

Chris Austin

From: Joseph Kass <jkass@nhe-inc.com>
Sent: Wednesday, August 26, 2020 4:02 PM
To: rentalhelp@nhhfa.com
Cc: Chris Austin; Taylor Davis
Subject: public comments for 2021 QAP

Thank you for the opportunity to offer public comments on the 2020 NC QAP.

We support reinstating the lowest poverty census tract as the 1st tiebreaker.

This has worked well over the past several years. With nearly all sites having a perfect site score, a method needs to be in place to assure that sites that would better benefit residents are awarded over other sites. The affordable housing industry has a renewed focus on areas of opportunity, and the poverty rating of a census tract is a reliable metric for determining areas of opportunity. Another possibility is to make the census tract poverty percentage a point scoring item. If NCHFA feels strongly that sites in QCTs or sites with local housing authority or local city government participation need to be given weight, then perhaps exceptions to the poverty census tract percentage can be made for PHAs or non-profit developers. The SC Housing QAP may also offer guidance: points are given to sites located within QCTs that also have an identifiable Community Revitalization Plan. This ensures that if a development is planned in a high poverty census tract it will be part of a wholistic approach to community revitalization and not simply concentrating the affordable housing pattern. We urge NCHFA to reinstate the poverty census tract percentage metric into the QAP as either the 1st tiebreaker or other meaningful way to determine which sites are located in areas of opportunity.

Regarding the Chart A Under Section III. C. Project Development Costs: we support increasing this number to at least \$89,000.

- The 2021 QAP should reflect not only current construction prices, but should also project forward for applications in this upcoming cycle that will be not be awarded until August 2021. These 2021 awarded projects will likely not be able to lock in a price on a construction contract until at least January of 2022.
- We believe that the reputation of the LIHTC program is best served by delivering high quality developments to NC communities, and \$89,000 for Chart A would be a more realistic number to deliver a high quality construction product. The new 2021 QAP places emphasis on Energy Star and sustainability standards; an increase to Chart A to \$89,000 allows flexibility for various regions within NC and maintains the ability to deliver a high quality product that meets all of the Appendix B design quality standards in the face of rising construction costs such as lumber shortages.
- Our underwriting shows that NCHFA already has several other good cost containment measures in place such as limits on RPP funds per project, limits on WHLP per project, the competition based on credits per unit, and limits on total tax credits per development that sufficiently constrain how much a development can budget for hard construction costs per unit. An application proposing unconstrained construction costs would not only be unlikely to be awarded, but would also simply be infeasible based on the above-mentioned NCHFA limits on funding sources.

Thank you,

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