

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 Carolina. 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 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 2010 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, 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.

- 1 In order to ensure that tax credit developments are more evenly distributed throughout the State, the Coalition recommends that the State be divided into regions (for example, Low Country, Midlands, and Upstate), and that specific credit dollar amounts within each of the Authority's allocation pools be reserved for projects located in each of the regional areas. In the event that a set-aside in one region is undersubscribed, then the unused funds from that geographic pool set-aside should be used to fund other projects located in the same geographic region.
- 2 In order to ensure that they are possessed of sufficient knowledge of the unique market conditions and other local factors, the Coalition recommends that all site reviewers and market analysts have been located and have performed their professional duties within the state for at least 5 years.
- 3 In order to avoid confusion, the Coalition strongly recommends that (a) the Authority review the Qualified Allocation Plan "QAP", Program Manual, Applications, and other tax credit documents to ensure that they accurately state the Authority's intent and expectations with respect to the administration of the tax credit program. In the interest of fairness, the Coalition requests that the Authority ensures that the tax credit program is administered in accordance with the QAP, Program Manual, Applications, and other tax credit documents that it makes available to applicants under the program.
- 4 Various developer members of the Coalition have been informed by their lenders that they are prevented by federal regulations from providing the type of "firm commitments" required to obtain points under "Readiness Issues" as stated in the

2010 QAP. On this basis the Coalition recommends that this provision not be included in future QAPs. The penalties incurred by an applicant for not being able to proceed with a project after it has been awarded credits are sufficiently harsh to make these "Readiness" points unnecessary.

- 5 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 using a sliding scale similar to the example contained below:

<u>Positive Site Characteristics:</u>	<u>Within</u>	<u>Within</u>	<u>Within</u>	<u>Within</u>
	<u>1 Mile</u>	<u>2 Miles</u>	<u>3 Miles</u>	<u>4 Miles</u>
Full Service Grocery Store	4	3	2	1
Pharmacy or Drug Store	4	3	2	1
Restaurant	4	3	2	1
Convenience Store/Gas Station	4	3	2	1
Doctor's Office/Emergency Clinic/Hospital	4	3	2	1
Police or Sheriff's Station or Substation	4	3	2	1
Fire Station or Volunteer Fire Station	4	3	2	1
Public Schools	4	3	2	1
Full Service Banks or Credit Unions	4	3	2	1
Public Park or Playground or Public Recreation Center or Senior Activity Center	4	3	2	1
Only 1 Service per Category will be considered for Points in the above Characteristics				
<u>Market Study Criteria:</u>				
	<u>< 15%</u>	<u>16% - 25%</u>	<u>26% - 35%</u>	<u>36% - 40%</u>
Capture Rate	5	3	1	0
Absorption Period				
	<u>≤ 6 Mos.</u>	<u>7 - 10 mos.</u>	<u>11 - 12 mos.</u>	<u>13 - 16 mos.</u>
***** Family	5	3	1	0
*****Elderly	5	3	2	1
	<u>≥ 40%</u>	<u>31% - 40%</u>	<u>21% - 30%</u>	<u>10% - 20%</u>
Market Advantage	5	4	3	2

- 6 The Coalition strongly recommends that, wherever possible, tax credits be allocated to projects on an objective basis, in accordance with the criteria set forth in the QAP. In particular, the Coalition recommends that the procedure used by the Authority in resolving tied scores be objectively based. The Coalition recommends that a provision similar to the one contained below be included in the QAP.

“In the event of a tie between two or more applications, the application located in a county that has not received funds in the current cycle by a higher scoring application will be funded. If there still remains a tie, SCSHFDA will fund the project in the county with the fewest number of low income housing tax credit projects funded in the past seven years. If there still remains a tie, SCSHFDA will fund the project that has the least amount of participation by the owner first and then the developer second in approved Housing Credits and HOME/Housing Credits (combined) projects in the current cycle. If there still remains a tie, SCSHFDA will fund the project which is located in a Qualified Census Tract and which has a Revitalization plan. If there still remains a tie, SCSHFDA will conduct a drawing to determine the application that will be funded. The drawing will occur during SCSHFDA Board of Directors meeting in which the Housing Credit allocations are scheduled for consideration by the Board. An impartial person will be selected to draw. The applicants are not required to be present.”

- 7 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.