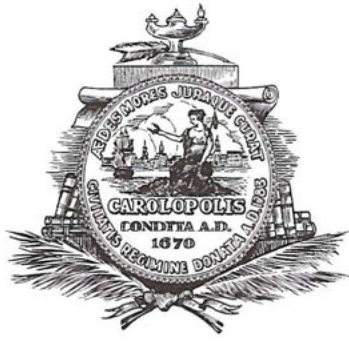


HOUSING AUTHORITY OF THE CITY OF CHARLESTON



Arthur S. Milligan, Jr. (MBA, CCIM, CPM, PHM)
President & CEO

September 24, 2024

Ms. Kim Wilbourne
South Carolina State Housing Finance and Development Authority

1985
AWARD FOR
DESIGN EXCELLENCE
PRESIDENT RONALD REAGAN

1984
FEDERAL DESIGN
ACHIEVEMENT AWARD
NATIONAL ENDOWMENT
FOR THE ARTS

1986, 1991
HONOR AWARD
AMERICAN INSTITUTE OF ARCHITECTS

1997, 2014, 2018
FOUNDERS AWARD
HISTORIC CHARLESTON FOUNDATION

1989, 1990, 1997
CAROLOPOLIS AWARD
PRESERVATION SOCIETY
OF CHARLESTON

2000, 2006
HOUSING ACHIEVEMENT AWARD
S.C. STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY

1991
SPECIFIC ACTIVITY AWARD
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

2011, 2013, 2014, 2015
HUMAN SERVICE AWARD
CCHRCO

2009, 2010, 2012
NATIONAL AWARD OF MERIT
NATIONAL ASSOCIATION OF HOUSING
AND REDEVELOPMENT OFFICIALS

1991-98
CERTIFICATE OF EXCELLENCE
IN MANAGEMENT OPERATIONS
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

1994, 1999
SUSTAINED PERFORMANCE AWARD
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

*Celebrating 85 Years of Service
Organized May 5, 1935*

RE: SC Housing 2025 QAP Comment
PHA Set Aside for Tax Exempt Bond Applications
Treatment of TEB Collateral Account Income as Eligible Funding Source

Ms. Wilbourne:

It is my understanding that SC Housing is currently receiving comments on the 2025 draft QAP. As such, I would like to submit the following comments for consideration as SC Housing prepares to finalize the 2025 QAP.

Public Housing Set-Aside for Rehabilitations and Tax-Exempt Bond Applications

I have noted that SC Housing has added a provision to Appendix C1 outlining the much requested "PHA Set-Aside thereby guaranteeing at least one Public Housing deal (wherein a current Public Housing project will be demolished and replaced with new construction replacement housing) is awarded each year. While this inclusion is a huge step forward and will assist the Public Housing Authorities of South Carolina in fulfilling their mandates, we would like to request two additions:

- Please add language allowing Public Housing rehabilitation projects to be included in the PHA Set-Aside. There are numerous existing Public Housing projects that, while in need of rehabilitation, do not need to be fully demolished and replaced. Rather, these projects are in sufficient condition that their substantial rehabilitation, as facilitated by the LIHTC program, is the most practical and efficient way by which the state's existing low-income housing supply can be maintained. If awardable projects are restricted to those where demolition is a prerequisite, substantial housing stock will either be forced to remain in sub-standard condition, potentially with units remaining vacant due to said conditions, or will undergo complete demolition prior to the end of the project's useful life, thus wasting both private and public resources.
- Please add a similar PHA Set-Aside to Appendix C2, allowing for a PHA project to be guaranteed in the TEB application cycle. While the 9% program is a powerful tool for affordable housing developers, the TEB program in conjunction with the 4% LIHTC is often a more efficient financing path for larger projects.

2019
AIA/HUD SECRETARY AWARD
DESIGN EXCELLENCE
WILLIAMS TERRACE



By adding this set-aside to the TEB program (inclusive of both new construction and rehabilitation projects), the state's PHAs will be more effectively positioned to expand and maintain their affordable housing stock across all project sizes and types.

TEB Collateral Account Income

As outlined in other groups' comments to the 2025 QAP, we respectfully request that SC Housing allow "TEB Collateral Account Income" as a valid funding source in LIHTC and TEB Applications. Almost all TEB LIHTC deals necessitate a fully funded cash collateral account during construction, and it is standard, accepted practice for developers to use the collateral income from these accounts to reduce the project's overall financing costs. This income is expressly not generated by or tied to the operations of the property but is result of the project's financing structure.

In addition, there is little interest rate risk in recognizing the anticipated TEB Collateral Account Income as a valid funding source due to the fact that interest rates on the collateral income typically rise and fall parallel to the interest rates applicable to the projects construction interest expense. Any reduction in collateral account income would typically occur in line with a similar reduction in the project's construction interest expense.

Please refer to the 2025 QAP Comment previously submitted by Howell Linkous & Nettles, LLC for further information.

If I can do anything to further clarify these comments, please do not hesitate to reach out.

Sincerely,



Pete Sherman, Director of Development
Housing Authority of the City of Charleston