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October 31, 2019

Via E-mail and U.S. Mail

South Carolina State Housing Finance and Development Authority
Attn: Chris McMillan
Acting Tax Credit & Bond Manager
and
Ms. Sara Martinez
Director of Development
300C Outlet Pointe Blvd.
Columbia, SC 29210

Re: Draft Qualified Allocation Plan 2020 - Section 5(F)

Dear Mr. McMillan and Ms. Martinez:

We are writing on behalf of our client, The Housing Authority of the City of Charleston, to request your support of the Housing Authority's objection to and request for modification of Section 5(F) - Required Development Experience of the South Carolina State Housing Finance and Development Agency's draft Qualified Allocation Plan for 2020.

In August of 2017, The Housing Authority inaugurated a policy for the preservation of affordable housing in the City of Charleston. The articulated preservation asset is public housing. In the earlier part of this year, The Housing Authority management and Board determined that the best strategy to preserve the existing public housing infrastructure and its affordability to "extremely low income" Charleston families is through conversion to HUD's Rental Assistance Demonstration (RAD) program.

While recognizing the tremendous need throughout its inventory, The Housing Authority identified three properties for the initial round of conversion:

- Meeting Street Manor (housing 201 families)
- Robert Mills Manor & Extension (housing 222 families)
- Kiawah Homes (housing 61 families)

On October 24, HUD issued its approval for the conversion of these three properties to its RAD program.

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Unfortunately, the day prior to receiving HUD approval our client learned from its consultant that its plan for financing through Low Income Housing Tax Credits (LIHTC) could not be pursued unless it engaged a private developer. This requirement is due directly to the proposed language in Section 5(F) of the draft Qualified Allocation Plan, which does not recognize development of affordable housing experience unless it has been gained through owning/developing 9% or 4% Low Income Housing Tax Credit entities. This bright line requirement arbitrarily dismisses other valuable experience entities such as The Housing Authority have gained over the years; experience which should give the SCSHFDA the reasonable and necessary assurance that it has the ability to handle this type of project without the involvement of a private developer.

Over the past thirty-two years, the Authority has produced over one thousand (1000) units of non-subsidized affordable housing in the City of Charleston and has assisted in bringing on-line almost one thousand (1000) additional units built by not-for-profit developers. Over that time period, the Authority pursued LIHTC one time, in 1995, and received 9% credits. Upon completion of the tax compliance period the Authority successfully negotiated their sale back to it where they remain in public stewardship.

The history of the Authority and the stability of its leadership under Mr. Cameron and a dedicated and vigilante board, demonstrates that it is more than capable of developing affordable housing under either a 4% or 9% LIHTC allocation. The planned RAD conversions of public housing to Project Based Vouchers makes it imperative that the Authority be able to apply for an allocation in the coming year, and in future years, and to do so without the necessity of a requirement that it involve a private developer. The requirement of private developer involvement would needlessly drive the cost of the three presently identified projects up by hundreds of thousands of dollars, directly and adversely impacting the 484 families in those three properties by making the properties less affordable. It is our client's expectation that the same would be true of future Rad projects it is presently seeking to identify.

On behalf of The Housing Authority of the City of Charleston, we would respectfully request that the proposed language in Section 5(F) be amended to recognize Public Housing Authorities participating in HUD's RAD program as eligible developers to participate in 4% and compete for 9% LIHTC.

Thank you in advance for your consideration of our comments and any efforts on behalf of our client to change the adverse draft language.

Very truly yours,



Thomas B. Pritchard

TBP