



July 29, 2024

South Carolina State Housing Finance & Development Authority  
Attn: Kim Wilbourne, LIHTC Manager

Via E-mail – [REDACTED]

Ms. Wilbourne:

Thank you for the opportunity to provide written comments to the South Carolina State Housing Finance & Development Authority's Draft 2025 QAP.

We continue to appreciate the leadership of SC Housing in solving South Carolina's housing crisis and offer the following comments for consideration:

1. **Comment:** Consider eliminating the 3- and 4-bedroom unit mix limit in new construction family developments.

**Reasoning:** Creating a range for the unit mix percentage of 3- and 4-bedrooms is a helpful improvement than the previous fixed 25% cap. We encourage SC Housing to consider the benefit that families receive from 3- and 4-bedroom units and eliminate this limit altogether. Limiting the construction of 3- and 4-bedroom units artificially limits proposals while encouraging the overproduction of 1- and 2-bedrooms. To ensure developments and unit mixes match the needs of families, we would encourage you to allow any unit mix if the market study supports the need for the units proposed.

2. **Comment:** Consider a bond-efficiency measure to weigh bond-financed developments more equitably in ranking.

**Reasoning:** The current ranking system rewards "efficient" developments which use the fewest amount of state resources per residential square foot, per bedroom, per dollar of total project costs, and per tenant. The ranking considers both the tax-exempt bond allocation and state LIHTC allocation as state resources. However, new construction developments need a bond allocation to meet the 50% test—through no fault of their own—impacting how 'efficient' they rank. While bonds are a finite federal resource, bond allocation is not a direct cost or budget impact to the state like state LIHTC. We would encourage SC Housing to remove bond allocation from the calculation of efficient use of state resources. Alternatively, we would encourage using a bond-efficiency measure—where a development cannot exceed 55% of the reasonably expected aggregate basis. This would prevent overuse of bonds while acknowledging the unique requirements of bond developments.

3. **Comment:** Consider a 30% boost in efficiency rankings for metro new construction projects that are within a mile of a USDA Rural Eligibility boundary, or which receive significant funding from municipalities.

**Reasoning:** In many state metros, the edges of the metro are developing areas that can benefit from new affordable housing. Some of these areas coincide with USDA Rural Eligibility areas, but many are often on the opposite side of the eligibility boundaries or in neighborhoods split unevenly by a boundary. We would encourage SC Housing to consider granting efficiency boosts for developments that are within a mile of a USDA Rural Eligibility boundary to ensure these neighborhoods receive resources for affordable housing. Alternatively, metro developments that have committed financial support from a municipality—in the form of a loan or grant that exceeds 5% of the total development cost—should receive a boost since they will not need as many state resources.

4. Comment: Consider allowing requests for waiver to lower reserve requirements from 6 months minimum to 3 months minimum, if approved by investor documents.

Reasoning: A minimum of 3 months of projected operating expenses, must-pay debt service, and minimum per-unit replacement reserves would allow properties to maximize the use of their developer fees, reducing the amount of state credits they need to request. This practice is common across other state housing authorities which accept developer guarantees instead of mandatory minimum reserves, “taking into account the developer’s demonstrated financial capacity and liquidity, its record, and other guarantees it has outstanding.”<sup>1</sup>

Dominium would also like to take this opportunity to thank SC Housing for implementing earlier comments and reiterate our support for keeping these changes in the final version:

- Allowing energy consumption models (ECMs) for use in utility allowance schedules.

Thank you for your consideration of these comments. We look forward to our continued partnership with SC Housing.

Sincerely,



John Rodriguez  
Government Relations Associate  
Dominium

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<sup>1</sup> (National Council of State Housing Agencies, 2017)