

[REDACTED]

From: Public Affairs [REDACTED]
Sent: Tuesday, July 4, 2023 9:18 AM
To: Davis, Julie 6-8117
Cc: Wilbourne, Kim 6-9083; Andersen, Nick; Archer, Katessa; Duckett, Khayree
Subject: [External] 2024 QAP Comments

July 3, 2023

Julie Davis
Multifamily Development Director
South Carolina Housing Finance & Development Authority
300-C Outlet Pointe Boulevard
Columbia, SC 29210

Dear Ms. Davis,

Thank you for the opportunity to provide written comments on SC Housing's 2024 Qualified Allocation Plan. Dominionum also appreciates SC Housing's recent outreach efforts through the convening of a developer roundtable.

With almost 50 years of experience helping communities achieve successful affordable housing solutions, Dominionum's overriding objective is to build and improve properties that people are proud to call home. On behalf of Dominionum, I respectfully offer comments for staff consideration in the drafting of the 2024 QAP concerning permitted utility allowance methods.

Utility allowances are meant to capture "the costs for *reasonable* amount of utilities (emphasis added.)"^[1] Indeed, the most recent *Housing Choice Voucher Program Guidebook* instructs public housing authorities to "use normal patterns of consumption for the community as a whole and current utility rates. The objective is to establish allowances based on actual rates and average consumption estimates, which allows most participating families an allowance that is adequate to cover expected average utility costs over a twelve-month period."^[2]

That is why the National Council of State Housing Agencies, in their *Recommended Practices in Housing Credit Administration*, encourages HFA's to "[p]ermit Housing Credit developments to select from all utility allowance options available under IRS regulation" so that "utility allowances that accurately reflect anticipated utility consumption."^[3]

Contrary to those recommended practices, SC Housing does not currently permit use of energy consumption models (ECMs) for utility allowance schedules even though they would be developed by a third-party professional approved by SC Housing, documentation of the ECM would be provided to SC Housing, and SC Housing would retain the ability to disapprove the ECM and reevaluate the reasonableness of the consumption data on a year-by-year basis.

While we understand SC Housing's reservations that an ECM methodology does not provide insight into "wasteful consumption", and thus is not a guarantee that the average consumption is representative for a specific household, SC Housing could establish an approach in which consumption data must be obtained every year and require allowances to be recalculated annually. Dominionum would gladly submit to such examinations.

In contrast, the current allowed utility allowance schedules provide no immunity to residents from "wasteful" overconsumption in individually metered households and the allowed methods come at the expense of scarce state resources. Our team has conducted a preliminary analysis utilizing our experience across our 38,000-unit portfolio and determined that prohibiting the use of ECMs at a development in South Carolina would mean a failure to leverage an additional \$3.6M in debt on our first mortgage, and further cause applicants for 4% bond developments to have a difficult time in limiting their state credit request over the term of the credits.

The absence of these mortgage proceeds, accessed after stabilization and conversion of the property, mean that the sources necessary to finance projects will instead rely on federal and state housing tax credits. Conversely, permitting ECMs would mean fewer federal credits and \$6M returned to the South Carolina Treasury.

For these reasons, we believe that SC Housing should permit energy consumption models for use in utility allowance schedules in its 2024 QAP. We appreciate your consideration of our comments and looks forward to working with you to create quality affordable housing opportunities for the citizens of South Carolina.

If you have any questions or would like to discuss any of these items further, please do not hesitate to contact Khayree Duckett at [REDACTED] or via email at [REDACTED]

Sincerely,

Katessa Archer
Senior Development Associate

^[1] *Utility Allowance Guidebook* U.S. Department of Housing and Urban Development. https://www.hud.gov/sites/documents/DOC_10600.PDF

² *Housing Choice Voucher Program Guidebook*. <https://www.hud.gov/sites/dfiles/PIH/documents/Utility-Allowance-Final-5.2020.pdf>

³ *Recommended Practices in Housing Credit Administration*, NCSHA 2017. <https://www.ncsha.org/wp-content/uploads/2018/05/NCSHA-Recommended-Practices-in-Housing-Credit-Administration-Updated-Dec-2017.pdf>

Public Affairs

Development
DOMINIUM
2905 Northwest Blvd Suite 150 | Plymouth, MN 55441
Phone [REDACTED]



This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.

^[1] *Utility Allowance Guidebook* U.S. Department of Housing and Urban Development.

https://www.hud.gov/sites/documents/DOC_10600.PDF

^[2] *Housing Choice Voucher Program Guidebook*.

https://www.hud.gov/sites/dfiles/PIH/documents/Utility_Allowance_Final_5.2020.pdf

^[3] *Recommended Practices in Housing Credit Administration*, NCSHA 2017. <https://www.ncsha.org/wp-content/uploads/2018/05/NCSHA-Recommended-Practices-in-Housing-Credit-Administration-Updated-Dec-2017.pdf>