

From: Joseph Weatherly [<mailto:jweatherly@tmo.com>]
Sent: Wednesday, November 21, 2018 10:44 AM
To: Nicholson, Laura 6-9190
Subject: 2019 LIHTC Program Comments

Hi Laura:

I hope you're well. I'm writing this morning regarding the proposed change to page 13 of the 2019 tax credit manual prohibiting related party land leases in Section 9d.

I believe land leases (related party or not) are many times the key to successful affordable multifamily developments and should be encouraged because they keep the large land cost out of the development budget. We see related party land leases often, particularly when the related party is a housing authority, nonprofit developer/service provider and/or faith-based organization.

As you know, RAD developments are currently a major push in the industry. Almost all RAD projects we have seen and are part of are currently structured with long term land leases by the housing authority. These authorities are also in the ownership entity.

I am suggesting this land lease prohibition not make it into the 2019 program on the grounds that related party land leases are many times the key to making projects work. Lowering development costs will increase the likelihood of project feasibility.

If SC Housing is concerned about egregious and/or overreaching land lease payments, I am suggesting a mechanism where SC Housing governs the payment as a "not to exceed" percentage of the land value. This would present a level playing field for all projects and allow for productive land leases to decrease development costs and encourage more development.

I'm available to discuss my comments further if necessary. We're happy to help however we can.

Have a great Thanksgiving!

- JPW

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