

Tara Hall

From: Joseph Kass <jkass@nhe-inc.com>
Sent: Friday, October 13, 2023 11:41 AM
To: RentalHelp
Cc: Tara Hall; Taylor Davis; Robinson Villa
Subject: public comments for the draft 2024 NC QAP - NHE

Tara and NCHFA staff,

Thank you again for this opportunity to submit public comments on the draft 2024 QAP.

- We agree with several public comments already submitted: Please consider raising the \$1,200,000 annual tax credit limit per project to \$1,500,000 annual credits per development. Looking at last year's 2023 award list, the average unit count per site has gone down. It is difficult to build more than 50 to 56 units with an annual tax credit of \$1,200,000. Higher unit counts per site are more efficient with economies of scale with construction costs, as well as ongoing annual property operating expenses.
- Line 5 construction costs: please consider raising these or suspending them for 1 more year. Construction prices are still moving and NCHFA will have more accurate data on current construction pricing over the next 12 months. If Chart A remains in effect, please raise it from \$130,000 per unit to \$155,000 per unit.
- Thank you for increasing the potential points for the driving scores (ii *Amenities*) from 38 to 46 points. This was a simple, effective way to increase scoring differences and avoid tiebreakers. It also helps that it was an easy to read and understand change to the QAP, very cleanly written.
- Thank you updating the tiebreakers. Our team feels that the first 2 tiebreakers in the draft QAP are good for the LIHTC program. The 2nd tiebreaker for non-Agency funding encourages development teams to form relationships with local municipalities and will hopefully encourage cities, town and counties to do their part to help make affordable housing possible. It focuses state LIHTC resources where local towns and cities have made affordable housing a priority. And it will encourage teams to stretch the limited amount of state resources by utilizing other sources to build affordable housing.
- Thank you for keeping the bonus point structure in place. This is a simple, but effective way to ensure development teams are being thoughtful about their applications and choosing the absolute best applications at full application based on cost, local relationships, housing need, etc. This is a preferable approach for conducting a tax credit program than developers throwing in 5 applications to see what wins. It also helps avoid tiebreakers.
- Zoning: several public comments have been submitted regarding conditional zoning. Our suggestion would be to keep the requirement that zoning be in place before awards are made, but possibly push the date back 2 months into late summer, with zoning letters due July 15th. That would give development teams 2 additional months, which encourages a wider variety of sites and more time to react to a new QAP, but will also ensure that sites are not locked into conditional zoning any earlier than necessary.
- Consider including RPP and WHLP in the 2nd tiebreaker if NCHFA wants to encourage teams to utilize RPP and WHLP. Some teams may be incentivized by this 2nd tiebreaker to forgo WHLP and RPP and substitute with local dollars.
- WHLP: please confirm the WHLP funds made available by the recently passed NC budget. Please update WHLP section IV.C.3.(c) if appropriate.

- RPP: consider raising the per unit amount for RPP under section IV.C.2.(a)(.i) to: \$20,000 for High Income Counties, \$25,000 for Moderate Income Counties, and \$30,000 for Low Income Counties. Costs are going up, and unit counts are going down. The developments require more resources per unit to be feasible.
- Annual Rent increases – The 9% LIHTC applications are underwritten assuming 2% annual increases for LIHTC rents and 1.5% annual increases for HOME units. Please add language in the QAP that makes annual rent approvals automatic if within these underwritten guidelines.
- Section IV.A.5. CONCENTRATION – can NCHFA provide any additional information on what data source will be used to verify this criteria? Will this be part of the preliminary or full application evaluation?

Thank you,



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