



Housing Division

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July 18,2023

Tara S. Hall
Manager of Rental Development
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Re: **2024 QAP Listening Sessions Comments**

Dear Ms. Hall,

Thank you for the opportunity to provide feedback on the QAP for the upcoming application cycle. We appreciate you taking the time to schedule and hold these sessions with developers. Below are the comments we discussed during our 2:00pm meeting on July 17, 2023.

- Lowest average income tie-breaker:
 - Overall, we feel that it is good policy to provide deeper affordability, however incentivizing developers to lower rents and eliminate their ability to make debt service payment at such an early stage of development could be problematic. Developers may overcommit on income and rent targeting and deals won't pencil out as they move through the development process.
 - From the time a final application is submitted to closing a lot can change, such as equity pricing, interest rates, construction cost, and operating expenses. It is hard to reduce rents with these variables still in flux.
 - **Recommendation: We would like to see other ways to set projects apart, so awards are not as dependent on tie breakers. Also, do not incentivize "race to the bottom" principles in QAP (lowest income averaging, most sf per credits requested, etc.)**

- Credit limit of \$1,200,000:
 - Contradicts the tie breaker, with credits being limited we are required to cover more debt, however, the tie breaker that we need to win in order to receive an award requires us to heavily restrict the project's ability to cover debt.
 - We cannot maximize our deals and cover escalating cost. Some projects can support 60-70 units, but we must limit them to 48 because of the credit cap. Being able to distribute cost across more units allows us to build better projects.

- Sites cannot capitalize on basis boost potential if the boost would result in the credits available being over \$1,200,000
 - **Recommendation: \$1,500,000 project credit limit**
- The requirement for “zoning in place” at the time of application presents challenges for some sites as the process of rezoning a property or receiving conditional zoning for multifamily housing can take up to 4 or 5 months to complete, depending on the jurisdiction. This represents a significant investment of time and resources to fully complete the process. We understand the intent of this requirement in making sure that a proposed project is buildable within a given jurisdiction, but often struggle to complete the process within the QAP timeline.
 - **Recommendation: We suggest that the requirements be revised to allow for “substantial completion” of the rezoning process at the time of Full Application. As an example - a project may have received approval from a Planning Commission or Zoning Board but may not have final approval from a City / County Council. By this point in the review process, it is generally a formality to complete the required steps once the mandated time has elapsed. We suggest that a letter of support from a zoning official or other civic entity that you determine would demonstrate support for the project and provide assurance that all requirements will be met within a given timeframe.**
 - The QAP requirements for Site Plan design at Full Application should be clarified. Appendix B states that the plans should show “existing topography of site and any proposed changes including retaining walls.” We understand the intent of this requirement is to establish the level of grading and sitework required to address topography or other unique site constraints and whether retaining walls will be required. This appears to require that a finalized grading plan be prepared by a Civil engineer, based on a finalized topographic survey. That represents a significant investment of time and resources. A boundary survey is typically available to establish the site extents and many municipalities have topographic information available through their GIS department. This information is typically enough to generate a conceptual site plan that can be used to establish a site development budget, but it is unclear if it meets the intent of your requirements.
 - **Recommendation – We suggest that the requirements be revised to allow a narrative description of the proposed grading or site development strategy be provided by an Engineer or Architect. This narrative would describe the existing site’s topography (or lack thereof), whether extensive grading is expected, whether retaining walls are anticipated, and other items you feel appropriate. This narrative can be included with the site plan drawings as part of the submittal or incorporated into the application.**
 - New Scoring Criteria:
 - Tenant Supportive Services Division
 - **Recommendation – Applicants should receive points for committing to coordinating supportive services such as linking tenants with local agencies and bringing social service programs to their property. We see these services lead to better projects in the long term and build a better life for tenants. The**

services should be described in a detailed supportive service plan submitted with the Full Application. Priority should be given to developers and owners that are able to provide the service coordination themselves. This leads to better communication between the owner, manager, and residents.

- Design Scoring sections:
 - **Recommendation – Create a scoring category that incentivizes the use of “higher-grade” materials such as a higher percentage of brick, or including additional amenities to the sites and buildings.**

- Non-profit set Aside
 - **Recommendation - We would like to see a larger set aside for projects developed by 501(c)3 not-for-profit agencies.**

- Simplistic QAP
 - We appreciate how simple and straightforward the QAP and application process are. Everything is laid out in an easy-to-understand manor that is not confusing, and the use of the online portal streamlines the submission process. We would like to see this carried forward.

Thank You,
Brennan Mahoney

Brennan Mahoney

Financial Analyst
Buckeye Community Hope Foundation