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**Sent:** Monday, July 3, 2023 3:45 PM  
**To:** TaxCreditQuestions  
**Subject:** [External] State Housing QAP public input  
**Attachments:** SC Housing Qualified Allocation Plan.docx

Hello Kim,

I'm reaching out regarding the possible changes to the SC Housing QAP. I understand public comment is due today. Please refer to the attached 3-page summary for full review comments. Notable highlights from the summary are listed below.

Overall highlights are:

- Many developers expressed concern of the loss of the 2023 LIHTC round and the desire to keep the 2024 QAP the same so projects can roll over into that round.
- There is concern with limiting the number of projects since some developers had projects slated for this year's round and would also want to apply for 2024.
- State Housing will consider the comments from the Developer Round Table and any other written comments prior to submittal to the Governor.
- The actual Draft QAP and the presentation can be found at this link:

<https://www.schousing.com/home/HousingTaxCredits>

Specific to Beaufort County/Hilton Head Island highlights are:

- QAP- There was some concern for limiting of projects within a 1-mile radius of other LIHTC near the potential new development. This does not make sense for urban areas where there is such high demand for affordable housing but could impact more rural areas like Beaufort Hilton Head etc. where there is also high demand. There were several suggestions on how to address concerns of concentration of LIHTC projects and the issues related to NIMBY etc.
- Scoring Criteria- The main concern for the Scoring Criteria is it lends itself for more urban projects vs rural counties like Jasper and Beaufort where certain amenities, resource or opportunities are limited (like being close to a grocery store, or department stores, access to transportation and also points for development near jobs centers etc.)

Thank you for your consideration,  
Missy Luick



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## **SC Housing Qualified Allocation Plan (QAP) Summary:**

On May 19, 2023, Governor McMaster signed a Joint Resolution ([S. 739/R. 76](#)) related to Federal Low Income Housing Tax Credits and State Tax Credits. Pursuant to the Joint Resolution, SC Housing is developing a plan to allocate remaining state tax credits and fifty percent of 9% federal tax credits for certain existing developments meeting the criteria as set forth in the resolution. An update will be provided regarding the allocation plan once SC Housing submits the plan to JBRC by June 30 and receives approval. Given the delay of a final 2023 QAP and the allocations set forth in the Joint Resolution, SC Housing will not have a 9% application round for 2023. More information will be discussed regarding a 2024 application timeline (LIHTC & TEB) at the roundtable on June 27th. SC Housing will make every effort to hold an earlier round in 2024.

On June 27<sup>th</sup> SC State Housing Finance Authority held a 2024 QAP Developer Roundtable Workshop (which they do every year) to allow developers and interested partners to learn about the upcoming program and QAP changes along with the new timeline for the 2024 QAP Allocation. This is an opportunity for developers and industry professionals to offer feedback and comments to State Housing on existing QAP and the next QAP. (The Session is recorded on their website along with the power point, but the recording is most important since it's a Q&A session).

### **The main discussion was around:**

- The 2023 QAP rolling over into 2024 QAP and how this impacts existing projects and developers' ability to do multiple projects considering the current developer limitations (no more than 2 projects or maximum \$3M, and no more than one senior project.)
- The main priority for 2023 Allocation and State Tax credits are focused on existing deals that are under construction or about to start construction and have funding gaps to make sure they get completed. The remaining credits from 2023 will roll over into 2024. State housing needs to show the JBRC that they have a handle on existing projects that may have been stalled or underfunded due to current markets etc. So, getting a handle on this situation is a priority for State Housing.
- Remaining funds will roll over to 2024 (with a sooner timeline than previous years)
- The scoring system and points for projects and their location was a lot of the discussion.
- The 4% Bond program timeline and
- State Tax credit allocation

### **The Main Points for the Beaufort County Hilton Head area are outlined below.**

#### **2023 QAP:**

The main concern for most developers is the fact that State Housing paused the 2023 tax credit and 4% bond rounds for this year, so new potential projects cannot be submitted until they open the 2024 round, which is slated for Prelim Application 12/11-12/15/2023 with awards happening in mid-July 2024. (obviously this brings up a host of issues when it comes to project development and construction, like site control issues, local approvals, pricing, capacity etc.)

**Several points on the 2023 -2024 QAP are bulleted below:**

- Almost all agreed the 2023 QAP was good (with some minor tweaks) and 2024 should stay the same as to not impact 2023 projects (keeping criteria the same)
- Having no deals funded this year was huge concern since many developers are under contract with land sellers and projects have been performed based in 2023 QAP and also current market trends and financing, this means projects might not move forward that “may” have been competitive.
- The request was to keep the 2024 QAP as close to 2023 as possible since developers selected sites based on 2023 scoring and criteria.
- There is a request to remove the Developer Limit cap for 2024 since the 2023 round rolled over into 2024 (should not limit the developer to two projects etc. for this round since it’s a double round)
- There was also some concern for the limiting of project within a 1-mile radius of other LIHTC near the potential new development. This does not make sense for urban areas where there is such high demand for affordable housing but could impact more rural areas like Beaufort Hilton Head etc. where there is also high demand. There were several suggestions on how to address concerns of concentration of LIHTC projects and the issues related to NIMBY etc.
- Some developers were concerned with the requirement to have 20% AMI units in developments, which most developers felt are difficult to deliver and that most of the 30% units meet the needs of those residents.

**Scoring and Priorities:**

- The main concern for the Scoring Criteria is it lends itself for more urban projects vs rural counties like Jasper and Beaufort where certain amenities, resource or opportunities are limited (like being close to a grocery store, or department stores, access to transportation and also points for development near jobs centers etc.)
- Developers also suggested if that if there were specific set aside programs that are capped (like nonprofit set aside etc.) that projects could roll over into the general pool for allocation consideration vs once the set aside cap is met to not consider the project.
- Income averaging should be considered creates broader mixed income projects (the state should follow the new IRS ruling)

**4% Bond Program:** (which has been non-competitive in the past) Most agreed this program should remain the same as well for 2024.

- This project has also been on hold and there is currently no defined date to open. State Housing mentioned hoping to open the round in the next month or so. So these are hold too.
- Many of these delays are tied to the State Tax Credit programs since lots of projects are requesting state tax credits with 4% credits.
- Developers requested State Housing consider two rounds 1) for projects needing state tax credits (added subsidy) and 2) for projects NOT needing state tax credits (no subsidy needed), so those projects could move quicker.

- There were some concerns on the minimum number of units for 4%, 70 unit minimum. Some developers would like to see 50 units minimum; this can also be helpful for phased projects.

**Other items:**

There were other items mentioned (not sure how impacts Hilton Head or Beaufort County directly) around points and priorities, but they would be project specific.

- How land donation from local government is considered to receive added points.
- How local funding from Housing Trust funds or local government etc. are considered (currently at 2%) which is not reasonable in this rate environment) to receive added points.
- Some of these points are considerable advantages for project selection so important questions.
- Operating expenses, like insurance and management cost limitation was also brought up with rising costs.