

## Tara Hall

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**From:** Joseph Kass <jkass@nhe-inc.com>  
**Sent:** Thursday, November 18, 2021 11:10 AM  
**To:** RentalHelp  
**Cc:** Tara Hall; Taylor Davis  
**Subject:** Public comments - 2nd Draft 2022 NC QAP

Thank you for this opportunity to offer public comments on the Second Draft of the 2022 NC QAP.

- Thank you for raising the **Chart A and Chart B construction cost (PDC) limits**. Our team believes this is a very positive step in the right direction of aligning the QAP with current market conditions in housing construction.
- Regarding the removal of **Credits Per Unit**: We are concerned that now the tiebreaker AND the points for Credit Per Unit have been completely removed, NCHFA effectively has no mechanism in place to encourage the efficient use of the limited LIHTC resource. We are concerned that too many developers will see the removal of the points combined with the removal of the tiebreaker as a green light to submit very high credit requests per unit, thus underutilizing this scarce resource and cause fewer overall units of affordable housing to be built.  
**We recommend: either reinstate the CPU points (or some similar version) or reinstate the tie breaker, or both.**
- Regarding the **Walk Score** points and tiebreaker.
  1. The Walk Score could potentially be a good scoring criteria to add for future years, however, it would need to be carefully balanced with other scoring criteria. Making the Walk Score a point item and a top tiebreaker places too much emphasis on one single dimension. A good QAP requires balancing factors so that no one individual criteria is the single determining factor in awards. By removing the points for Credits Per Unit and replacing the Credit Per Unit tiebreaker with the Walk Score tiebreaker, it is clear that this single dimension of a Walk Score will determine awards. We would prefer to see the Walk Score included next year when it can be thoughtfully balanced with other scoring criteria.
  2. The Walk Score points were not in the 1<sup>st</sup> draft of the QAP, nor were they mentioned by NCHFA staff in the annual conference video, or the public hearing, or previous QAPs from the past 5 years. To introduce this scoring criteria 60 days before applications are due creates unnecessary unpredictability in a program that requires lengthy contracts, often rezoning, community meetings, large amounts of due diligence and third party reports. It's especially chaotic to introduce this scoring criteria 60 days before applications are due and set it up to be the sole determining factor in making awards.
  3. Over the last couple of years, the QAP changed the minimum distances to amenities from 1 mile to 1.5 miles, and 2.5 miles for small towns; the purpose of which was to make more sites viable, encourage developments in small towns and de-emphasize the competitive nature of scoring sites and distances to amenities. By introducing the Walk Score, the emphasis now goes right back to distance to amenities. The introduction of the Walk Score is counterproductive to the increase in the driving distances. The Walk Score will cause intense competition for a handful of top scoring sites in any given county. We have seen the effects in South Carolina QAP of placing too much emphasis on site scores, it can lead developers to chase sites they otherwise would not (due to bad fundamentals such as topography, shape, cost, layout) that happen to score well. De-emphasizing site scores encourages development sites based on good fundamentals of topography, cost, local rental market.

4. The Walk Score could possibly put small towns at a disadvantage to other towns and cities within their Region and County. This runs counter to the idea of giving the Small Towns extra distance to amenities. The effects on the LIHTC program of adding a brand new scoring criteria to the QAP are difficult to predict, which is why we advise a slow and cautious approach to adding Walk Score to the QAP.
5. The Walk Score will drive developments to urban cores where sites are smaller and more expensive. Smaller sites with fewer units prevent construction from achieving any economies of scale. And more expensive land will drive up overall development cost per unit.

**As an alternative, our team would suggest the following changes, which reflect items that have pre-existed in the QAP within the last 5 years, and are thus more fair and more predictable to the 2022 QAP cycle:**

- **Add points for additional primary or secondary amenities for points. Instead of 38 total points, Section A.1.b(ii) could have a total of 40 or 42 total points which could be achieved with additional nearby amenities.**
- **Reinstate the lowest Poverty Rating Census Tract as a point item or tie breaker item.**
- **Reinstate some version of the Credit Per Unit points or CPU tie breaker item**
- **Move the current 3<sup>rd</sup> tiebreaker “project with the lowest average income targeting” up to 2<sup>nd</sup> tiebreaker.**

If NCHFA feels compelled to keep the Walk Score included in the 2022 QAP, better outcomes for the program would be achieved with **any of the following suggestions, or a combination of them:**

1. Make the Walk Score a tiebreaker item ONLY. Remove the points for Walk Score.
2. Reduce, or compress the Walk score to only 1 max point (rather than a max 2 point item) to lessen the effect of this brand new scoring criteria 60 days before applications are due. A single score threshold (for example an average of 40 points) could be the cutoff between zero points and 1 point.
3. Put the Walk Score inside Section A.1.b (ii) of the total 38 points so that it is treated the same as the other grocery store and pharmacy amenities. As mentioned above, this section could go from a maximum of 38 point to 40 or 42 points, with additional amenities and Walk Score being treated equally.
4. Pull the bus stop section out of Section A.1.b.(ii) and put it in Section A.1.b.(v) with Walk Score. We have seen that the Walk Score does not often do a great job of capturing available public transportation options. The ability to count either a bus stop, or a Walk Score, or a combination of both to reach a maximum of 2 points (or 1 point) would be better.

Thank you,

**Joseph Kass**

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