

**From:** Holly Douglas [REDACTED]  
**Sent:** Thursday, June 10, 2021 3:28 PM  
**To:** TaxCreditQuestions  
**Subject:** Comments to 2021 QAP

Good afternoon,

Please allow these comments to serve as preliminary feedback on the 2021 QAP. While the deadline for comment submission has been stated as today, I hope the Authority will entertain comments submitted later from both the Affordable Housing Coalition and other individuals. A lot of folks appear to be out with the start of summer and completion of 9% rounds...the AHC has not been able to reconvene for these reasons but intends to submit comments as well. These are being submitted on behalf of Douglas Development/Holliday Development.

### **1. Survey Requirements**

The cost to complete a full survey for the application is onerous and unnecessary. We are unclear as to why this would be a requirement at full application, but other items like an environmental report are not. The level of engineering and survey required to submit an application is excessive from a cost standpoint, and that requirement should be moved back to post award as it was in years past.

### **2. Site Scoring**

To the extent the Palmetto Index remains in place and what appears to be happening this year happens again, with certain counties within Group A being able to consistently obtain a higher score (more 40 point census tracts in strong job areas), and the credits can only go so far....there needs to be a mechanism to ensure lower scoring Group A counties can get funded vs. 3 deals Beaufort/3 deals Greenville/3 deals Richland/ etc....and never getting down to deals in those lower scoring counties. It appears that construction costs are going to stretch credits to point it is likely the lower scoring counties in Group A won't even get to the point of consideration before it runs out. I don't know why this pattern wouldn't repeat itself if the scoring doesn't change. Limiting to two deals per county would be the easiest fix if the scoring does not change for this unintended consequence.

Similarly, there were Group B and C counties that did not have 40 point census tracts meeting any of the other scoring criteria, which essentially made them uncompetitive in those respective pools. Ten points is hard to make up. The Authority may consider narrowing the differential between different point tiers on this item (40/35/30 for instance).

### **3. Supportive Housing Units**

Setting rents at 20%AMI is setting these properties up for potential issues down the road. If a disabled individual or household with disabled person(s) can pay no more than \$120-150 a month in rent, they very likely don't have money to pay for utilities or other basic needs-- but the LIHTC program as written has no requirement for supportive services, so now we have a population that has a clear need for support, and the only way that has been provided is through the extremely low rent. We understand the objective, but if not done in tandem with social services or the assistance of other funding programs, randomly injecting 20% units is likely creating scenarios of delinquency and extreme burden on management. In speaking with DMH, housing authorities, etc, this is a lower bar than even set by their organizations. According to management, this is lower than the income qualification for most fixed income households.

There needs to be some consideration of what this set aside is trying to accomplish and whether just setting rent for a fraction of the units at such a low level accomplishes it.

### **4. Local Funding Support**

The local housing support funding definition is too narrow (1% at 20 years), unless the intent was for this to only apply to CBDG and HOME funds. There are many mission based lending sources in South Carolina that would willingly support the LIHTC program, but their funds are excluded under this definition. There are also numerous state-wide organizations that would not qualify as lenders because they are not "local". These organizations are CDFIs, consortiums, etc, and cannot necessarily lend at 1% for 20 years, but their funds could be a valuable contribution to a deal's capital stack even if structured with a higher interest rate/lesser term. Please evaluate local funding support points, clarify the definition, and seek input from the non-profit community on how they can put their funds to work in these projects before releasing the 2022 draft.

#### **5. Two Tier Application, Timing**

The two tier program was a great shift and saved developers a great deal of time and money not chasing deals that never had a chance. Please keep this two-tier process in place. However, if at all possible, pushing the deadline up to late March or early/mid April vs. late May would keep SC's final application deadline from stacking up on top of North Carolina, Virginia, and numerous other state's established deadlines for submission...as well as the end of the South Carolina school year.

#### **6. Non-profit reporting requirement/Tab 7**

If a deal is *not* submitting for consideration under the 10% non-profit set aside, items under Tab 7 should not be required just because a non-profit entity is part of the applicant entity. That was the case in prior years, and we assume it was unintentional to require this of non-profit partners in this cycle.

#### **7. Missing Items**

We are extremely glad that SC Housing has dropped the position maintained in prior years where points were deducted for single missing items. However, some standard for completion should be set for full application....the comment has been made that "you could submit an application missing 20 items and just pay the fees if needed". This could be a non-issue, but if in fact applications are being submitted with excessive documentation incorrect or missing, thus slowing down the review time of the Authority, we think *some* standard could be set for completeness so the Authority is able to adhere to the timeline put forth at the beginning of the QAP cycle and upon which all applicants' land options were determined.

Thank you for your time and consideration on these matters. We appreciate all the positive changes SCSFHDA is implementing in the program.

Respectfully,  
Holly

Holly Douglas  


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