GREENVILLE HOUSING FUND

GAHC
Greenville Affordable Housing Coalition

June 28, 2024

Kim Wilbourne
SC Housing

Sent Via taxcreditquestions@schousing.com

Dear Kim,

Thank you for hosting the 2025 QAP Roundtable and soliciting comments from interested parties to ensure that state policy benefits the people, especially those that are in desparate need of affordable housing. The SC Housing staff team continues to engage with its stakeholders and we appreciate your leadership very much.

On behalf of the Greenville Housing fund and our Greenville Affordable Housing Coalition we offer the following comments:

Resource Allocation/Credit per Project

SC Housing should take a holistic view of all of its resources as it contemplates changes to the QAP to ensure that both the 9%, 4% Bond, as well as the SC HTC resources are aligned and that together with the SRDP and the SC Housing Trust Fund, the affordable housing needs of our communities can be effectively addressed. The state has a large HTF balance and whether some portion of that is allocated directly to local HTFs as a match (as in other states) or whether it is deployed as a gap resource for other programs (9%, 4%, or match with SC HTC) those resources need to be fully deployed annually to meet the urgent needs of our local communities. More must be done.

The message is out that the state tax credit is the credit of last resort and not to budget for it if your project can be funded by federal credits alone. If the authority wants to lower the federal credit per project to $1.8 million then it needs to commit to a state credit allocation of $700,000 to make up the gap. Alternatively, the authority could commit to $500,000 in state credit match with a $2 million grant from the State HTF. The Authority really needs to be about using all available resources to spread across the number of projects that it wants funded.

While I can agree that the Credit cap per project might need to be adjusted lower, it is important to keep in mind how to match those federal credits with other state and local resources to maximize development opportunities in local communities. If the federal credit cap per project is lowered, SC housing will need to provide guidance on accessing the state HTC to supplement a reasonable TDC per project within the maximum number of units per project.

Decreasing the federal credit per project below $2.5 million per project without an identified scheme to allocate state credits or a combination of other resources is very ill advised and will have unintended consequences.

Maximum Credit Per Developer

While we understand and support a maximum credit per developer, we do believe that encouraging partnerships is important and should be recognized in terms of the credit per developer allocation methodology. GHF typically partners on our developments and allocates percentage of ownership and participation in our materials provided to SC Housing. It will be helpful if the maximum credit per developer recognized the percentage of ownership of the project, percentage of paid developer fee, and other relevant material interests in the project per developer entity in a partnership when calculating the "credit per developer." GHF was limited to participate in only ONE development in 2024 even though we only will own/participate in this at 40%. If the Authority recognized that percentage, then we could have been a partner on two deals. Its not good for us or our community to be kept out of meaningful participation by this cap.

Maximum Number of units per project

I am not sure that reducing the number of units per project is the right solution if the goal is to reduce the credit per project (see above). In group A urban counties, we need more density per deal not less. 100 units is not a large multifamily project anywhere in urbanized America. Moreover, reducing the allowed number of units below 100 will have long term property management implications. There are a growing number of SC Housing financed properties that are beginning to age and the lower the number per project, the harder and more expensive it is to manage those assets effectively, especially on a per unit basis.

Many of us have spent enormous energy and efforts on improving local zoning ordinances to provide density bonuses and other local incentives for affordable housing. Reducing the allowed number of units in Group A counties will only erode and dissipate those efforts and success.

Please do not take the easy way out on the desire to spread credits around and look at all your programs, resources, limits, etc and harmonize them to maximize the effectiveness of credit allocation and other supplemental financing supports. Keep the 100 units for Group A at least for another year and assess other changes to the QAP and allocation of other SC Housing resources.

Points Criteria

Please keep the leveraging points. Please keep the CCRP points and the ability to offer evidence of local investment in support of a local community revitalization plan. The Authority can make the CCRP more objective by assigning points based on specific criteria it wants to see in a CCRP and through level of local investment.

We believe the points for targeting deep affordability and/or supportive housing has been successful. We believe more points could be allocated to those projects that secure a PBV commitment to support the inclusion of deep affordability and/or supportive housing for homeless and special needs. This is an urgent need in our community and across the state and we need more focus on the development of supportive housing and deep affordability that requires rent assistance attached to the units. Putting these collaborations together is intensive and the Authority should increase the points associated with it.

Set Asides

One important set aside could be for PHAs and/or PBRA properties especially in the 4% Bond and State HTC programs for preservation. There are urgent needs across the state to preserve these HUD assisted assets that provide housing to the lowest income families in our communities. We support prioritization of State HTCs to ensure that the 4% Bond program can be maximized for these critical preservation needs that are HUD assisted. I urge SC Housing to create a set aside for HUD PBRA preservation specifically. This set aside should be in both the 9% and the 4% TEB programs.

If there will be a set aside for PHAs, then I believe there should be a minimum number of PBV/PBRA units offered especially in RAD preservation conversions. We have seen former public housing conversions suffer vacancy loss when there is no rental assistance attached to the units. These preserved units will have difficulty competing in the market with tenant paid LIHTC rents and there is growing evidence that 100% PBV/PBRA is necessary. On new construction for RAD, I do believe unassisted units will perform much better and the need for PBV/PBRA assistance can be relaxed.

The language in the nonprofit set aside about the authority “if necessary” and “may” adjust the allocations to fund a nonprofit who meets the criteria makes that category risky and unappealing. Encouraging SC registered nonprofit participation should be a policy goal. Strengthening the nonprofit set aside to make it more clear that a SC registered nonprofit who meets the criteria will receive an award will certainly make that a true and meaningful set aside. It will be nice to get to a place where more than one SC registered nonprofit competes for that set aside.

Finally, it is our hope that SC Housing will again look at all of your programs and total resource allocation and allow Group A counties to receive 3 deals per 9% allocation round. Another solution might be to have the Nonprofit set aside not count against the county total. Otherwise, its not really a set aside.

Cash Flow Per Unit

We strongly encourage the Authority to increase the allowed cash flow per unit for a number of reasons. Primarily, the small size of most of these developments makes them hard to manage and more expensive to do so. Limited cash flow leads to deferred capital improvements in addition to deferred maintenance. All expense items are escalating and cash flow needs to keep up.

TEB Program

The authority needs to issue more clear guidance on the allocation of available and planned resources for the TEB program to make it effective. We hope these resources will include the state housing credit and potentially make use of the state HTF as a grant program up to a maximum amount per project.

Structuring some preliminary scoring matrix will allow applicants to more effectively participate and be more responsive to the authority.

Again, thank you to the SC Housing team for its partnership and stewardship of these critical federal and state program resources. Together, we can achieve fair and effective allocation of resources to support the growing needs for affordable housing across South Carolina.

Sincerely,

Bryan Brown
President & CEO