

IN THIS ISSUE...

CLASSIFIEDS 5
ON THE MOVE 3
MUD PUDDLE REAL ESTATE 4

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B Horry County BUSINESS JOURNAL

Tax credits lay foundation for low income housing in Myrtle Beach



This is the artist's conception of the completed Bay Point affordable housing project, which is now under construction on the north side of Mr. Joe White Avenue just east of Grissom Parkway. The project is ahead of schedule and is expected to be completed in July. The project is an example of how federal and state tax policy can be used to encourage builders to develop low-income housing.

Project will provide affordable housing for 50 families in Myrtle Beach

BY STEVE PORTER
THE BUSINESS JOURNAL

The \$6.8 million Bay Point project rising on the north side of Mr. Joe White Avenue is going to provide basic housing for 50 families who might not otherwise be able to afford any comparable kind of accommodations in Myrtle Beach.

The Aynor-based Bradley Development Company, which has about a dozen such projects underway in the Carolinas, is overseeing Bay Point.

The project is an example of how federal and state tax policy can be used to encourage builders to develop low-income housing.

BDC owner Bradley Queener also part-

ners with David Douglas, another local investor and developer, on many projects in North Carolina and South Carolina. He said Bay Point is a clear example of how the City of Myrtle Beach has been proactive in its efforts to find housing for not only the homeless, but low-income families who can lease at reasonable rates.

The affordable lease rates allow those in

need to better provide for their children and get their feet back on the ground when it comes to finding jobs.

Queener credits the city for helping to get the right approvals and for shepherding the project through the zoning and appearance processes.

See BAY POINT, Page 3

BAY POINT: Bought land from B and C

FROM PAGE 1

"The City of Myrtle Beach has been unbelievable in its support for affordable housing," he said. "They always have been very helpful in dealing with zoning requirements, financing and letters of support in submitting applications, and Burroughs and Chapin also has been helpful."

B and C sold the land to the development company for the project.

The Bay Point development will include a 2,000-square-foot community center, a computer lab, a laundry center, an on-site leasing office and other amenities.

The project is being built under financing that's provided by the Low Income Housing Tax Credit (LIHTC) program. The process involves tax credits that are provided by the federal government to the South Carolina Housing Authority, which in turn provides the credits to developers who qualify for building affordable housing.

The developers in turn can sell the tax credits to banks and other investors for about 70 cents on the dollar.

The revenue provides the builder with a large amount of seed money, which lowers the size of mortgage or cash investment needed for the project. That paves the way for charging affordable rent.

The banks and other purchasers of the tax credit can use them at 100 percent value in their payment of federal income taxes, although the market for such credits has been slim in recent months due to the downturn in the economy and the troubles suffered by big tax credit buyers such as Fannie Mae and Freddie Mac.

Help has come from the so-called TARP funds that are being used to encourage mortgage rescue programs. They are, indirectly, part of the financing that is being used in the LIHTC program.



STEVE PORTER | THE HERALD

Construction is moving along ahead of schedule on the Bay Point "affordable" housing complex on Mr. Joe White Avenue in Myrtle Beach. The project is made possible by tax credits provided to the developer by state and federal housing officials. The builder can sell the credits on the open market for cash that is used to partially finance the apartments that low income families can afford to rent.

Queener says real estate conditions have been improving, and that is helping him move forward with his projects. As a developer, he said he sees signs of improvement in the Grand Strand area housing market in general.

A developer of tax credit-driven projects is not only able to make a reasonable profit, but the positive fallout extends to others such as Progress Builders of Aynor, which is doing the actual construction of Bay Point.

Michael Scholmeyer is the chief construction official of that company and he is also involved in multiple projects of that kind in the Carolinas.

"It's certainly a for-profit thing for us, but you have to have a different mindset when you build affordable housing," he said. "You have to have a knack for it and have to deal with all the issues that go along with it."

Some of those challenges include the NIMBY (Not in my backyard) attitude in many places along with community opposi-

tion in general.

Municipalities also have to bend over backwards when it comes to taxpayer-supported changes to allow construction as well as the legal approval process.

There is also a need for solid up front financing and Scholmeyer says non-profit organizations get involved.

In fact, in Myrtle Beach there are dozens of non-profit organizations that get involved in helping the homeless and finding housing for low-income families and individuals.

For the developer, it's a different challenge than just building a housing project, selling it out and moving on. But when 50 low-income families can move in and improve their living conditions, it all seems worth it.

The Bay Point project, which Queener said is ahead of its construction schedule, should be ready to welcome its first residents in July.