

Wilbourne, Kim 9083

From: Percell, Tyler [REDACTED]
Sent: Thursday, October 23, 2025 10:29 AM
To: Taxcreditquestions
Cc: Sjoberg, Sam; Wilbourne, Kim 9083; Tronco, Zach 4144
Subject: [External] 2026 QAP Comment - Re: Tax Exempt Bond Ceiling

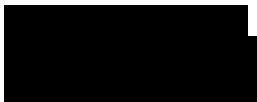
Section 8D of Appendix C-2 states, “d. The Development Team must request ceiling allocation that will be the maximum of thirty percent (30%) of the aggregate basis or permanent supportable debt.”

Similar language has been added to QAPs of states that have not historically had volume cap constraint issues (CT for example). For those states, the provision makes sense as it prevents an unnecessary increase in the cost of capital for 4% developments.

However, in the case of SC, since the TEB program has experienced issues with supporting a sufficient supply of 4% projects due to volume cap constraints, this new rule works against the opportunity to allow more projects to be awarded TEBs and 4% LIHTC. To support the maximum number of projects possible under the new law, Section 8D should be changed to read “d. The Development Team must request ceiling allocation that will be thirty percent (30%) of the aggregate basis”. Setting every project’s TEB request to 30% standardizes the process and ensures that more 4% projects will be awarded, which was the intention behind changing the Minimum Bonds Test rule. 30% also allows each project to have sufficient cushion for potential cost overruns that go beyond the hard and soft cost contingencies included in their development budgets.

Thank you,

TYLER PERCELL
Associate
Related Affordable



30 Hudson Yards
72nd Floor
New York, NY 10001

The information contained in this message and any attachment(s) may be privileged, confidential, proprietary or otherwise protected from disclosure and is intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, copying or use of this message and any attachment is strictly prohibited and may be unlawful. If you have received this message in error, please notify us immediately by replying to this email and permanently delete the message from your computer. Nothing contained in this message and/or any attachment(s) constitutes a solicitation or an offer to buy or sell any securities.