

[REDACTED]

From: Wilbourne, Kim 6-9083
Sent: Monday, September 25, 2023 4:40 PM
[REDACTED]
Subject: FW: Bond Scoring Criteria Recommendation for SC Housing
Attachments: Bond Scoring Criteria Recommendation for SC Housing (002).pdf

-----Original Message-----

From: T Kevin Connelly [REDACTED]
Sent: Thursday, September 21, 2023 4:50 PM
To: Wilbourne, Kim 6-9083 [REDACTED]
Subject: [External] Bond Scoring Criteria Recommendation for SC Housing

Kim,

Please find attached our recommendation for revision to both the 2023 and 2024 QAP's. We believe that these practices should be implemented immediately to avoid further confusion and complications with developments seeking funding.

If you have any questions please feel free to contact me.

Sincerely
Kevin Connelly

State Tax Credit Ranking Criteria/Clarification Recommendations for SC Housing

- For ranking purposes, Total Residential Heated Square Footage needs to be used, excluding square footage of common space. Add this clarification to Appendix C2 TEB, page C2-4 Ranking and Appendix C3 State LIHTC, page C3-3 Ranking.
- Clarify in Appendix C2 TEB and Appendix C3 State LIHTC how many tenants per bedroom will be used for ranking purposes. SC Housing used 2 tenants per bedroom in their sample ranking criteria provided to JBRC; however, this criteria needs to be stated in Appendix C2 and Appendix C3 so that everyone is using the same tenant count.
- Appendix B Development Design Criteria, page B-7, states a minimum square footage requirement for bedrooms. SC Housing needs to establish maximum bedroom square footages. Suggest 20% increase for Studio, 1 BR, 2 BR and a 15% increase for 3 BR and 4 BR. See chart below. Information for average Columbia affordable square footages was taken from Aptindex.com. This company tracks statistics on multi-family units based 100% on market surveys. We selected the Columbia average for purposes of our recommendation.

Bedrooms	Minimum SF per Appendix B	Average Columbia Affordable SF based on Apartment Index	Suggested Maximum SF
0 (Studio)	500	NA	600
1	750	768	900
2	850	1077	1020
3	1100	1233	1265
4	1250	1387	1437

- Need to clarify in the QAP, page 10 section L, that 5 BR and larger units are not allowed. Based on discussions with various market analysts, basically no 5 BR units are built unless it is specifically for student housing. Your “Proposed & Existing LIHTC and Tax-Exempt Bonds Developments” master list use to include the number of bedrooms in each development. While that information is no longer provided, I would encourage you to review the old list to see how many 5 BR units are in SC Housings portfolio.
- QAP, page 10 Section L, stipulates that a minimum of 10% of the units be 1 BR. We suggest similar criteria for 4 BR units in which **no more** than 15% of the units be 4 BR.
- Based on the current ranking criteria, it encourages developers to build larger square footage units and units with 5 and more bedrooms in order to better their odds of being funded. This is why we encourage you to consider the suggested changes above.
- A minimum of 55% of TEB needs to be required as sources to discourage developers from using the minimum 50% of TEB’s to qualify for federal credits for the most competitive application and then running into additional unanticipated costs and not having enough “cushion” in bond proceeds without having to go back for additional bond cap.