



TRIANGLE J COUNCIL OF GOVERNMENTS

*World Class
Region*

August 29, 2018

North Carolina Housing Finance Agency – 2019 Qualified Allocation Plan
3508 Bush Street
Raleigh, NC 27609
Submitted electronically via rentalhelp@nchfa.com

Dear Sir or Madam:

Thank you for the opportunity to comment on the Agency's proposed criteria for the 2019 Low-Income Tax Credit Qualified Allocation Plan (QAP). Triangle J COG is working with its member communities and partner organizations to promote and safeguard housing opportunities for a full range of households as the region adds another million residents over the next generation. We appreciate the NCHFA's valuable role in supporting high-quality affordable housing within the Triangle region and throughout the state.

As we work with partner organizations like ULI-Triangle and GoTriangle, it is clear that considering both housing *and* transportation costs in concert can be an effective way to make affordable housing investment decisions that best serve the needs of low-income citizens. We appreciate the change made to the 2019 QAP that removed the penalty for projects located near railroad tracks that carry or are planned to carry passenger rail service. We believe this change will support the development of projects that incorporate affordable housing near current or planned rail stops, lower housing and transportation costs for residents, and provide the greatest access to opportunities and services for low-income households.

One specific recommendation related to site evaluation that might help further these goals is to add a second exception to the "good" category under Site Evaluation, section (b) Criteria for Site Score Evaluation, subsection (i) Neighborhood Characteristics so that sites within one-half mile of an existing or planned rail transit stop are included in the "good" ranking. Extensive experience demonstrates that locations within a half-mile of rail stops exhibit redevelopment and land cost escalation as rail service is planned and implemented; if these sites are excluded until the neighborhood has largely redeveloped to meet a "good" standard, land will be priced out of the reach of affordable housing developers.

Note that this site evaluation recommendation could be applied initially in the Metro category, since the other NCHFA allocation regions may not have the transit-related redevelopment opportunities of North Carolina's growing metro regions.

In addition to specific site evaluation criteria, we encourage the NCHFA to review any standards or criteria that might arbitrarily limit the development of good projects. In particular, we suggest reviewing the limits on non-profit agency participation, especially in metro areas with high development costs where creative approaches may be needed to address housing cost issues and where non-profit organizations can provide substantial expertise, experience and resources.

We also encourage the Agency to review the cost per unit thresholds outlined in the Maximum Project Development Costs, section C.1.a. Construction costs in the region continue to rise due to the demand for labor and materials. We suggest the construction cost per unit limit of \$85,000 for Chart A and \$95,000 for Chart B to ensure high-quality construction given current market constraints.

The Agency may wish to slightly amend the language under the second bullet in section B.2.b.v on page 6 to read “waiver *or reimbursement* of impact ...”; several jurisdictions in our region have communicated that they do not have the legal authority to waive certain fees, but can reimburse the amount of fees paid by applicants.

The Agency may wish to review the Income Designations at a finer scale than the County level, as we have found that there can be large variances in household income throughout a County. For example, in Chatham County, the median household income for Siler City is \$29,718, compared to \$58,555 for the County overall.¹ Median household income for Siler City should not be considered a “high income” designation, given that it is significantly lower than even the median household income in Alleghany County, which is \$38,253, and is considered a “low income” county in the draft 2019 QAP.

Given the region’s changing demographics and increase in single-person households, particularly for aging adults, it may be of interest to the Agency to consider increasing the percentage of total project units that are one-bedroom units, as outlined in section F.6.a on page 22.

Within the Tiebreaker Criteria in section F.8.e on page 22, the Agency may wish to remove the limitation of having only projects that utilize detached single-family site plans and building designs be eligible for the Fifth Tiebreaker. We agree that Tenant Ownership should remain as a Tiebreaker for projects that receive identical final scores; however, other types of housing, such as attached single-family homes, can be more cost-effective for developers to construct.

Additionally, as a region, we are encouraging developers to utilize 4% tax credits as much as possible, given the limited nature of other funding sources for affordable housing. Therefore, while it makes sense to bar a developer from submitting a 9% application if their project from the previous year is completed after the Placed in Service deadline, they should still be permitted to submit applications for 4% tax credits.

Finally, the Agency may wish to consider adding a “case-by-case” option to the listing of eligible grocery chains, with some clear minimum criteria. To use an example from our region, the Durham Food Co-op is a full-service grocer that is open to the general public (not just co-op members) and that offers 20% off purchases for low-income households who have joined their Food For All membership. It is in an area that would be attractive for affordable housing, but there are not other listed grocers nearby.

The staff at Triangle J COG would be pleased to meet or talk with you to provide any additional information, and offer whatever support we can in assisting the Agency in revising these or related criteria. Again, thank you for the crucial services you provide, and for the opportunity to comment on your standards and criteria.

Sincerely,



John Hodges-Copple
Director of Regional Planning

¹ Data source is U.S. Census, American Community Survey, 5-year Estimates, 2012-2016.