

Wilbourne, Kim 6-9083

From: Drew Schaumber [REDACTED]
Sent: Thursday, August 24, 2023 3:45 PM
To: TaxCreditQuestions
Subject: Fwd: [External] Questions/comments for 2024 QAP

- 1) Re: tie breaker #3: Does this mean the greatest amount of dollars regardless of deal size, or does it mean greatest amount of collective funding *per unit* under leveraging. If Sally procures \$500,000 for 40 units, and Sam procures \$600,000 for 80 units, does this mean Sam wins the tie breaker even if Sally sourced more per unit?
- 2) Re: Tie breaker #3: How do you quantify the cost/value of future infrastructure in the application covered by a municipality if that gets added to the total for purpose of tie breaker 3?
- 3) Re: Section III(A) Appendix E: The requirement that the 100% inspection must be completed and approved by the Authority prior to allowing residents to occupy a unit will create major issues. We often move residents into buildings the day after a C of O or TCO to meet credit delivery requirements by the investor. Actual 100% completion might be at the same time as Cofo but often is a short time period after. This requirement will ultimately cause a downward credit adjuster and create a lot of work for SC Housing to coordinate lots of 100% inspections. If SC Housing is concerned about 100% inspection reports not being completed by the developer then make the 100% inspection be completed before perm loan conversion.
- 4) For average income, now that the IRS has clarified floating units, if SC Housing is looking for developers to use average income the units need to float. Not floating is a compliance nightmare and will delay time that residents could be in units. Below is a comment from earlier in 2023 regarding income averaging and making it workable for both 9% and 4% deals:

We still have a lot of units to lease up at the Sullivan, and we are still having to turn away so many people for either being over income from the 60%AMI level or under income and not having enough credit/capacity to pay 60% rents. Can we please begin utilizing income averaging in the manner approved by IRS's latest guidance? It has made this process much easier from a compliance standpoint for both owners and the state. NCHFA has been doing this for several years with great success. IA does not increase our PGI, in fact since we build in a cushion below 60%AMI it would likely lower our overall PGI. However, it would greatly increase the band of folks seeking quality affordable and workforce housing we could rent to. In NC, they require all the units to float for compliance reasons, and they do not require the average to be applied by building but rather mandate the election of a multi-building project. Allowing for floating units is a game changer for actually putting this tool to use. Fixed units is a compliance nightmare for everyone involved and creates more risk.