

# **TAB 20 – SYNDICATION** **INFORMATION**

# **LETTER OF INTENT –** **FEDERAL CREDITS**

May 19, 2025

Mr. Jon Enos  
Assistant Vice President  
Kennedy Street Owner, LP  
SCG Development Partners, LLC  
8245 Boone Boulevard, Suite 640  
Tysons Corner, VA 22182

Re: Kennedy Street Owner, LP  
Spartanburg, South Carolina

Dear Jon,

We appreciate the opportunity to arrange for the equity capitalization of Kennedy Street Owner, LP (the "Partnership") which will develop 48 units of family housing to be known as Kennedy Street Housing, located in Spartanburg, South Carolina (the "Property"). We understand that the development of the Property will be financed by a First Mortgage Loan in the presently anticipated amount of \$950,000 and a Second Mortgage Loan from Community Works in the presently anticipated amount of \$500,000. The Property will be developed, owned and operated so that 100% of the apartment units qualify for (i) federal low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended (the "Federal Housing Tax Credits") and (ii) state low income housing tax credits allocated by the South Carolina State Housing Finance and Development Authority (the "State Housing Tax Credits") in the annual amount of \$1,429,116 and \$760,453, respectively. We have reviewed the materials that were delivered to us, and we have determined the and financial needs of the Property and the Partnership.

Based on the materials that you have delivered to us to date, and assuming the accuracy and completeness thereof, we hereby propose to provide equity capital ("Equity Capital") to the Partnership and the Property in the amount of approximately \$12,430,821. The Equity Capital represents 87% (\$0.87 per dollar of Federal Housing Tax Credits) of the anticipated \$14,291,158 of Federal Housing Tax Credits that will be available for a 98.98% ownership interest in the Partnership (of which 0.01% will be the Special Limited Partner ownership interest, 0.01% will be the General Partner ownership interest and 1.00% will be the State Investor Limited Partner ownership interest). The Special Limited Partner will be an affiliate of Stratford Capital or its designee. We anticipate that the equity closing will occur upon Investor Closing and all other conditions to closing are satisfied (the "Initial Closing"), and that the equity will be contributed (1) 20.0% upon Initial Closing, (2) 10.0% upon 50% Completion, (3) 20.0% upon the Completion Date, (4) 45.0% upon Final Closing, and (5) 5.0% upon the Stabilization Date and receipt of IRS Forms 8609.

As you may know, the principals of Stratford Capital have arranged for the equity financing of over 350 multi-family residential properties, most of which benefit from Federal Housing Tax Credits. This proposal is conditioned upon (1) the Property qualifying for Federal Housing Tax Credits and State Housing Tax Credits in the amounts of approximately \$14,291,158 (\$1,429,116 annually) and \$7,604,530 (\$760,453), respectively, (2) the Property being developed and

operated substantially as represented by SCG Development Partners, LLC (3) our confirmation of the representations, warranties and information provided by you to us, (4) execution of a Partnership Agreement and other definitive documentation required by us, and (5) no materially adverse changes occurring in applicable laws, rules, regulations or market conditions.

Please call me at (978) 535-5600, extension 120 if you have any questions. We look forward to working with you and closing the transaction.

Sincerely,

STRATFORD CAPITAL GROUP

By: Jared V. Rand  
Jared V. Rand  
Senior Vice President

**LETTER OF INTENT –**  
**STATE CREDITS**

# Advantage Capital

May 21, 2025

Kennedy Street Apartments  
NHE  
Attn: Taylor Davis  
325 Rocky Slope Road, Suite 301  
Greenville, SC 29607

Re: Kennedy Street Apartments – Spartanburg, SC (“Proposed Development”)

Dear Taylor,

Advantage Capital (“AC” or “State LP”) is pleased to provide this syndication letter that outlines the terms under which the State LP would pursue a limited partnership interest in the partnership owning the Proposed Development (the “Project Partnership”). The State LP’s investment in the Project Partnership would be made in consideration of and expectation of several benefits, including but not limited to, up to a 1.0% interest in profits and losses from operations, up to a 1.0% interest in gains and losses from capital transactions, 100% of the State of South Carolina Low-Income Housing Tax Credits (“State Credits”), and up to 1.0% of the Federal Low Income Housing Tax Credits (“Federal Credits”), to be generated by the Proposed Development, consisting of 100 rental units located in Spartanburg, SC.

This proposal contains an outline of suggested terms only, and it does not represent a commitment by AC or create any obligation whatsoever on AC’s part to make an equity investment in the Project Partnership. The outlined terms have not received final approval by AC’s investment committee. New information or industry changes could materially alter the investment terms, so neither you nor AC will be under any legal obligation until AC has been lawfully admitted as a partner to the Proposed Development.

## Development Information:

1. The development will consist of 48 units.
2. The Proposed Development will be considered a “Qualified Low-Income Housing Project” under Section 42 of the Internal Revenue Code.
3. Tax Credits:
  - a. \$1,429,116 annually (Federal LIHTC/10 Years)
  - b. \$760,453 annually (SC LIHTC/10 Years)
4. Capital Contribution Rate Per Credit:
  - a. \$0.87/Federal Credit (to match assumed Federal LIHTC investor pricing)
  - b. \$0.45/State LIHTC (assumes a 1.0% ownership interest in the Project Partnership)
5. Total Capital Contributions:
  - a. \$3,422,039 with respect to State LIHTC
  - b. \$124,333 with respect to Federal Credits
    - i. Total - \$3,546,372
6. Contribution Schedule: The State LP capital contribution may be scheduled at the same times and in the same percentages, and shall be made on the same conditions as the Federal LIHTC Investor. The State LP reserves

the right to adjust the pay-in schedule to improve pricing upon mutual consent of the Project Partnership. The contemplated contribution schedule is as follows:

- a. 20.0% at Closing
  - b. 10.0% at 50% Completion
  - c. 20.0% at 100% Completion
  - d. 45.0% at Final Closing/Qualified Occupancy
  - e. 5.00% at Stabilization/8609
7. Tax Credit Adjusters: In most cases, the State LP will adjust the amount of its capital contributions in the same manner that the Federal LIHTC Investor adjusts the amount of its capital contributions.
8. Guarantees: The State LP shall be a beneficiary of applicable guarantees in the same manner as the Federal LIHTC Investor. At a minimum, the State LP requires that construction completion, operating deficits, the repurchase obligation and the State Credits be guaranteed in accordance with industry standards and from acceptable guarantors (in the opinion of the State LP). The tax credit guaranty must extend through the compliance period.
9. Reserve Requirements:
- a. Operating Reserve: An operating reserve in an amount equal to 6 months of operating expenses, replacement reserves and must pay debt service, or a lesser amount acceptable to SC Housing, will be maintained from available cash flow for the life of the compliance period. Withdrawals from the operating reserve will be subject to the Federal LIHTC Investor's consent.
  - b. Replacement Reserve: A to be determined Replacement Reserve of at least \$300 PUPA, or a higher amount as required by SC Housing or as determined by the Federal LIHTC Investor, and will increase annually by 3%.
10. Asset Management Fees: An annual asset management fee shall be paid to the State LP on the same terms as the similar fee paid to the Federal Investor. The State LP's fee shall be the greater of half of the Federal Investor's fee or \$1,500 per year.
11. Net Cash Flow Distributions: The cash flow waterfall of the Project Partnership will be in accordance with that outlined by the Federal LIHTC Investor and the State LP will have approval rights with respect to any modifications.

This letter and its terms are subject to final acceptable underwriting and due diligence review (in AC's sole discretion). An update to this letter may be provided as requested by you, which in addition to the items above will include final capital contribution timing, milestones and amounts as well as anticipated due diligence.

On behalf of Advantage Capital, thank you for the opportunity to provide this Letter. We look forward to being part of this Proposed Development and the impact it will have in addressing housing needs in South Carolina.

Sincerely,



William Fiederlein  
Vice President

# **LOCAL SUPPORT**





April 17, 2025

South Carolina State Housing Finance and Development Authority  
300-C Outlet Pointe Blvd  
Columbia, SC 29210

Dear Sir or Madam:

The City of Spartanburg is pleased to express our support for Kennedy Street Owner LP plans for a mixed use, affordable housing apartment community called “Kennedy Street Apartments”. This development aligns with our city’s goals of providing quality, affordable housing to our residents.

The City of Spartanburg fully supports Kennedy Street Owner LP’s pursuit of South Carolina State Low Income Housing Tax Credits (STCs) to help finance this important development. These tax credits are crucial for the successful revitalization of the Kennedy Street Apartments, which will significantly contribute to our community’s housing needs.

Thank you for your consideration of this project.

Sincerely,

A handwritten signature in blue ink that reads 'Chris Story'.

Chris Story  
City Manager

# **STC JUSTIFICATION**

# **NARRATIVE**



8245 Boone Boulevard, Suite 640 | Tysons Corner, VA 22182 | 703.942.6610  
**SCGDEVELOPMENT.COM**

South Carolina Housing Agency  
STC Justification Narrative  
Kennedy Street Apartments

To Whom it May Concern:

We respectfully submit this letter in support of the Kennedy Street Apartments' application for South Carolina State Low-Income Housing Tax Credits (STCs). The requested allocation of \$760,453 annually in STCs is essential to the financial feasibility of this deeply affordable housing project in Spartanburg, South Carolina.

**Background Information:** Kennedy Street Apartments is a proposed development to be located on 0.25 acres of excess land adjacent to an underutilized city-owned parking garage in Spartanburg's central business district at the intersection of S. Converse Street and E. Kennedy Street. The project will contain 48 units consisting of studio, one-bedroom, and two-bedroom units ranging from 20–70% AMI. The site is centrally located within the City of Spartanburg's urban core, where employment, entertainment, shopping, transit, and other services are concentrated.

**Benefit to Tenants:** The requested State Tax Credits will directly benefit tenants by enabling the project to offer significantly reduced rents compared to market-rate alternatives in downtown Spartanburg. Without the STCs, rents would need to be maximized to support additional private debt, thereby limiting affordability. With STCs in place, the project can maintain deep income targeting down to 20% AMI, expanding housing access for extremely low-income households. This structure allows a wider range of residents to live in a safe, high-opportunity area with walkable access to employment centers and essential services.

**Evidence of Local Support:** The site was made available through collaboration with the City of Spartanburg, which identified the underutilized parking structure and adjacent land as a strategic infill opportunity to meet the city's affordable housing goals. The City has supported this development by committing the land at favorable terms and has expressed strong interest in ensuring this development succeeds as part of its broader downtown revitalization efforts.

**Financial Need for State Tax Credits:** The project would have a need for gap funding totaling \$2,839,234 after deferring 50% of the developer fee which is the maximum permitted by SC Housing. This level of gap cannot be filled through additional conventional financing or fee deferral without jeopardizing project feasibility. The sources and uses for Kennedy Street Apartments assuming no STCs shown below demonstrate the project requires STCs to maintain financial viability:

	<b>48 Units</b>	<i>per unit</i>	<i>% of total</i>
Acquisition	4,500	94	0%
Hard Construction Costs	12,327,779	256,829	71%
Parking Costs	0	0	0%
Construction Contingency	549,464	11,447	3%
Architect and Engineering	400,000	8,333	2%
Soft Costs	1,060,452	22,093	6%
Financing/Interest	1,549,380	32,279	9%
Reserves	228,480	4,760	1%
Developer Fee	1,200,000	25,000	7%
	<b>17,320,055</b>	<b>360,834</b>	<b>100%</b>
Federal LIHTC	12,430,821	258,975	72%
First Mortgage Loan	950,000	19,792	5%
State LIHTC	0	0	0%
Community Works	500,000	10,417	3%
Unidentified Gap Funding	2,839,234	59,151	16%
Deferred Development Fee	600,000	12,500	3%
<b>Total Sources</b>	<b>17,320,055</b>	<b>360,834</b>	<b>100%</b>

**Conclusion:** The Kennedy Street Apartments will provide long-term, income-targeted, deeply affordable housing in a highly accessible area of Spartanburg. We respectfully urge SC Housing to approve the requested allocation of \$760,453 in annual STCs to enable the realization of this community-benefiting development.

Sincerely,



Date: 5/19/2025  
Name: Stephen Wilson  
Managing Member of Kennedy Street Owners, LP