

Mr. Chris Austin
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Re: Comments for 2016 NC QAP

Dear Mr. Austin,

Alco Properties, Inc. appreciates the opportunity to comment on North Carolina's 2016 QAP process. We would like to comment specifically on the rehabilitation set-aside and on the preservation of Section 8 affordable housing. In a time of constrained resources, it is fiscally prudent for states to balance the allocation of their resources between new construction and preservation.

We recommend that the North Carolina Housing Finance Agency increase the rehabilitation set-aside from 10% to 20%. We recommend that NCHFA give projects with Section 8 HAP Contracts equal footing with previously placed-in-service LIHTC projects and RD projects within the rehabilitation set-aside. We further recommend that projects with 90% of the units covered by rental subsidy receive a priority.

Most Section 8 properties are 30 plus years old. Without significant rehabilitation, North Carolina will continue to loose units that are affordable to the lowest income families in communities across the state. Attached is some additional information regarding Section 8 housing and the importance of preservation in North Carolina.

Thank you for the opportunity to comment on this important issue in the State of North Carolina.

Sincerely,



Thomas Robinson
Acquisitions & Development Analyst

**ALCO Properties, Inc.**





Preserving affordable housing is imperative to meeting North Carolina's rental supply needs. Our nation builds approximately 100,000 affordable apartments each year. But for every new affordable apartment created, two are lost due to deterioration, abandonment or conversion to more expensive housing. Without preserving existing affordable housing, we fall two steps back for every step we take forward.

- **Affordable housing is irreplaceable.** Much of our affordable housing nationwide and in North Carolina is more than 30 years old. Over the last decade, more than 15% of our affordable housing nationwide was lost to market-rate conversion, deterioration, and demolition. By further prioritizing preservation, North Carolina's Qualified Allocation Plan will provide the incentives necessary to prevent the loss- particularly loss through deterioration- of this indispensable affordable housing.
- **Balance the allocation of tax credits for new construction and the preservation of existing housing.** By striking a balance between encouraging new construction in communities of opportunity and investing in existing neighborhoods where low income residents already live, NCHFA will create a housing mix essential to maintaining sustainable, economically vibrant, and healthy communities.
- **Preservation is trending.** States around the nation have recognized that preservation is a common sense response to America's affordable housing shortage, and have prioritized preservation and rehabilitation in their QAPs. Forty-six state agencies prioritize competitive 9% tax credits for preservation by creating set-asides or awarding points to proposals that involve the preservation and rehabilitation of existing affordable housing. **In 2012, 30 states allocated more than 30% of their Low-Income Housing Tax Credits toward preservation.**
- **Preservation provides critical housing for low-income working families and the elderly and disabled.** In North Carolina, 70% of tenants residing in Project-Based Section 8 housing are either elderly or disabled. 70% of tenants in Project-Based Section 8 housing are considered to be extremely low-income (< 30% AMI). On average, 62% of non-disabled, non-elderly households are employed or working toward employment under assistance programs like TANF. The loss of this housing has serious consequences for these residents. Preserving affordable housing means more than simply saving a building—it means preserving the access of low-income families and seniors to choices in employment, in needed services like health care, and in education for their children, all in a stable living environment. It is *stable* housing, not tenure, which is crucial to providing quality of life benefits.*
- **Preserving is cost effective.** Preserving and rehabilitating existing housing has proven to be a cost-effective method to continue providing rental housing to low-income families and seniors. In From 2009-2013, North Carolina used approximately **25% less tax credits** per low-income unit rehabilitated than for a newly constructed unit: \$7,545 in tax credits per low-income unit preserved compared to \$10,029 tax credits per low-income unit built using the 9% credit. In addition, preservation prolongs federal investment in affordable housing properties.**

Housing in North Carolina (2013)

Project-Based Section 8*

- Total number of projects: **879**
- Total number of units: **21,688**
- Elderly Units: **10,627**
- Disabled Units: **4,554**

Preservation**

9% Credits (2009-2013)

- Projects: **26**
- Units: **1,792**

**data from 2013 HUD Picture of Subsidized Housing*

***data from National Housing Trust – North Carolina LIHTC Allocations*

**data from 2013 HUD Picture of Subsidized Housing – <http://www.huduser.org/portal/datasets/picture/yearlydata.html>*

***data from National Housing Trust – North Carolina LIHTC Allocations-<http://prezcat.org/catalog/state-allocations-north-carolina>*