

2021 SRDP Application Public Comments and Responses

3/12/2021

1. **Comment:** Disabled Person 2(v), Page 3 - Per the definition, a person with disabilities includes one or more such persons living with another person who is determined to be important to their care or well-being. If a care giver lives with a person with disabilities, the caregiver may not be within the income level required to live in the community. How would the rent be determined for the caregiver? Likewise, may an on-site staff member occupy a unit as they are important to the well-being of the residents? How should a unit occupied by a caregiver or staff member be reflected on the application? Must such units be market rate units?

Response: How rent and income are determined for live-in caretakers differs depending upon the type of unit. If the housing unit is a group home, it is considered to be a one-unit project. All occupants of one-unit projects, except supportive service providers must be low-income. The income of the live-in caretaker is not included in the annual income certification. Rents in group homes are based on the appropriate Section 8 Existing Fair Market Rent (FMR) for the unit size. For example, a group home with three bedrooms would use the FMR for a three bedroom unit. Each family's rent is its proportionate share of the total unit rent. Live-in supportive service provider bedrooms are not counted in calculating tenants' rent. For example, if one bedroom of a three bedroom unit is occupied by a live-in caretaker, the maximum unit rent is the FMR for a two bedroom unit.

Applicants may also propose developments in which caretakers live on-site in separate market rate units. For these situations, all requirements outlined in the 2021 SRDP Application Manual for market rate units must be met. Applicants proposing developments that will have live-in support service providers residing in the SRDP unit or living in separate units within the development should use the project narrative to explain how the live-in support service providers will be included in the development.

2. **Comment:** Definitions, Page 6—"Supportive Housing"—the definition included this statement: ***Owners cannot give a preference based on disability type (actual or perceived) or being a client of a particular service provider (absent approval from the Authority).*** This restriction could eliminate critical partnerships (unless approved by SC Housing) that can be created with special needs organizations across the state who are the very ones who provide the support for clients and are experts at them. These partnerships would not exclude other units from being available to other clients with special needs as long as the supportive housing units offered to these partnerships were less than 100% of all special needs units in the SRDP project.

Response: Recipients of HOME Investment Partnerships Program and National Housing Trust Fund Program awards must be compliant with the regulations of Section 504 of the Rehabilitation Act of 1973. Section 504 and its implementing regulations at 24 CFR Part 8, obligate recipients to make developments accessible to persons with disabilities. One of the many obligations of the regulation includes operating housing that is not segregated based on disability or disability type unless authorized by Federal statute or executive order, or unless segregation is necessary to provide effective housing, aid, benefit, or services as those provided to others. To ensure compliance with the regulation

applicants proposing developments that intend to have a preference for a particular disability type will need approval from SC Housing prior to receiving an SRDP award.

3. **Comment:** Definitions, Page 6 - The definition of Supportive Housing does not allow owners to give a preference based on disability type or bring a client of a particular service provider without Authority approval. While Department of Mental Health (DMH) recognizes the need for additional supportive housing for people with all disabilities, our agency's sole mission is to support the recovery of people with mental illnesses. Given that DMH has committed state funds to expand permanent supportive housing for patients in accordance with the Olmstead Settlement agreement, we request Authority approval to allow owners to partner with DMH to assist in fulfilling the Agreement.

Response: Please refer to the response provided for comment #2. In addition, when evaluating applications SC Housing will take into consideration whether or not the proposed development has financial commitments from funding sources that have statutory authority to limit eligibility to individuals with specific disability types.

4. **Comment:** Page 6 - Can you please define special needs populations? Specifically, populations which qualify for the supportive housing set aside?

Response: Some common special needs populations and subsets are individuals with disabilities (mental, intellectual, physical, and sensory), homeless, those at risk of being homeless, youth aging out of foster homes, those with substance abuse disorders, victims of domestic violence, etc. This list is not all inclusive.

5. **Comment:** Supportive Housing, Page 6 - Please clarify "Owners cannot give a preference based on disability type." Our housing community is designed to provide support to persons with Autism and intellectual disabilities. Applicants are required to have a medical diagnosis. Applicants are also screened with background checks to eliminate sex offenders or those with criminal backgrounds. We do not have the expertise to accommodate persons with every possible disability such as severe mental illnesses, persons with drug addictions, persons requiring specialized care due to HIV. Does our definition of Autism and intellectual disabilities meet your definition of "any subset of the population that has been identified as having specific needs"?

Response: Please refer to the responses provided for comments #2 and #4. In addition, HOME and NHTF units in developments targeting special needs populations must be affirmatively marketed to all persons with the special need. When housing is developed for persons with disabilities, the housing must be marketed to all individuals with disabilities and cannot be restricted to persons with specific types of diagnoses or subclasses for persons with disabilities unless, such action is necessary to provide the individual with housing, aid, benefit or services that is as effective as that provided to others; however, the advertisement for the development can identify the specific services that are to be made available to the residents.

Under the Fair Housing Act it is unlawful for a housing provider to inquire about the following:

- If an applicant for a dwelling unit has a disability or if a person intending to reside in a dwelling or anyone associated with an applicant or a resident has a disability, or
- The nature or severity of a disability of such persons.

Housing providers may make the following inquiries, provided these inquiries are made of all applicants:

- inquire to determine if an applicant qualifies for a dwelling legally available only to persons with a disability or persons with a particular type of disability, or
- inquire to determine if an applicant qualifies for housing that is legally available on a priority basis to persons with disabilities or to a person with a particular disability.

6. **Comment:** Application Set-Asides, Page 8 - It is recommended that this set-aside be expanded and also include developments that have a maximum of 25% of the total units designated for persons with disabilities.

Response: The amount of the Supportive Housing Set-Aside will remain as it is in the draft. SC Housing may consider expanding the set-aside in future funding cycles after the results of the initial implementation of the set-aside in the 2021 funding cycle are evaluated. In regards to the maximum percentage of units the language in the manual will be revised to state the following: "This set-aside will include permanent supportive housing developments of which, at least 25% of the units are designated for persons with disabilities."

7. **Comment:** Application Set-asides, Page 8 - describing the set aside for Supportive Housing—it says this: ***Supportive Housing - \$5,607,037, 20% of available funds. This set-aside will include permanent supportive housing developments of which 100% of the SRDP funded units are designated for persons with disabilities.*** Developments that cluster 100% of all units serving the same demographic or in this case same disabilities or even similar disabilities, unless they are controlled environments often with on-site management, or unless transitional, often lead to greater barriers for the clients. I would suggest that this set-aside, instead of being exclusive to its own funding group and isolated developments, be one that augments other developments and boosts SC Housing's investment into the other affordable housing SRDP set-aside categories by rewarding developments that include special needs tenants among all housing types.

Response: Please refer to the response provided for comment #6.

8. **Comment:** Page 8 - Is 39 the max of affordable units?

Response: The maximum amount of affordable units in the general new construction set-aside is 39. The maximum amount of affordable units in the rehabilitation set-aside is 24. The maximum number of affordable units in the permanent supportive housing set-aside is 39 if new construction, and 24 if rehabilitation.

9. **Comment:** Page 8 - What's the maximum amount of market rates units that we can include with SRDP?

Response: There is no maximum amount of market rate units in the 2021 SRDP funding cycle with the exception of the micro-new construction set-aside, which is limited to a total of 8 units. Applicants proposing market rate units in the micro-new construction set-aside must have a minimum of 20% of the 8 units as market rate to qualify for points.

10. **Comment:** Page 8 - Can we go over the required 20%?

Response: Yes, 20% is the minimum number of market rate units for developments with 9-39 affordable units.

- 11. Comment:** Page 8 - Does 100% of the set aside money awarded for Supportive Housing need to be used for the special needs population? **Confused bc manual say specifically, "designated for persons with disabilities"

Response: The manual will be revised to state the following: "This set-aside will include permanent supportive housing developments of which, at least 25% of the units are designated for persons with special needs."

- 12. Comment:** Page 8 - Is there a maximum cost per completed unit in the development?

Response: No, however, all costs are subject to review for justification of acceptable, reasonable and necessary costs. In addition, sites determined by geotechnical reports to be not well suited for building, requiring cost prohibitive site work that exceeds normal ranges or that will prolong the time period of construction will be eliminated from funding consideration.

- 13. Comment:** Market Rate Units, Page 8 - Mixed Income projects - 20% of units MUST be market rate. Will a Supportive Housing project be required to have market rate units?

Response: No, including market rate units in SRDP developments is an optional point item for all set-asides.

- 14. Comment:** Page 10 - Can you verify that we can develop a property that is in a flood zone and that we can build inside that flood zone?

Response: SRDP developments cannot be built in a floodplain or have an impact to the 100 or 500 year floodplains. Developments located in non-coastal counties cannot have any portion of the SRDP parcel(s) in a 100 or 500 year floodplain. SRDP sites in Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Horry and Jasper counties must be developed on parcels that are at least 80% buildable and the flood zones cannot be impacted by the development.

- 15. Comment:** Ineligible Projects, Page 11- Please clarify – If we received SRDP funding in 2020, may we apply for funding in 2021 for the next phase of the same project. 2020 funded development will not be placed in service as of application date.

Response: Applicants with open HOME and/or NHTF projects must meet the completion criteria described in the Threshold Requirements section of the draft manual on page 21. In addition, applications proposing new construction developments located within one mile of a development funded in a previous LIHTC or SRDP funding cycle that have not placed in service and achieved 90% physical occupancy as of the application deadline are ineligible.

- 16. Comment: Pages 23-25 -** Positive Site Characteristics scoring assigns 40 out of 100 total points based on the Palmetto Opportunity Index for the site. This favors projects in higher density locations and negatively impacts projects that are located near a county's borders or will draw residents from a wider area than just the census tract or county in which the site is located. Could you explain your rationale

for using this scoring criteria and provide some possible alternatives to create positive impacts for low-density areas?

Response: The Palmetto Opportunity Index is designed to reflect the quantity and quality of resources available in the immediate area for facilitating increased quality of life for low-income households, hence a census tract-level index. The twelve variables used are identified in Appendix A to the 2021 SRDP Draft Application Manual. There are in fact highly rated tracts in urban, suburban, exurban, and rural areas alike. Further, the intent is to build new affordable housing in communities that have traditionally not received such resources, as well as those experiencing substantial population growth. Given the limited funds SC Housing has at our disposal, we intend to situate new developments in communities most likely to lead to tenant success.

17. Comment: Under New Construction Scoring Criteria – Positive Site Characteristics, #2 - large tracts of Jasper County are sparsely populated or bordering on swampland, so there may be few businesses within a 1-mile radius of an otherwise favorable site. Could you explain your rationale for including Jasper County, having a mostly rural population, in the list of more densely populated counties where up to 10 points are awarded based the number of jobs in a specific income range within a 1-mile radius rather than the 2-mile radius used in the other counties?

Response: Counties are grouped based on the relative attractiveness of the local real estate market. This analysis was first done in the 2019 Housing Needs Assessment and was repeated for the 2021 multifamily funding cycle. Market strength is evaluated based on current rents, recent rent growth, rental vacancy rates, point-in-time homelessness count, projected population growth, and share of housing units built before 1980. Jasper comes out third in this ranking, largely because it is expected to be the fastest growing county in the state in the 2020s (based on Office of Revenue and Fiscal Affairs estimates). For this reason, there is a strong interest in ensuring that proposals are sited in close proximity to existing employment centers to avoid low-income households being priced out of these areas in the future.

18. Comment: The manual references “Appendix A” in several places but there does not appear to be any section labeled as “Appendix A.”

Response: Appendix A is the Palmetto Opportunity Index which can be found in the draft application manual on Page 42 of the .pdf document.

<https://www.schousing.com/Home/SmallRentalDevelopmentProgram>

19. Comment: Appendix B, Emergency Alert Systems, Page 7 - Please consider allowing updated technology that is sensory friendly. Flashing strobe lights and audible alarms can create extreme anxiety for persons with Autism. Enabling technology exists that can provide alerts without creating extreme sensory overload. We recommend allowing submission of plans for alert systems from a person certified in enabling technology.

Response: SC Housing understands your concern; however, we do not have the authority to waive emergency alert system requirements that are required by federal regulation. Once tenants have been

identified, if necessary, they are able to request sensory friendly technology as a reasonable accommodation.

20. Comment: Appendix B, Page 27 - Is an Energy Star consultant required? Do you have a list for qualified energy star consultants?

Response: Please refer to Appendix B section II, R. Energy Star #1-8.

21. Comment: In the micro set-aside the “cap” on number of market rate units appears to have been lifted. For clarity, if an entity wanted to submit in the micro set-aside a project that included 8 affordable units, but the total for the project was 16 units (for example), with the remainder of the 16 (in this case 8) being market rate units, would this be allowed?

Response: The purpose of the micro-new construction set-aside is to provide opportunities for less experienced nonprofits to submit very small scale projects which if awarded, will provide nonprofits the opportunity to gain experience developing affordable housing with federal funds and expand the capacity of their organization. For this reason, the total number of units permitted for developments in the micro-new construction set-aside is 8. If submitting a mixed-income project in this set-aside, at least 2 of the units must be market rate and the remaining units must be affordable units.

22. Comment: 2020 was a strange and difficult year for all of us. COVID has caused labor and material shortages for all of us with projects under construction. I would suggest that all 2018 projects should be "on schedule" with their implementation schedule and not "75% complete by 4/15".

Response: SC Housing agrees that 2020 has been a strange and difficult year. The increased costs of labor and material have had an impact on almost every project awarded in the 2018 and 2019 funding cycles. Many of which, are behind schedule due to unexpected cost increases and funding limitations. For this reason SC Housing has determined that it is necessary to keep the completion requirements for participation in the 2021 funding cycle as stated in the draft manual.

23. Comment: We support the set-aside for permanent supportive housing developments designated for persons with disabilities – this is greatly needed. However, much of the site scoring criteria are not very relevant for adults with disabilities. Due to the critical need for supportive housing, many adults with disabilities are willing to move from anywhere in the state to obtain supportive housing. Should there be a different scoring criteria for this set-aside that depends less on the site’s location?

Response: SC Housing recognizes the need for permanent supportive housing projects in SC, which is the reason the supportive housing set-aside is being introduced for the 2021 funding cycle. The implementation of the set-aside will allow PSH developments to be considered for funding without having to compete against projects in the other set-asides which typically target families and elderly populations. SC Housing is very interested in developing specific criteria to score PSH developments for future funding cycles. We welcome any feedback or suggestions that can assist to development scoring criteria for 2022.

24. Comment: Unrelated to the scoring criteria is a concern about the residents wait list information that must be provided as part of the application. The information requested for individuals placed on waitlists is an overreach of privacy and contradicts Fair Housing requirements of “first come, first

served.” Doesn’t the required market study provide enough details to substantiate the need for the affordable housing being proposed?

Response: SC Housing is in agreement that the market study provides the data necessary to substantiate demand. The requirement to include a waiting list will be removed from the Tier II Application Checklist.

25. Comment: I believe that Oak Tree Farm and Church Street Place were the only supportive housing applications in 2020 that received awards. Since the set-aside for supportive housing in 2021 is limited to \$5,607,037, I have told them that if these two applications had been submitted in the 2021 round, only one of them could have been funded. Am I correct?

Response: In addition to Oak Tree Farm and Church Street Place, Pleasant Place which was also awarded in 2020 has designated 3 of 27 units for permanent supportive housing. The statement that if Oak Tree Farm and Church Street Place were the only supportive housing applications submitted in the 2021 round only one of them would be funded is not necessarily correct. Once the funding for a set-aside is depleted the remaining applications can roll into other set-asides if funding is available.

Comment 25 (continued): Assuming I am correct, their other question is whether if they did not win in the 2021 supportive housing set-aside, but their score was high enough to receive an award in the general new construction pool, could they still be funded? I have told them that they can only compete in one set-aside. They cannot roll over to another set-aside to re-compete.

Response: It is possible for applications to roll into other set-asides if funding is available.

26. Comment: They have also raised the question whether they can split their application into two parts with supportive housing on one portion of the site and affordable housing on another, thereby competing for portions of their needed funding in two set-asides. Based on item 10 under “Ineligible Projects and Activities” on page 8 of the 2021 draft manual, I have told them that is not possible.

Response: That is correct; the scenario described in the comment is not eligible.