WODA COOPER COMPANIES

614.396.3200
www.wodagroup.com
500 South Front St
10th Floor
Columbus, Ohio 43215

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

RE: 2025 QAP Roundtable Comments

Dear Ms. Wilbourne:

On behalf of Woda Cooper Companies, Inc., thank you for allowing us the opportunity to provide constructive feedback regarding the 2025 Draft QAP.

1. **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 or removing the points available in this category.

   In 2022, the QAP had 5 points for "Funding Sources" which gave 5 points if the total tax credit equity was less than 70% of the total development cost. The 2024 QAP introduced this scoring category as a replacement because the 70% threshold is unobtainable with current interest rates. As expressed in the past, historic adaptive re-uses are more expensive to build than new construction developments on a per unit basis, which often results 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. Additionally, the brownfield revitalization tax credit incentivizes developers to find properties that have environmental issues, while the tax credit itself does not cover the entire cost of the required cleanup. The 2024 application round showed evidence of this. In the preliminary rankings, 7 applicants received points for Other Types of Tax Credits. Using $0.80 federal equity pricing and $0.45 state equity pricing as estimates, the total requested tax credit equity for developments with "Other Types of Tax Credits" was about $316,000 per unit, while the total requested tax credit equity for developments not receiving those points was about $277,000. 6 of the 7 applications to receive these points were in Group B, so comparing just Group B applications, the average for those receiving points was about $324,000 per unit compared to just $280,000 per unit for those not receiving points. While the intent of this scoring category was to create a more efficient use of tax credit resources, this shows that such projects actually were far less efficient in using tax credit resources, demonstrating that this category did not serve the purpose it was intended for.

If not removed or replaced, we recommend the points available for Other Types of Tax Credits be reduced. Georgia and Indiana both have scoring categories that give points to historic rehab developments, yet both have less impact on 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 if it is retained.

Minimally, we believe this scoring category should have a sliding scale if it continues to exist in the future, similar to the "Leveraging" scoring category. The various types of tax credits are not equal in the value they bring to a development, and developments should be awarded based on how much value these Other Types of Credits actually bring to the deal and the extent to which they reduce the need for federal and state Low Income Housing tax credits.

2. 3+ Bedroom Requirements for Family Developments

We recommend allowing the number of units with 3 or 4 bedrooms in family developments to be 20%-30% instead of 25% rounded up or down to a whole unit. Allowing developers flexibility will allow for developers to improve cost efficiencies in apartment buildings by being able to stack units. On applications in 2024, we ran into a case where we had to stack a 2-bedroom unit on top of a 3-bedroom unit in order to meet the 25% requirement. Had we stacked the 3-bedroom units only on 3-bedroom units, we would have been at 28.6%, and if we had removed the stack entirely in favor of 2-bedroom units, we would have been at 19%. Stacking like units on top of each other is the most efficient way to build.

3. 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. Instead, we recommend aligning these scoring criteria more closely with the 9% scoring. Of the states Woda Cooper currently operates in, Georgia, Indiana, Ohio, Virginia, and Wisconsin all have state housing tax credits and, consequently, a highly competitive tax-exempt bond process. Virginia and Wisconsin have 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 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, for 9% credits, applications can get up to 20 points for distance to amenities, while for the 4% credits, this category is restricted 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. We recommend that SC Housing mimic the 9% scoring for their Tax-Exempt Bond program, making modifications to some location criteria to account for the larger number of units seen in such developments. Tax-exempt bond applications typically have more units, which means more land is needed which may push developments a bit further out from the urban core. For example, scoring categories such as the distance to amenities and the On-The-Map jobs counts should have larger radii or smaller thresholds to allow developments to more reasonably achieve competitive scores.

For the State LIHTC, the scoring should directly mimic the applicable funding round. When part of the tax-exempt bond application round, the state LIHTC scoring should match the tax-exempt bond scoring. When part of the 9% LIHTC round, the state LIHTC scoring should match the 9% LIHTC scoring. This will ensure the highest scoring developments can receive funding as opposed to trying to balance 2 separate scoring systems and potentially ending up with a result where the highest-scoring application has the lowest score in the state LIHTC rankings.

4. **County New Construction Limit**

While 2 new construction awards in Group A counties is beneficial due to the higher need for affordable housing and the greater amount of tax credits available for Group A applications, we recommend reducing the new construction awards in Group B to just one award. Group A has traditionally had more geographically diverse applications due to the amount of credits available and the parity in scoring between the Group A counties. However, for the past several rounds, Group B has had just a handful of locations that score well above the rest of Group B. This drives up competition for land in those areas and concentrates the awards as opposed to spreading tax credits throughout the state. Limiting Group B counties will also encourage developers to pursue developments in more areas than what has been seen in recent years. In the 2024 preliminary rankings, 3 of the top 5 Group B applications were in Sumter all within 1.5 miles of each other. In 2021 and 2022, all applications were in Florence, Seneca, or Greenwood (aside from one application in Easley that was the lowest scoring Group B application in 2021).

5. **New Construction Scoring Criteria – Qualified Opportunity Zones**

We recommend replacing Qualified Opportunity Zones for another census-tract based category in this year's QAP. The Qualified Opportunity Zone scoring category is stagnant and has been in place since the 2020 QAP. This has been causing the same Group A counties to have the highest scores year after year. Greenville has received the maximum number of awards each year since 2020 and appears like it may do so again based on the 2024 Preliminary Rankings. While Greenville certainly has a high need for affordable housing, this has left other major areas without awards despite having just as high of a need. Beaufort County, for example, has not received a 9% award since 2021 and had no applications this year. York County has not received a 9% new construction award since before 2020. The Qualified Opportunity Zone scoring has been a major factor in this, and without change, SC Housing will continue to see more of the same with applications in future years.

Not only have there been repetitive allocations in Greenville, but they have been concentrated in the same regions of the county. Of the 7 awards in Greenville since 2020 plus the 2 high-scoring applications in the 2024 preliminary rankings, only 1 project has not been concentrated near other awards. 4 awards fell in census tract 28.12, and the other 4 were all located within 1.5 miles of the Greenville Downtown Airport. This comment is not to suggest that Greenville should not get allocations, but is merely a suggestion that changing this criteria will level the playing field to allow for more equitable allocations across more counties and in a broader area of Greenville itself. One suggestion would be to include a scoring category based on rent burden. Each county has several areas that are highly rent-burdened, and placing affordable housing in areas where the residents currently struggle to afford the cost of living is good policy that will ultimately benefit the residents.

6. New Construction Scoring Criteria – Land Donation

Similar to "Other Types of Tax Credits" and "Leveraging", this scoring incentive strives to reduce a development's dependency on scarce Federal and State LIHTC sources. We suggest combining the land donation into the Leveraging scoring item as a permitted source for additional points as opposed to being a standalone category. The value of the land donation could be determined using the as-is land value in the appraisal already required as part of the application.

Furthermore, this scoring item currently only permits donations from local governments, school districts, and entities which received a property from a local government to be eligible for points. We also suggest removing that limitation and allowing a land donation from any source to be eligible provided it meets the numerical threshold. The policy goal of reduced Federal and State LIHTC need occurs regardless of who is the contributor of the donated land.

7. Mandatory Design Criteria – Accessibility Training Requirements

In instances where the development team (the architect, the general contractor, the superintendent, and the applicable subcontractors) have previously completed accessibility trainings under the active accessibility requirements, we recommend removing the requirement for trainings, or at least decreasing the requirement to just one training. The trainings are expensive and time consuming, and they are often redundant for many development team members.

Thank you again for this opportunity to provide feedback, and we look forward to working 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.