

THE CANEL COMPANIES

1949 St. Johns Avenue, Suite 200
Highland Park, IL 60035

June 10, 2022

SC Housing
169 Laurelhurst Avenue
Columbia, SC 29210

Re: 2023 QAP proposal

Ladies and Gentlemen,

This letter is in response to notice of 2023 QAP Developer Workshop. In that notice, SC Housing encourages developers to present their innovative ideas to be taken into consideration by SC Housing in developing its 2023 QAP.

The recent fix to the South Carolina State LIHTC legislation goes a long way to addressing the budgetary issue of the program being vastly oversubscribed very quickly following its launch. This legislation still leaves much discretion to SC Housing in establishing its QAP and thereby determining the criteria to apply in awarding the available credits. Those criteria need to be designed in such a way that the fundamental State goal of fostering quality affordable housing for the citizens of South Carolina is not sacrificed in the process.

The public-private partnership that is created by both the Federal and the State LIHTC programs is a model that works, as long as it is crafted carefully so that the system does not get flooded and overwhelmed. We believe that, with respect to 4% deals, prioritizing housing developments that are project-based Section 8 rental assistance projects provides the State with the most “bang for the buck”. These projects already bring federal funds to the State in the form of rent subsidy, but absent rehabilitation, these projects represent a significant problem for the State as they fall into disrepair and the federal rent subsidy remains frozen.

With private developer funds, coupled with Federal and State tax credits, these properties can be dramatically improved and stabilized, resulting in (i) greater quality of life for the residents, (ii) reduced crime, and (iii) provide Federal funds for the State in the form of renewed rent subsidy payments for a period of 20 years as a result of the improved quality of the project. Essentially these deals are a multiplier of the State’s funds, because as the State puts in funds to support these projects, the Federal funds paid on behalf of the tenants is preserved, allowing lower income residents to afford a level of quality housing they would otherwise be unable to afford. The result is the State gets the best value in affordable housing for its Dollar.

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Needless to say, we believe that developer experience, ability and various other factors still need to be taken into account as has been the case with previous QAPs. By additionally prioritizing the project-based Section 8 projects, SC Housing will be able to award first funds to those projects and developers most likely to complete the most impactful projects and provide the State with the greatest value.

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William F. McGuinn