



WODA COOPER COMPANIES

November 9, 2020

Kim Wilbourne
LIHTC Manager
South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Blvd.
Columbia, SC 29210

RE: 2021 Draft QAP Comments

Dear Ms. Wilbourne:

On behalf of Woda Cooper Companies, Inc., thank you for allowing us the opportunity to provide constructive feedback regarding the 2021 Draft QAP.

1. New Construction Scoring Criteria - E. Cost Containment - Removal

We applaud the Authority for removing the cost containment portion of the new construction scoring including vertical construction costs/unit, total site work cost/unit, TDC/unit, and LIHTCs/bedroom. Even though we received the maximum points under this scoring criteria in the 2020 9% round, we don't believe focusing on cost containment as a determinant for awarding an application is good public policy. Construction costs continue to rise, and the equity market continues to face challenges during the pandemic. Furthermore, it does not do anything to benefit the residents which we believe should be the primary focus of the Authority and its scoring criteria.

2. Administration of the QAP - E. LIHTC Award Limitations – Application Limit

We compliment the Authority on listening to the development community and including a preliminary and full application approach. The Authority's collaborative nature is greatly appreciated. One slight change we would recommend is allowing a development team to submit up to 6 preliminary applications. Currently, the development team is not allowed to be associated with or submit more than 4. By increasing the number, this will allow development teams ample time for rezoning which should also be included at full application.

3. Soil Borings

Soil borings are an extremely costly expense, especially given the requirements in SC Housing's guidelines. We recommend it only be required on deals that receive awards and the number and location of soil borings be determined based on a final approved site plan and the advice of the project's civil engineer. Submitting a tax credit application is a time consuming and costly endeavor. We work with land sellers and localities, architects,

civil engineers, environmental consultants, and market analysts. However, we do not typically have final site plan approval at the time of application. A site plan may be adjusted from the time of application to building permits for any number of reasons including city planning desires, neighbor concerns, highway alignment, etc. If the decision is made to continue to require soil borings, we recommend switching to some kind of site grid such as one boring per ½ acre of the site.

4. Market Study

We believe this should be provided by the developer as opposed to ordered by the Authority. This approach would allow the developer to have ample opportunity to review the market study with the provider and make necessary adjustments to unit type, amenities, unit count, or rents prior to the Authority receiving the application.

5. Threshold Participation Criteria - G. Required Management Experience - Management Company Removal at Award

We respectfully disagree with SC Housing's inclusion of notifying the management company of being ineligible to be part of an awarded application. As currently written, SC Housing does not clearly outline the reasons a management company would be deemed ineligible. Nor does it allow the management company time to respond or correct these deficiencies which is only fair. Thus, we suggest SC Housing include explicit measures and allow time for the management company to correct any deficiencies in order to regain good standing.

6. New Construction scoring - I. Supportive Housing

We suggest SC Housing align this scoring criterion with 30% units as opposed to 20% as currently stated. This revision expands the portion of the population eligible for these units and aligns with HUD's definition of "Extremely Low Income".

7. VI. New Construction Scoring Criteria. A. Positive Site Characteristics. 2.

We recommend decreasing scoring for the number of jobs within the group-designated radius from a maximum of 10 points to a maximum of 5 points. To account for the loss of these 5 points, we recommend that the unemployment rate within the census tract become a 5 point category. The total number of jobs is not the only, and is not always the best, indicator of the ability for residents that live in a development to be able to find a sustainable job or career. If residents are in an area with a low unemployment rate, that is likely an indicator that others living in the area are successful at finding jobs, and therefore, residents at the development will have opportunities to find employment. Unemployment rate is also a good indicator of economic stability.



We recommend changes to the geography used to determine the number of nearby jobs. The determination of 1 mile for Group A, and 2 miles for Group B and C counties seems arbitrary, and not necessarily in the best interest of residents. We present the following options as possible solutions:

- If the intention of incentivizing the number of jobs within 1 mile of a Group A county, or within 2 miles of developments in Group B and C counties, is to value the ability to walk to work, we recommend using the data by census block group instead of radius. Walking to jobs within a mile or 2 miles may not always be feasible or safe for residents. OnTheMap reports data by census block group. Instead of a radius that may prove to have inaccessible jobs that may occur because of the presence of railroads or major highways, the number of jobs in the same census block group could prove more useful. Census block groups tend to have more defined boundaries from larger obstacles, so it would ensure the job counts used are more accessible and not potentially across a river or other obstacle that presents potentially unsafe hazards to residents that walk to work, or causes unnecessary delays in driving time.
- If the intention is to incentivize easy access to jobs, it could prove to be of better use to utilize average travel time to work by census tract, as reported by the Census Bureau. Average travel time to work simultaneously shows where jobs are located in comparison to the census tract and shows how quickly residents can get to work, by walking, biking, driving, public transit, etc. This is a very objective approach to ease of access, and this also limits being able to claim points for being near a heavy industrial area that may not be in the best interest of the residents. Travel time to work would better optimize the balance between a location that provides access to jobs and a location that is in a good area that residents would want to reside.

8. VI. New Construction Scoring Criteria. C. Affordability. 1.

Please clarify that if an application receives 10 points for I. Supportive Housing, whether the minimum 10% of units at the restricted AMI for the supportive units qualify towards the 20% at the "Original" level AMI will receive 10 points for Affordability, or will the 20% for Affordability need to be in addition to the 10% for Supportive Housing.

9. VI. New Construction Scoring Criteria. D. Affordable Housing Shortage. 2.

We recommend the use of intermediate points for scoring projects located in counties that have not received 9% LIHTC awards recently. For example, if a county has received 1 award in the past 5 years and 0 in the past 3, it should be eligible for some points. This is just an example and there may be more scenarios deserving of partial points, but we find it evident that such a county is not deserving of the same amount of points (0) as a county that has gotten 2 awards each of the past 5 years when a lack of recent LITC awards in the area is something being incentivized.

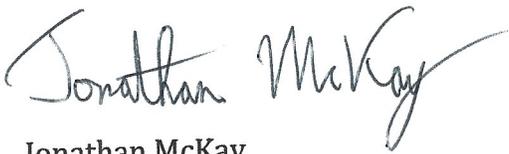


We also ask that you consider an alternate scoring criterium. If the market study shows a development specific capture rate of some objective number such as 5% or lower, it is evident that the area has a high demand for affordable housing and could qualify for points.

We suggest that it be considered to move this scoring category to the tiebreaker such that the county with the most years since its last award (with a max of up to 5 years) wins the tiebreaker.

Thank you again for this opportunity to provide feedback and we look forward to working together further with the Authority to bring high quality affordable housing to the great people of South Carolina.

Sincerely,

A handwritten signature in black ink that reads "Jonathan McKay". The signature is fluid and cursive, with the first name "Jonathan" written in a larger, more prominent script than the last name "McKay".

Jonathan McKay
Vice President of Development

