

Harmony Housing Affordable Development Inc.
2235 Gateway Access Point, Suite 280
Raleigh, NC 27607
P: 919.573.7502
www.hhad.org



SC Housing
Kim Wilbourne
300-C Outlet Pointe Blvd.
Columbia, SC 29210

July 10, 2025

RE: 2026 Draft QAP Comments

Dear Kim:

Below, please find our suggestions and comments to SC Housing's upcoming QAP. Thank you for your consideration.

Appendix C-2: Section II.B.

The 2025 Appendix C2 – Tax-Exempt Bonds stipulates that for Portfolio Transactions pooling together multiple properties for acquisition / rehabilitation under one bond issuance there must be a separate application submitted for each project in the portfolio (section II.B.2.a). However, Appendix C2 further stipulates that The Authority will not allow more than three (3) preliminary applications per funding cycle (section II.B.8.a), and The Authority will not award more than one (1) application per funding cycle to any member of the Development Team (section II.B.8.b). The combination of these provisions effectively prohibits tax-exempt bond portfolio transactions.

There are currently several hundred Rural Development ("RD") projects in the state of South Carolina, comprising over 10,000 units of affordable housing. Many of these properties represent the only affordable housing available in the rural communities they serve. With maturing mortgages, expiring affordability requirements, and deteriorating physical condition, this housing stock is in desperate need of preservation in the near term. Given the small size of these projects – an average of only 37 units per property – preservation of a single site using tax-exempt bonds and 4% LIHTC equity is typically not feasible as these types of transactions have substantial fixed costs and private capital providers typically desire more sizable investments.

Combining multiple RD projects into a portfolio for acquisition and rehabilitation financed with a single issuance of tax-exempt bonds and a single syndication of 4% LIHTC equity produces economies of scale to reduce costs across each individual project and provides enough scale to attract investment private capital. This type of portfolio structure is the most efficient way to recapitalize, substantially rehabilitate, and preserve rural affordable housing for the long-term.

To help facilitate the preservation of RD projects across the state of South Carolina, we respectfully request that SC Housing exempt portfolio transactions from the limitation on the number of tax-exempt bond pre-applications and the limitation on application awards per funding cycle imposed by Appendix C2 Section II.B.8.a and Section II.B.8.b, respectively.

Appendix E: Section VI. B.

Does the agency mean rent increases above 5% are considered, or is this restricting the maximum increase to no more than 5%?

We suggest that rent increases in excess of 5% annually may be approved if adequate support is provided, evidencing an increase in operating expenses to justify the new proposed increased rents.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Healy".

Michael Healy
Senior Business Development Analyst
Harmony Housing Affordable Development