



August 25<sup>th</sup>, 2020

Scott Farmer  
Executive Director  
North Carolina Housing Finance Authority  
3508 Bush Street  
Raleigh, NC 27609-7509

RE: 2021 QAP 1st Draft Comments

Dear Mr. Farmer,

On behalf of Woda Cooper Companies, Inc., we are pleased to submit the following comments regarding the 1st draft of the 2021 North Carolina Housing Finance Agency Qualified Allocation Plan (QAP). We hope these comments will assist the North Carolina Housing Finance Agency (NCHFA) in facilitating the development, rehabilitation and financing of low- to moderate-income housing.

1. **First Tiebreaker** – We recommend changing the first tiebreaker from fewest credits per low-income unit to highest Opportunity 360 aggregate. Opportunity 360 was created by Enterprise and measures five foundational criteria of any neighborhood: Housing Stability, Education, Health and Well-Being, and Mobility and Economic Security. Opportunity 360 uses an index methodology to provide a “score” or percentile for a census tract based on census data. The tool is very easy for developers and NCHFA to use and implement. You simply visit the Opportunity 360 website and use the measure tool by typing in an address. The search will allow you to then request a “dashboard” for the census tract where the address is located, and enterprise you will send you an email allowing you to access and save the dashboard. One can simply see its scores in the five foundational criteria in the dashboard. We suggest aggregating the state index percentile opposed to the national index as other states we work in, such as Michigan and Kentucky, use this metric and it better represents the state. Opportunity 360 is a natural progression from lowest poverty percentage by census tract because the policy goals are similar: locate housing in areas of stability, growth, and access to the necessities of life.

Attached to these comments are the relevant pages that would be needed to verify score. We used NCHFA’s address in the measure tool to generate the report. As you can see, the state percentile is located in the bar chart (please see attached). NCHFA’s location scores:

- Housing Stability: 18
- Education: 68
- Health and Well-Being: 70
- Economic Security: 79
- Aggregate: 235

In addition, we recommend increasing the allowed site scores, currently capped at 60 points. The cap could be raised to 65 or 66 points, or simply eliminate the cap. This would prioritize

developments via the first tiebreaker with the greatest number of amenities as that will provide a direct benefit to the residents.

2. **Preliminary Application Limit** – Capping developers at 5 pre-applications will lead to fewer quality sites because developers will not have had enough time to conduct the necessary due diligence and will need to eliminate potential quality sites sooner. At the preliminary application deadline, often sites have not yet been rezoned, market studies have not yet been ordered, and other due diligence has not been completely reviewed or performed. Developers are now forced to select their most viable sites with incomplete information at a time when there is still a high likelihood of sites dropping out later. The principal credit cap of \$2,000,000 ensures an equitable distribution of credits amongst developers. If NCHFA must implement an application limit, it should occur at the full application stage when local stakeholders have had a chance to voice their opinions on future community assets.
3. **Applicant Bonus Points** – The applicant bonus point expansion from 1 to 2 should be revoked. One bonus is more than sufficient to allow developers to prioritize an application. Ultimately, bonus points do not help tenants, do not help utilize the LIHTCs more efficiently, but rather creates an unnecessary game theory aspect to LIHTC allocation. LIHTC is an invaluable resource which allows Americans at 20%-80% of AMI to access quality, safe housing at an affordable price. Developers are simply a necessary intermediary to achieve the policy goal. The addition of a 2<sup>nd</sup> applicant bonus makes the 9% round increasingly an exercise in game theory, where developers strategically place their points on applications with the goal of getting an award based upon the bonus point decisions they expect their competitors to make. Limiting or eliminating bonus points will keep the focus on using housing to better the lives of low- and moderate-income North Carolinians.

Please contact me at (912) 224-2169 if you have any questions. Again, we greatly value this opportunity to provide feedback as we find it important to creating good public policy and look forward to partnering with you more in the future.

Sincerely,



Denis Blackburne, Senior Vice President  
Woda Cooper Companies, Inc.

Cc: Chris Austin, NCHFA  
Jeffrey J. Woda, President, Woda Cooper Companies, Inc.  
David Cooper, Jr., Executive Vice President & General Counsel, Woda Cooper Companies, Inc.