CAHEC
Properties Corporation

August 8, 2025

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SC State Housing Finance and Development Authority
Attn: Kim Wilbourne
300-C Outlet Pointe Boulevard
Columbia, SC 29210

RE: Comments on Draft 2026 QAP and Appendices

Dear Kim:

It was a pleasure seeing you at the QAP meeting, and we appreciate the opportunity to comment on the proposed changes in the South Carolina 2026 Qualified Allocation Plan.

1. Proposed 2026 QAP – Page 12, L. Market Requirements, 3. Same Market Area, Section a. "applications may not be for the same tenant populations within the same Census Tract of existing Authority funded developments as an awarded development that has not submitted a placed in-service application". The Authority may make exceptions if the reason is not a market issue.
Developer Question: For an Authority awarded occupied rehab development that is 100% occupied, would another development in that area be permitted if that Awarded development is still in the application process with USDA, Rural Development or is under construction and has not submitted a placed in-service application? The reason for not being placed in service would not be a market issue.

2. Appendix C1 – Page C1-3, B. Set-Asides, 2. Rehabilitation. It was discouraging to see the $600,000 set-aside for RD projects removed. The scoring for rehabilitation projects provides points that are specific to current LIHTC deals. Projects that utilized RD 515 loan funds were built in the eighties to mid-nineties. Some of these projects utilized LIHTC that have reached the end of their extended use period while others were built without LITHC. They will not qualify for the 10 points for the eligibility to request a qualified contract or for the 1 point for each 5 years the development has been in the extended use period. Also, Rural Development PBRA contracts are done with an annual renewal, so the maximum that a project could qualify for under that section is 5 points. Because of this, older RD515 projects that need rehabilitation are not competitive without a specific set-aside. Rural localities do not typically establish Concerted Community Revitalization Plans. Finally, it's understood that SC Housing (like other LIHTC allocating agencies) would like to use 4% tax credits for the preservation of rural properties, however, a large percentage of rural properties cannot be recapitalized with the lower funding that comes with the 4% credit and their preservation is conditional on 9% allocations.
We recommend that the set-aside for Rural Development-funded projects be added back to the Appendix C1 for 9% LIHTC and evaluated separately from other rehabilitation projects.

3. Appendix C1 – Page C1-10 – C1-11, V. Evaluation of Rehabilitation Projects. Because some of the scoring criteria is not applicable to RD515 properties without a prior allocation of LIHTC, it would make sense to separate out scoring specific to an RD rehabilitation set-aside.

Recommended evaluation for RD515 rehab projects could include:

a. *Points on a sliding scale for percentage of project based rental assistance (ex. 90% or more-4 pts, 75%-89.9%-3 pts, 50%-74.9%-2 pts, <50%-1pt)*
b. *Points for occupancy percentage over the last two years (ex. 95% or more-3 pts, 90% to 94.9%-2 pts, 85 to 89.9%-1 pt)*
c. *Points for physical distress (currently in the Appendix C1 as "B")*
d. *Distance to amenities with ranges matching the new construction Rural Counties*
e. *Point deductions for distance to detrimental site characteristics*
f. *Point for eligibility for pre-payment (properties built prior to December 15, 1989, that are eligible for pre-payment); adjust to sliding scale for portfolio (All properties-3 pts, at least 75% of properties-2 pts, 50%-74.9%-1pt)*
g. *Geographic distribution – one point for each county that a USDA property is located in (up to 10 points)*

4. Appendix C2 – Page C2-2, II. Criteria, A. Application Process – "At full application the Total Development Costs may not vary more than 5% from preliminary application".
   Rehabilitation projects inherently have more unknowns than new construction that can significantly impact total development costs between pre-application and full application, specifically environmental concerns and changes to rehab scopes of work. Increasing the threshold to 10% would give a development adequate cushion to respond to any changes between pre-application and full application. Additionally, applying that percentage change to a portfolio transaction as whole, instead of each project application, would give developers flexibility while still providing a clear picture of the amount of state and federal resources being requested.

5. Appendix C2 – Page C2-2, II. Criteria, B. Requirements, 2. Portfolio Transactions
   We would like to confirm that portfolios are not subject to the application and award limitations addressed in Section 8. Limiting the set-aside to a minimum and maximum number of units or bond volume cap could help the Authority prepare for allocations for portfolios.

   We would like to know how portfolio transactions will be evaluated in a competitive environment. There is a substantial amount of cost associated with submitting 10-20 applications.
   Recommendations to alleviate the cost burden for portfolios, assuming they are competitive: 1) preliminary application to include minimum documentation needed to provide scoring for each project within the portfolio to include a threshold requirement that a portfolio cannot reduce number of units or properties if the change would reduce their score and 2) allow 120 days between release of preliminary scores and full application submissions to allow time to order and review third-party reports for full application submission.

6. Appendix C2 – Page C2-3, II. Criteria, B. Requirements, 7. Developer Fee
   For portfolio transactions, we would like to remove the $5 million maximum developer fee requirement (if the Agency views a portfolio transaction as one application per Section 2). By limiting the developer fee based upon a total fee amount, the Agency is effectively limiting the amount of properties/units that Developers might pursue if methodology (b) (15% of adjusted TDC) exceeds the $5 million.

7. Two-Year Qualified Allocation Plan – *Under a two-year QAP cycle, unintended consequences of new policies are not fully realized until the first year's competitive cycles are completed. Although the QAP includes section VI. Amendments, if the proposed QAP is converted to a two-year plan, a period for amendments between the first and second year should be established and formalized with timelines included to address any potential amendments.*

Please let me know if you have any questions or would like to meet to discuss proposed changes to the rehabilitation set-aside or scoring for Rural Development properties.

Sincerely,

Andrea Wolford
Vice President
CAHEC Properties Corporation