WODA COOPER COMPANIES

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Kim Wilbourne
LIHTC Manager
South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Blvd.
Columbia, SC 29210

RE: 2024 QAP Roundtable Comments

Dear Ms. Wilbourne:

On behalf of Woda Cooper Companies, Inc., thank you for allowing us the opportunity to provide constructive feedback ahead of the 2024 Draft QAP. Several of these comments were provided at the 2024 QAP Roundtable.

1. **9% LIHTC State-Designated Basis Boost**

   We recommend removal of the automatic basis boost making all areas of the state eligible for a boost in eligible basis up to 130%. With the basis boost, the 9% LIHTC should provide equity of about 90% of a development's total development cost. With the change to the state tax credit legislature that state credits cannot supplant any federal tax credits, this makes it extremely difficult to use state credits on most developments. Either no state credits are necessary, or the gap is so small, that only a minimal amount of state credits would be needed. In instances where the latter is true, it is very difficult to syndicate a small amount of state credits. This leads to the $8million in 9% state credits annually being underutilized. Comparatively, without the basis boost, this valuable resource could be used more effectively to spread credits further and allow the production of more affordable units in SC.

2. **New Construction Scoring Criteria – Other Types of Tax Credits**

   While we applaud the use of other types of tax credits such as the historic tax credit, we recommend reducing the points available in this category. Often, historic re-uses are more expensive to build than new construction developments on a per unit basis, which can, in turn, result in a development needing more LIHTCs per unit, even after accounting for the federal and state historic tax credit equity, resulting in a less efficient use of tax credits. Georgia and Indiana both have scoring categories that give points to historic rehab developments, yet both have less magnitude in the overall score. For example, Indiana applications typically score in the range of 110-120, and historic rehabs can get a total of 3 points. Georgia applications typically score in the range of 70-75, and historic rehabs can get a total of 2 points. We believe 2 or 3 points would be more appropriate for this scoring category.

3. **Size Requirements for Developments Using Tax-Exempt Bonds**

   We recommend decreasing the minimum number of units for projects pursuing Tax-Exempt Bonds from 70 to either 50 or 60. While it is more difficult to syndicate 4% tax credits on small developments, doing so for 50-60 units is still an achievable unit count. Woda Cooper has successfully syndicated Stanton Park, a 56-unit 4% LIHTC development in Atlanta, which utilized both federal and state tax credits. Additionally, lowering the unit count will give developers more options in searching for land. Many developers look in the same areas for 4% developments, leading to bidding wars and increased purchase prices. Requiring a minimum of 70 units further limits the land availability.

4. **Tax-Exempt Bond and State LIHTC Scoring Criteria**

   We recommend reconsidering the entire scoring and ranking criteria for tax-exempt bond applications and for the state LIHTC. Currently, the scoring and ranking criteria is set up as a race-to-the-bottom where developers are incentivized to cut costs. The economic conditions we have all experienced the past 3 years, along with current issues many developers are experiencing and requiring additional resources as a result of, show the dangers of a race-to-the-bottom structure. Instead, we recommend aligning these scoring criteria more closely with the 9% scoring. Of the states Woda Cooper currently operates in, Georgia, Indiana, and Wisconsin all have state tax credits and, consequently, a highly competitive tax-exempt bond process. Wisconsin has the exact same scoring criteria for 4% applications and 9% applications. Georgia and Indiana both have very similar scoring criteria, with some minor changes for the 4% applications. Georgia removes 9 of their 22 scoring categories for the 4% applications, and also implements a maximum score in other categories to make them more attainable. For example, on the 9%, applications can get up to 20 points for distance to amenities, while the 4% restricts this category to 14 points maximum keeping all other language the same. Georgia also has different tiebreaker criteria for their 9% and 4% applications. Meanwhile, Indiana has the same scoring criteria, removing 5 of their 40 (approximately) scoring categories for 4% applications.

5. **Mandatory Design Criteria – Parking Spaces**

   We recommend allowing the local zoning ordinance to dictate the number of parking spaces required, or minimally decreasing the required parking spaces for 3-bedroom units from 2 parking spaces to 1.5 parking spaces per unit. While some households in 3-bedroom units will have 2 cars, many have just 1 car. Additionally, more and more households and individuals are beginning to prefer less cars or no cars at all and opt for public transit, or other transportation methods. More and more cities are reducing their parking requirements because it is becoming less and less desirable. Additionally, reducing parking requirements will also reduce asphalt and the heat island effect, providing benefit to the community and the growing demand for sustainability. As a management company, we often see our parking lots in SC underutilized because the current requirement is too high.

Thank you again for this opportunity to provide feedback and we look forward to working together further with the Authority to bring high quality affordable housing to the great people of South Carolina.

Sincerely,

Parker Zee

Parker Zee, Vice President of Development
Woda Cooper Development, Inc.