

Timberlake- Justification for State Tax Credit Request

- Timberlake Apartments, an existing 64-unit multifamily affordable community located in Inman, SC, requests an allocation of state tax credits (STC) as part of its 2026 final 9% application. Timberlake should qualify for STC for the following reasons:
- Without including state tax credits in the sources for Timberlake, the development is not financially feasible for rehab and could not proceed. The project has maximized federal equity resources and appropriate debt leverage given the third-party operating budget provided by NHE and known available financing options.
- The site is located in a USDA-designated area, a priority investment area for STC per Appendix C-3. Please see the attached RD map for reference.
- If awarded a new LIHTC allocation, the property will no longer be eligible for a qualified contract, which would otherwise allow the development to be sold and potentially removed from the tax credit program.
- The rent threshold for the property will be lower post-rehab, since HERA rents will no longer apply.
- Because the applicant has waived the right to a qualified contract, the project would provide 64 new affordable homes for at least 30 years.
- While the population and tax base of Spartanburg County contribute to both the federal and state tax credit volume, Inman has not been awarded a LIHTC deal since 2008. Residents of Inman are entitled to updated options for safe, sanitary, affordable housing.
- Although Inman is located near the I-85 growth corridor, syndicators deem its location tertiary. This means equity syndication options are more limited, and credit pricing is likely significantly less than in larger markets due to a smaller pool of interested multi-fund investors. The quotes received for full app LOIs also weighted the equity pay-ins more heavily to the back end for Timberlake, causing the budget to carry more construction interest. This pricing effect is typical for rural LIHTC projects. State tax credits allow projects in rural areas like Timberlake to proceed under realistic assumptions about federal equity pricing and pay-ins.
- The applicant has been in communication with county elected officials and employees regarding the development. The county is supportive of the project. See attached confirmation of local support for Timberlake.