



October 3, 2024

To NCHFA

Dear Tara:

My additional comments concerning the Draft of the 2025 QAP are:

IV. A. 1. (b) (ii). Amenities-

I realize that the intention for the changes last year was to try to create more differentiation in the scores by increasing the score for secondary amenities from 20 to 23 in the Final QAP last year, however, it really just limited the Towns that could get awards and many smaller, more rural towns are being hurt by this. As we saw from the awarded projects, I believe all but 1 had a max score, so it didn't really create much differentiation. Additionally, It's tough for developers to spend so much up-front investment on projects that do not meet the maximum score. One idea to open up land so that it's not so expensive due to being in commercial zones due to the 1.5 miles distance (basically being in the core downtown areas) and so other Towns can be more competitive, is to increase the distance to amenities. I would like to recommend that you extend the amenity distances to 2.5 for projects and 3.5 miles for small towns. Additionally, so there are more sites available that can score well, and so smaller towns are not hurt by the larger ones with more government-funded amenities, I urge you to please consider implementing one of the following options:

Option 1—Drop the Secondary Amenity points to 20 points like it was in the 2nd Draft in 2023, so that a site does not have to have every single category to win, such as a community center with activities, which not all Towns have. This gives some flexibility if there is one amenity that is not within the necessary distance.

Option 2—Keep the points at 23, but even better—consider dropping them to 22 or even 20, but add in another “Service”, so you could have for instance, Service 1 which is a convenience store or bank and Service 2, which can be a restaurant (including fast food, of course) or you could just have two Service lines which could be any of the three-- a convenience store, bank, or restaurant. This would provide more flexibility for additional land opportunities. This would give flexibility if there is a school or another amenity that is maybe just a little over the distance, such as 1.6 miles, so it gets 2 points instead of 3 and there are still enough points to score maximum.

Additionally, please allow any Secondary Amenity Pharmacy to be just a pharmacy and consider not requiring it to offer general merchandise as well. If you already have 1 Primary Pharmacy that sells general merchandise

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as well as a grocery and shopping under Primary, Amenities, then it would be helpful if a Secondary Pharmacy could be a Pharmacy that just sells medication. This would help smaller towns also that only have one national pharmacy and 1 mom & pop pharmacy or a medical supply/pharmacy chain.

In a difficult economy where we are all struggling to make the projects work, these changes could open up more land opportunities that are not so expensive, which could help the financing to go further.

For IV. D. 7- Perhaps for Tiebreakers, keep the First Tiebreaker the same, but for the Second Tiebreaker, maybe it should go to the Principal who has the least number of awarded 9% LIHTC NC projects originally awarded in 2023 or before that have not closed on construction yet by the time of the Full Application. And then let the Second Tiebreaker move to Third Tiebreaker. This may not have much impact, but in the event that there is a Developer having a difficult time getting projects closed, it would give preference to the Developer who has closed their projects.

II(E)1(a)-Principal Limit-The project limit is now at \$1.3, but the Principal Limit is still at \$2 million. Please consider at least increasing this to \$2.3 million.

In light of Hurricane/Tropical Storm Helene and the recent devastation to many counties in western NC, I propose this language or something similar be added, this is taken from the Disaster Recovery section from 2021. If possible and additional funds or credits become available, please try to add to the credits available, instead of taking credits from the other regions since affordable housing is such a crisis across the State.

Add in II. B. 3. DISASTER RECOVERY

(a) Additional Tax Credits Twelve point five percent (12.5%) of tax credits available will be added to the West region before the Rehabilitation Set-Aside and before any allocations under the New Construction Set-Aside.

(b) County Award Limits Should each county with an eligible application in the Western region receive one new construction award and credits remain in the respective region, counties declared a federal disaster area under Hurricane Helene are eligible to receive a second new construction award. If necessary, the Agency will adjust the awards under the Plan to ensure the overall allocation results in no less than one award for Buncombe County in the Metro region. The initial maximum under II(F)(1)(b) will not apply to Buncombe County should that county be eligible for a second new construction award.

(c) 1 point extra for each application in any of these Counties below considered Disaster Counties impacted by Tropical Storm/Hurricane Helene. (you could say except for the Counties already receiving an extra DHHS point, or you could just let those 3 counties get 2 points?). Please Note: Some Counties below may be removed from the 1 pt list based on Tier Designations/Individual Assistance Determinations by FEMA.

(d) Disaster Recovery Funds- Any new construction application or rehab (if eligible) application in the counties below agrees to accept CDBG-DR funds, as part of a tax credit award, should funding be available. The funds will require, at a minimum, not undertaking any choice-limiting activity prior to successful completion of the U.S. Department of Housing and Urban Development (HUD) environmental clearance review as well as complying with Davis-Bacon wage requirements. Applicants will not request these funds as part of their application. Loan amounts will be determined by the Agency and used to reduce tax credit, RPP, and/or WHLP requests (if applicable). The terms will be zero percent (0%) interest, twenty-year balloon (no payments).

Tropical Storm/Hurricane Helene Disaster Counties per FEMA 9-28-2024 (note this list may be updated based on FEMA damage assessments in other Counties and updated individual assistance categories and Tier Designations.)

1. Alexander
2. Alleghany
3. Ashe
4. Avery
5. Buncombe
6. Burke
7. Caldwell
8. Catawba
9. Cherokee (Tribal Area)
10. Clay
11. Cleveland
12. Gaston
13. Graham (Tribal Area)
14. Haywood
15. Henderson
16. Jackson
17. Lincoln
18. Macon
19. Madison
20. McDowell
21. Mitchell
22. Polk
23. Rutherford
24. Swain (Tribal Area)
25. Transylvania
26. Watauga
27. Wilkes
28. Yancey

I realize this is pretty much the entire western region, except for two counties, so I'm not sure how this will help within the region, but at least it would give them extra consideration over those few counties not impacted and of course, would give Buncombe extra consideration in the Metro region for a possibility of 2 projects.

Thank you for your consideration and your willingness, as always, to receive feedback from the development community.

Respectfully,



Traci Dusenbury Tate
Managing Member/Developer