Following are the suggested revisions for the 2014 North Carolina QAP
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August 30, 2013

1. Remove the cap on nonprofit organizations' participation in the LIHTC allocation

As shown in the NC QAP Analysis completed in November 2012 by the Non-Profit Developers Alliance:

- North Carolina is the ONLY state in the country that specifically limits the awards that can be made to nonprofit organizations.
- Over the 5 year period ending 2011, the proportion of non-profit and for-profit projects receiving LIHTC awards in NC was exactly the same at 29%. The data does not support the claim that non-profits have an unfair competitive advantage by virtue of their tax status.

The first consideration for awards should be the quality and feasibility of the project, secondly the quality/experience of the developer – not their tax status. The properties that best meet the needs of the neediest North Carolinians should prevail. Why should a property and proposal that better serves the stated requirements of the HFA be denied credits when a lesser property is awarded credits, solely due to the tax status of the entity that submitted the application?

2. RAD modifications

- The new RAD program being pushed by HUD for the redevelopment of public housing will result in a large influx of applications from public housing agencies. This program will allow PHA's to restructure and renovate or rebuild their properties using bond or tax credits and 100% project based rental assistance. This program will significantly reposition PHA's into public/private partnerships and away from the shrinking support of public housing subsidies.
- Many PHA's have projects or portfolios sufficient to seek bond financing, but many small to mid size PHA's have projects or portfolios that are not large enough to support bond financing.
- HUD has set an incentive for PHA's to move forward with their RAD applications by December 31, 2013 and PHA's will have one opportunity to seek 9% credits for those projects that are not large enough to support a bond transaction.
- Failure to lift the non-profit cap or to provide some other way to accommodate RAD (renovation and smaller new construction) projects submitted by PHAs and their non-profit partners will result in a significant loss of federal investment to support the renovation/replacement of old public housing stock and to improve the living conditions of some of North Carolina's most needy families.
- This may be a one time opportunity to leverage significant federal resources to support the renovation of some of the oldest and most obsolete affordable housing in the state. Failure to support RAD in the 2014 QAP is likely to result in

PHA's being left with no money to renovate, replace or adequately maintain their aging public housing stock.

3. Modify the site scoring system

- Scoring for Amenities should be modified to allow good site scores for projects that are surrounded by amenities, but may be more than a mile from a grocery store or other shopping.
- Sites within a mile of the grocery store/shopping typically cost more, so allowing some flexibility to be slightly farther away could significantly reduce the overall cost of a project, with no reduction in the quality of life for the residents.
- Clearly define all factors considered in site (or any other) scoring, such as "high traffic corridor".

Sample scoring revision language that could be added to section IV.A.1.(b)(ii) Amenties:

The following amenities, when located within 1 mile of the site, are worth 1 point each and can be used only to reach the maximum Amenities score of 27 points – no bonus points are awarded.

Community Center
Community College
Convenience Store
Day Care / Head Start Center (family projects only)
Medical offices or hospital
Public Library
Public Park
Public School (family projects only)
Senior Center (Senior projects only)
Senior Day Care (Senior projects only)

3. Increase mortgage subsidy scoring

The more debt or grant funds attached to a property, the fewer the LIHTC funds required to construct or rehab the property. Providing points for leverage encourages developers to seek out and include those dollars in the final application.

4. NCHFA should announce what counties will be "off limits" for the subsequent round of LIHTC awards at the time that awards are announced. There is a long lead time required for identifying properties that fit the scoring requirements, and not knowing what counties will be excluded from consideration only adds to the uncertainly and the cost of trying to acquire high scoring sites.

5. Review the Special Needs set aside of units. While TAHG heartily endorses the intent behind this provision, it is ineffective. Inefficiencies in the DHHS referral process has caused problems filling units. Failure to make timely referrals has lead to extended vacancies and negatively impacts cash flow and operation of the property. We also have had problems finding the resources needed to provide these residents with a proper level of support and care, resulting in a high turnover of targeted units. The process should be reviewed to identify potential ways to revamp the process to better serve the individuals with special needs without negatively impacting the successful operation of the property.