



October 15, 2021

Tara Hall  
North Carolina Housing Finance Agency  
3508 Bush Street  
Raleigh, NC 27609

Via: Email to email ([tshall@nchfa.com](mailto:tshall@nchfa.com))

### COMMENTS ON 2022 DRAFT QUALIFIED ALLOCATION PLAN

Thank you for the opportunity to provide comments on the 2022 Draft Qualified Allocation Plan (QAP) for North Carolina. We greatly appreciate the Agency's desire to move away from tax credits/unit as one of the primary deciding factors in selecting 9% affordable housing tax credit awards. Alternative selection criteria could include the following:

- **Lowest Area Median Income Average (AMI).** This scoring criteria would incentivize developments to target lower income households beyond existing requirements. Financially, the result would likely be developments requesting higher credit allocations and underwriting with lower debt proceeds. Fewer units would be funded but funded developments would be more financially viable. Two deals tying with the same AMI average would be unlikely.
- **Greatest Distance to Existing Tax Credit Property of Same Tenancy (Family or Senior).** This criteria would encourage developments in under-served communities and disperse Agency investment but disadvantage larger communities, especially in the Metro Region. A potential solution could include separate per-county allocations (urban and rural) in the Metro Region to ensure allocations continue in the larger Metro communities. Two deals tying with the same distance would be unlikely.
- **Other Scoring Alternatives.** South Carolina and Georgia both heavily score 9% deals based on high-income Census tract locations, which frequently results in developer bidding wars in the same locations. High-performing school districts (for family deals) and proximity to jobs are other alternatives, yet these criteria also favor larger or more affluent communities for affordable housing investment.

Regarding the proposed changes in the 2022 Draft QAP:

- **Section C.1. Maximum Project Development Costs.** Thank you for increasing the maximum allowable per unit vertical construction cost. However, we recommend limiting applicants to a vertical construction cost per square foot and differentiating between elevator-served, walk-up, and duplex/cottage typologies. Since construction costs are actually bid based on cost per square foot the Agency's cost-per-unit metric pushes developments toward smaller units with fewer bedrooms. Different building types (elevator-served senior vs. walk-up family) also have different average construction costs. Adjusting cost containment to a cost-per-square-foot



metric and separating out the benchmarks by building type would allow for more of an “apples to apples” comparisons.

- **Section F.3. Applicant Bonus Points.** We request the Agency allow applicants to apply both bonus points to one project. Since Applicants are already limited to a maximum of two awards, limiting applicants to only one bonus point per project will in most cases render this point category meaningless.

Thank you again for the opportunity to provide comments on the 2022 Draft QAP. Please feel free to reach out to me at (404) 406-6697 or [s.brady@commonwealthco.net](mailto:s.brady@commonwealthco.net) if you have any questions or would like to discuss these comments further.

Sincerely,

Sean Brady  
Vice President of Development