



To: Eric Alexander, Director of Multifamily Development, South Carolina State Housing Finance & Development Authority ("SCHFA")
From: Jordan Jones, Development Executive, Integral Group
Date: August 25, 2022
RE: SCHFA's 2023 Draft Qualified Allocation Plan ("QAP")

The Integral Group submits the following comments to SCHFA's 2023 draft QAP. These comments are based on Integral's affordable housing developments for the last 30 years across 11 states, including two successful LIHTC developments in South Carolina.

Comment #1: Draft QAP requires family developments to have 25% of the units to be three (3) bedroom units. Integral requests this threshold be decreased to 10%. Peer states do not require this high of threshold.

Comment #2: Draft QAP states developments must carry six-month operating reserve for operating expenses and "must-pay debt service." How is "must-pay debt service" defined? Does this include cash flow dependent loans?

Comment #3: Draft QAP defines "Full Service Grocery" as (i) part of a chain and (ii) including a minimum size of 15,000 square feet. Integral requests SCHFA consider expanding this definition. First, a co-op full-service grocery store would not meet this definition, even if the co-op's purpose is to open in a food desert. Second, the square feet requirement is too large for a co-op full service grocery store as well as other chains that are developing smaller footprint stores.

Comment #4: Please provide more clarify around definition of "Shopping." Does a "Shopping" establishment need to provide all five items identified in the draft QAP or just one of the items? Is there a definition of "mall"?

Comment #5: Please consider changing the 20% AMI level to 30% AMI as required for supportive housing units as is more common in peer states.

Finally, while SCHFA has not released a draft 2023 Appendix B, Integral did want to provide a few comments on the 2022 Appendix B for SCHFA to take into consideration in drafting its 2023 Appendix B.

Comment #1: Primary bedroom size of 170 SF is larger than typical, particularly when comparing to peer states. Integral requests primary bedroom size is reduced to 130 SF.

Comment #2: Similarly, secondary bedroom size of 150 SF is also noticeably larger than neighboring states. Integral requests the size of secondary bedrooms be decreased to 110 SF.

Comment #3: In the current environment of increased construction costs and interest rates, required balcony or patio for each unit is a challenging cost for developments. Integral requests that SCHFA remove this requirement.