



August 15, 2024

North Carolina Housing Finance Agency
Attn: Tara Hall
3508 Bush Street
Raleigh, NC 27609

RE: 2024 QAP Comments

Dear Ms. Hall,

Thank you for the opportunity to offer comments on the 2025 Draft QAP. CASA appreciates that the Agency is looking to the affordable housing development community for input on these important regulations.

1. CASA proposes changing the minimum parking requirements in the QAP from 1.75 per unit to a tiered system based on the size of the units.

Unit Size	Minimum spaces per unit
1-bedroom	1 per unit
2-bedroom	1.25 per unit
3-bedroom	1.5 per unit
4-bedroom	1.75 per unit

A tiered system would better reflect the parking needs of individual developments by tailoring the number of parking spaces to the size of the households. Demand for parking in affordable developments is less than in market rate developments, and studies have shown that parking space utilization rates in affordable developments are only a small proportion of minimum parking requirements.

https://shopworksarc.com/wp-content/uploads/2021/02/2021_Parking_Study.pdf

<https://journals.sagepub.com/doi/10.3141/2319-02>

CASA has conducted its own study at two of our affordable housing projects. At each development, with 9 and 10 occupied units respectively, only one vehicle was parked at a time over the course of three days. Many households occupying 1-bedroom units are single adults, and many families with children are single-parent households. These households are unlikely to own more than one vehicle.





The current 1.75 spaces per unit minimum is higher than many municipalities minimum requirements:

- The Town of Chapel Hill has a tiered system similar to the one proposed here
- The City of Raleigh has eliminated minimum parking requirements
- The City of Durham has eliminated minimum parking requirements for affordable housing.
- The City of Asheville requires only 1 parking space per unit for 1 and 2-bedroom units
- The Town of Hillsborough requires a minimum of 1 space per unit
- The City of Charlotte requires a minimum of 1 space per unit in low-density areas
- The Town of Sanford requires a minimum of 1.5 spaces per unit for 1 and 2-bedroom units
- The City of Greensboro requires a minimum of 1.5 spaces per unit.

As sites suitable for multifamily projects become harder to find, parking will continue to be a constraint on development. A tiered system would provide more flexibility in design to make projects fit on difficult sites. Decreasing the number of spaces will also reduce the costs of development and the amount of impervious surface on a site. This will help as municipalities become more concerned with stormwater runoff.

2. For the second tiebreaker regarding non-related party funding that was included in the 2024 QAP, we feel this may limit projects located in smaller counties or jurisdictions that may not have a lot of soft funding available. A useful tiebreaker to replace this would be to look at the sites that have the highest percentage of cost-burdened renters in the area, a number that is published regularly by the North Carolina Housing Coalition. This would ensure that affordable housing is being built in the areas where it is most needed.
3. In agreement with most other developers, CASA would also ask that the Agency increase or eliminate the cost per unit cap to better reflect the reality of rising construction costs. We have several construction projects in the pre-development stage currently, and all have seen escalating construction prices. While efficient use of the tax credit is important, it is important to not hinder the ability to fully source deals and to have cost caps rooted in the realities of the construction market. One suggestion is to use actual costs from its most recently completed projects, plus appropriate escalators, to define the final QAP's cost limits.
4. As sights near amenities are becoming harder to find, we appreciate the Agency's decision in the 2024 QAP to expand the number of amenities that can be counted towards an applicant's site score. Another step that could be taken is to expand the mileage radius in relation to amenities, particularly for metro areas. Sites closest to amenities are becoming more and more cost-prohibitive for affordable housing developers and expanding this radius would widen the net in terms of sites that would be suitable for LIHTC development.
5. The draft QAP should be for two years out, not the following year. A lot of comments from developers are submitted because draft changes affect a current site that they have already purchased and are planning to apply for the next year. Comments are made because of their site, not based on what is actually best for people/the program. If it's two years out,



this allows folks to evaluate based on the merits, not based on economic decisions they have already made. This also allows for plenty of notice on changes, which will help with future land acquisition decisions.

6. The 2024 QAP indicates the following in Section (D)(1)(a): “To be eligible for an award of 9% Tax Credits, at least one Principal must have successfully developed, operated and maintained in compliance either (1) 9% Tax Credit project in North Carolina... The project(s) must have been placed in service between January 1,2016 and January 1,2023.” There are situations where projects are completed after January 1st of the year, particularly projects awarded during the COVID-19 pandemic that had waivers to complete projects outside of the IRS 12/31 deadline. We would request that the Agency remove the completion date requirement and change the requirement to simply reflect the year that the project was awarded credits (i.e. for the 2024 7-year period, the requirement would be that the project was awarded credits between 2013 and 2020 and the project has been completed).

Again, we appreciate the opportunity to provide this feedback for the 2025 Draft QAP. CASA thanks the Agency and its staff for their continued support and consideration.

Sincerely,

Amanda Barbee

Amanda Barbee
Real Estate Developer
CASA