

## Nicholson, Laura 6-9190

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**From:** David Bennett [REDACTED]  
**Sent:** Monday, December 3, 2018 1:47 PM  
**To:** Nicholson, Laura 6-9190  
**Cc:** Shropshire, Bonita 6-9005  
**Subject:** Proposed 2019 SCSHFDA QAP

Dear Ms. Nicholson -

Thank you for opportunity to submit these comments on the proposed 2019 SCSHFDA QAP. Centrant Community Capital is a perm debt lender based in Raleigh, NC that has financed over 22,000 units at more than 400 properties across five Southeastern states. We were established in 1990, and began lending in South Carolina in 2005. Since that time, we have provided approximately \$62 million in loans in South Carolina alone, totaling over 3,100 units at 60 properties across the state. As the agency prepares the final QAP document for execution by the Governor, I wanted to share my concerns regarding one proposed change to the scoring criteria related to developer experience.

- As a perm debt lender, developer experience is a significant factor in our evaluation of each new loan request that we consider. Due to the complexity of the LIHTC program, from application, to construction, to leasing, to on-going management, it is critical to us that we have a development partner with sufficient knowledge and experience to navigate the complexities of the LIHTC program in general, as well as the specific requirements of each state in which we operate.
- Working with an inexperienced developer increases the likelihood that the project may not be delivered on time or in accordance with the understood budget. This can have a significant impact upon our underwriting assumptions and, in a worst-case scenario, result in a property where the financing needs may exceed the property's capacity to service the required debt.
- After perm debt conversion, the successful operation of the property is of paramount importance to us – and the strength or relative weakness of the operating cash flow after conversion can often be traced back to the developer's assumptions during the conception stage. Ultimately, this is a risk that is shared by lenders, investors and SCSHFDA alike.

As you are no doubt aware, many states impose developer experience points in their QAP and scoring guidelines – including state-specific experience criteria. While the relative weighting of those points can be debated, we believe that minimizing this scoring factor to a level that effectively negates its impact will have a detrimental effect upon the implementation of the LIHTC program in South Carolina, as well as the overall quality of the projects that are built.

South Carolina is a critically important state within our lending footprint, and we are fully committed to supporting the ongoing success of the LIHTC program and its developments. I hope that these comments are received in the spirit in which they are intended – as a sincere effort to ensure nothing less than the highest quality properties for the citizens of South Carolina.

Again, thank you for the opportunity to provide this feedback, and please do not hesitate to contact me if you have any questions.



David R. Bennett  
EXECUTIVE VICE PRESIDENT

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*(Formerly Community Investment Corporation of the Carolinas - CICCAR)*

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