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Subject: 2021 QAP Comments
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Comments to Appendix B Development Design Criteria:

I feel some of the changes to the 2021 (and previously 2020) design criteria as it relates to requirements for the application, appear to be a reaction by SC Housing on events which may have happened on previous development(s). If a developer pours a foundation inconsistent with the geotech report and that foundation fails, that is the developer's issue to resolve. If a developer places a building with a set-back and has a zoning issue as a result, that is a developer's issue to resolve. If situations like this are happening, and the developer is not dealing with the issue but it is now impacting SC Housing or the program, than SC Housing has the authority to penalize the appropriate parties, rather than add \$20,000 in costs to applications across the board. \$20,000 could be spent on resident services or rental assistance, or something more beneficial.

B. Application Plan Requirements:

1. Borings done prior to award shouldn't be required. Wooded sites will need clearing and significant site work on a parcel the Seller doesn't know will sell. Structural engineer will require borings to design foundations, civil engineer will use report for site work, at that stage of the development the developer will have a geotech report completed.
2. Full parcel survey should not be required for the application. GIS information has significantly improved over the last few years such that boundary and topo surveys would not materially differ such that someone wouldn't proceed with an application. The survey will be required if the deal is funded, but this is a big cost for an application.
3. Full landscape plans seem unnecessary for the application. Understand showing some "tree save" areas, but why engage a landscape designer at \$6,000 for just an application? Landscape plans are required to be submitted to SC Housing prior to starting construction with the balance of permit plans.

C. Final Plan and Specification Requirements

1. 1.5 foot candles for all parking, sidewalk and exterior common areas is too much light. This will require a combination of the following: significant increase in the number of lights, increase in the height of light poles or increase in the bulb brightness. City of Greenville does not allow site lighting that shines light over the property line. Per the current QAP, if there are sidewalks, parking or common areas along the property line, we could not meet the QAP and meet the city requirements. An average foot-candle would be preferred, but even so, 1.5 is high. Our lighting designer advised that 1 foot-candle average is adequate. The authority can also review photometric plans and advise if there are areas of concern on the site lighting plan when the deal is being submitted for Construction Start.
2. Washer/Dryer counts are way too high. All units have hook-ups. Most families purchase washers and dryers as do seniors. According to

management, they are having a hard time getting companies to provide public "coin-op" washers and dryers because the demand is down such that they do not generate enough revenue to justify. I do not know what a better count would be but if SC Housing would reach out to a few management companies they could give a better number and that number would be less than 6 washers and 8 dryers for 32-60 units for example.

3. Regarding "*Property entrance signage for "ALL entrances" shall be brick or stone.*" We often have multiple entrances to the property but one "primary" entrance. We do not understand why all the entrances must have brick or stone column signage. What if the two entrances are close to one another?
 4. Galvanized steel stairs seem unnecessary unless in the immediate coastal area. The cost is high, paint will be difficult depending on the type of galvanizing, and paint would be unnecessary if stairs are hot dipped galvanized, etc.
 5. 30 foot-candles at all kitchen countertops will probably require undercounter lighting which is never been typical in apartments, market rate or affordable. Is this the intention of SC Housing? Specifying more than one, ceiling kitchen light (two or three) in the kitchen would be better. We are not looking to develop poorly lit kitchens; however, tenants pay electric bill in a unit so under-counter lights or over lighting will be a burden to the tenant.
 6. Sub metering required at all high rise developments. If local jurisdiction will not allow for individual water meters, or individual water meters are cost prohibitive, why install sub metering? The developer would be paying the water/sewer, why increase Total Development Cost on something that doesn't appear to provide a benefit for the tenant or property?
1. Rehab Design Criteria - no design requirements provided in Appendix B. Once provided, please ensure there is time for public comment.

Comments to 2021 QAP

Preliminary Applications should be limited to 6 applications.

D. Deadlines

1. We need to know when preliminary apps are due and when full apps will be due. We need this information as soon as possible to put options on land contracts.
2. We need to know when the Authority will make 2021 awards, or at minimum we need the month as was previously done. Sellers are not tolerant of open-ended contracts as are required when timeframes are not more specific. If we ask for HOME, run out of time to close because awards are dragging months beyond stated time frames, we can't land bank without running afoul of HOME regs. There are a host of issues arising from prolonged cycles/unclear benchmarks related to awards.

IV. Groupings and Set-Asides

1. There should only be one rehab set aside or if two remain, please let the credits flow from high-demand to general rehab. If the authority wants to support preservation of older LIHTC deals, there are currently no credits or point benefit for an existing deal. If resyndication is not an option, more

deals will exit the program especially during such a hot multifamily market.

PNA - there is currently no design criteria for rehabs. Once provided, please ensure there is time for public comment.

Improvements should be able to be within 50' of a wetland as long as it's not impacting the wetland. 50' is a large buffer.

staying 50' outside of the 500 year flood zone will significantly limit developments.

4. Maximum Developer Fees:

1. Developer Fees should not be reduced because larger deals are developed. \$15,000 per unit should be across all development sizes.
2. Developer fees for Rehab deals should not be arbitrarily lowered. Rehabs are often more difficult and risky, hence the increased construction contingency. The developer fee is the developer's contingency and there's no reason it should be less than new construction. Capping fees on rehabs at \$650,000 do not reflect the complexity of resyndicating and rehabbing an existing apartment community. Rehabs are as complicated, often more complicated, than new construction. The market is so hot and borrowing rates are low enough that in many cases owners of existing properties could potentially finance improvements and continue to let the clock tick on remaining affordability period, or sell to a third party buyer who is likely to take the property out of the program. Awards are limited to two, and if you aren't working in multiple states, the delta for possible fee between a 60 unit rehab and a 60 unit new construction (+\$240k) is legitimately enough to steer developers toward origination over preservation. The fee cap is neither commiserate with the work associated with a rehab nor incentive enough to lean developers toward resyndication/ preservation.
1. Bond deal developer fees should not be reduced from the 2020 limits. These larger deals are more complicated and if something unexpected comes up, the impact will be more costly.

7. Annual Operating Expenses - if non-profits can abate taxes, the operating expenses for these developments should be adjusted down accordingly.

12. Perm Financing - please ensure that for 9% transactions, the "lender survey" includes local lenders and not just HUD, Fannie, Freddie. While the rates for institutional perm is often lower, these are often not the best perm options for a 9% deal.

18. Syndication Information - if we are only given 1 month prior to application to have the equity number, we will all be stuck in a last minute scramble to get our financing and deals figured out for the application. We need to know the number earlier in the process.

I. Supportive Housing - 10% of the units to residents at 20% AMI is a very low AMI target. In addition to income averaging, on such small deals, this deep targeting will create real compliance struggles.

Market Study

1. For the first year (or two) of the 2-tier process, SC Housing should allow developers to engage the market study. This would keep the burden on the developer as it relates to timing between tier 1 and 2 vs the authority.
2. SC Housing has in previous QAPs language that allows the authority to challenge the market study and get their own, at the expense of the developer, if market study is out of line.

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