

Tara Hall

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Sent: Monday, October 14, 2024 5:16 PM
To: Tara Hall
Cc: Scott Farmer; Daphne Baker
Subject: EXTERNAL: QAP 1st Draft Comments

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Hi Tara and All

Thank you for hosting the annual QAP public hearing last week. I wanted to follow up and offer some additional thoughts as y'all work on finalizing the QAP.

Site Scoring

Following up on our previous written comments I wanted to provide additional context as you work on finalizing the QAP for 2025. We commend the Agency for striving to create scoring criteria that has the potential to reduce tied scores as a way to differentiate project applications, but we believe simply increasing the maximum secondary site score does not help differentiate good applications from great applications. The effect of this change serves to drastically reduce the area that are meaningfully viable for project awards. Under the current draft of the QAP non-metro counties will likely still need a perfect site score to have a viable application, and a perfect site score requires close proximity to a government run community or senior center, which are distributed thinly from county to county. This has the practical effect of drastically reducing the areas of viable project sites and in many cases simply eliminating counties from development consideration.

As an illustration, in Henderson County, a western county impacted by Hurricane Helene, there appear to be no qualified senior centers operated by a local government, and three community centers, though one is considered an activity center, and one appears to have no scheduled activities, just availability for event rentals. One of these centers is in a rural location and would not have sufficient other amenities to have a viable site nearby. The other two are downtown effectively creating a tiny radius for possible perfect site scores. The effect is to reduce the map of viable sites in Henderson County to a tiny area near downtown where undeveloped land is least available and most expensive. This pattern holds true for many non-metro counties in North Carolina, creating small viable search areas from community to community in a time where identifying development sites that are not in some way compromised by environmental or other constrains is at its most difficult.

We agree the Agency should do its best to differentiate application scoring by quantifiable metrics such as location and efficient allocation of available funding and have offered some ideas in our previous written comments.

Second Tiebreaker

Regarding the current second tiebreaker, we believe the current structure disadvantages communities without sources of local government funding. We suggest inverting this tiebreaker, meaning making the tiebreaker the project with the lowest Agency-sourced request as a percentage of total replacement costs.

This would be calculated by taking the sum of total tax credits requested (priced at \$1.00 per credit multiplied by 10) and all RPP, WHLP, and other Agency-issued debt divided by total replacement cost. Assuming a credit price of \$1.00 for this tiebreaker is not meant to assume that this pricing can be achieved in the market, but sets a level price assumption for the most valuable funding source the Agency has available. This also incentivizes developers to seek the most leverage from funding sources whether it's maximizing credit pricing, pursuing financing with most favorable terms and

leveraging any available local funding without disadvantaging communities with no local government financing available.

Hurricane Helene

We are supportive of the Agency doing whatever it can to get funding toward replacement housing in communities impacted by Hurricane Helene. Rebuilding in the western part of the state will be a large undertaking and we'd like to advocate for policies that help these communities quickly in their time of need.

Thanks for your hard work!

Bobby Funk
Mills Construction