



September 26, 2022

North Carolina Housing Finance Agency  
Attn: Tara Hall  
3508 Bush Street  
Raleigh, NC 27609

Subject: 2023 QAP 1<sup>st</sup> draft comments

Ms. Hall,

Thank you for the opportunity to provide 2023 QAP 1<sup>st</sup> draft comments for your consideration. We would propose the following:

**Extend the suspension of maximum project development costs for the 2023 cycle (Section IV.C.1.)**

The economic impacts resulting from the COVID-19 pandemic are still very present, and recent federal interest-rate increases to combat inflation will have an impact throughout 2023. Any maximum project development cost established for 2023 would be pure guesswork.

**Delay implementing the new proposed rule regarding retaining walls and graded slopes**

(Appendix B Section III.E.10). A one-year pause on this proposal would allow greater time for stakeholder input and consultation by NCHFA with engineers, architects, and other professionals to craft a more nuanced standard that addresses Agency concerns without inhibiting development of many desirable sites. We would also encourage the Agency to include an exemption for redevelopment projects since these sites are predetermined and often have constraints necessitating retaining walls.

**Eliminate the Shopping category as a primary amenity (Section IV. A.1.(b)ii.).** Proximity to the short list of shopping establishments (primarily discount retailers and big box stores) is in direct conflict with the goal of incentivizing walkable sites. Unlike ready access to other community resources such as libraries, schools, parks, and low cost health services, the primary shopping amenity does not align with national research on positive outcomes for low-income families and can be a barrier to building affordable housing in high opportunity areas.

**Eliminate the WalkScore as part of Site Evaluation scoring (Section IV. A.1.(b)v.).** If NCHFA desires to keep WalkScore as a selection factor in 2023, we would recommend using it ONLY as the 2<sup>nd</sup> tiebreaker, such that the higher WalkScore can be the final factor to differentiate two otherwise very good sites.

As an alternative metric to further differentiate scoring of applicants and to answer Mr. Farmer's frequently asked question "How would you like to lose?", we would propose reintroducing the 1<sup>st</sup> tiebreaker used in the 2017-2020 QAP (census tract with lowest poverty rate).



Additional Appendix B comments:

**Consider revisions to the parking ratio requirements** (Appendix B Section V.F.). Specifically, we recommend allowing an automatic parking reduction for sites within 0.25 miles walking distance of a bus/transit stop (reduce to 1 parking space/unit for family and 0.75 parking space/unit for senior). We also recommend allowing an exemption based on local municipalities “encouraging” rather than “mandating” lower parking ratios. Few (if any) municipalities have established parking maximums that are below the current NCHFA minimum requirement, but municipalities we work with often encourage reasonable parking reductions below 1.75 spaces/unit to allow for better site planning.

**Consider eliminating water heater minimum sizes and the new proposed rule that would prohibit locating water heaters under air handlers** (Appendix B Section III.A.5). The incremental changes over the last several years have made unit layout increasingly difficult. These rules conflict with market rate multifamily MEP engineering and construction industry standard practice, and will result in a significantly larger mechanical closet with no discernable benefit to tenants, maintenance personnel, or owners.

We also offer the following suggestions regarding longstanding requirements in the full application that could be “cleaned up” to facilitate a more streamlined application process:

- Eliminate the requirement to provide water and sewer impact fee letters (Section VI.B.14.). The requirement to obtain these letters is left over from an era when the impact fee amounts were subtracted from the leveraging to get a final leveraging score. Consider allowing applicants to get an estimate from their engineers to put in the budget, as we do for other line items.
- Eliminate the requirement to submit paper copies of the site and architectural plans for the full application and final permit plans for awarded projects (Appendix B Section I.B. and I.C.). More and more municipalities, as well as the North Carolina State Construction Office, have migrated to digital plan review for design review and permitting.
- Eliminate the requirement for posting physical “SITE” signs at the time of full application. These signs often get taken down by others, and seem unnecessary with the proliferation of driving directions via smart phones.
- Eliminate the requirement for uploading driving directions as attachments to the full application. Like with the “SITE” signs, these seem outdated and unnecessary.

Thank you for your consideration of these recommendations.

Sincerely,



Geoffrey Barton  
Director of Real Estate Development  
Mountain Housing Opportunities