016, Wake County voters approved a half-cent sales tax that will triple bus service, including expanding to 83 miles of frequent bus service (every 15 minutes), that includes Bus Rapid Transit, and commuter rail.

Concurrently, property and home values and rents have been rising rapidly in fast-growing counties, creating a rapidly increasing need for affordable housing. Communities are deeply concerned about gentrification in cities like Raleigh, Durham, and Charlotte, and residents are being forced to move because of property values increasing. Nationally, we see gentrification occurring particularly along light rail lines. As public transit expands, causing property values to increase along Bus Rapid Transit and passenger rail lines especially, it is imperative to ensure

housing exists for people of all income levels near the transit many will be reliant upon. Transportation costs are also burdening many, as it is often the second highest household expense. Access to job centers, services, and retail is essential for creating economic opportunity and healthier quality of life, so connecting affordable housing to the improved transit systems is critical for low wealth communities. We need to be prepared for skyrocketing housing costs in order to help prevent displacement of low income people.

We encourage the North Carolina Housing Finance Agency to think strategically about how the QAP can incentivize creation of more housing along existing and in close proximity to planned frequent transit routes and in designated transit oriented districts set by municipalities.

With that goal in mind, below are some recommendations for consideration for changes to the 2018 QAP:

1. **SITE BONUS POINTS:** Outside of the site suitability scoring section, the QAP could give additional bonus points (1-2 points) for applications for projects that are within ½ mile of existing or planned frequent transit routes (at least 15-minute frequency at peak/rush hour). Please consider additional points if the site is near Bus Rapid Transit corridors or commuter rail or light rail, which are larger capital investments and more permanent transit linkages.
2. **Increase supply of affordable housing near transit for projects using 4% tax credits:** Provide an economic incentive for housing developments using 4% tax credits allowing developers to be paid a higher maximum development fee IF the housing project is:
 - Sited in a planned transit corridor
 - Built to a basic sustainable building standard (e.g. LEED, EarthCraft, GreenPoint, Enterprise Green Communities)

Securing site control in these planned transit corridors is more expensive, risky and complex relative to other site acquisitions. Therefore, developers may not consider undertaking pursuit of such sites unless they will be compensated for that additional time and risk. Separately, going above and beyond local code and NCHFA building requirements to meet a sustainability standard will require time and expertise to coordinate the development team members. Affordable housing developers should be encouraged to undertake that activity by being permitted a higher development fee. Other states are using similar incentives successfully.

3. **Site Suitability: Allow housing near passenger rail and high traffic corridors:** Exclusions under section iii make it very difficult to develop housing in urban areas and near transit, especially for infill construction. This is hindering some potential affordable housing projects that could otherwise be built in cities developing light rail or where frequent bus service will go along major roads. Specifically, a project loses points if near frequently used railroad tracks or high traffic corridor. Perhaps these should be

nuanced – like exclusions if near a freight railroad tracks (carving out passenger rail) or near a high traffic corridor (carving out areas with existing or planned sidewalk infrastructure).

4. **Site Requirements: Lift maximum number of units:** Should not put a restriction on the number of units if the project is in a transit oriented district. Lifting the number restriction sends a signal to developers to build more affordable housing near transit.
5. **Reduce/eliminate parking requirements:** If housing is near frequent transit, parking is not necessarily needed, particularly for senior housing. Creating a more nuanced parking requirement acknowledges that some tenants will use transit in lieu of owning a car. Reducing per unit parking requirements is another incentive for developers to build near expanding transit lines. Many affordable housing project capital budgets only work economically if they don't have to build excessive parking, especially where space for surface parking is limited and underground parking is impossible or cost prohibitive. This will also open up the possibility to develop tax credit properties on smaller tracts of land.
6. **Site Evaluation: Existing continuous sidewalks** should not be a requirement if on future frequent transit corridor. If a development site is on a planned frequent transit route, sidewalks should not be required since the pedestrian infrastructure is part of the future development plan. Cities will likely require developers to participate in building out the sidewalks as well as other types of infrastructure. Please consider removing that requirement if the site is in a future frequent transit corridor to expand the number of potential sites available to the development community.