Ramsey Ventures, LLC Comments to 2017/2018 QAP, Tax Credit Manual following SC Developer Roundtable on 9/13/16

QAP

-The proposed addition of required notification to the city/county council should be only to the council member in whose district the proposed development would be located. The citizens in that district will be the ones most affected. Formally informing the entire council could lead to increased NIMBY issues and/or other political influence, both of which will limit opportunities for developers and tenants.

-I strongly support the proposed addition of qualifying businesses to the entertainment amenity category including but not limited to the following; public sports fields and venues (not schools), federal and state parks, farmers markets, waterparks, botanical gardens or natural spaces, musical venues, observatories, cultural arts centers. I also think that the seasonality of some of these venues should be allowed as long as the amenity was open for not less than 20 hours per week for one month within the past year.

-I recommend the addition of more site points. For the most part, the funding of developments is driven by the site score, to which I am not opposed. However, with the site points having such determination over which deals are awarded tax credits, there should be ample criteria to evaluate the quality of each site against others in the competition and make an accurate determination. Having more, but no less applicable, criteria would not only lead to a better evaluation of the proposed sites, but also help to broaden the availability of competitive sites across the state, which will increase competition and further improve the program. I propose the addition of site points by:

1. The addition of new amenity categories such as public transportation (local bus stops, public pick up services run by NP's or gov't agencies, carpool lots, etc.) and dentists and vision care facilities; both amenities that would be as or more regularly used by residents than some currently receiving points.
2. Points for multiple of the same amenities like schools and restaurants that offer different services/products. For instance, I get 2.5pts for being within a mile of the high-school, but shouldn't I also get 2.5pts if I'm within a mile of the elementary school as well? Both would serve different segments of the population of the same development.

Elementary School (K-5)	3pts	2.5pts	2pts	1.5pts	1pt	0.5pt
Middle (6-8)	3pts	2.5	2	1.5	1	0.5
High (9-12)	3	2.5	2	1.5	1	0.5

Same regarding the restaurants, if I'm near 3 (no two the same, thus offering choice) shouldn't that be better than just one.

	0.5 mile	1 mile	1.5 miles
Restaurant 1	1.5pts	1pt	0.5pt
Restaurant 2	1.5	1	0.5
Restaurant 3	1.5	1	0.5

These two services, along with maybe entertainment, add value to tenants by having multiples vs a pharmacy where all such amenities offer access to the same product or service.

3. The addition of other site points such as;
    a. Sites in relatively higher income census tracts- equal or higher census tract median income as compared to that of the county (i.e. 1pt for census tract median income being equal to or greater than the county median income, 2pts for census tract AMI being 125% of the county AMI,)
    b. Site in good school districts (i.e. 1pt for sites in a district where the HSAP Standard was met by 90% or more of the students, 2pts for sites in a district where the HSAP Standard was met by 93% of more of the students)

    Both of these examples are currently used in other QAPs, include easily-accessed information, and are very important considerations for persons when choosing where to live.

-I strongly disagree agree with a blanket exclusion of sites within 500' of a railroad. There are many communities in SC centered on a railroad track or having spur lines that have been there for many years but now only has one or two trains per week in activity. This provision would not only exclude many sites but also many of those communities where amenities are located so near those tracks. Other housing agencies have set limits that have been used to regulate the location of developments near busy railroad tracks, but don't altogether exclude them and neither should SC Housing. HUD's concern with regard to proximity to railways also translates to roadways, airports, military areas and industrial facilities. A proposed development near any of these should have the opportunity to evaluate potential noise impact and implement effective mitigation when the surveyed noise levels are within a reasonable threshold.

-I support the proposed increase of the Market Rate Advantage to 35% for tie-breaker purposes.

-I disagree with the proposed addition of an Urban set-aside. The more the state's small allocation of credits is divided, the more competition is reduced, quality of developments is reduced and the less deals are driven by the markets. However, in order to create an opportunity whereby some of the Urban markets were able to be more competitive while offering some of the same incentives to smaller municipalities for their participation, I would agree with incorporating in the GP some of the scoring criteria that was mentioned might be included in an Urban set-aside; such as the availability of public transit (mentioned above), donations of public land valued at greater than $2,000/unit (donated by government agencies, see GA QAP), waiver of tap and impact fees that would otherwise be greater than $1,000/unit, firm commitment of public subsidy not less than $2,000/unit (CDGB, municipal HOME funds, AHP, etc.; see AL QAP), and firm commitment for PBRA for not less than 80% of the units.

-I recommend that the required distance from recently-funded developments that have not yet stabilized be increased from 1 mile to 2 miles. Rental markets are evaluated at and draw tenants from distances greater than one mile. This will give a newly-funded development a better chance to get established and its market stabilized before a nearby development is evaluated for an award. Otherwise, an LIHTC development could be funded 1.1 miles away from another (recently-funded, perhaps in the previous year) that has not yet been placed-in-service and well within the same market that cannot support both.

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-I support the proposed increases in the replacement reserve contribution, operating expense range. I also support increasing the TDC/Unit caps to address rising construction costs and potentially allow for a larger number of developments to participate in the Rehab set-aside.

-I support removing the use of HOME funds in the RHS set-aside. However, I strongly disagree with removing the double-jeopardy policy and replacing it with one whereby a developer would submit at application an alternate plan of financing if HOME funds were not available but Tax Credits were. My main rub with that proposal is that at the time of application there is no way of knowing how much HOME may or may not be available as that amount is subject to how much higher-scoring applications are awarded and, therefore, almost impossible to submit an alternate plan of financing that would take into account a particular shortage of HOME. Having said that, I agree that it is not a good policy to disqualify or skip over the next highest-scoring application due to a small shortage of HOME funds and there should be a plan to avoid and/or remedy that particular situation. Therefore, I recommend addressing that situation (enough tax credits but shortage on HOME funds for the next highest scoring deal to be awarded), with the following funding procedure;

> Keeping the award procedure relatively the same as 2015/16 Tax Credit Manual, but don't skip over apps in the set-asides that have a shortage of credits or HOME to fund a lesser-scoring app and don't roll the unused HOME or credits to simply fund more deals in the General Pool (GP). Instead, remove the Underserved set-aside points for years-since-funded, giving US the same basis of scoring as GP, and allow the US apps not funded outright to roll to the GP. Fund all of the outright deals in the set-asides, not skipping over any due to HOME fund shortage to fund another. Then, make the GP awards (including the US deals rolling to the GP with the leftover NP, US, Rehab and RHS credits/HOME) but don't skip over any deals. After all outright awards have been made in both the set-asides and GP, lump the remaining credits and HOME (if any) to fund the next NP deal(s) if the 10% credit commitment has not been met. If or once the 10% NP commitment has been met, the remaining tax credits and HOME funds (if any) would be awarded/offered to the next highest-scoring GP deal, with an alternate plan of financing if short on HOME funds. If short on tax credits, the Authority could forward-allocate 2018 credits to make that last deal whole and use all 2017 credits. This policy will make every effort to fund the 10% NP commitment and ensure that the highest-scoring and most competitive overall applications will be funded. It will also encourage the use of HOME funds in the most competitive pools by reducing the likelihood of being skipped over due to a shortage of HOME.

-I support the increase of HOME funds per deal to $700,000 in that more funds provides a greater incentive for use the HOME funds. However, if the Authority's goal of removing the double-jeopardy policy is to encourage the use of all of the HOME funds earmarked for the LIHTC program, and if that goals resides above funding the highest scoring apps, the following award procedure might be best:

> As in the above procedure, don't skip over any apps to fund another, roll any unused RHS and Rehab tax credits/HOME funds to the NP set-aside, roll the US deals not funded to the GP and the unused US tax credits/HOME funds to the NP set-aside. Then, fund all NP deals until the 10% credit cap is met, and once that is met roll any unused credits/HOME to the GP. Next fund the GP apps that request HOME funds in order of score until all HOME funds have been

exhausted, allowing the last highest-scoring HOME deal to propose an alternate plan of financing using the remaining HOME. With any remaining tax credits, fund deals only requesting tax credits. This may cause deals that requested HOME funds that score higher than a tax-credit-only deal to be skipped over and possibly vice-versa, but this policy will most likely result in all of the HOME funds ear-marked for the 9% LIHTC round being funded while also making every effort to fund the 10% NP commitment. There have been enough HOME funds available in recent years to fund 8 or 9 applications, so only 1 or 2 tax credit only apps will be funded in the GP, especially if HOME is not used in the RHS and Rehab set-asides. If the unfunded US deals don't roll to compete in the GP, then enough credits/HOME funds to comprise 2 deals should be committed to this set-aside so that the top 2 apps can be funded and minimal credits/HOME will roll.

I feel that either of these policies could be easily implemented and would improve the quality of the developments being awarded tax credits and HOME funds.

-I agree with the full 30% basis boost being limited to the underserved, RHS and Rehab set-asides, but would give a 15%-20% boost to all other developments. Every deal is different, so a sliding scale based on the # of units, particularly trending toward less boost for smaller deals, is not very logical. However, most deals would not be financially feasible without at least a 15% boost in basis.

-I would encourage a reduction of the commitment of tax credits to the RHS and Rehab Set-asides. Despite there having been a slight increase in the participation in the 2016 cycle, these set-asides have not yet reached the level of competition that takes place in other set-asides.