November 10, 2020

South Carolina State Housing Finance & Development Authority
300-C Outlet Pointe Blvd.
Columbia, SC 29210

Attn: Chris McMillan

Re: Comments to the 2021 QAP

We are pleased to offer the following comments to the draft version of the 2021 QAP and Supplemental Proposal to the 2021 QAP Draft.

Page 2 LIHTC Award Limitations: We would ask that this language be clarified to only apply to 9% applications and that a developer may have more than 2 applications when 4% projects are included.

Page 3, Number 2: Similar to the above, we would request that this item is clarified to only include the 9% program and that the minimum number of projects awarded in a given county is not applicable in combination with the 4% bond program.

Page 16, 3.a: We would ask that the Authority use a market based approach in lieu of a blanket rejection to projects that are located within one mile of a development funded in a previous cycle that has not been placed in service or achieved 90% occupancy. We have many high demand/urban areas around the state where the cost and availability of land is confined and this restriction may cause a further impediment to making a much needed dent in that demand.

Page 16, d & e: Restricting improvements located within 50 feet of a FEMA-designated 100 or 500 year flood zone or a wetland would eliminate virtually every available site in the counties that make up the Low Country. Most of our projects are selected to have minimal IMPACTS to wetlands. Whether a wetland or flood zone is on the site or regardless of the quantity of said wetlands, the focus should be on the developer's low-impact and mitigation of such areas. We would ask that this language is altered or removed from the QAP to enable developers to responsibly develop these properties while also being good stewards of the environment.

APPENDIX A MARKET STUDY: One of the first third party reports that we commission is the market study. We need it to make sure that we are attaining all of our necessary thresholds of the QAP. We will commission this study long before submission of our application submission to the Authority. We believe that the Authority's commissioning the market study directly at the cost of the contractor will be duplicating efforts and costs. We request that the current process of the developer commissioning the market study from the approved vendor list remain intact.

APPENDIX B: DEVELOPMENT DESIGN CRITERIA:

Page E-2, #2: Requires that all plans and cost estimates must incorporate geotechnical recommendations. Most geotechnical recommendations are based on the visual inspection by the geotechnical engineer of on-site proof-rolling of existing ground once the topsoil has been removed during construction. The soil borings taken for purposes of the geotechnical report give the contractor an indication of what might be expected, but the ability of different soil classifications to be used as structural fill is highly susceptible to moisture content / water table location at the time of construction. The means and methods of dealing with unsuitable soil is also dependent on the time of year, location on the property, etc. These factors will determine whether mechanical drying, soil-blending, cement stabilization, lime stabilization or undercut and off-site import fill are used. In short it is impossible to cost this item based on a geotechnical report. If we are to ask our contractors to "guess" and provide an unclassified earthwork number, they tend to guess high. We would request a second look at this item.

Page E-9, #4: While providing washer and dryer hookups in each unit, there is less demand for the community laundry facilities. We have found in our larger bond projects (up to 336 units) 10 washers and dryers is extremely adequate and meets the demand of the residents. Going to 15 washers and dryers for over 250 units is overkill and creates the need for a building that is 30% larger than what is necessary. This is an area where money can be saved.

SUPPLEMANTAL PROPOSAL

FINANCIAL UNDERWRITING:
DEVELOPER FEE: Reduction of the developer fee cap from $3,000,000 to $2,000,000 (or from 15% of cost to 10% of cost) on the larger, 4% projects is a very drastic (33%) reduction and punitive to the development teams that build these projects. These projects are often split between the development team and non-profit partner along with a deferral of up to 50% and lenders/syndicators requiring most of the fee paid at conversion and 8609, this puts an undo burden on the developer to get the project built and stabilized with very little cash flow during construction. We would ask that the current developer fee cap of $3,000,000 or 15% of cost or $13,000 per unit remain in place consistent with our neighboring states.

Sincerely,

John Gantt
President

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