

Tara Hall

From: Terry Bass <tbass@unitedmgt.com>
Sent: Thursday, October 20, 2022 3:49 PM
To: Scott Farmer; Tara Hall
Subject: 2023 QAP Comments

Thank you for all the work you and your teams do to make affordable housing successful in North Carolina. Please see our comments below regarding the 2023 QAP.

1. Timing of implementation of site scoring and design requirement changes in the QAP.
 - a. Due to the significant amount of time, energy, and money that is spent to locate, evaluate, and secure competitive sites, coupled with the lengthy processes often needed to obtain necessary zoning approval, we hereby request that changes to site scoring or the threshold design criteria be implemented no earlier than one year after they are proposed.
 - i. Example – It is determined after the comments and review of the proposed 2023 QAP that the Walk Score should be removed from the scoring criteria. In this case, the Walk Score would remain for 2023 but be removed for the 2024 QAP.
2. Walk Score
 - a. We agree that the walk score is an imperfect criterion at best and that at times it does not adequately qualify some sites that would be more beneficial for residents. Furthermore, the walk score does not adequately account for areas that are currently undergoing development and growth. It actively pushes developers to look for sites in well-established areas while missing out on the cost savings and future benefits of placing housing in areas with the most growth potential. Additionally, due to the rolling updates of the score it is possible that a site whose score falls in the highest point category today could score significantly lower by the time applications are submitted. However, as mentioned in number 1 above, we do not feel that a change in the use of this criterion would be beneficial to developers for 2023.
 - b. We do offer one suggestion that might assist developers in making sure that a site with a good walk score is not later penalized due to some change in metrics between obtaining site control and submitting the application. We propose that the highest walk score obtained for a site on any date that extends from the date that site control is obtained through the date of the **initial application** be used as the walk score for the site.
 - i. Example of score going down – site A is identified on July 26th as a potential site and has a walk score on that date of 57. The developer begins negotiations with the seller and gets a signed option to purchase executed on September 20th, at this date the score remains a 57. While preparing the application the developer discovers that the walk score was changed in November to a 51. In this example we ask that the original score of 57 be considered for the official site score.
 - ii. Example of score going up - site B is identified on August 12th as a potential site and has a walk score on that date of 54. The developer begins negotiations with the seller and gets a signed option to purchase executed on September 28th, at this date the score remains a 54. While

preparing the application the developer discovers that the walk score was changed in December to a 59. In this example we ask that the higher score of 59 be considered for the official site score.

3. We request that establishing a maximum project development cost be delayed until the 2024 QAP due to the continued variability in costs at this time.
4. We believe it would be in the best interest of seniors if step-in showers with seats were permitted in lieu of tubs whenever possible. We believe that allowing at least 60% of units to have these showers would be most beneficial for our senior population and would reduce the exorbitant costs incurred by projects after development whenever these showers are requested as part of a reasonable accommodation.
5. We echo the comments of many other developers that a return to the credit per unit tiebreaker would be less than optimal as it incentivizes developers to submit developments with very little to no contingencies available to address the very fluid economic conditions we currently face.
6. We request that the developer fee be changed from a per unit fixed cost to a fixed 15% percent of total eligible basis. Increasing allowable developer fee would increase each projects eligible basis and thus increase the amount of tax credits generated for that project. Additionally, the additional developer fee would provide a higher gap funding source for projects when deferral of a portion of the fee is required.
7. We encourage the agency to combine Appendix B and the Field Guide as it would streamline the development process for the many different entities that are involved with the project.

Terry Joseph Bass, CPA, C4P

CFO/COO

United Management, Inc.

2939 Breezewood Avenue, Suite 201

Fayetteville, NC 28303

Direct Line (910) 435-8882

Direct Fax (910) 435-8932

Cell (910) 591-6078

NC CPA License No. 35518

NC Real Estate Broker No. 331498

tbass@unitedmgt.com

www.unitedmgt.com