

**AFFORDABLE HOUSING COALITION OF SOUTH CAROLINA
2013 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.

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.

The Coalition's recommendations are as follows:

- 1. Market Studies** - While in previous years, the Coalition has supported market studies commissioned by developers, we now recognize the merit of having market studies commissioned by SCSHFDA to ensure the uniformity of methodology and removing the possibility of developers influencing the outcome of the studies. In addition, the Coalition recommends that all studies be posted on the SCSHFDA web site at the conclusion of the tax credit competition.
- 2. Market Advantage** - In an environment of federal cuts and diminishing resources for affordable housing, developers are challenged to structure deals that not only score well but are strong in the long term. Currently, to achieve the maximum Market Advantage points, developers are put in the position of lowering the rents below the point of sound financial feasibility. To counteract this, the Coalition recommends that Market Advantage be capped at 20%.
- 3. Set Asides** – The Coalition recommends that rehab set-aside funds be increased to \$1.8 million, and, in order to maintain the quality of the older projects in its tax credit portfolio, provide additional scoring points to applications for the rehab of existing tax credit projects that had been placed in service for a period of 10 years or more.

In addition, the Coalition recommends the creation of a rural set aside and limit application of the 130% basis boost to QCT's, DDA's, and rural areas and allow a 115% basis boost in metro areas and non QCT and non DDA areas.

4. Tax Credit Cap- The Coalition recommends that tax credits be capped at \$15,000 per unit for new construction and rehab or \$20,000 per unit for adaptive reuse, duplex or single family projects or developments.

5. Tie Breakers – The Coalition recommends that tie breakers be limited to the following in order of importance:

1. Lowest allocation of tax credit dollars per unit that meet threshold requirements;
2. Developers that have had at least one project in the SC LIHTC program in the last seven years; and,
3. Assign point scores to all market studies and utilize those scores as the final tie breaker criterion.

6. Community Revitalization Development Plans – Because of confusion as to whether or not local governments have established 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 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, 2012. A HUD approved consolidated plan or local government master or comprehensive plan not adopted by legislative action as described above is not a CRDP.

The Coalition further recommends that a copy of the statute, resolution or ordinance be provided with the application in order to receive one point for a project being located in a CRDP zone.

7. Optional Development Design Criteria - The Coalition recommends that optional development design criteria be amended as follows:

A. Remove a rental unit reserved for a security officer because the unit would have to be reserved/designated for a security officer and could not be “floating”. Also the cost of this unit would have to be either removed from eligible basis or provided “rent free” to the security officer which could be a burden on the property. This requirement would be difficult for management and could become a compliance issue for the property in future years.

B. Remove walking trails because not all sites are conducive or large enough to be able to accommodate the defined 1,400 lineal foot walking trail that must also meet ADA requirements. In addition, for safety purposes, these trails should be lighted adding more maintenance and operations expense to the property with minimal gain. Typically residents, particularly in townhouse or single family developments, do not want foot traffic behind their units, especially at night for security purposes. As the QAP is pushing developments to be fewer units on smaller sites the requirement for a 1,400 lineal foot walking trail is impossible to locate on some sites.

C. Remove perimeter fencing around all sides except main entrance because a lot of properties have multiple entrances and thus would have difficulty complying with the exact language. Other issues involved with this include municipalities that require a second entrance and municipalities that do allow fenced properties.

9. Development Size – The Coalition recommends that urban projects be capped at 64 units and rural projects be capped at 48 units, with the exception of rehab or adaptive reuse projects.

10. Proximity to Services - In order to lessen the likelihood of projects having tied scores under the QAP, the Coalition recommends that scoring for Site Characteristics and Market Study criteria be adopted on a sliding scale similar to the attached table and that a standardized mapping software be utilized to determine distance.

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