

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

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