

2024 QAP Public Comments- NHE

General Remarks:

The QAP Point system is well balanced as of the 2023 QAP. The driving score is well balanced with the jobs score since the jobs score lessens the emphasis on finding sites located directly adjacent to services. Sites that are further away from services can make up points by locating close to jobs. These two scoring components complement each other. This will help avoid a return to the years in which applications argued over a quarter mile driving distances to gain more points than a competitor. Additionally, the jobs score is a benefit to the future residents and the upward economic mobility of the households.

RECOMMENDATION: Please keep points for jobs score.

In addition to the driving and jobs score, there is a nice mixture of points for local leveraging, Opportunity Zones, land donation, etc. Often, there are sites that a city, a county, or a local public housing authority has been attempting to redevelop but the site may not score well on the traditional driving distance score. The mixture of points (OZ, land donation, local leveraging) allows for a greater diversity of sites with strong scores. A good point system is one in which no application can get every point. This creates a good balance between traditional applications that submit sites based on their proximity to services and jobs, and applications from cities and local nonprofits where they may not have a choice in the location of the site (because they already own the land) but they have land and resources to contribute to the financial viability of the project.

RECOMMENDATION: Please keep points for local leveraging, Opportunity zones, land donation, R/ECAP, Abandoned building credit, and Revitalization policies, etc.

It took several years of edits and tweaking through a public comment process to arrive at the current QAP. In order to see what types of applications are submitted and the results of the final allocation, it would be best to move forward with the existing QAP largely untouched. Also, many cities and non-profits have been working for a long time attempting to redevelop specific sites based on the draft 2023 QAP. For the sake of speed, efficiency, and fairness to the cities, counties, and wider development community, please avoid large scale changes between the 2023 and 2024 QAP.

RECOMMENDATION: Please keep the new 2024 draft of the QAP largely based on the 2023 QAP without major changes.

Specific Section Comments

Appendix C1, I.B.2. "Award Limitations"

To echo the comments heard during the most recent Public Hearing, please allow exceptions for 'no more than 2 per county in the top four largest SC counties by population'. (Covers Greenville, Richland, Charleston, Horry in that order). Some of these counties have double, triple, or quadruple the populations of other counties, and would thus need to allow for more than 1 award to be proportional and fair.

RECOMMENDATION: Allow for an exception to the limit of 1 award per county for the top 4 largest counties by population (Greenville, Richland, Charleston, Horry). These counties would be eligible for a 2nd award.

Appendix C1. Section IV.D. “Affordable Housing Shortage”

Counties such as Greenville, Charleston, and Horry are growing at a rapid pace, adding many new jobs and population. These counties, and the largest municipalities within these counties, are experiencing an affordable housing crisis in ways that other Group A counties such as Aiken and Anderson (for example) are not. There are 15 counties in Group A; there needs to be a further distinction between the top 4 or 5 largest population counties and the rest of the 15 counties that round out Group A. There needs to be a group of counties or set aside that represents the Metro areas. It is common in other state QAPs to identify the top few metros areas within the state.

The previous QAP had up to 10 points for specific counties with the highest affordable housing shortage, perhaps that was too many points. But some recognition of what is happening in those high population growth counties would be appropriate. The new QAP should include some point criteria to recognize the housing shortage in the counties. One option would be to identify the top few largest population counties, or the top half dozen largest cities and either give them points or create a set-aside Group.

RECOMMENDATION:

- Give 1 or 2 points to applications within the top few largest counties, or top half dozen largest cities. If using cities, then applications would need to be within city limits or annex into the city by the time of application.
OR
- Establish a Set-Aside specifically for the top 4 large population counties, called “HIGH POPULATION COUNTY” Set Aside, and any applications not funded within that set aside automatically roll into the existing “GROUP A - HIGH DEMAND NEW CONSTRUCTION” Set Aside.

QAP Section III.J.2.e. – “Applications will be disqualified if within 1 mile of a 2020, 2021, or 2022 development”.

There were several persuasive arguments put forward by multiple speakers at the QAP session to strike or alter this prohibition. The rationale included: (A) lease ups tend to spread out over the course of months and years, especially for projects awarded in different years and programs, which reduces the risk of new construction cannibalizing other properties and causing vacancy issues, (B) there is pent up demand for affordable housing across SC but especially in the urban areas experiencing a housing crisis, (C) building in the same area for consecutive years is often part of an effort to revitalize a specific emphasis neighborhood or area, (D) the QAP should encourage efforts to apply for CHOICE neighborhoods, RAD and other multi-phase redevelopments.

Our team would be in favor of removing this 1 mile radius prohibition in its entirety. However, if some version of this 1 mile radius needs to remain in place. Below are several excellent ways to achieve a compromise:

RECOMMENDATIONS:

- Reduce prohibition to only back-to-back cycle awards (so 2024 QAP would prohibit 1 mile from 2022 award, no prohibition against 2021, 2020, etc.).
- Reduce radius distance to 0.25 mile regardless of year.
- Allow exceptions based on market study. Areas with strong need for affordable housing can absorb it.
- Allow for exceptions in top 4 most populous counties (Greenville, Richland, Charleston, Horry)
- Allow for exceptions in Innovation Set Aside.
- Allow for exceptions with Opportunity Zones. Since these are designated target areas, it makes sense to exempt them from the 1 mile radius prohibition.
- Allow for exceptions with sign off from mayor, city council members, county council members, etc.
- Allow any city or county to “opt in” to allowing multiple developments within 1 mile of each other. Local elected officials would need to sign letters stating they would like to be included on the list of “opt in” cities. Applications would have to be within city limits.
- Allow for exceptions for RAD, CHOICE, CCRA, etc.

Appendix C1. Section III.B.4 “Innovation”

Some applicants may be hesitant to submit under the Innovation Set Aside if they are concerned that their application may not be selected as not being innovative enough, or perhaps too innovative.

RECOMMENDATION: please add language that applications submitted for consideration under the Innovation Set Aside, but not funded under the Innovation Set Aside will automatically “roll” into their otherwise corresponding Set Aside (Group A, Group B, Rehab, etc.) to be scored and considered with any other applications in those regular Set Asides.

Appendix C1. Section IV.A.5. “Public Transportation”

Public transportation is highly useful for lower income households and utilized by lower income households at a much higher rate than households with higher incomes which tend to own vehicles. For a family on a fixed income, access to employment opportunities, education opportunities, shopping, libraries, parks, medical care, and other amenities without the cost of car ownership can be a big difference maker in their long-term quality of life outcomes.

RECOMMENDATION: Provide 1 point to sites that are located on an existing bus route (or within 0.2 mile of an existing route). Must provide letter from local public transit agency stating they will pick up and drop off at the application site address (or pickup & drop off nearby within 0.2 mile of site). This point could be available to all applications, or only applications in High Population Counties or within the Innovation Set Aside.

QAP Section III.L.3. – “Projects utilizing the average income minimum set-aside many not contain market rate units.”

It appears that the intent of this section is to forbid market rate units when using income averaging, but to allow market rate units with the standard 40@60 election. Please explicitly state that market rate units are allowed with the traditional election. We believe mixed income communities and market rate units can lead to healthier communities. Especially in High Population Counties and the ‘Innovation’ set-asides.

RECOMMENDATION: please add language to clarify that market rate units will be allowed for developments utilizing the traditional 40@60 or 20@50 election.

RECOMMENDATION: it would also be prudent to add language that prohibits requesting SC State Tax Credits on applications also including market rate units.

Appendix C1. Section IV.A “Distance To Amenities”

Please clarify whether a typical dollar store (Family Dollar, Dollar General, Dollar Tree, etc.) qualifies under the Shopping/Big Box store the same way as a Big Lots, Roses, Walmart, etc. The well-known dollar store chains have a variety of frozen foods, boxed and canned foods, household items, clothing, cleaning products, personal hygiene, etc. Please explicitly add the term “dollar store” to this section of the QAP if in fact that is the intention.

RECOMMENDATION: please clarify to specifically include “dollar stores”.

Appendix C1. Section IV.A. Driving Distances – “The measurement will be at any point of the site’s road frontage to or from the amenity entrance and the same site entrance will be used for all measurements.”

Please clarify whether the intent of this sentence is that the phrase ‘site entrance’ applies to the ‘LIHTC site entrance’ or the ‘amenity site entrance’. We support using any location along the road frontage of the LIHTC

development to avoid issues of development teams placing their entrances in unusual or unlikely locations just to improve driving measurements. Using the road frontage is a simple and common-sense approach.

RECOMMENDATION: “The measurement will be at any point of the site’s road frontage to or from the amenity entrance and the same POINT ON THE SITE’S ROAD FRONTAGE will be used for all measurements.”

Appendix C1. Section IV.A.4 - R/ECAP

QAP does not contain any detailed instructions on the data source to verify R/ECAP.

RECOMMENDATION Please include detailed instructions (within the body of the QAP or in an appendix) for where to get this data and how to determine whether a census tract is a R/ECAP.

Appendix C1. Section IV(I) – Supportive Housing, 20% AMI units

Our experience with property management has been that it is difficult to find qualified households for 20% AMI. Typically, the 20% AMI households that do qualify are only able to pay the monthly rent with the assistance of a Housing Choice Voucher or other voucher (VASH, etc.). The households that are actually at 20% AMI or below can easily be placed into a 30% AMI unit if they have a housing voucher. We have found that targeting at 20% AMI is somewhat unnecessary since the 30% AMI targeted units are often occupied by 20% AMI households who have a housing voucher.

Underwriting a 20% AMI unit is very difficult on the proforma and the project’s ability to support permanent debt and cover operating expenses. And in the event that a 20% AMI household does not have a housing voucher, their ability to qualify and cover the tenant paid rent portion and the rest of the household expenses is very limited.

RECOMMENDATION: Keep the Supportive Housing section (Appendix C1. Section IV(I)) and the 5 points for targeting 10% of the total units with a service provider, but increase the AMI% from 20% to 30% AMI for supportive housing units.

QAP Section J. “Mandatory Site Requirements”

Often the definition of eyesore, junkyard, industrial facility can be highly subjective. We also find that sometimes a great site that happens to be next to an auto repair shop or light manufacturing facility is located in an otherwise highly desirable neighborhood with new market rate housing. Having these subjective categories under the section for “disqualification” is perhaps too drastic of a remedy. It might be better to have these items as a negative point item instead to allow for some overall point scoring flexibility, or to have a process in place to evaluate the specific case.

RECOMMENDATION:

- Change some items that are outright disqualifying to assessing negative points – for example, negative 1 points for being adjacent to ‘light manufacturing’ and negative 2 points for ‘heavy industrial’ manufacturing.
- Create a process to submit a specific potential negative site characteristic and receive an answer (or a positive one, such as “does this amenity qualify for positive points?”). The question, response and location will be posted on the SC Housing website. There could be a time limit: developers would need to submit these to SC Housing 45 days before applications are due to allow SC Housing time to evaluate and post to the SC Housing website.

QAP Section O6. "Annual Operating Expenses"

Increase the operating expense range from \$3,500 - \$5,000 to \$4,500 - \$6,000 or put "Insurance" on the exclusions list. Insurance prices have exponentially increased over the past couple years. It is not uncommon to have insurance premiums costs approximately \$1,000 per unit per year.