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South Carolina State Housing Finance and Development Authority
Attn: Kim Wilbourne
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RE: Comments for 2026 Qualified Allocation Plan

RECOMMENDATION:

CLARIFY CCRP POINT CRITERIA FOR ACQUISITION/REHABILITATION

We recommend that South Carolina Housing clarify the requirements for Concerted Community Revitalization Plans (CCRP) within the acquisition/rehabilitation scoring criteria for the 2026 QAP. Specifically, we suggest 1) clarification on whether or not the CCRP criteria for new construction projects apply to acquisition/rehabilitation projects, and 2) if not, that a clear definition of the evaluation criteria for these plans be provided. CCRP points significantly influence which applications receive funding each year and we believe more precise and transparent criteria will increase clarity and help support the state's goals for impactful use of tax credit funding.

RECOMMENDATION:

REVISE OR REMOVE THE POLICY EXCLUDING ACQUISITION COSTS ABOVE APPRAISED VALUE FROM TOTAL DEVELOPMENT COSTS

We recommend that South Carolina Housing revise or eliminate the policy of excluding acquisition prices in excess of appraisal value from total development costs in the 2026 QAP. We also recommend SC Housing consider applying it retroactively for prior QAPs. This policy creates unintended barriers to developing affordable housing properties, especially those which best align with the authority's priorities expressed in the scoring criteria. Below we outline some key reasons for this recommendation:

- This policy disincentivizes properties which best meet agency priorities. Properties that align closely with the QAP's scoring criteria—such as those in high-demand locations or meeting critical community needs—often command purchase prices above their appraised value due to their strategic importance. Standard appraisal methodologies may not fully capture this real-world value creating a gap between market price and appraisal value. This gap creates an

impasse—sellers will not sell at a price below the real-world value, and tax credit developers cannot pay the higher price because the project would become financially infeasible due to this policy. This misalignment discourages development of properties that best advance the agency’s goals.

- This policy creates financially infeasible scenarios for any property with a real-world value exceeding the appraisal value. This is especially applicable for acquisition/rehabilitation projects. Marking down the acquisition costs for the purposes of the equity gap calculation disregards the actual acquisition price which developers are legally obligated to pay potential sellers. These purchase prices are determined through normal market forces, and the practice of disallowing any costs above the appraisal value puts the authority in the position of funding and moving forward with deals that may not be financially feasible at all. It’s important to understand that any purchase price removed from TDC still must be paid to the seller. Disallowing those costs and reducing the credit allocation accordingly forces developers to “eat” the difference in additional deferred developer fees. This is often untenable and exposes otherwise good projects to potential failure.

Revising this policy to recognize market-determined acquisition costs in TDC calculations would ensure project feasibility, align funding amounts with real-world economics, and support the development of high-priority affordable housing projects which align with the agency’s development priorities.

RECOMMENDATION:

ADOPT A 2-YEAR QAP CYCLE

We recommend SC Housing consider adopting a 2-year QAP cycle to promote stability in the development community and enable the authority to focus on refining policy implementation. A 2-year cycle would create a more predictable environment, reduce volatility, and better support the state’s affordable housing goals. This would provide a consistent framework for developers to plan and execute projects, reducing uncertainty caused by annual policy changes. This predictability fosters confidence in the development process, enabling more efficient allocation of resources and alignment with South Carolina Housing’s long-term objectives.