

North Carolina Housing Finance Agency
2013 QAP Opportunities
Considering the Federal Fair Housing Act and the Texas Department of Housing
By David Pressly

Many in the national housing credit community have followed for several years the recent law suit regarding federal fair housing issues and the Texas Department of Housing and Community Affairs. Several years ago, the Texas agency was sued by a Dallas area non-profit which had as a principal interest racial diversity and economically diverse fair housing. The Texas agency experience could possibly become one quickly shared by other agencies across the country, and North Carolina may be advised to include several new elements in its QAP to preclude a similar lawsuit here.

In examining the trends, the Texas court found a number of tax credit applications were approved in Dallas for developments which were located in low income-high minority areas. They found that fewer applications were approved in higher income-Caucasian areas. Therefore, the relevance of the Federal Fair Housing Act impact was generated by allocation decisions made by the Texas agency.

In seeking resolution of lawsuit, the Texas agency identified a concept they called "high-opportunity areas." The Texas agency determined that these "high opportunity areas" were neighborhoods with characteristics which included high income families, low poverty characteristics, and favorable high performing public schools.

The Texas experience offers a distinct opportunity for the NCHFA 2013 QAP. Examining the Texas experience, the 2013 QAP has the opportunity to encourage applications with sites in high opportunity neighborhoods. Those neighborhoods will have quantifiable characteristics which include high income residents or income higher than the county AMI, low minority population, low poverty characteristics, and higher ranking and performing public school opportunity. By encouraging applications of sites with high opportunity characteristics, the 2013 QAP can help North Carolina avoid application selections which tend to perpetuate racial segregation, minority concentration, and the concentration of poverty.

Similar to that Texas experience, the 2013 QAP can develop an "Opportunity Index" which helps defines a high opportunity neighborhood or census tract. The Opportunity Index could reward through bonus points applications with sites and census tracts with an AMI significantly higher than that of the county, a poverty rate significantly lower than that of the county, a minority population significantly lower than that of the county, and a Caucasian population significantly higher than the county average. Points could be awarded for quality public education in the neighborhood which serves the site. And a 130% basis boost can be included for sites identified in high opportunity neighborhood.

In addition, the site and market evaluation section of the QAP focuses on neighborhood amenities which include grocery, shopping, or pharmacy. The dollar stores are included in the list of retailers which qualify as shopping. Dollar stores and similar retailers typically offer a product mix which includes house ware, glassware, dinnerware, cleaning supplies, candy, snacks, food, health and beauty aids, toys, gifts, gift wrapping, party supplies, stationary, craft supplies, teaching supplies, and seasonal decorations. At the same time, dollar store site location services which help owners locate successful dollar stores say, "Dollar discount stores are usually successful in medium to low income mix neighborhoods. Please keep away from high income areas and expensive housing development". (Own a Dollar Store recommendation which is attached)

Therefore, according to retail industry experts, the successful dollar store most often is located in a medium to low income neighborhood. The QAP unintended consequence of encouraging development of housing credit communities in proximity to dollar stores results in a disproportionate impact to low income and racial minority population.

A manner in which the QAP can cure this disproportionate impact is that the QAP recognize goods and services offered by dollar stores are often available in food stores, pharmacies, as well as other small neighborhood retailers. This retail cluster often is located in higher income neighborhoods, thereby achieving the goal of goods and services available to housing credit residents, yet in the location of a high opportunity neighborhood.

Thank you for the opportunity to offer this relevant suggestion for the 2013 QAP.

Own A Dollar Store

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Location

Location is one of the most important factors in the success of any retail business.

Dollar Discount Stores are usually more successful in medium to low income mix neighborhood. Please keep away from high income area and expensive housing development. Try to look for a location in densely populated area. You can also open a store in rural areas or smaller town with as little as 5000 population, provided your rent is not too high.

Sorry, we cannot help you to find the location, as you know your area much better than us, but certainly we can help you to negotiate the final lease after you have done the preliminary search and negotiation and try to use our expertise experience and knowledge and get extra free month rents and try to over lower your monthly rent, we will draft the lease proposal on our letter head to the realtor / landlord assuring them that we will open a top of the line Dollar Discount Store which will attract more people to the shopping center and increase the value of the center.

We usually recommend you to sign for at least three to five years lease, as landlord will not give you favorable terms and conditions, if you ask for one year lease. Try to get at least three years lease. Try to get at least three to four months 'Free Rent' and try not pay over \$15.00 per square feet annually (\$1.25 per square feet per month) Plus CAM (Common Area Maintenance) and Triple Net charges, even if it is the price location. The nature of this business and gross profit margin of only 40% will not be possible to pay high rent.

Try to look for at least 1500 Square feet or more, as you will run out of room in few months as new products are introduced constantly and you will have to carry new products to increase your business. We recommend you to look for about 4000 to 5000 Square feet with rental of not then \$5000.00 per month which will greatly increase your chances of success as a smaller store, the bigger store you look for, the lower rent more favorable terms and conditions you get from the landlord, and you do not have to worry about the nearby new competition or running out of space for your new arrival products and your customers can walk freely and comfortably in wider aisles and make your store as are stop destination store, which will greatly increase your Sales and bottom line profit.