



October 15, 2021

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

RE: 2022 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 2022 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. Tie-breaker** - We do not agree with the tie-breakers. Having the lowest amount of tax credits requested as the second tie-breaker will be the relevant selection criteria for the 2022 application round. This means a “Race to the Bottom” which is an especially dangerous policy in an economy of rising construction costs, weakening equity pricing, and stagnant rents. To win on the 1st tiebreaker, as per the latest Draft QAP, developers will flock to counties that have not received tax credits in the past 5 years. These are often low rent counties which will require additional scarce resources to make deals financially viable. Developers will be seeking sites with low land costs and reduce construction costs to the bare bones in order to submit the most competitive application. We recommend that the second tie-breaker be the application that is located the closest driving distance to a grocery store. Proximity to amenities is an important feature of a development with a grocery store being the most crucial amenity. It is also a well-defined figure included in every application. Having the “Closest to a grocery store” as the second tie-breaker would avoid the disastrous Race to the Bottom. The lowest amount of tax credits requested could be moved to Tie-breaker #3 or #4. Eliminating points for requesting credits per unit within 4% to 8% of the average will further exacerbate the “Race to the Bottom”.
- 2. Preliminary Application Limit** – We still do not agree with the capping of pre-applications at 5 per principal. It is becoming harder and harder to get sites rezoned at the time of the pre-application submission due to increased NIMBY opposition. If NCHFA desires to have a cap we would recommend 8 pre-applications and 5 full applications.
- 3. Applicant Bonus Points** – We still do not agree with having any applicant bonus points to allocate. This does not improve the quality of the development or provide any benefits to the residents and continues to make the application an exercise in game theory.

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,

A handwritten signature in blue ink, appearing to read "Denis Blackburne".

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

Cc: Tara Hall, NCHFA
David Cooper, Jr., Woda Cooper Companies, Inc.
Garrett LeDonne, Woda Cooper Companies, Inc.

