

Tara Hall

From: Joseph Kass <jkass@nhe-inc.com>
Sent: Tuesday, September 13, 2022 2:20 PM
To: Scott Farmer; Tara Hall; RentalHelp
Cc: Taylor Davis; Robinson Villa
Subject: public comments for draft 2023 NC QAP

Scott & Tara,

Thank you for this opportunity to submit public comments on the draft 2023 NC QAP:

Please balance the Walkscore with other scoring or tiebreaker criteria. Last year's QAP added consideration for Walkscore, and while that added another great scoring dimension to the QAP, Walkscore is currently overemphasized as both a point criteria and a tiebreaker. A good QAP should evaluate applications across several dimensions to ensure no single criteria is the sole determination of awards. With the points for CPU being eliminated, the main determinant of point differences in the QAP is the Walkscore. In the event of a tiebreaker (which is common), after the applications are sorted by county, the tiebreaker is Walkscore. We believe this overemphasizes evaluating applications by the single dimension of Walkscore. We suggest either adding additional point categories or additional tiebreakers to balance the weight of Walkscore.

Suggestions for ways to balance Walkscore include:

- Making points for the **bus stop and public transit** their own point category outside of the driving distances point maximum of 38. It could be argued that access to public transportation is equally important as having amenities within walking or 1.5 miles driving distance. Public transportation gives low income residents access to jobs, healthcare and many other services outside of walking distance. And because public transportation does not require car ownership it serves as a good complement and balance for driving distances. Even if public transportation is only a single point item, it would complement scoring and reduce the need for tiebreakers.
- **Census tract criteria:** this could either be for points or for a tiebreaker. There are several data points that could be used, for example census tract **poverty rating** which was the first tiebreaker as recently as the 2020 QAP. Another census tract based point that could be considered: **Opportunity Zones** which demonstrate a local government's selection of an area for revitalization and investment. Or NC could ask other state agencies such as Dept of Health or Dept of Education for data on high quality 'areas of opportunity'. **The census tracts could be ranked and serve as the 1st or 2nd tiebreaker.** The national conversation around affordable housing places 'areas of opportunity' at the center of the debate. The NC QAP should have some census tract criteria in place, our team supports bringing back a version of **Appendix H** with the census tract specific data NCHFA prefers.
- **Credits Per Unit:** an allocating agency must have a mechanism to ensure the scarce resource is being utilized efficiently. Perhaps the previous QAP mechanism for CPU was either too opaque or had too much influence on scoring, but we believe some aspect of credits per unit should be brought back into the QAP. Either the credits per unit could be **published in a table with tiered points**, so that everyone has access to the same information and can balance the points for CPU against points for Walkscore. Or **Credits Per Unit could serve as the 1st or 2nd tiebreaker.** Currently only the 6th and final tiebreaker incentivizes efficient use of the credit. The affordable housing community must ensure that we are working together to build as much affordable housing as possible and not allow individual applications to absorb too much of this limited resource.

- **Lowest average income targeting:** move this up from the third tiebreaker to the 1st or 2nd tiebreaker to reduce the overemphasis on Walkscore.

Other options for modifying Walkscore:

- **Move the Walkscore points inside the driving distances points** and increase the overall number of points for driving distances to AMENTIES up from a max of 38 to **40 or 42 points**. This would be an appropriate use of Walkscore to balance out the driving distances.
- Alternatively, the Walkscore **points could be removed** from the QAP and the **Walkscore could be SOLELY used as a tiebreaker item**.
- Modify the points table for Walkscore, **creating multiple tiers** at 70-100, 60-70, 50-60, 40-50, 30-40, etc. This will assist in avoiding tiebreakers.

Line 5 Cost Cap – we would suggest a limit around \$150,000 to \$155,000 per unit for the Line 5 vertical construction costs. Our current 2021 projects are being priced around \$190,000 per unit for total hard construction costs, and after subtracting site work, profit & overhead and general requirements, that yields a Line 5 vertical construction number around \$155,000 per unit.

Bonus Points – our team was pleased to see the bonus points remain in the QAP. This is a simple, but effective way to encourage developers to identify their best projects that either reflect the best markets, ease of construction, or other factors that are difficult to quantify in a QAP. The bonus points also help deter large development teams from throwing in a lot of apps on a whim just to see how they fare in the competition. The affordable housing industry’s reputation is best served by developers taking a deliberate approach to the choice of project sites and investing the time to work with local communities and municipalities. We would even encourage returning to the language as it appeared in the 2021 QAP allowing both bonus points on one application.

Thank you,

Joseph Kass

Development Manager – C3P, Certified Credit Compliance Professional



Mail: PO Box 5539 | 29606 | (864) 417-5013
 Physical: 325 Rocky Slope Road, Suite 301 | Greenville, SC 29607
jkass@nhe-inc.com | nhe-inc.com

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