



165 S. French Broad Ave.  
Asheville, NC 28801



**Charlotte Housing Authority**  
400 East Blvd.  
Charlotte, NC 28203



330 E. Main St.  
Durham, NC 27701



700 N. Jefferson Ave.  
Goldsboro, NC 27530



450 N. Church St.  
Greensboro, NC 27401



1103 Broad St.  
Greenville, NC 27834

October 4, 2019

Scott Farmer  
NC Housing Finance Agency  
3508 Bush St.  
Raleigh, NC 27609

Re: 2020 QAP Comments

Dear Mr. Farmer,

Thank you for the opportunity to provide comments on the 2020 North Carolina Low Income Housing Tax Credit Qualified Allocation Plan (QAP). Please consider the following comments to the NC QAP from Asheville, Charlotte, Durham, Goldsboro, Greensboro and Greenville Housing Authorities to expand affordable housing opportunities to those with the most need in communities across North Carolina. Please find below our joint comments to the 2020 QAP.

1. **Set-Asides, Award Limitations and County Designations - Designations – Redevelopment Projects - Section II (B.2.b.v.) (page 6 of 35)** Amending previous request to provide a set-aside for RAD redevelopment projects. We recommend that Section II.B.2.b.v. be amended to read, “Is part of the Rental Assistance Demonstration (RAD) Program, Section 18/ demolition/ disposition, or other public housing repositioning tools under HUD.” This is an existing tool through HUD’s Special Applications Center (SAC) for repositioning assets. The HUD Office of Recapitalization is asking Public Housing Authorities to explore using in place and/or in tandem with RAD redevelopment.
2. **Set-Asides, Award Limitations and County Designations – Redevelopment Projects - Section II (B.2.a.) (page 5 of 35)** We request an increase in the redevelopment set-aside, from 2 to 4 projects.
3. **Set-Asides, Award Limitations and County Designations-Designations – Redevelopment Projects - Section II (B.2.b.v.) (page 6 of 35)** While there is a preference for areas within half a mile of RAD projects, there is no set-aside for Housing Authorities in general or those engaged in RAD activities. This would be particularly beneficial in the current HUD climate.

4. **Selection Criteria and Threshold Requirements – Development Experience - Section IV (D.1.a.) (Page 19 of 35)** We recommend that Section IV D.1.d. be amended to read, “To be eligible for an award of 9% Tax Credits, at least one Principal must have successfully developed, operated and maintained in compliance one (1) 9% Tax Credit project in North Carolina or six (6) separate North Carolina 4% Tax Credit projects totaling in excess of 200 units.” We request the inclusion of language to allow that at least one Principal must have successfully developed, operated and maintained in compliance either one 9% tax credit project or six (6) separate 4% Tax Credit projects in North Carolina. This request will allow for Principals that successfully developed, operated, and maintained in compliance tax credit projects in NCHFA’s LIHTC program.
5. **Selection Criteria and Threshold Requirements - Tiebreaker Criteria - Section IV (F.8.a.) (Page 23 of 35)** Please eliminate the tiebreaker based on the census tract poverty level, as was proposed in the first draft of the 2020 QAP. This tiebreaker creates a barrier to use of the 9% credit in qualified census tracts and for housing authorities and their development partners seeking 9% credits to redevelop older RAD properties or revitalize higher poverty neighborhoods. To truly counter the impacts of redlining and other racially discriminatory housing development practices of the past, if points are awarded for new LIHTC projects located in low poverty census tracts, equal points should be awarded for redevelopment and revitalization projects in QCTs.
6. **General Requirements - Concentration - Section VI - (A.5.) (page 28 of 35)** The Agency may make an exception for projects in economically distressed areas which have community revitalization plans with public funds committed to support the effort. We request an adjustment to the aforementioned language to include projects that are defined as Redevelopment and/or Public Housing revitalization per QAP Section II.B.2.
7. **General Requirements - Underwriting Threshold Requirements - Section VI (7.) (Page 31 of 35)** We request an elimination of the cap on bond project developer fees. Bond projects are generally market driven and capping the fee can deter private developers from participating in the creation of affordable housing as a component of their projects. The nature of a bond project is debt driven. If the project can raise the private equity and debt that is supplemented by the tax credits, the fee should be set by the financial structure’s ability to carry the developer’s fee.
8. **Appendix B Section V (F.1.) Parking (page 12 of 16)** Most urban areas have adopted a “no minimum” parking requirement. Parking adds cost to these projects and if there are abundant public transit options we should be using the money we are spending on parking to add amenities or build larger units. It is better served to spend it on something other than parking. Cities are getting away from surface parking in favor of green for the environment. Having to put in 1.75 spaces per unit is simply causing a lot of waivers to go into NCHFA and, even with that the lowest we are able to get is 1.5 spaces per unit. NCHFA should leave the parking count to be decided by the locality and/or investors. The investors are not going to invest if they believe the parking is not adequate for the units to lease.
9. **Deadlines, Application and Fees – Application, Allocation, Monitoring and Penalty Fees - Section III. (B.6.) (page 9 of 34)** Remove/strike the change to charge properties utilizing income averaging \$1,200/unit compared to non-income averaging properties only paying \$900. Income averaging is a strategy that will assist some properties to keep tenants that other would not be income-eligible to reside on LIHTC projects, and since it’s a federal mandate, developments that utilize this provision may be financially impacted negatively by this increased cost.
10. **Appendix B- Section II (F.10.) (page 5 of 16)** States that the Type A units shall have a 34” height for the range. This will require using a front control ‘Drop-In’ range which does not have a drawer

below the oven which would allow it to be installed in a lowered counter. These cost more per unit. There are not appliance manufacturers that make a 34" high slide in range since ADA allows for a 36" high model with front control.

11. **Selection Criteria and Threshold Requirements - Criteria for Site Score Evaluation - Section IV (A.1.b.ii.) (page 12 of 35)** As independent pharmacies and drugstore chains are disappearing from the landscape of smaller Metropolitan Statistical Areas (MSA) and small towns, there is a direct correlation between the limit of the type of LIHTC projects undertaken. Without expanding the driving distance in miles for pharmacy amenities, it will negatively unintentionally impact the ability of sponsors to apply for projects.
12. **Selection Criteria and Threshold Requirements - Project Development Costs, RPP Limitations, and WHLP - Section IV (C.1.) (page 17 of 35)** We suggest having separate cost limits for Metro counties. Novogradac has found that urban areas have much higher costs and are outliers to the cost limitations instituted by agencies. We would suggest that NCHFA commission a study or otherwise consider the Metro areas to be outliers subject to higher cost limits.
13. **Selection Criteria and Threshold Requirements - Development Experience - Section IV (D.1.a.) (page 19 of 35)** Alter the requirement of the principal to have successfully developed one North Carolina 9% or six separate 9% projects nationwide totaling over 200+ units in order to be eligible to apply for tax credits. As an alternative, we suggest that the barrier to entry should be six separate 9% projects or 9% projects totaling 200+ units. Additionally, there should be an exception for non-North Carolina developers partnering with local Public Housing Authorities in their redevelopment efforts, especially in light of PHAs efforts to redevelop its properties through the RAD program.
14. **Selection Criteria and Threshold Requirements – Site Evaluation - Section IV (A.1.ii.) (page 12 of 35)** We have concerns that consideration must be given for the diversity within the state that parameters may hurt both rural and urban developers. For example, a decrease in the mileage limitation from <2 to <1.5 will adversely impact rural development while the limitation on per unit costs of \$90,000 could negate the ability of urban developers to make projects work.
15. **Selection Criteria and Threshold Requirements – Site Evaluation - Section IV (1.b.iv.) (page 15 of 35)** Restore the site bonus points for most desirable real estate investment and most appropriate for housing amongst application. Development Ventures Inc. (DVI) will develop several projects that are very desirable RE opportunities and suitable for housing. In the City of Durham, with rising rents and real estate commanding some of the state's highest prices, providing affordable housing in these areas with housing that is in high demand as well satisfy social, diverse, and equitable goals supported by the City Council.
16. **Set-Asides, Award Limitations and County - Disaster Recovery- Section II (B.3.) (page 6 of 35)** Due to the timeline it is still appropriate to add Hurricane Matthew in addition to Hurricane Florence. Disaster recovery programs and dollars have historically been slow in release causing a backlog of needs and project schedules. It should also be considered whether additional counties most affected by Hurricanes Matthew and Florence should have similar preferences to Cumberland County.
17. **Set-Asides, Award Limitations and County Designations - Other Awards and Returned Allocations- Section II (G.2.) (Page 9 of 35)** This request is offered to distinguish between the 9% and 4% tax credit IRS guidelines. A project with the 9% criteria may experience issues with placed in service dates that a 4% project would not experience. Distinguishing between the two credit programs will allow projects with different financing structures to move forward independently.

Sincerely,



David Nash  
Chief Executive Officer  
Asheville Housing Authority



Fulton Meachem  
Chief Executive Officer  
Charlotte Housing Authority



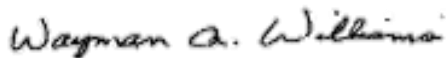
Anthony Scott  
Chief Executive Officer  
Durham Housing Authority



Anthony Goodson  
Chief Executive Officer  
Goldsboro Housing Authority



Tina Akers Brown  
Chief Executive Officer  
Greensboro Housing Authority



Wayman Williams  
Executive Director/Chief Executive Officer  
Housing Authority of the City of Greenville