

Harmon, Amy 6-8713

From: Nicholson, Laura 6-9190
Sent: Friday, September 28, 2018 6:29 PM
To: Harmon, Amy 6-8713
Subject: FW: QAP comments
Attachments: 20180928135439.pdf

Please post these comments to the 2019 QAP section of the web. Thanks,



Laura Nicholson, Development Director
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From: Shane Doran [<mailto:SDoran@jamesdoranco.com>]
Sent: Friday, September 28, 2018 3:38 PM
To: Nicholson, Laura 6-9190
Cc: Michael Meyer; Tracy Doran; Andy Schryver
Subject: QAP comments

Dear Laura,

Attached is a letter outlining our thoughts on pending QAP changes. Please feel free to call with any questions.

Sincerely,

Shane Doran
Humanities Foundation
Direct 843,284,5101

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Dear South Carolina Housing Finance & Development Authority,

The Charleston Metro Area is experiencing a housing affordability crisis. While our region has experienced positive economic 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 49%.

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 make financing possible for more affordable housing developments in the Charleston region. Low Income Housing Tax Credits (LIHTC) present an excellent opportunity, if several changes are made to South Carolina's Qualified Allocation Plan (QAP) to make applications from our region more practical and competitive.

1. Given high land costs in rapidly growing and space constrained areas of our state, we request a significant increase, or removal of, current QAP caps on 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 next 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 for our area while multiple positive attributes – specifically medical facilities and schools with different specializations – should be able to count more than once.
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. A mechanism to rotate the municipalities receiving these dollars would ensure a more equitable distribution of LIHTC funds throughout the state.

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5. We are sensitive to the fact that South Carolina - specific LIHTC development experience is an asset. However, some developers have this experience yet have not been awarded credits in some time. Despite this, these developers are still familiar with compliance requirements and the ongoing operations of LIHTC properties and therefore should not be forced to joint venture in order to develop additional properties. Therefore, we propose the following: Tax Credit Development Experience, paragraph b; (describing a 1 - point item) Currently reads " Owners...who have previously developed LIHTC developments between January 1, 2009 and February 1, 2017." Additional language at the end of the sentence would read "or have developed 7 LIHTC projects within the State of South Carolina."

6. There is contemplation of awarding a point for waiving the right to a qualified contract. We feel this is potentially detrimental both to LIHTC developers and the communities in which they develop. QAP criteria change substantially over 15 years, thus some deals are not competitive in regard to obtaining rehabilitation tax credits at the end of the 15- year period. Deals that no longer qualify will no doubt have major maintenance and capital improvement needs such as roof, HVAC, parking lot replacement etc. Without the right to a qualified contract, these properties could languish and contribute to urban blight and become substandard housing.

Thank you for your time and consideration of our 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,

A handwritten signature in black ink, appearing to read 'Tracy J. Doran'.

Tracy Doran

President
Humanities Foundation

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