

2020 Tax Credit Program

Bulletin #7

May 8, 2020

Questions and Answers

1. **Question:** Form M-52, Notice-to-Seller, needs to be submitted as part of requesting HOME funds. If we had site control before the form was released, should we date the form the same as when the site control was signed?

Answer: Yes.

2. **Question:** In reviewing the 2020 QAP several times as well as the Q&As posted there is nothing stating how the Authority wants applications submitted or the number of copies required.

Answer: This was discussed at the 2020 LIHTC Workshop in February. Each Applicant must submit an original in a three ring binder, one (1) copy of the entire Application package in a three ring binder, and one (1) electronic copy on a USB flash drive, including all attachments. For certain large third party reports, submit the entire report in electronic format with portions in the binder as follows:

- i) Market Study: full report electronically; only S-2 with certifying signature in binder;
- ii) Physical Needs Assessment (PNA) Report: full report electronically; only executive summary in binder;
- iii) Environmental Phase I, and if applicable Phase II, Reports: full report(s) electronically; only summary in binder.
- iv) Site and Civil plans - One full paper set to be submitted and one full set electronically.

3. **Question:** There is considerable uncertainty in the equity pricing market at the moment as large banks are significantly reducing production of new term sheets. Would SC Housing be amenable to reducing the QAP's syndication rate requirements in light of the economic downturn which has occurred since the QAP's approval earlier this year?

Answer: SC Housing is aware of the potential affects the coronavirus pandemic may have on the tax credit equity market. The situation is being monitored and expertise sought as to the necessity of making changes to the 2020 QAP's syndication rate requirements. At this time, SC Housing will not make changes.

4. **Question:** We are a consultant assisting a developer with an application that is in proximity of a concrete block manufacturer. QAP Section B. Negative Site Characteristics, item 3.a states that seven points will be deducted for sites within 500 feet of "any commercial junkyard or salvage yard; trash heap, dump pile, or other eyesore;" Item 3.e states a similar point deduction for sites within 1/4 mile of an operating industrial facility including but not limited to: steel manufacturers, oil refineries, ports, chemical plants, plastic manufacturers, airports, automotive and engine parts manufacturers and food processing plants." Can you please offer some clarity here? Is this point deduction for facilities which pose some threat to the safe, enjoyable use of a proposed site, or does this apply to all manufacturing and distribution facilities?

Answer: A concrete block manufacture is by SC COL Section 31-24-110 definitions a manufacturing or industrial facility. The Authority's 3rd party site reviewer will make such determinations and/or provide to

the Authority for discussion; determination will then be made at the discretion of program staff. We are unable to pre-certify whether a site will or will not be considered an eyesore or an operating industrial facility.

5. **Question:** Our wetlands consultant indicates that the federal manual referenced in Exhibit W is no longer used in the industry.

Answer: Per our latest guidance from HUD (August 2019), “determine the presence or absence of wetlands, including non-jurisdictional wetlands, in accordance with the 1989 Federal Manual for Identifying and Delineating Jurisdictional Wetlands (A copy of the 1989 Federal Manual is available at: <https://digitalmedia.fws.gov/cdm/ref/collection/document/id/1341>).

The Exhibit W must be completed as is. If a consultant prefers to use the 1987 manual, SC Housing will allow an additional Exhibit W to be submitted and completed utilizing the 1987 manual.

6. Should we use the new 2020 Income/Rent limits in our 9% apps or should we use the 2019 limits?

Answer: 2020 for LIHTC units; 2019 for HOME-assisted units.

7. **Question:** The wording in the QAP changed from last year and no longer mentions guarantor specifically regarding financial capacity. Could we submit the same information that we submitted for our 2019 9% apps with updated financials?

Answer: For financial capacity, a financial guarantor must be a member of the Development Team as defined in the QAP. The 2020 QAP Section V., H. Required Capacity, states, “The Development Team must demonstrate its financial capacity to complete the project..... 1. If any member or combination of members of the Development Team can demonstrate combined minimum net worth of \$5 million dollars and minimum unrestricted liquid assets of \$500,000 dollars, the Development Team will be deemed to have the required financial capacity.

Development Team is defined on page 10 of the 2020 QAP:

- (1) Proposed Owner and its Principals
- (2) Developer and its Principals (and Junior Developer, if applicable).

On page 11, Principal is defined as “any entity or individual that holds a majority ownership interest in the entity that has material control over the party identified.”

8. **Question:** In answer to Bulletin #6, Question #3: Item 3h states: 3. Site and Civil plans using a scale of 1” = 30’ or 40’ with a north arrow that includes: item (h) “Existing elevations and proposed elevations.” Please clarify that the definition of a full survey is “a full Topographic survey prepared by a registered land surveyor” to meet the requirement of 3h of the QAP. **Answer:** A full survey that includes topographic data is required.

Does that include acquisition/rehabilitation projects?

Answer: Yes.

9. **Question:** I was just reviewing the Exhibit K and K-1 and realized the dates on them conflict. The Exhibit K says up to January 31, 2019 (which is what we did last year so nothing would change) and the K-1 says Jan 31 2019 AND Feb 1, 2020 depending on the questions. Will you update both forms and place back on the website?

Answer: The dates on both the Exhibit K and Exhibit K-1 should be January 1, 2010 through December 31, 2019. The exhibits have been corrected and reposted to our website. The links for each Exhibit are below:

<https://www.schousing.com/library/Tax%20Credit/2020/20Exhibit%20K.pdf>

<https://www.schousing.com/library/Tax%20Credit/2020/20Exhibit%20K-1.pdf>