

**From:** [Robinson Villa](#)  
**To:** [TaxCreditQuestions](#)  
**Subject:** [External] Draft 2022 QAP Comments  
**Date:** Friday, October 15, 2021 1:32:16 PM

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Hello,

Please see the comments below from NHE, Inc. Thank you for the opportunity to provide comments.

- We would like echo the comments made during the October 14<sup>th</sup> call about the LIHTC limit for Development Teams. \$1,500,000 is not enough in Federal Credits to feasibly develop two projects in the Group A counties. Costs have increased substantially on all of our projects over the past 18 months and developments cost more per unit than ever before. Developers will need to lower the unit count of their projects in order to fall under the LIHTC limit proposed in the QAP. We think that the proposal to raise the limit to \$3 million is fair but \$2.5 million could work as well.
- Thank you for increasing the Annual Operating Expense per Unit
- We would like to echo the comments made during the October 14<sup>th</sup> call regarding the Positive Site Characteristics. The POI scoring system will not address the issues experienced in the past of Developers descending on the best census tracts. There is still the potential that every Developer will take the most conservative approach and feel that their site needs to be the highest score in the State in order to ensure an award. This would still create a situation where all Developers are chasing the same few sites in the best census tracts. This will lead to bidding wars creating a very expensive land basis for the sites most likely to receive awards. Adding points for distance to services is something that has worked in the past and could be added to the Positive Site Characteristics section as a way for an application to make up points for a lower POI score because of its census tract but its proximity to services (Grocery, Pharmacy, Bank, Gas Station, School, etc) is better than some other applications. There is still a possibility that developers will try to find the unicorns (great POI and close to Services) but it also provides Developers with options to not have to locate within a great POI to feel good about their application's chance. Additionally by providing more potential Service points than the max points awarded, you allow developers to max out their points on more sites in the State, creating less bumping into each other.
  1. Up to 40 points for site's Census relative tract score on the Palmetto Opportunity Index (POI)
    - a. Separate High Demand from General
    - b. Sort the POI scores in descending order
    - c. Award 40 points to the application with the highest total
    - d. Award points to the remaining applications based on their percentage of the highest
  2. Up to 20 points for site's proximity to services

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Service	½ Mile	1 Mile	1.5 miles	2 miles	2.5 miles	3 miles
Grocery Store	4	3.5	3	2.5	2	1.5
Pharmacy	4	3.5	3	2.5	2	1.5
C-Store and Gas Station	4	3.5	3	2.5	2	1.5
Restaurant	3	2.5	2	1.5	1	0.5
Retail Shopping	3	2.5	2	1.5	1	0.5
Doctor's Office or Hospital	3	2.5	2	1.5	1	0.5
Public School	3	2.5	N/A	N/A	N/A	N/A
Bank	3	2.5	2	1.5	1	0.5
Public Park	3	2.5	2	1.5	1	0.5

- We would like to see loans added back to the Leveraging Section. Grants are generally not preferred by for-profit entities and tax credit investors do not like to see projects with grants either because of the income tax implications.

**Robinson Villa**

Development Director



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| [nhe-inc.com](http://nhe-inc.com)

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