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Sent: Thursday, August 25, 2022 2:27 PM
To: TaxCreditQuestions
Subject: [External] SC Housing 2023 QAP Comments

Hello,

Thank you for your consideration of our comments to the 2023 QAP, which are outlined below. Should you have any questions, please feel free to reach out.

- III Threshold Participation Criteria.
 - o Section G. Required Development Experience
 - The developer experience requirement eliminates the possibility of new and small developers contributing to affordable housing efforts in South Carolina. Further, many developers have comparable experience with similar projects, such as Section 8. With this requirement, the same few developers would receive LIHTC awards while others would have to wait many years to gain experience in other states, where perhaps they have no footprint, to then do business in South Carolina. We suggest reverting the requirement back to either two (2) LIHTC projects in SC, or four (4) LITC projects in other states.
 - o Section P. Item 4. Deferred Developer Fee
 - SC Housing should not limit the amount that can be deferred by any standard other than the limits in the Code and what can be paid back within the 15 year compliance period. Deferred developer fee is an important tool for developers and owners to complete these transactions, and should not be limited by any standard other than what the Code requires.
 - o Section P. Item 15. Rent Allowances for Project Based Rental Developments
 - The change to requiring both a letter from HUD or RD approving a rent increase and a market study will significantly slow down the time it takes to complete these projects. Because of the time it requires HUD to complete their review of rent increases, it is important for SC Housing and HUD reviews to be on parallel tracks. Further, for a Chapter 1B Mark Up to Market application, HUD requires community support which is demonstrated through an allocation of LIHTC.
- Appendix C1 – 9% LIHTCs
 - o Section B. Award Limitations
 - Add back Junior Developer provision per the above and to allow for experience to be gained.
 - Add back two awards per county – one for senior and one for family.
 - o IV. New Construction Scoring Criteria
 - A. Distance to Amenities
 - Remove reference to “must be part of a chain” for full service grocery to account for rural areas that do not have chain grocery stores.
 - Pharmacies – remove reference to “does not include specialty pharmacies or drug services”. Same argument as grocery stores.
 - G. Leveraging
 - Revert 1 point to range of \$1 and \$1,999. Some rural areas do not the funding capacity to provide as many resources as other areas, so widening this range will allow for projects to gain at least 1 point if funding is meting matched to some extent.
 - H. Revitalization or Local Policies
 - Suggestion for South Carolina to push more localities to enact these revitalization plans and policies.
- Appendix C2 – Tax-Exempt Bonds
 - o II. Criteria
 - Section B. Requirements
 - 5. Size Requirements – remove minimum unit count of 70. This could box out PHA properties undergoing RAD transactions that may not fit the guidelines for a 9% application.

- 8. Developer fee – remove \$3M cap on developer fee for all bond deals or remove the cap for bond deals not utilizing the state credit or remove the cap all together. Or suggest limiting paid amount, while using only what the Code requires for limits to overall developer fee. Deferred developer fee can be a resources for generating additional LIHTC equity and no cost to the project itself.
 - Bond transactions have become increasingly difficult, riskier, and time intensive. Limiting the developer fee on these transactions removes the incentive to propose bigger projects that would serve more low income SC residents.
- III. Ranking
 - Ranking should be structure so that developers are not driven to build as cheaply as possible.



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