



October 11, 2023

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

Subject: 2024 QAP Comments

Ms. Hall,

Preservation of Affordable Housing, Inc. (POAH) appreciates this opportunity to provide comments to the North Carolina Housing Finance Agency (NCHFA) on NCHFA's First Draft 2024 QAP.

POAH is a national nonprofit specializing in the acquisition, rehabilitation or redevelopment, and long-term preservation of at-risk affordable housing. Since its founding in 2001, POAH has preserved or built close to 13,000 units of affordable rental housing in 11 states and the District of Columbia at more than 125 properties, providing affordable homes for more than 20,000 Americans.

We offer the following comments for your consideration:

- Section 8 Project-Based Rental Assistance:** We urge NCHFA to underwrite the full rent levels for Section 8 Project-Based Rental Assistance, including amounts above LIHTC maximum rents. The US Congress has maintained a consistent, bipartisan commitment to fully funding the PBRA program for many decades now, and properties should be able to underwrite full PBRA rents to maximize available proceeds to support construction/renovation scope.
- Affordability Period:** We urge NCHFA to incentivize longer affordability commitments by providing scoring or tiebreaker benefits for projects that commit to longer use restrictions. By encouraging longer affordability commitments, NCHFA can help to reduce preservation risk for properties that may otherwise be at risk of market conversion after the term of the statutorily required (minimum) 30-year Extended Use Agreement.
- Project Development Costs:** POAH appreciates that NCHFA defines the QAP's development cost caps with reference to recent construction cost escalation. We encourage NCHFA to use actual costs from its most recently completed projects, plus appropriate escalators, to define the final QAP's cost limits.
- Deferred Developer Fee:** POAH encourages NCHFA to remove the limitations on the amount of developer fee that can be deferred for 4% LIHTC projects (as long as the deferred fee can be repaid within the fifteen-year compliance period). Maximizing 4% LIHTC equity generated through deferred developer fee is an important strategy for structuring viable, efficient transactions, and it reduces projects' need for other scarce capital subsidies at no cost to NCHFA.

5. Parking Minimums: POAH appreciates that NCHFA provides flexibility for lower parking minimums where local requirements are lower than those provided in the QAP's Design Standards. Especially for walkable or transit-oriented ("TOD") sites, lower parking ratios are often appropriate. However, this flexibility (at Appendix B, Section V.F.) applies only where local parking mandates are lower, which does not always align with language and intent in municipal zoning codes. Accordingly, POAH encourages NCHFA to amend this section to as follows: "If local guidelines mandate **or allow** fewer parking spaces than the Agency requires...", which would ensure NCHFA has the flexibility to modify parking minimums in circumstances where local code allows and the site's walkability or TOD status warrants less onsite parking.

Overall, POAH deeply appreciates that NCHFA's First Draft 2024 QAP reflects NCHFA's expertise and commitment to fairly and effectively allocating scarce funding to projects most effectively advancing the state's housing priorities.

We value the opportunity to share our perspective and would be happy to discuss any of these comments with your staff if that would be of interest to you.

Sincerely,

A handwritten signature in black ink that reads "Jon Springfield". The signature is written in a cursive, flowing style.

Jon Springfield

*Senior Project Manager
Preservation of Affordable Housing (POAH)
Asheville, NC*