

## Chris Austin

---

**From:** Dan Levine <Dan.Levine@self-help.org>  
**Sent:** Wednesday, August 26, 2020 4:20 PM  
**To:** Chris Austin; Scott Farmer  
**Cc:** Brika Eklund; Tucker Bartlett; Aspen Romeyn; Catherine Miller; Joel Horne; Tom Allin  
**Subject:** Comments on 2021 Draft QAP

Chris and Scott,

Thank you for your continued leadership in making the LIHTC program in North Carolina so impactful. I am writing to share Self-Help's comments on the draft 2021 QAP. We appreciate the opportunity to provide input, and are pleased with many of the changes NCHFA has proposed to date, including:

- Increased maximum award and per project limits;
- Limits on number of preliminary applications per sponsor;
- Increased driving distance for key amenities to 1.25 miles;
- Increased allowable development costs; and
- The inclusion of one-bedroom units in bond deals for Olmstead reasons, presuming this only applies to new construction (not clear as drafted).

In addition, we offer the following suggestions:

- Consider maintaining the 2020 first tiebreaker of lowest poverty census tract, which is important to help de-concentrate affordable housing by increasing its presence in higher income tracts (consistent with policy direction in the recent past from HUD and others).
- The principal limit of no more than two new construction projects should apply solely to 9% deals, as should the completion date requirement.
- The tiebreakers as currently drafted seem to have unintended consequences. Consider changing Line 64 to Line 59 (basis before basis boost), as the draft guidance creates a disincentive for taking a basis boost and for more costly metro, infill projects where affordable housing is most needed.
- Remove the requirement that rehabilitation set-asides must have “(i) received a tax credit allocation and be in the extended use period or (ii) federal project-based rental assistance for at least thirty percent (30%) of the total units,” as it excludes potentially critical acquisition-rehabs of existing naturally occurring affordable housing/low cost market rate housing.
- For disaster recovery, retain only one of either the 12.5% set-aside or the Cumberland County provisions.
- Set a different cost per unit cap for Metro areas, which generally have higher construction costs for regulatory and market reasons, regardless of whether a project is Chart B eligible. Also, relatedly, provide a separate cost limit for projects with (necessary) structured parking.
- Design and GC fee limits remain artificially low, and contingency limits are overly restrictive (for the latter, 10% would be more reasonable and would help avoid post-award budget problems).

- Although 1.25 miles is significant progress, consider—especially for sites with good transit access and for urban sites—additional flexibility. Sites with key amenities at 1.5 miles should receive the highest level of points, at least if nearby transit exists.
- Automatic reductions to the standard parking ratios should be available for urban sites and sites with frequent transit, as well as for developments with a unit mix emphasizing smaller bedroom counts. Current parking standards are overly restrictive, especially for family projects in transit-friendly communities.
- We have mixed feelings on the proposed second bonus point and generally do not see how this is preferable to a single bonus point, as it seems to just favor developers submitting only one 9% project.
- In general, although we know it's easier said than done, we would like to see a scoring system that better distinguishes among projects, as a system that has almost everyone getting a perfect score seems inherently incomplete. We hope that NCHFA will consider more substantial changes to the scoring system that further differentiate projects, starting at the site scoring stage, while allowing for urban sites to better compete with suburban greenfield, garden style apartments even if the site score is not perfect. Having a point system that leads to decisions regularly made by tie-breakers suggests a scoring system in need of re-thinking, although we recognize the need to try and avoid too many subjective criteria. Possible new scoring criteria could include:
  - Readiness – points for having local approval of site plan in place.
  - Geographic targets – points for being in priority areas (e.g., Opportunity Zone).
  - Funding – points for funding commitments, land donation, fee waivers or other local private and public subsidy to reduce overall credit request.
  - Need-based points:
    - Varying point levels for different poverty rates by census tract, with an emphasis on de-concentration;
    - Negative points for projects in areas with little/no increase in rent-burdened population and/or positive points for projects in areas with increasing rent-burdened populations.
  - Green standards – points for achieving third-party green certifications beyond Energy Star.

Thanks for your attention, and let me know if any of these comments are unclear.

Best regards,

**Dan Levine**  
**Director of Business Development & Project Management**  
 Self-Help Real Estate Team  
 301 W Main St | Durham, NC 27701  
 919.956.4462 | [dan@self-help.org](mailto:dan@self-help.org)