Chris Austin

From: Scott Redinger [sredinger@saredinger.com]
Sent: Tuesday, October 22, 2013 5:23 PM
To: Scott Farmer
Cc: Chris Austin; Mark Shelburne
Subject: 2014 Draft QAP

Please consider the following changes to the draft of the 2014 QAP

II A. Rehabilitation Set Aside;: Please increase the Rehabilitation Set Aside from 10% to 20%. to help preserve the existing affordable housing stock (LIHTC, RD and HUD units). The additional funds for renovations can help implement HUD's RAD program.

II B. 1 New Construction Set Aside Geographic Regions: Please consider changing the New Construction Set Aside based on the County Tier Designations rather than East, West , Central and Metro. I think the Agency will find that rural Columbus County in the East Region has more in common demographically and financially (county and local government resources) with Anson County in the Central Region and Wilkes County in the West Region than it does with New Hanover County. This would be a better way to allocate Agency resources by focusing a portion of the Agency's funding on rural communities with housing needs hat may otherwise be overlooked

II D. Nonprofit and CHDO Set Asides and Limits: Please eliminate the nonprofit set aside of 10%. The NCHFA should fund the best qualified project whether it is developed by a for profit or nonprofit developer.

II G. F.1. Award Limits: Rehabilitation East Central and West Regions: Please eliminate the one LIHTC per county award limit. The award of tax credits in a county should be based on the need for affordable rental housing substantiated by a market study.

IV A.1.(ii) Amenities: Please expand the distance for the maximum points for amenities (grocery , shopping, drug store to 3 miles) and add 1 point for amenities within 5 miles of the site that will benefit a specific housing type. For example family apartments within 4 miles of a school in the apartment complex's school district would receive a point. Points for family projects could also be given for proximity to day care, public recreation facilities, Boys/Girls Club, YMCA/YWCA,etc. Senior properties could be awarded points based proximity to hospitals and medical facilities, senior centers and/or community recreation facilities that offer documented programs for seniors. Not all sites within a mile of a grocery store, shopping and drug store are equal. For example, a site behind a grocery store and Dollar General that is 5 miles from a concentration of amenities should not receive the same site score as a site that is within a mile of grocery store,drug store and Family Dollar and 3 miles from other major amenities. The agency should score sites based on proximity and access to amenities within 5 miles of the site and require applicants to identify distance to nearby amenities from the site. This change would allow developers to locate sites close to amenities and give the developer an opportunity find less expensive sites that may help facilitate the development of an affordable rental community.

IV A. 6. Site Suitability: Please add a paragraph to this section that addresses site development suitability to encourage developers to find sites which are less expensive to develop by awarding points based on sliding scale. For example sites which have water and sewer available at the site (in the street or ROW/Easement adjacent to the site) should be awarded more points than a site that requires the extension of water and sewer to the site or upgrades of water and sewer facilities to serve the site. (For example a site that can serve the apartment units with gravity flow lines versus a lift station would score more points. Or a site that requires the developer to pay to upgrade the water pressure to meet water demands in case of a fire or upgrade the capacity of a public lift station would score less points) The Agency should also consider access to storm water outlets. Sites adjacent to adequate storm drainage ditches, storm water piping should score more points than a site that has to create or install off site storm drainage. The agency should also evaluate sites based on the cost of developing by region. Sites in the piedmont or mountains that require significant cutting and filling or construction of large retaining walls should score lower than sites in the region with less cutting and filling. Sites in the East and coastal areas should be evaluated based on the amount of fill necessary to develop the site to create positive drainage from the buildings.

IV. B. 2. Tenant Rent Levels: If the Agency continues to use Credits Per Unit as the primary decision maker on what projects are allocated credits it should consider reducing the percentage of units targeted to the lower income families to 10%. This should help maintain a reasonable rent for those families with income between 40% and 60% of AMI and expand the market. This will also help reduce the extreme differences in project rents where 25% of the units are set at rents affordable to families at 30% and 40% of AMI and 75% are set at the maximum rents for families at 60%.

IV C. 2. Restriction on RPP Awards: Please allow projects using a Federally Insured Loan not be restricted from using RPP funds when it can be clearly demonstrated that the RPP funds help create more affordable rental units.

IV D. 1 (a) Development Experience: Please allow applicants that have successfully placed a LIHTC project in service in the past 10 years (since 2004) and successfully operated the development with no outstanding compliance and/or audit issues should be considered as a project principal.

IV D 1. (d) NC Development Experience: The Agency should strike this section from the QAP. Out of State developers with affordable housing experience should have the same opportunity as in State developers to offer the residents of NC top quality housing based on the Agency's scoring system for LIHTC.

IV. F. 6. (a) Tiebreaker Criteria: The Agency should not refer to Credits Per Unit as a Tie Breaker Criteria. If it is the Agency's intent to award projects based primarily on Credits Per Unit then a scoring system should be designed that assigns points to applicants based on the lowest request of credits per unit receiving the most points. For example applicants with a credit per unit request on less than $8,000 per unit would receive 6 points, those with a request per unit less than $9,000 would receive 4 points and those with a credit per unit request of less than $10,000 would receive 2 points. Those with a credit request of more than $10,000 per unit would not receive points.

Restore Points for Leveraging LIHTC Projects with Public Funds: During this time of diminishing federal and state resources for the creation of affordable housing the Agency needs to encourage communities to use the resources they have at hand whether it is funds granted or loaned to a project, reduction in public fees typically charged for similar developments, construction of utilities to serve an affordable housing development or the gift of land should receive points. All the contributions to a project not in the form of a cash grant and/or loan could be valued based the cost of the contribution. Of course the Agency will need to differentiate between Metro Cities, Small HUD entitlement cities and non entitlement rural communities or as suggested above Tier 1,2,and 3 counties in determining the points awarded for a contribution.

Restore Design Points: The Agency should try to get the best housing product for its money and reward the developers who can provide the best product with the most amenities for the lowest credits per unit by reinstating Design Points as described in the QAP's prior to 2011..

Thank you for your consideration of my comments to the 2014 QAP.

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