

From: Martinez, Sara 6-4144
Sent: Tuesday, November 5, 2019 10:44 AM
To: McMillan, Chris 6-9196
Subject: FW: SC 2020 QAP Comment

From: Randy Clack [REDACTED]
Sent: Monday, November 4, 2019 11:23 AM
To: Martinez, Sara 6-4144
Subject: SC 2020 QAP Comment

Sarah,

I had a few comments about the QAP and was unable to attending the QAP meeting.

- The first draft of the QAP allowed for a maximum of 100 units in Group A counties and a maximum of \$13,500 per unit developer fee for an overall cap of \$1,350,000. In the most recent iteration the maximum amount of units for Group A counties was lowered to 90 units and the per unit developer fee was lowered to \$13,000 lowering the overall cap to \$1,170,000. As I'm sure you know construction pricing is constantly rising – that fact coupled with no state credit, and lower pricing than surrounding states and markets, the resulting gap often requires multiple soft financing sources. Assuming everything goes well during the deal life cycle the maximum amount of fee developers can make is \$1.17M as opposed to in Georgia where there is a state credit, higher pricing, and a developer fee cap of \$2M. It is not very enticing for out of state developers trying to break into the SC LIHTC industry to expend the man power, effort, and monetary resources to get a deal to work in SC with multiple soft financing sources when we know that one state over we can have a better structured deal, with little to no soft financing, and earn close to double the developer fee. My recommendation would be to edit the unit and developer fee caps back to the first draft to encourage more development in the Group counties and specifically the counties that are worth 40 points under the “affordable housing shortage” section and allow developers to earn a larger developer fee.

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