

From: [Holly Douglas](#)
To: [TaxCreditQuestions](#)
Subject: Comments to 2021 QAP
Date: Tuesday, November 10, 2020 2:19:59 PM

Good afternoon,

I would like to respectfully submit the following comments regarding the draft 2021 QAP, in addition to those submitted through the Affordable Housing Coalition:

1. The rehab pool should be a single pool. Segregating into two pools and essentially giving priority to RD deals does not put proper emphasis on preservation of existing tax credit deals in the larger markets where they are more likely to be converted to market rate housing. If two pools are maintained, excess credits from one should flow to the other if there is an imbalance between available credits and demand between the two.
2. It is critical for underwriting that the credit price to which we are underwriting be known well ahead of one month prior to final submission. The points available for 70% leverage, decisions about whether or not to request HOME, submission to equity and debt providers of proposed underwriting, income targeting, pursuit of local funding, etc--- all of this ties to the credit price.

As stated in prior comment periods, I believe it is short sighted for the Authority to presume a single credit price for an entire market. An experienced developer can often obtain better pricing than a newer outfit; pay-ins are directly tied to credit price (ie if I'm willing to take less money on front end that can translate to a penny or more for investor bc it impacts their yield); direct buyers (larger banks) can often pay more than syndicators working on a fund, although sometimes those that penny can come with strings, such as toothier exit language....there are a LOT of things that come into play on credit pricing.

But-- if the Authority is going to pre-ordain the price for the purpose of initial underwriting, it has to be known by applicants well in advance of a month. Please.

3. Underwriting to 20% AMI is below any standard I've ever seen, anywhere. The comment about aligning with HUD definition of very low income at 30% AMI made by another party on the call yesterday makes sense.
4. The points for tax abatement should apply to non-profit deals competing against one another. A for-profit cannot seek these points, and 10% of the awards are already going to non-profits. Is the intent to give preference to a non-profit application over a for-profit application, all else equal?
5. Clarity needs to be provided on the timeframe related to market study. When is it ordered, when do we get our info to the mkt analyst (since that info is not due at prelim(?)), when do we get to discuss suggested changes from the analyst, etc etc...the market study is the nexus for everything. This needs to be understood sooner than later as it drives the feasibility of the deal.

I don't believe it is necessary for SCSFHDA to take the market study piece. These analysts are sensitive to staying on the preferred list of analysts for the state; they're not going to issue a rubber stamp approval of a developer's unit mix or rent

structure. Further, the Authority has language stating they do not need to accept the findings of the market study. Between these points and lack of clarity on communication/changes based on findings, I'd respectfully ask that the idea of having the mkt study fall into SCSHFDA's camp be reconsidered.

6. Does targeting for an application (family vs senior) need to be stated at preliminary application, or just site control and team makeup?

7. We are having a hard time conveying time frames to sellers, particularly given how the 2020 cycle has gone...please advise on timing to publish deadlines for applications and awards.

8. Borings reports are expensive and seem unnecessary prior to funding-- has SCSFHDA run into specific issues on deals that would necessitate getting due diligence at this level prior to knowing about funding status? This is something anyone funded will have to do to have structurally sound, well-built development, but this is very expensive to do upfront. Further, if the building location shifts even slightly, another boring needs to be done. Having this due prior to knowing you're funded seems extremely premature.

9. As a coastal state, wetlands are everywhere. The established distance for improvements from wetlands still seems unnecessary. We can easily develop sites without disturbing or impacting wetlands. Is a set distance from wetlands truly necessary?

10. How many applications can be submitted at Tier 1/prelim? I've heard more than four, but that is not evident in the draft QAP. Is there an interim posting of applications going forward after findings/revisions of the mkt analyst as there is in NC? Or another revised posting of applications after some applicants have pulled their submissions (also as is done in NC, VA and other states)?

If Applicants can submit more than four deals at Tier 1- or even if they can't- ideally there should be some interim point at which a revised list of Applications actually going forward is posted prior to final application deadline so everyone can have a better idea of whether it makes sense to proceed with the costly endeavor of submitting a full application. Ultimately it makes sense for everyone to have this information, no one party is unduly benefited by it more so than another. We're all just trying to make educated decisions about how to spend time and resources.

Please note, it is typical from my standpoint as a developer to note first the QAP items with which I take issue. Numerous positive changes were made from the 2020 to 2021 QAP, and I appreciate the Authority being receptive to developer feedback on the items that have been amended or removed from last cycle.

I am available to clarify or provide additional insight on any of the above-mentioned comments, if desired. Thank you in advance for your consideration of this feedback.

Respectfully,
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