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From: Aaron Conley [redacted]
Sent: Monday, August 30, 2021 5:19 PM
To: TaxCreditQuestions; Alexander, Eric 6-9054; Wilbourne, Kim 6-9083
Cc: Bryan Brown
Subject: GHF 2022 QAP Comments

Mr. Alexander and Ms. Wilbourne,

Thank you for taking the time to speak with us last week. Below are our comments for the 2022 QAP. Please don't hesitate to contact Bryan or I if you should have any follow-up questions. We're happy to discuss our thoughts in more detail.

1. Section VI.G.3 – 1% cap on the interest the public entity can charge is too low. Many Housing Trusts, rely on the interest they charge on their funds to pay for operations of the trusts. They also, syndicate some of their dollars with dollars from non-governmental sources where the costs of capital is closer to 4% - 6%. We would advocate that the cap be removed for public entity support, or have a cap of 6%.
2. Section V.P. Appendix B. III.B.1 – The minimum size of a 1 bedroom unit at 750 sf is above the market size of most 1 bedrooms in most SC markets. A 600/sf unit for a one bedroom is more in keeping with market rate and will help to lower the overall costs of projects.
3. Section V.S.11.C Other states don't consider cash flow and related party loans as additional deferred developer fee and do not include them in calculating the deferred developer fee limit on a specific project. These items should be removed from the calculation.
4. Section V.S.7 The upper limit of $3,800 on operating expenses is too restrictive and needs to be raised to $5,500 a unit. Operating expenses guideline need to be increased toto accommodate for varying levels of services delivered and/or local market conditions, increasing labor and materials costs, and property taxes. Moreover, developers are limited to by debt service coverage ratio minimums and maximums which are tied to market conditions, this serves as a limit on what someone can spend on operations. Moreover, it is in the best interest of all citizens that LIHTC properties are properly managed.
5. Section V.S.8 The limit of cash flow of $900 per unit per year is barely break even for the market. We suggest that the cash flow limit equal the average property tax per unit in multifamily in SC which is between $1500 - $2,0000 a unit. .
6. Section VI.J CORES Certification – Only 1 option for supportive services certification seems restrictive
7. Section V.P. Appendix B.III. F.3 Multi-story elevated porches should be allowed to have treated exposed and stained wood in wood framed buildings.
8. Section V.P. Appendix B.III.C.9.g Refuse Collection should allow for in-ground collection units like a Syntera, which alleviates the need for enclosures.
9. Section V.P. Appendix B.III.O.6 The use of duct board should be permitted for plenums, this is common in market rate multi-family housing and would help offset some costs.
10. Section V.F & G – The required development experience requirements are a barrier to entry to historically disenfranchised minority groups and small businesses to engage in the development and management of low income housing. Particularly, in regards to the property management requirements. How is one ever going to gain property managing experience if they have to already be managing 3 LIHTC developments in their current portfolio. The inability of new entrants into industries of all types stifles innovation.

Best Regards,

W. Aaron Conley
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