



Housing Affordability & Community Revitalization

tel 9198565689
fax 9198565594

Front Office
Wake County Office Bldg., 336 Fayetteville St., Suite 440
P.O. Box 550 • Raleigh, NC 27602
www.wakegov.com

To: Scott Farmer, Executive Director, North Carolina Housing Finance Agency

From: Lorena McDowell, Department Director, Wake County Housing Affordability and Community Revitalization

Date: October 13, 2023

RE: Comments to the Draft 2024 Qualified Allocation Plan

Dear Mr. Farmer,

Wake County Housing Affordability and Community Revitalization appreciates the opportunity to provide comments to the North Carolina Housing Finance Agency's draft 2024 Qualified Allocation Plan. We ask that you and your staff consider the following comments and recommendations in finalizing the Plan.

Rehabilitation Set-Aside

The Agency should consider increasing the percentage of tax credits available to proposals aiming at preserving multifamily developments nearing the end of affordability deed restrictions. The Agency should leverage portfolio data on expiring units to prioritize distributing rehabilitation tax credits to counties with the largest number of potentially expiring units.

Housing Trust Fund

The Agency should maintain the requirement that projects must be located in High Income counties to qualify for National Housing Trust Fund dollars, to direct this funding source towards areas with the greatest affordable housing needs.

Redevelopment Projects and Choice Neighborhoods Implementation Set-Aside

The Agency should consider specifically setting aside at least one Redevelopment Project for housing authorities in the Metro Region seeking to undertake public housing redevelopment, regardless of their use of RAD or Choice Neighborhoods.

Principal and Project Award Limits

The Agency should consider increasing the maximum project award amount to \$1,500,000 for projects located in Metro counties, which experience higher development and land costs and which are experiencing acute affordable housing crises. This will better enable the LIHTC program to achieve the goal of deeper affordability targeting identified in the QAP, as well as allowing developers to create larger developments containing those deeply affordable units.

Agency-Designated Basis Boost

The Agency should consider making rehabilitation projects in Opportunity Zones eligible for the up to 10% basis boost.

New Construction Set-Asides/Geographic Regions

The Agency should consider increasing the percentage of the State's tax credit allocation to be awarded to Metro counties, to accommodate both a potentially increased award amount for Metro projects and a greater number of Metro projects. The Agency may also consider expanding its criteria for County award limits beyond a County's population share to consider housing cost growth in the past several years and estimated housing unit deficits, to target those Counties with the greatest affordable housing deficits.

Other Awards and Returned Allocations

The Agency should consider awarding tax credits remaining from the geographic set-asides to the next highest scoring eligible new construction or rehabilitation project in Metro regions in addition to the East, Central, and West regions.

Site and Market Evaluation

The Agency should consider replacing the list of qualifying grocery stores with a definition of a grocery store that will allow any establishment that keeps regular hours and where a household could reasonably expect to shop for all dietary needs (i.e. the store offers a variety of fresh produce in addition to staples) to qualify.

The Agency should consider allowing points for covered transit stops to be added within one year of the application date, with official documentation. The Agency should also consider allowing more than two points for uncovered transit stops in corridors that are served at least every 30 minutes.

Income Averaging

Wake County appreciates the desire to encourage the creation of units that will serve extremely low-income households. However, without additional resources or the ability to underwrite project-based vouchers, the requirement of having at least 10% of units serve households earning 30% of the area median income or less will significantly increase the cost to local jurisdictions and may make development of income-averaging projects in many areas infeasible. The Agency should consider designating funding sources for income-averaging projects to be able to comply with this requirement.

Workforce Housing Loan Program

Wake County appreciates the Agency making projects in Metro counties eligible for WHLP loans. This will create an additional and much-needed funding source for projects in these areas.

Unit Mix and Project Size

In conjunction with an increased 9% award amount for Metro area projects, the Agency should consider increasing the 9% project limit in Metro areas to 150 units. Further, the Agency should consider allowing tax-exempt bond developments of up to 300 units without need for Agency approval.

Tiebreaker Criteria

Second Tiebreaker: The Agency should consider allowing bank loans to be considered among sources of non-Agency funding.

Fourth Tiebreaker: In order to keep this tiebreaker in place, the Agency should consider increasing the maximum tax credit award for projects in Metro areas.