



WODA COOPER COMPANIES

November 29, 2022

Tara Hall
North Carolina Housing Finance Authority
3508 Bush Street
Raleigh, NC 27609-7509

RE: 2023 QAP 2nd Draft Comments

Dear Ms. Hall,

On behalf of Woda Cooper Companies, Inc., we are pleased to submit the following comments regarding the 2nd draft of the 2023 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.

Section IV(F)7 – Tiebreakers – We recommend that NCHFA implements a new 2nd Tiebreaker than the one proposed in the 2nd draft of the QAP. While targeting lower incomes is vital to providing much-needed affordable housing throughout North Carolina, the lowest average income targeting currently proposed in the QAP is going to create a race-to-the-bottom. While not being as direct as past years that had lowest credits requested per unit as the tiebreaker, the lowest average income targeting will encourage developers to underwrite financial projections using decreased construction costs, decreased mortgage interest rates, increased tax credit equity, and increased rents beyond what is realistic in order to target the lowest incomes possible. This is especially concerning in today's economic climate of rising interest rates, rising construction costs, and decreasing equity pricing.

We propose 2 options to mitigate the race-to-the bottom:

1. We recommend the 2nd tiebreaker become the census tract with the either the highest number or greatest percentage of severely cost-burdened low-income renter households, and the tiebreaker of lowest average income becomes the 3rd tiebreaker. It is evident from the 1st tiebreaker that NCHFA wants to make sure the tax credits are impacting residents that face the most cost burden and need affordable housing the most. This is great public policy. However, this could lead to developments being located in sub-optimal locations. This can be further improved with this 2nd tiebreaker. As an example, if Forsyth County receives multiple applications, the area that has the greatest need for affordable housing and the majority of cost-burdened low-income renters would likely be in Winston-Salem. Yet, an application in King would be viewed as the same and would come down to the 2nd tiebreaker. Having the 2nd tiebreaker be the census tract with the highest number or greatest percentage of severely cost-burdened low-income renter households would ensure that the development is located in an area within the county that needs it most instead of anywhere within the county. An additional benefit would be that this would limit the number of applications that come down to the lowest average income targeting tiebreaker, and thus would reduce the negative effects

of a potential race-to-the-bottom. A copy of this census tract data from the most recent HUD Comprehensive Housing Affordability Strategy data (2015-2019 American Community Survey estimates) is attached for reference.

- 2. If census tract data is not used or preferred, we would recommend re-implementing Walk Score criteria. We would not recommend this be re-implemented to the same policy as the 1st draft where Walk Score was used as both a scoring criterion and a tiebreaker. Instead, we would recommend that Walk Score be used as one or the other, but not both. We would also recommend that Walk Score be improved upon by allowing a buffer to use nearby Walk Scores, say 1/10th of a mile, instead of requiring the Walk Score to be generated from the site address. Michigan uses a similar criteria where they give 2 points if the project site is within 1/3rd of a mile of a 70 Walk Score (or 3 points if within 1/3rd of a mile of a 90 Walk Score). Walk Score is excellent public policy, and this change would eliminate the flaws other developers have noted, such as nearest addresses or adjacent properties having vastly different Walk Scores, by allowing developers to use any Walk Score within a pre-determined distance from the property. A copy of Michigan’s Walk Score criteria is copied below for reference.

3. Developments Near Downtowns/Corridors

Developments that are located within 1/3 mile of a location with a Walk Score greater than or equal to the scores below will receive points.

Walk Score	Points
90 or above (Walker’s Paradise)	3
70-89 (Very Walkable)	2

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.