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Sent: Monday, October 29, 2018 4:37 PM

To: Nicholson, Laura 6-9190

Subject: 2019/2020 QAP Comments

Laura,

Below are comments from Schaumber Development regarding the 2019/2020 Draft QAP:

1. I do not agree with eliminating the 1/2-mile distance for amenities as 1 mile will result in everyone getting perfect site scores and the QAP will be driven by the tiebreakers. There are enough challenges for our residents; living within walking distance of grocery stores, pharmacies, doctor's offices, etc. will take one hurdle off their plates. Location is important. There has been a recommendation by the Coalition that the 1/2 and 1 mile distance cliffs be eliminated and distances be measured to the 1/10th mile, I support this recommendation or something similar which would not result in perfect site scores.

1(a). By doing item 1 above, you do not need to limit land costs to 8% or 10% of Total Development Cost because developers will not need to bid on the same parcel.

2. Eligible Basis Per Heated Square Foot - Interior Corridors (and associated stairwells) should be included in this calculation since a family walk-up building will have significant costs associated with these elements. Add this item as a point item to stay within the average and that will eliminate applications being submitted with excessive basis percentages.

3. Development size - minimum size of the development shouldn't be increased above 32. There are often great sites in downtown/urban areas that are too small for 40 units plus parking. If there is a concern about cost and fee on smaller deals, item 2 above would handle this such that a 32 unit deal would still need to be in the average basis and therefore credit request.

4. SC Development Experience – Previously this was a 3-point item. I think it should be increased back to 2 or 3 points for 2 or 3 South Carolina deals. Developers who have been interested in working in SC have partnered with experienced developers to get their “in-state” points. This is a good system, it protects the state and program and it doesn't block developers, it just requires new developers to add an experienced partner to their team. It further creates SC jobs because in-state development teams employ South Carolinians and often if not always hire in-state contractors who in turn hire in-state subs...there are many reasons to keep these points.

5. Developer Fee reduction – the developer fee is the life line on these deals. The Fee is the developer contingency in a deal and over a three year period, the fee covers overhead and operations for the developer. While the number looks large on some deals, after deferrals, overhead and expenses, the fee is needed. Market-Rate real estate transactions include large developer fees; once a project closes construction and converts to a perm mortgage, there are typically no more personal guarantees. In a LIHTC development, however, the guarantee continues for the 15-year compliance period, the amount of the developer fee is certainly earned with development, construction, stabilization and 15 + years of operation.

6. Total Development Cost Tie Breaker – don't oppose TDC limits, but if it's per heated square foot and breezeway stairs and corridors do not count, then this not going to accurately reflect the real cost to build. If the authority does item 2 above on eligible basis, that should cover some TDC issues.

Thanks,

Drew

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