

October 4, 2019

Mr. Scott Farmer
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609

Re: 2020 QAP Comments

Dear Mr. Farmer:

On behalf of the North Carolina Association of Housing Authority Directors Association (“NCHADA”), we offer the following comments to the 2020 Qualified Allocation Plan (“QAP”) with respect to Section II.B.2. - Redevelopment Projects:

NCHFA is well aware of the need to modernize and replace public housing. The United States Department of Housing and Urban Development (“HUD”) recently created the Rental Assistance Demonstration (“RAD”) Program to assist with both modernization and replacement, and the North Carolina QAP was amended earlier at Section II.B.2.(b)(v) to allow RAD projects to be treated as Redevelopment Projects. Thank you.

Please know that demolition and/or disposition of public housing assets under Section 18 of the United States Housing Act (“Section 18”) is another route for public housing agencies (“PHAs”) to redevelop public housing assets. In order for PHAs to demolish or dispose of public housing under Section 18, PHAs must demonstrate to HUD’s satisfaction: (A) in an application for demolition, that the project is obsolete as to physical condition, location, or other factors making it unsuitable for housing purposes and (B) in an application for disposition, that the retention of the project is not in the best interest of the residents because conditions in the area adversely affect the health or safety of the residents or disposition allows the acquisition, development or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing.

Once PHAs have been approved to demolish and/or dispose of public housing under Section 18, they can redevelop those assets with LIHTCs, tax exempt bonds and other forms of financing suitable for low-income housing. The housing units can be new construction, rehabilitated units, or some combination. The housing subsidy can be public housing, housing choice vouchers, project-based vouchers, or RAD. And the assets can be owned by PHAs, partnerships, or nonprofits. A Section 18 disposition is simply another route to redevelop public housing assets.

We recommend that Section II.B.2.(b)(v) be amended to read as follows: “As of the preliminary application deadline ... is part of the Rental Assistance Demonstration (RAD) program under the U.S. Department of Housing and Urban Development (HUD) or Section 18 of the United State Housing Act, as administered by HUD. In some areas, RAD rents are lower than project-based voucher rents, and it is significant to NCHADA that some projects transitioned under Section 18 with project-based vouchers would be viable when the same projects converting under RAD would not be.

We would also recommend that the number of Redevelopment Projects awarded annually be increased from 2 to 4 so that more PHAs could take advantage of the program.

Thank you for considering these comments.

Sincerely,



Sherrad Banks