



Sanctuary Property Development

Ms. Laura Nicholson
SCSHFDA
300-C Outlet Pointe Blvd
Columbia, SC 29210
Via Email (laura.nicholson@schousing.com)

September 13, 2016

Re: 2017-2018 QAP and Tax Credit Manual Comments

Dear Ms. Nicholson,

Please find below my comments for the 2017-2018 QAP and Tax Credit Manual Updates.

- 1) As an advocate for supporting PHA's ability to increase income for operating expenses, I would like to request that PHA's be allowed to earn two points for participation (in lieu of earning the two SC experience points). Many PHA's have experience that falls outside the dates required to earn the two points; and as you know it is extremely hard to be competitive without those points. Their housing stock is in dire need of rehabilitation and this will allow them to be competitive in an effort to improve living conditions in their neighborhoods.
- 2) Lenders have allowed us to underwrite a project using a 5% vacancy rate. I would like to request a blanket change in the TC Manual, or acceptance of the rate allowed and indicated in the commitment letter.
- 3) I would like to recommend the agency add to the published list of applications the amount of credits and HOME funds requested by the Applicant.
- 4) Omit: "All special/conditional uses specific to zoning approval must be approved and completed" from the TC Manual. Some cities we partner with require construction plans and specs before the "special/conditional uses" are approved. Without owning the property, this is not possible.
- 5) Omit: Entertainment Venue service points
- 6) Add: Daycare points under school service points
- 7) Add: Sliding scale for capture rate points and absorption period points-
0-5%= 3 points, 6-10%= 2 points, 11-20%= 1 point, 21-30%= 0 points
0-4 months= 3 points, 5-7 months= 2 point, 8-12 months= 1 point

Some of the markets that have been awarded are questionable. We have turned away projects in areas that our analyst failed based on the QAP requirements; but those areas seem to have been awarded.

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- 8) Eliminate deduction for one point for missing documents. This has no bearing on the quality of the development. There is already a fine in place for missing documents and the SCSHFDA can eliminate a very poorly put together application that is missing 3 or more documents.
- 9) HOME funds: Any funds not used in the 9% LIHTC round be rolled to the 4% LIHTC round.
- 10) Non-Profit Partners:
 - a) A point consideration should be given to including a provision in the QAP encouraging further development of LIHTC properties by SC based nonprofits.
 - b) The excerpt below is allowed for any applicant or applicant group. This should continue to be allowed for **ALL** Non Profit applicants as well. Non Profit Owners/Applicants/Developers should have the same Financial Criteria requirements as For Profits. Going back to item #1, PHAs are often Non Profits involved in a project. They are already under a financial strain and changing this to have them stand alone will alienate them from applying.

3. Financial Criteria:

The Authority will assess the financial capacity of the applicant or applicant group (to include all entities and/or persons taking an ownership interest in the development and all guarantors) based on their financial statements. Entities and/or persons serving as guarantors must verify their guarantor capacity in writing. The Authority will **only** accept financial statements audited, reviewed, or compiled by an independent certified public accountant (CPA). Only a balance sheet dated on or after December 31, 2013 is required. All financial statements must include notes to the financial statements. Financial statements prepared in accordance with accounting principles generally accepted in the United State (U.S. GAAP) are preferred. Statements prepared on the income tax basis or cash basis must disclose that basis in the report. An applicant or applicant group must have a minimum net worth of \$5 million dollars and minimum unrestricted liquid assets of \$500,000 dollars. The Authority defines liquid assets as cash, cash equivalents, and investments held in the name of the entity(s) and/or person(s) including cash in bank accounts, money market funds, U.S. Treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered liquid assets, including, but not limited to: 1) stock held in the applicant's own company or any closely held entity, 2) investments in retirement accounts, 3) cash or investments pledged as collateral for any liability, and 4) cash in property accounts including reserves. The liquidity requirement may also be met by a current irrevocable letter of credit, provided the supporting bank letter includes sufficient information as to the duration of and restrictions, if any, on the borrowing authority of the applicant. The letter of credit must remain in force from the date of the letter through construction loan closing. All liquid assets must be identified in the submitted financial statement. If no individual member of an applicant group meets the minimum financial requirements, then members may combine assets to meet the requirements by including a combining schedule in addition to their individual statements. The Authority reserves the right to verify information in the financial statements and all financial capacity statements made by applicants, lenders, accountants, and others, through phone calls and correspondence. If false statements are found to have been made at any point in time, all entities and/or person(s) associated with the application will be debarred from all Authority programs for three (3) years.

Thank you for allowing these comments to be considered.

Jennifer H. Wilkinson