

**From:** Jay Bernstein [REDACTED]  
**Sent:** Tuesday, August 23, 2022 9:32 AM  
**To:** TaxCreditQuestions  
**Subject:** [External] 2023 QAP Comments

All,

Thank you for your time yesterday explaining the 2023 QAP. I know a lot of time and effort went into all of the changes, and I thank you for making the program better. Please see my below comments on the 2023 Draft QAP.

1. Developer Award Limits - I would remove the limit of 8 active deals across all three SC Housing Programs. This is problematic for several reasons. First, municipalities are extremely short staffed and approvals/deals are taking significantly longer to complete. We are also experiencing significant construction delays due to supply chain shortages with a revolving list of material shortages. Also, there are a large number of 4% transactions that are stuck in limbo where developers don't know how many deals they may have under construction at the time 9% applications are due. All three of the above referenced items are outside of the Developer's control. I would recommend limiting the number of 9% awards to two, but eliminate the cross program limit of 8.
2. Eliminate the requirement that rehab buildings have to be 20 years old. There are a lot of 9% deals that need significant rehab after 15 years. While the cash flow produced from these older properties can cover basic maintenance, after 15 years you begin to need full scale replacements.
3. I would recommend expanding the experience points and awarding points for both SC LIHTC experience and overall LIHTC experience. While I don't fully agree, the SFAA and JBRC have both made it very clear that they don't want out of state developers consuming all of the State's resources. The best way to address this is to include scoring provisions for developers with a long history of developing in South Carolina. One other idea would be to bring back the junior developer category to allow for these outside organizations to gain experience developing in the state.
4. For bond deals, I would echo the comments that a race to the bottom is not a good strategy or best practice. I realize this is not fully under your control, and the JBRC and SFAA have commented on this item, but I would recommend pushing back as much as possible.
5. I would highly recommend removing the developer fee cap for bond deals (or at least raising it significantly). This will allow developers to maximize the federal credit, and it will allow certain projects to proceed without state credits.

Thanks,

Jay Bernstein  
[REDACTED]