

**AFFORDABLE HOUSING COALITION OF SOUTH CAROLINA
2014 QUALIFIED ALLOCATION PLAN CYCLE
RECOMMENDATIONS**

The Affordable Housing Coalition of South Carolina is dedicated to the creation, preservation and improvement of affordable housing for all South Carolinians. Our members represent all aspects of the affordable housing industry in the state and are committed to the mission of the Coalition. The Coalition strives to serve the citizens of South Carolina who are in need of affordable/work force housing options and generate opportunities for the development of these options. As we continue to work to accomplish this mission, we again offer recommendations to the South Carolina State Housing Finance and Development Authority to enhance the Qualified Allocation Plan.

If the goal of the plan is to differentiate among the submitted applications based on the unique characteristics of each proposed project, the following recommendations are intended to prevent the submission of applications designed solely for the purpose of maximizing points under the plan and at the same time lessening the dependency on the tie breakers to serve as the basis of credit awards.

These recommendations are more of a general nature and the coalition may submit specific recommendations following the release of the 2014 Qualified Allocation Plan Draft.

The Coalition's recommendations are as follows:

- 1. Rents Per Heated Square Foot** –Rents per heated square foot should not be the determining factor on which developments are funded. This continued practice will cause harm to existing tax credit properties in the program, will prohibit all tax credit properties from being able to adjust rents to compete in the future and will result in properties either defaulting or being inadequately maintained. A more equitable determination would be to limit development costs to \$150,000 per unit and award additional points based on proximity to services.
- 2. Market Studies** – The Coalition feels strongly that market studies should be commissioned by SCSHFDA to ensure the uniformity of methodology and removing the possibility of developers influencing the outcome of the studies. Part of the driving force behind determining the feasibility of a development is the market and market study. By utilizing agency-commissioned market studies, SCSHFDA can group market studies to compare transactions in geographic locations and make the portion of the application grading process dealing with Market Advantage as non-biased as possible. When studies show different vacancy rates for existing projects, these discrepancies should be resolved following inquiry by the Authority staff.
- 3. Community Revitalization Development Plans** – Because of continued confusion regarding Community Revitalization Development Plans and whether or not specific sites are included in plan areas, the Coalition recommends adoption of the following definition of the term:

Community Revitalization Development Plan: A Community Revitalization Development Plan (CRDP) is a pre-existing governmentally adopted reuse, renewal, redevelopment, revitalization, or conservation plan specifically targeting an officially established and documented area with affordable housing development or preservation as its primary component. A CRDP must be created by a county or municipal government by statute, resolution or ordinance adopted no later than November 15, 2013. A HUD approved consolidated plan or local government master or comprehensive plan not adopted by municipal or local government action as described above is not a CRDP. CRDP status can be applied to areas that have had been developed in the past and may not be applied to areas that have never been developed and are predominantly vacant land.

The Coalition further recommends that a copy of the statute, resolution or ordinance and the plan be provided with the application.

4. Underwriting Issues – Underwriting should be fully transparent. Applications should be underwritten solely in accordance with previously announced and explained standards.

5. Unit Cap – The Coalition is concerned that too stringently limiting development size results in higher costs and eliminates the possibility of achieving the economy of scale. These limitations particularly impact urban markets and rehab projects.

In addition, the Coalition would like to bring the following concerns to the Authority's attention:

Rent Increases – Section 8 utility allowances and insurance premiums have increased over the past twelve months at a rate in excess of the rate of rent increases permitted without Authority approval. This negatively impacts the financial viability of project and delays in obtaining Authority approval.

Rehab Projects – As more existing tax credit projects age, they face an increasing need for rehabilitation and updating in order to retain their tenants. Consideration should be given in the 2014 QAP to addressing the situation.

Nonprofit Developers – Consideration should be given to including a provision in the QAP encouraging further development of tax credit projects by SC based nonprofits.

The Affordable Housing Coalition of South Carolina appreciates the opportunity to present these recommendations to the South Carolina State Housing Finance and Development Authority. We strongly urge the adoption of these recommendations to the Qualified Allocation Plan as we all work together to create more affordable housing options for South Carolina. If you need additional information or wish to discuss these recommendations with the leadership of the Affordable Housing Coalition of South Carolina please contact our office at 803-808-2980