

HOUSING AUTHORITY OF THE CITY OF CHARLESTON

550 MEETING STREET, CHARLESTON, SOUTH CAROLINA 29403

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Arthur S. Milligan, Jr. (MBA, CCIM, CPM, PHM)

President & CEO



August 16, 2023

RE: SC Housing 2024 QAP Comment
Experience for HUD Section 18 Projects

Ms. Kim Wilbourne
South Carolina State Housing Finance and
Development Authority
300 Outlet Pointe Blvd
Columbia, SC 29210

Ms. Wilbourne:

It is my understanding that South Carolina Housing (SC Housing) is currently receiving comments on the 2024 draft QAP. As such, I would like to submit the following comment for consideration as SC Housing prepares to finalize the 2024 QAP.

Under Appendix C2 - Tax Exempt Bonds, Section II.B.3, SC Housing allows developers proposing projects utilizing the RAD program to request a waiver of the required development experience if the Development Team contracts for the services of a LIHTC consultant who has experience on previous RAD conversions.

Another tool by which HUD allows Public Housing Authorities (PHAs) to reposition their Public Housing portfolios is the Section 18 program. The Section 18 program allows PHAs to demolish or transfer public housing property to affiliates and third parties with the goal of accessing private capital and putting deeply affordable units on a long term and reliable financial platform (ex. a Section 8 contract).

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Like the RAD program, various financing tools such as tax credits, multifamily bonds, and FHA-insured debt can be utilized under the Section 18 program to facilitate major renovations or new construction of quality affordable units for households earning significantly less than area median income. After HUD approval of a Section 18 application, a PHA may also be eligible to apply for Tenant Protection Vouchers, and in certain scenarios, the vouchers can be attached to the unit, allowing for even more underwriting predictability on the project. Finally, HUD also allows PHAs to combine the RAD and Section 18 programs to reposition public housing units, which may help attract better financial terms in some markets, because the portion of units approved under Section 18 would be eligible for contract rents as high as 110% of the area's Fair Market Rent.

I request that SC Housing inserts an additional provision under Section II.B.3 for developers to request a waiver of the required development experience provisions if their project is taking place under the Section 18 program and a LIHTC consultant with experience operating under the Section 18 program is contracted on the project.

If I can do anything to further clarify this comment, please do not hesitate to reach out.

Sincerely,

Pete Sherman, Director of Development
Housing Authority of the City of Charleston

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