Woda

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October 19, 2017

Laura Nicholson
Tax Credit Program Manager
SC State Housing Authority
300-C Outlet Pointe Blvd
Columbia, SC 29210

Re: Proposed Technical Amendments to the 2017-2018 Qualified Allocation Plan and Low-Income Housing Tax Credit Manual

Dear Ms. Nicholson:

We appreciate the opportunity comment on the Proposed Technical Amendments. We believe that the following comments will help to improve the quality of housing that is being provided to those who qualify.

1. Elimination of HOME Funds

   The elimination of HOME Funds is not a technical change but rather a major change to the Low-Income Housing Tax Credit Manual ("TCM") and at the very least should be tabled until the 2019-2020 QAP and TCM are drafted.

   First off, the elimination of the HOME Funds forces us to charge higher rents to the tenants so that the deal can afford more debt. Secondly, it causes us to use funding sources (such as USDA RD 538 Loans and others) which charge high fees and take longer to close than conventional financing. And third, developers will need to put in hundreds of thousands of dollars of their own equity in addition to deferring the maximum amount of the developer fee which can be repaid in the compliance period. After netting out the capital contribution, the cash developer fee is only slightly half of the total fee. This is not a sustainable business model.

   We looked at a previous deal that was underwritten using HOME Funds and we eliminated this source. This left the deal with a $650,000 gap. There is no feasible alternative to fill this gap without HOME Funds in South Carolina tomake a non-large urban deal work..

   We ask you to please reconsider the elimination of HOME Funds.

2. Previous Year's Development Completion Status (page 3 – QAP)

We ask that you please consider adding additional time for this requirement. The process of closing with the lenders and investors has become more complicated over the years due to the layers of new requirements that are requested every year including environmental clearance. We ask that you consider a date of June 1, 2018 for this requirement. This way, if not met by the applicant, any application(s) can be disqualified before the preliminary scores are released.

3. Authority Designated Difficult Develop Areas (DDAs)

   For the 2018 QAP and TCM we request that you keep the 130% basis boost for the General Set-Aside as well as the Under Served Counties Set-Aside, Rural housing Service Set-Aside and Rehabilitation Set-Aside that was provided in Bulletin #1 in 2017. With the proposed reduction of credit per deal based on the number of units and the elimination of HOME Funds the 130% basis boost is just as critical for deals that are not large urban deals.

4. Cap for Single Applicant/Related Parties/Principal/Owner

   Reducing the max credit award per development based on the number of units is also a major change to the QAP/TCM. This type of change should not be considered a technical change and at the very least should be tabled until the 2019-2020 QAP and TCM are drafted. Costs are going up in every facet of development and construction. The technical changes proposed for the 2018 QAP and TCM that are eliminating funds, reducing the basis boost, and reducing the amount of eligible credits is going to have a negative effect on the deals and in turn adversely affect the residents of each community.

Thank you considering our comments.

Sincerely,

THE WODA GROUP, INC.

Thomas S. Simons
Sr. Vice President