

Tara Hall

From: Joseph Kass <jkass@nhe-inc.com>
Sent: Friday, July 21, 2023 1:44 PM
To: Tara Hall; RentalHelp
Cc: Erica Hopkins; ResearchHelp; Taylor Davis; Robinson Villa
Subject: public comments for 2024 draft QAP

Tara,

Thank you for this opportunity to submit public comments for the 2024 NC QAP.

We would like to see the NC QAP broaden the types of points across several categories, which would avoid the emphasis on any single point category.

For the past several years there is typically a single point item that determines winners and losers. For several years it was the Credits Per Unit, then it was Walkscore, in 2023 it will be the 2nd tiebreaker of lowest Average Income. Typically, the site score requires a perfect 60 score to be funded as a 9% application and the site score is almost entirely based on driving distances. We would like to encourage NCHFA to include points for other types of site characteristics (such as jobs, census tract poverty, public transportation) that can be blended with the driving score points for an overall site score. This would allow for flexibility: currently if a site does not have a perfect driving score it is not a competitive site, which rules out a lot of sites that local cities or non-profits have been attempting to redevelop. If these other types of points can be blended with the driving score points, then a site isn't automatically ruled out of being competitive if it happens to be a couple of points short in the driving distances. So for example, a site with a driving score of 57 could supplement that score with a combination of census tract points, jobs score points, and public transportation points for a total site score of 65.

Here are some suggestions for point categories to balance against the driving scores:

- **Census Tract Points**: In years past, the QAP included Appendix H with the poverty rating of each census tract. South Carolina had a version of Appendix H which included metrics for hospital quality, internet speed, schools, etc. The specific criteria should be something from a trusted public website.
- **Opportunity Zones**: OZ would make an excellent point category related to the census tract since these are census tracts chosen by local officials for targeted investment. The purpose of the OZ designation is to encourage revitalization.
- **Jobs Score**: Another excellent point category would be a jobs score. The South Carolina QAP includes this element which takes into account the number of jobs within a 1 or 2 mile radius. The trusted data source that South Carolina uses is <https://onthemap.ces.census.gov/> Jobs are essential to the upward economic mobility of households that live in affordable housing. The current driving distances do an excellent job of ensuring that the new affordable housing is not built in a food desert or services desert, but we need to ensure that the new affordable housing we build is not in a "jobs desert".
- **Bus Stop/Public Transportation**: 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. As currently structured in the QAP, most sites can ignore public transportation because they max out the driving distance score.

- **Additional Amenities:** rather than a maximum cap of 60 points, move the maximum score up to 70 points with multiple amenities (more than 1 school, multiple parks, libraries, etc.). It would be nice for a resident to live near a bank and a restaurant and a convenience store, but currently a site only needs to be near 1 of these amenities to earn the maximum points for that category. The same is true for libraries and parks, both of which are worthy of points on their own, make each of these their own line item for points. We find sites that satisfy the healthcare points with a dentist, which is fine, but it would be more beneficial to the future residents to be near both a dentist and an urgent care facility, as well as a primary care family doctor. Or add new categories, such as community health center, career center, daycare, post office, etc.

We would also like to point out that many of these point categories are usually not found on the same site. For example, Opportunity Zones are typically in QCTs with higher poverty rating by definition, whereas Appendix H and the lowest poverty census tract would be the opposite from OZ or QCT. Getting points for both OZ and Appendix H would be difficult, if not impossible. The same is typically true of public transportation which is often not found in the highest income or lowest poverty areas, i.e. high income suburbs that are predominantly detached single-family and townhomes. Getting maximum points for Appendix H lowest poverty census tracts and maximum points for public transportation would be unlikely for a site. Using a blend of the multiple point scoring approaches above will lead to a more balanced variety of sites and a more wholistic approach to selecting the best sites other than driving distances alone.

Credits Per Unit: an allocating agency must have a mechanism to ensure its scarce resources are 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. 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 the limited tax credit resources. Encouraging developers to use the credit sparingly by competing for credits per unit also has the effect of encouraging developers to find local soft funding from cities and counties and find sites that are economical (less expensive land, flatter topography, less challenging site work and sewer connections, etc.). The CPU scoring encourages development teams to try to find economies of scale and produce more units of affordable housing.

Suggestions for CPU:

- **Publish Table with tiered points** - 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 driving distances
- **CPU Tiebreaker** - Credits Per Unit could serve as the 1st or 2nd tiebreaker. Currently only the 6th and final tiebreaker incentivizes efficient use of the credit.

Bonus Points: Please keep the Bonus Point structure. Developers should focus their efforts on high quality sites and long term relationships with local communities, not on submitting 5 or 6 applications to see what is likely to win in a competition. The bonus point structure 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 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.

Thank you.

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