

AFFORDABLE HOUSING COALITION OF SOUTH CAROLINA QUALIFIED ALLOCATION PLAN 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 the leaders of the affordable housing community, including: financial institutions, government agencies, community development corporations, private foundations, construction companies, management companies, the real estate industry, and individuals 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, one of the Coalition's 2011 objectives is to provide recommendations to the South Carolina State Housing Finance and Development Authority to enhance the Qualified Allocation Plan.

After careful and thoughtful consideration, the Coalition believes that the following suggestions, if adopted, would result in the production of more tax credit units that are more evenly distributed throughout the State, that are more likely to meet the individual needs of the communities in which they are located, and provide for a more equal, comprehensive assessment of the applications and applicants.

The Coalition may submit additional recommendations and feedback following the Tax Credit Roundtable meeting.

1. **K-1 Form** – The Coalition recommends that the Authority adopt the revised Exhibit K-1 (attached). This will permit the exhibit to be completed by asset managers as well as syndicators. The revision also deletes Question 2 on the current exhibit since the Authority itself is in the best position to know if the principals of any project have been debarred, removed, or have withdrawn from an LIHTC partnership in South Carolina.
2. **Rehab Set-Aside Funds** – As the tax credit portfolio ages, there will be a need to rehab and improve properties to keep them competitive. It is recommended that the rehab set-aside funds be increased to \$1.8 million and, to maintain the quality of the older projects in its tax credit portfolio, the Coalition recommends that the Authority provide 5 additional scoring point to be awarded to applications for the rehab of existing tax credit projects that had been placed in service for a period of 10 years or more.
3. **Non Profit Projects** – As has been past practice, allow projects submitted in the non-profit pool that have not received funding to compete in the general pool.

4. **Release of Market Studies** - At the completion of the Tier 2 Application Submission, allow publication of market studies. This will provide valuable information to developers considering sites for submission in subsequent years.
5. **Tie Breaker Criteria** – (1) As more emphasis is placed on energy efficiency and environmental conservation efforts, the square footage advantage should be removed from the Tie Breaker Criteria. By including square footage as a Tie Breaker it drives developers to build larger units that are less energy efficient.

(2) Add a tie-breaker criterion that gives an advantage to developers that have had a minimum of three projects in the SC LIHTC program.
6. **HOME Funds** – The Coalition requests that the Authority more clearly delineate in the QAP how HOME Funds will be used by Pool, Points, and Tie Breaker.
7. **Project Distribution** – To encourage project development throughout the state, the Coalition recommends that the Authority not allocate more than 3 projects located within a single congressional district.
8. **Financial Criteria** – The Coalition recommends that the Authority amend financial criteria to require a \$500,000 cash position required of developers per submitted deal with a maximum cap of \$1,000,000.
9. **Principals and Consultants** – The Coalition recommends that the Authority prohibit any party who is a principal with respect to one or more applications from serving as a consultant with respect to any other applications submitted in the same competitive round. The Coalition further recommends experience points awarded with respect to any application be awarded solely on the basis of the experience of the individual named as contact person with respect to such application.
10. **Peer Review of Applications** – The Coalition recommends that the Authority consider adopting a process in which applicants are afforded the opportunity to review and critique each other's applications. Without imposing an additional burden on the staff, this in essence, would allow the tax credit community to police itself.

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