

Fernwood at Five Points: The Need for State Tax Credits

Fernwood at Five Points (“Project”) is a vital project that preserves and modernizes 58 deeply affordable homes for low-income seniors in Columbia, South Carolina. Without State Tax Credits (“STC”), this project cannot proceed because the financing gap is too large to bridge with federal resources and conventional debt alone. Fernwood is requesting the maximum allowable federal 9% Low-Income Housing Tax Credit (“LIHTC”), yet the Project remains financially infeasible without additional public investment. The STCs serve as the final and essential resource to close that gap.

STCs are particularly appropriate for Fernwood because the project aligns with every criterion outlined in Appendix C3 of the South Carolina Housing Authority’s State LIHTC Guidelines:

- **Full Federal LIHTC Allocation Requested:** The project is maximizing its federal credit potential and only seeking STCs to fill the remaining financing shortfall.
- **100% Applicable Fraction:** All residential units will serve low-income seniors at or below 60% of AMI, ensuring total compliance with affordability and rent restriction standards.
- **Project Will Remain in Compliance Post-Placement:** The Columbia Housing Authority and its partners will ensure long-term compliance with LIHTC program rules.
- **Local Support:** The City of Columbia has expressed strong support for the rehabilitation and long-term preservation of Fernwood.

Support Local Goals

The Columbia Compass Community Revitalization Plan (“Plan”)—formally adopted by the City of Columbia (“City”)—explicitly calls for reinvestment in aging neighborhoods, preservation of housing that supports extremely low-income individuals and prevention of displacement. The current conditions of Fernwood at Five Points are critical. With STCs, all residential units will undergo extensive interior upgrades to ensure long-term habitability, accessibility, and modernization. The work will address outdated building systems, improve energy efficiency, and enhance overall livability for senior residents. These upgrades are designed to meet current building codes, promote aging in place, and provide residents with durable, high-quality finishes. Access to STCs ensures that Fernwood at Five Points can offer safe, affordable, and dignified housing for Columbia’s low-income senior population.

Additionally, the Project’s location in the Five Points neighborhood supports the Plan’s principles of walkability, inclusion, and equitable access to housing and amenities. If this Project does not

continue, 58 low-income seniors risk losing their homes, directly undermining the City's anti-displacement goals.

1. **Obsolete Building Systems:** All existing mechanical, electrical, plumbing, and fire protection systems are being removed and replaced in their entirety. This includes installation of a new sprinkler system, electrical service upgrade, and completely new HVAC and hot water systems. These systems are not just outdated—they are functionally inadequate and pose long-term risks to resident health and safety.
2. **Widespread Structural and Envelope Repairs:** The project includes demolition of structural walls, redesign of the elevator shaft, repairs to masonry, and potential structural retrofits based on lateral load evaluations. New windows, doors, insulation, and exterior facades are also required to meet current energy and code standards.
 - a. Interior Conditions are Uninhabitable Without Renovation: Every unit requires:
 - b. New walls, ceilings, and floors
 - c. Complete kitchen and bathroom replacements
 - d. Upgraded finishes and accessibility modifications
 - e. Reconfiguration of common areas, offices, and amenity spaces to modern standards
3. **Non-Compliant Life Safety Features:** The current fire suppression, alarm, and egress systems are inadequate. Full replacement is needed to meet NFPA standards and ensure safe occupancy, particularly for elderly tenants who may have mobility or sensory limitations.
4. **Severe Accessibility Deficiencies:** Upgrades are necessary to meet current UFAS and ADA standards, including roll-in showers, grab bars, accessible appliances, and new elevator systems. Without these changes, the property cannot legally or safely serve its intended population.
5. **Site-Related Deterioration:** Major site work is required to remove damaged sidewalks, failing stairways, and uneven surfaces. New concrete work, grading, and drainage improvements are needed to ensure safe site access and stormwater management.

STCs make possible the continued affordability of these units for decades to come, ensuring that reinvestment does not come at the cost of displacing vulnerable residents. This is a cost-effective use of public funds, leveraging a modest amount of state assistance to preserve units that would cost significantly more to replace if lost.

Underwriting Analysis

Source Name	Lender/Investor	Amount	Rate	Term	Amort
Permanent Loan	Ceder Rapids Bank & Trust	5,980,000	7.5%	17	35
Federal LIHTC Equity	The Richman Group	\$14,873,512			
Seller Note	Columbia Housing Authority	\$4,300,000			
Deferred Developer Fee	South Carolina Affordable Housing Initiative, Inc.	\$526,010			
	Total Sources	\$25,679,522			
	Total Uses	\$28,679,223			
	GAP	\$2,999,701			
State LIHTC Equity	The Richman Group	\$2,999,701			

What would happen without STCs?

This Project does critical work to address severe and widespread physical deterioration in an aging senior housing community. The building's major systems - mechanical, electrical, plumbing, and fire protection - are obsolete and must be fully replaced. The scope also includes reconfiguring the building for accessibility, addressing structural deficiencies, and modernizing all units to meet safety, energy efficiency, and quality-of-life standards for low-income seniors. This level of rehabilitation is essential—not optional. Without it, the building will become unsafe and uninhabitable, resulting in the displacement of 58 senior households.

However, without the award of State Tax Credits, we would face a funding shortfall of nearly \$3 million. To close that gap, we would be forced to value engineer out core elements of the scope, including:

- Critical energy efficiency upgrades,
- Full interior modernization,
- Broad scale upgrades to the community space,
- Elevator replacement and structural work.

These are not enhancements, they are what make the project viable and worthwhile. Stripping them from the scope would mean the project fails to meet its purpose of preserving deeply affordable, dignified housing for vulnerable seniors. The STC equity is the only funding source available to fill this gap and ensure the project moves forward with the integrity and long-term sustainability it requires.

This Project is ready to deliver on the goals of the Columbia Compass Plan, but it cannot do so without the final piece of financing support that the STC provides.



Fernwood at Five Points | 9% Low-Income Housing Tax Credits Application | May 19th, 2025

SC Housing's STC Determination

This Project is eligible for State Tax Credits and fundamentally depends on them to achieve its goals, outlined in the Columbia Compass Plan. The STCs make it possible to protect Columbia's seniors, preserve affordable housing, and carry forward the vision laid out in Columbia's long-term community revitalization plan.