

September 30, 2022

North Carolina Housing Finance Agency

Attn: Tara Hall and Scott Farmer

3508 Bush Street

Raleigh, NC 27609

RE: 1st draft 2023 QAP Comments

Thank you for the opportunity to provide comments on the second draft of the 2023 QAP. We always appreciate the thoughtfulness in the drafting. Based on our review, we ask for consideration of the following:

Walk Score – We kindly request that the Agency eliminate the use of the Walk Score in any form.

Rationale:

- Walkscore.com is owned by Redfin.com, a private entity with unknown private incentives for maintaining the data.
- Data is inconsistent with a 20ft difference in pin location for a walkscore yielding a 20-point swing in score. Some sites with several obvious walkable amenities have lower scores than others with very few identifiable amenities. Additionally, city infrastructure is not included in the scoring.
- Data lacks internal controls with scores changing daily without proper record. Evidence of this via screenshot and email correspondence is available.
- High walkscore areas drive competition from LIHTC developers, creating bidding wars for land and creating inefficiencies in a federally funded program.
- Nearest address could be significantly far away where it is no longer applicable to the true walkability of the site.
- Incentive for LIHTC development based on this factor is not supportive of future growth experienced by a city as the data is a lagging indicator of growth. The distance to amenities criteria is appropriately and sufficiently supportive of future development/growth in a city.

Alternative to the Walk Score tiebreaker or scoring:

- Lowest Capture Rate by project. This would be an attractive alternative being that the agency hires the market study analysts. It keeps it an arm's length analysis.
- Lowest tax credits per unit within a 4% +/- band of the average or an efficiency point for construction costs. Since this was removed, we can see its benefits for self regulation.
- Lowest poverty rate in the census tract. This has challenges as well for bidding wars but it has a larger footprint and is not impacted by the subtleties of points the Walk Score.
- Leveraging and alternative sources of funding. I believe developers should be incentivized and rewarded for extra leg work to find and use alternative sources of funds to support and share in the support of affordable housing across the state.

Developer Fee – We ask that the Agency increase the Developer Fee to \$20,000 per unit and/or as a percentage of Construction Costs.

Rationale:

- Developer Fee should be tied to inflation.
- Developer Fee provides the additional benefit of a funding source for projects should additional funding be necessary.

Thank you for the opportunity to support the residents of North Carolina. We appreciate your time and consideration on the topics above and we are looking forward to working with you on a successful 2023 application cycle!

Best,



Jennifer Lampman
Vice President of Development
Wallick Asset Management LLC