



City of Charleston

JOHN J. TECKLENBURG

MAYOR

October 25, 2018

Ms. Laura Nicholson, Development Director
South Carolina Housing Finance & Development Authority
300-C Outlet Pointe Boulevard
Columbia, SC 29210

Dear Ms. Nicholson:

We appreciate the tremendous efforts SC Housing has undertaken to ensure various options exist for financing affordable housing. We commend the staff and Board for maintaining a quality of excellence and access in what are extremely challenging times in the housing industry.

The City of Charleston is experiencing a housing affordability crisis. While our region has experienced positive economic and population growth over the past decade, including healthy 12% wage growth, housing costs have risen dramatically faster. Median home sale prices have risen 27% over the same period, and average rent is up forty-nine (49%) percent. The ripple effects this has caused in our region's economy, and our community, are stark. Many long-time residents are being priced out of their neighborhoods. Working professionals are living farther from employment centers resulting in hiring challenges for employers, increased traffic congestion, and difficulty accessing important services.

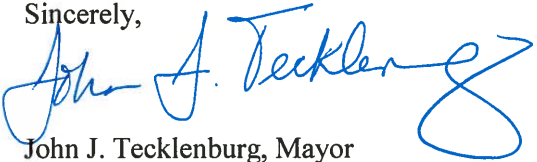
We are urgently seeking solutions to enhance financing options for the development of affordable housing in the Charleston area. Low Income Housing Tax Credits (LIHTC) present an excellent opportunity for funding and assist in filling the financing gap that often exists in these developments. However, for the Coastal Region of SC and the City of Charleston, changes must be made to maximize the opportunities that exist under the LIHTC program. I am recommending several changes to the 2019-2020 Qualified Allocation Plan (QAP) to ensure the City of Charleston and locales similar to ours are competing on a level playing field and are successful in securing the credits. The recommendations are as follows:

1. Given high land costs in rapidly growing and space constrained areas of our state, as in Charleston, we request a significant increase, or removal of, current QAP caps on the number of units and per unit cost within a development. The current caps are economically impractical for our region, resulting in developers choosing not to apply, and ultimately limiting affordable housing development.
2. Mixed use and mixed income developments produce the healthiest communities with the highest quality of life and are the most economically viable ways to create affordable housing. As such, we request the QAP include an incentive mechanism for developing this type of community using LIHTC dollars to finance the affordable units within a larger development.

3. Several items in the site characteristics scoring system work against space constrained, geographically dense areas. Proximity requirements from railroad tracks, substations, and bars are particularly challenging. We asked that these site characteristics are removed or balanced against the multiple positive attributes that exist in the community to include; medical facilities and schools with different specializations, as well as, proximity to employment opportunities.
4. We are grateful for the creation of the large-urban set-aside and support its further expansion and enhancement. More dollars in the set-aside would incentivize more applications, as would allowing more municipalities to participate. The proposed mechanism to reduce an applicant's score if previously awarded is a good start. Possibly rotating the municipalities receiving these dollars would ensure a more equitable distribution of LIHTC funds throughout the state.

Thank you for your time and consideration of this requests. We look forward to further collaboration between SC Housing and the broad coalition of Charleston Metro Area stakeholders who are committed to addressing the housing affordability crisis in our region.

Sincerely,



John J. Tecklenburg, Mayor
City of Charleston

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Copy to:

Ms. Bonita Shropshire, Executive Director SC Housing
Mr. Richard Jerue, Senior Advisor to Mayor John J. Tecklenburg
Mrs. Geona Shaw Johnson, Director, Housing & Community Development