



August 29, 2013

NC Housing Finance Agency
Attn: Rental Investment
3508 Bush Street
Raleigh, NC 27609

Via Email

Re: Suggestions for Changes to the Qualified Application Plan for 2014

Dear Evaluation Committee Members:

Thank you for your acceptance of suggestions for changes to the selection process and policies for distribution of Low Income Housing Tax Credits. We especially appreciate the time and attention that Mr. Kucab and NCHFA staff gave to the concerns of the development community from Guilford County at our meeting on July 17th. We felt that our concerns were heard and that all involved were looking for a positive solution.

The following suggestions are offered in the order of topic appearance in the 2013 QAP and not in priority order.

II A. Rehabilitation Set-Aside

In the 2013 cycle, all three rehabilitation project awards went to applications with Project Based Section 8 assistance. No former LIHTC funded projects were awarded credits. Given the rehabilitation and redevelopment opportunities that public housing authorities now have through the RAD program, continuing this prioritization for federally assisted properties could mean that only PHA projects will receive funding for the foreseeable future. We do have a critical need for serving extremely low income households, however, the City of Greensboro also has a number of older LIHTC projects that are reaching the point of needing rehabilitation and reinvestment. We are assessing our portfolio for prioritization of good quality, well located, sustainable units for renewal applications. Preservation of existing quality units is a key component of our Consolidated Plan strategies for sustainability, as these older units are often located in inner City locations near transit, jobs, amenities and neighborhood schools. We suggest that an increase in available set-aside for rehabilitation and a broader priority emphasis would be a benefit to all areas of the state.

II. B. 1. New Construction Set-Aside – Geographic Regions

In the 2013 QAP, Guilford County was moved from the Metro to the Central region. We feel strongly that this was not a benefit to our communities. Guilford County's population exceeds half a million (500,789) and constitutes the third largest county in the state, with two major cities and numerous well-populated townships. Our characteristics are more similar to the urban nature of the Metro category than to the rural regions covered by the Central category. The County brings significant per capita credit volume to the Central category (approximately 5% of the geographic set asides) but is handicapped in the competition by the advantages afforded to the rural and smaller counties. Two thirds of our competitors in the Central category are eligible for supplemental 20% and 30% state tax credits, plus expanded

amounts of RPP funds from the agency. Available funds from the municipal housing sources in Greensboro, High Point and Guilford County are also decreasing significantly. The County's lower rent levels make bond projects difficult, thus making LIHTC applications extremely important for affordable housing production and preservation. Guilford County should be returned to the Metro category. There should be some level of parity within the Metro category to preserve a pro rata credit distribution and some level open to competition.

NCHFA may also want to consider whether it is appropriate to use 9% credits in high rent markets where bond and 4% credit awards are an achievable development option.

II. B. 2 Redevelopment Projects and VI. A. 5. Concentration

Both NCHFA and the City will need to respond to the changes in federal policy related to the requirement to affirmatively further fair housing in the location choices for federal housing subsidy. How may the directives to improve housing choice options for low income households affect NCHFA's willingness or ability to participate in housing projects within what may now be considered impacted areas (by segregation, ECAPS/RCAPS, community assets, or disproportionate needs), but which are often coterminous with City designated redevelopment areas?

II. D. 2. Limits on Non Profit Developers

Whether a developer is for-profit or non-profit should be immaterial to quality development or operation of a tax credit project. There doesn't seem to be a basis for the 20% limitation on non-profit participation other than protection of for-profit developers.

IV. A. 1. (b) (i and ii) Neighborhood Characteristics and Amenities

The elements in the HUD Affirmatively Furthering Fair Housing [AFFH] study data also relate to site evaluation criteria such as neighborhood characteristics and amenities for a quality site. In addition to race and poverty concentrations, HUD's Community Asset Indicators measure neighborhood school proficiency, poverty, labor market engagement, job accessibility, health hazards exposure and transit access as important elements in the fair housing context. These types of quality of life items are not currently well reflected in NCHFA's site score evaluation.

The structure of points for amenities in the 2013 QAP did not provide enough differentiation between merely good sites and superior sites. Nearly all sites received perfect site scores due to the loosened standards. We suggest that NCHFA look at a more finely graduated scoring system that elevates superior sites and that gives more options for amenities other than a grocery store and shopping. For the young, the elderly and other transit dependent households, there is a big difference between being ½ mile from a grocery store or other amenity and being one mile distant. The Amenities element of Greensboro's site scoring system is offered below as an example of point graduation and options (which will likely be revised this year to better incorporate AFFH requirements and local quality of life indicators).

Availability, quality and proximity of the following: full service grocery store, basic shopping (general merchandise or pharmacy), other amenities such as community/senior center, public park, library, or church (the City may consider other proposed amenities related to tenant well-being), access to public transportation, and schools. Note: Safe streets include continuous sidewalks and street intersections with appropriate signage, signals or crossing guards (for schools). Measurement is along streets from closest project entrance drive.

- *Up to four (4) points are based on proximity to a full-service grocery store (4 points within ½ mile, 3 points within 1 mile or 2 points within 1 ½ miles)*
- *Up to three (3) points are based on proximity to shopping (3 points within ½ mile, 2 points within 1 mile or 1 point within 1 ½ miles)*
- *Up to three (3) points are based on proximity to other amenities within ½ mile – one point for each of three identified amenities*

- *Three (3) points are based on proximity to an established public transit stop within ¼ mile, accessed along safe streets or paths.*
- *Two (2) points for family projects located within ½ mile of a school serving neighborhood residents, measured by walking distance along safe streets or paths*

IV. D. 1. (a) Development Experience

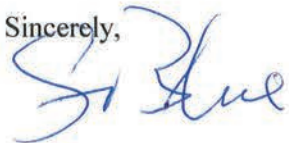
We understand NCHFA's goal of limiting participation to experienced developers. However, the 5 year time limit on participation, as it is currently structured, seems to favor larger statewide developers over smaller local developers. An entity with a statewide focus and higher capital can afford to submit multiple applications, increasing the likelihood that they would receive a funded project. A smaller, local developer may have significant LIHTC operating experience, but develop on a smaller scale, and is less likely to have projects approved on an annual basis. It can also take several tries for a developer to get a local project approved. A better measure might look at whether an experienced operator and developer has submitted quality, fundable final applications, rather than cutting them off for not having received a project award.

IV H. 1. (a) General Threshold Requirements and IV. H. 3. (a) Rehab Evaluation Criteria

As noted above, we have an increasing need for rehabilitation of affordable units of all types and funding structures, not just federally financed units. Re-investing in our core neighborhoods and infill locations are key components of a sustainable development policy.

Thank you again for the opportunity to comment. We look forward to working with NCHFA staff on future project collaborations and policy development. If you have any questions or concerns, please contact me at cynthia.blue@greensboro-nc.gov or at 336-433-7376.

Sincerely,



Cynthia Blue, AICP
Sr. Housing Planner

CC: Barbara Harris, Interim Director, Neighborhood Development