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Scott Farmer
Director of Rental Programs
North Carolina Housing Finance Agency
3508 Bush St.
Raleigh, NC 27609-7509

RE: Comments for 2013 QAP

Dear Scott:

The Landmark Group appreciates a long and continuing working relationship with the North Carolina Housing Finance Agency in which we mutually seek to meet the housing needs of those earning up to 60% AMI. It is with respect for the Agency and its mission that we offer the following suggestion for your consideration as the 2013 QAP draft is prepared.

There are three items we suggest you change in the 2013 QAP:

- 1) Section IV D (1)(d) requires Principals to have completed 10 properties in North Carolina in the last five years. Given that the days of a Principal receiving allocations of three or four properties in one single year have come to an end with a QAP that restricts a Principal to only be allowed to submit for two properties per year, the number of ten properties that a Principal has to complete in five years isn't possible and/or reasonable. If the 2013 QAP is still going to look at last five years as the period to be measured, then the number of qualifying properties should drop to three or four. It sounds like a big reduction, but having a number any higher makes the assumption that a Principal wins 50% of their applications when there are six strong applications from very good developers for every one that receives credits.
- 2) The distances from services, shopping, etc should have a larger radius from proposed properties than the one half mile contained in the 2012 QAP. Please see the attached discussion for more detail, but it makes sense for the following reasons:
 - a. In a low density state like most of North Carolina, a half mile is a very short distance (2,640 feet or two times around the track),
 - b. The short distances don't allow tenants/properties to be part of existing neighborhoods, since few big box stores are developed in existing urban

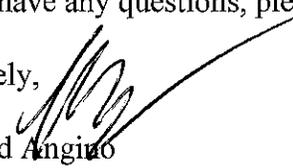
and suburban neighborhoods. This came up with the city of Wallace when the city and neighbors were puzzled why our property is on the outside edge of the residential area in the commercial area and not very close to their existing downtown that they are actively revitalizing. We had to explain that the QAP required us to be half a mile from the Wal-Mart and if we were to propose the place the city wanted to support, we had no chance of getting credits without the maximum points,

- c. The land is very expensive if you are that close to big box stores since you are competing with other uses such as hotels, other big box stores and commercial tenants,
 - d. Most of tenants have to have jobs in order to pay their rent under the tax credit rules, so most tenants already have access to cars and/or mass transit in order to get to their jobs,
 - e. Few people will walk even a half mile when they have to carry a full grocery run of food and it is dangerous to walk in these highly car dominated areas which generally don't have any sidewalks,
 - f. The longer distance from these stores allows the property to be located in an area that use existing municipal infrastructure for properties which are located in existing suburban and urban neighborhoods which is key to Smart Growth,
- 3) The stores that were used in the 2012 QAP should be either greatly expanded or defined more for function than the store name because:
- a. It hurts existing small family-owned, locally-based businesses that have been serving these communities for years when we can't build new apartment buildings near them just because they don't have a statewide presence and/or name,
 - b. I know several people who have been offended by the store choices since it makes the assumption that our tenants can't shop at most of the stores available to the larger population. As an industry, we have been telling everyone that tax credit properties are to help working people afford the high cost of housing, but at the same time the 2012 QAP made it sound like a school teacher living in one of our tax credit properties can't afford to shop at Macy's, Sears or JC Penny's or other major retailers other than Dollar General, etc.

I am attaching some recommendations on language for the 2013 NC QAP, as well as, providing excerpts from the neighboring QAP's as reference documentation since the housing needs are not very different between these states and the criteria.

If you have any questions, please feel free to contact me.

Sincerely,


Richard Angino
President

Comparison of Neighboring QAPs:

The NCHFA criteria are self-limiting because of the following reasons:

1. Distance: The current QAP provides point gradations in ½ mile increments, starting at ½ mile. This apparently assumes that LIHTC residents do not have access to cars and/ or mass transit which is not the case. Section F of Appendix B requires site plans to be designed with not less than 2.0 parking spaces per unit for family properties to park all of these cars. For a 48 unit project, space would be provided for 72 cars that could drive to a grocery store or pharmacy more than ½ mile away. Humans can walk 4 miles in an hour, or one mile in 15 minutes.

Half-a-mile is a “convenience store mentality” toward grocery shopping. The market area of full service grocery stores is much more than ½ mile, up to 5 miles for loyal customers in most locations.

We proposed that (1) NCHFA employ the same distance criteria for groceries and shopping/pharmacy that the neighboring states’ QAP’s use (at least 2 miles).

The following is a summary chart showing general differences among the approaches of the three states, for max points in each category:

QAP	Grocery	Shopping	Pharmacy
SC	2 miles	2 miles	2 miles
GA	2 miles	2 miles	2 miles
VA	N/A	N/A	N/A
TN	2 miles urban 4 miles rural	N/A	N/A
NC	0.5 miles	0.5 miles	0.5 miles

2. Naming of Establishments: The 2012 NCHFA QAP takes a nominal approach to an issue that could be better addressed functionally. We understand convenience stores are not to be considered grocery stores. However, in many cases, we have found full service grocery stores that serve their neighborhoods well that are not on the approved establishment list. Many of them are small family owned grocery stores that have been serving these neighborhoods and smaller towns for years. We recommend specifying operating criteria that you are looking for, rather than specifying brand names. These could include but not be limited to (1) open at least six days a week, (2) hours of operation x to y; (3) sell milk, bread, grains, meat, and produce. The QAP

should also clearly state that convenience stores will not be counted as grocery stores for points purposes.

South Carolina 2012 QAP, page 4

The following services located within **TWO (2) MILES** of the development site earn three (3) points each:

- Full Service Grocery Store (must be open and available to the general public and operate during regular business hours selling a full range of meats, produce, and dairy products)
- Pharmacy or Drug Store (must be open and available to the general public and operate during regular business hours)
- Convenience Store and Gas Station **Max. 9 pts**

The following services located within **THREE (3) MILES** of the development site earn two (2) points each:

- Restaurant
- Fire Station (Volunteer Fire Station qualifies)
- Full Service Banks or Credit Unions (free standing ATMs do not qualify)
- Public Park or Playground or Recreation Center or Senior Activity Center. They must be open to the general public and available to the targeted tenant population. Playgrounds at churches, schools, or in other neighborhoods, and private gyms will not receive points.

Max. 8 pts

The following services located with **FOUR (4) MILES** of the development site earn one (1) point each:

- Doctor's Office (General Practitioners only not specialized practices), Emergency Clinics, Urgent Care Facilities, or Hospital (Facilities must be available to the general public and must not be exclusive)
- Public Schools **Max. 2 pts**

Georgia 2012 QAP, Appendix, page 6 of 31

A. Desirable Activities

In order to be eligible for desirable points, the following criteria must be met:

1. Only activities and/or characteristics which are located within a **2.0 mile walking/driving distance** from the proposed site will be considered.
2. Each desirable category may only be counted once.
3. Each building/entity will be assigned to only one desirable category.
4. Desirable activities/characteristics are eligible for points according to the following scale:

- **National big box discount store (i.e. Wal-Mart, Target and K-Mart) 2 pts**
- Hospital (not outpatient centers or emergency care facilities) 2 pts
- Traditional town square which includes an operational anchor institution (e.g. county courthouse, city hall) and which serves as a hub for both commercial activity and community events 2 pts
- **Grocery stores (convenience stores not eligible) 2 pts**

- Located in attendance zone of high-performing elementary school (for family tenancy only)* 2 pts
- Elementary, middle, or high school 1 pt

Appendix II Competitive Scoring Criteria

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- Public Park 1 pt
- Public library 1 pt
- Fire Station or Police Station 1 pt
- Retail/ Clothing/ Department store 1 pt
- Restaurants 1 pt
- Federally insured banking institutions (ATMs are not eligible for points in this category) 1 pt
- Post Office 1 pt
- Medical facility (i.e. clinic, physician/dental office) 1 pt
- Pharmacy 1 pt
- Church 1 pt
- Day care services (must be licensed) 1 pt
- Community or Recreational Center (i.e. YMCA, Boys & Girls Club, Senior Community or Multipurpose Facility) 1 pt

Tennessee 2012 QAP

(i) Developments located within **2 miles** driving distance (for **urban** counties as specified in **Exhibit 1**) or **4 miles** driving distance (for **rural** counties as specified in **Exhibit 1**) of the following neighborhood amenities will receive 1 point for each amenity type. The distance will be as determined in the market Study: **Maximum 10 points**

- Full service grocery (if the full service grocery contains a full service bank, 1 point may be claimed for each)
- Full service restaurant and/or retail center
- Public transportation access (e.g. bus stop or passenger train station)
- Full service bank or credit union (ATMs do not qualify)
- Public or private non-profit educational institution
- Doctor's office (general practitioners, not specialized practices), Dentist's office, or Emergency Clinic or Hospital (facilities must not be exclusive)
- Public recreation or community center (e.g. senior center)
- Library
- Public park
- Police or Sheriff Station
- Fire Station
- Convenience store/gas station

Note: Shopping and/or Pharmacy are not mentioned in the criteria.

NC 2012 Qualified Allocation Plan

Gray highlighting calls out proposed changed sections

(ii) AMENITIES (MAXIMUM 27 POINTS)

Points will be determined according to the matrix below. The amenity must be open for business as of the preliminary application date to be considered.

	driving distance in miles		
	2.0	4.0	> 4.0
Grocery	18 pts.	10 pts.	0 pts.
Shopping or pharmacy	9 pts.	5 pts.	0 pts.

For example, an application will receive 5 points if the driving distance between the site and either Shopping or a pharmacy is greater than 2.0 miles but not more than 4.0 mile.

The driving distance will be the mileage as calculated by Google Maps. The measurement will be from:

- the point closest to the site entrance to
- the point closest to the amenity entrance.

Driveways, access easements, and other distances in excess of 500 feet between the nearest residential building of the proposed project and road shown on Google Maps will be included in the driving distance. For scattered site projects, the measurement will be from the location with the longest driving distance(s).

The following establishments qualify as a Grocery:

- Full Service Grocery Store (must be open and available to the general public and operate during regular business hours selling a full range of meats, produce, and dairy products)

Examples are: Aldi The Fresh Market Kroger Super Kmart Bi-Lo Harris Teeter Lowes Foods Super Target Bloom IGA Piggly Wiggly Trader Joe's Compare Foods Ingle's Market Sav-Mor Wal-Mart Super Center Earth Fare Just \$ave Save-A-Lot Whole Foods Food Lion, but other Full Service Grocery Stores not listed above will be accepted with prior written approval by the Agency which is obtained prior to the submission of tax credit application. The Agency will post a list of the approved stores as additional ones are approved. Applicants are responsible to provide to the Agency with evidence that the proposed Full Service Grocery Store actually fits the definition if it wishes to expand the list.

2012 QUALIFIED ALLOCATION PLAN p.12 of 31

The following establishments qualify as Shopping:

Retail/ Clothing/ Department stores which are open and available to the general public and operate during regular business hours.

Examples include:

Big Lot's Dollar Tree Kmart Target

Dollar General Family Dollar Roses' Wal-Mart, Macy's, JC Pennys, Sears, but other Full Retail/Clothing/Department Stores not listed above will be accepted with prior written approval by the Agency which is obtained prior to the submission of tax credit application. Applicants are responsible to provide to the Agency with evidence that the proposed Full Service Grocery Store actually fits the definition if it wishes to expand the list.