



August 5, 2025

RE: 2026 QAP Comments

Dear Ms. Kim Wilbourne:

We thank you for the opportunity to offer the following comments on the 1st Draft of SC Housing's 2026 QAP:

- **Minimum Hard Cost Requirement.** We appreciate the proposed change to include tap and impact fees as a hard cost in the development budget for purposes of achieving the 65% hard cost ratio.
- **Appendix C2 – Preliminary and Full Application Process.** We commend SC Housing's proposal to include a preliminary application process for Tax-Exempt Bond applications, and we appreciate the limitation on changing Total Development Costs from preliminary application to full application. However, we believe that the permitted variation should be decreased from 5% to 2% or even lower. This will further limit the ability for developers to add or reduce costs at either preliminary or full application for the sole purpose of trying to underwrite to what they believe is necessary to get an award as opposed to underwriting to what is necessary for the development to be successfully completed. As understood, the preliminary application for tax-exempt bonds should be thoroughly vetted already as it would require the developer to know square footages for units, buildings, etc. For a 150-200 unit development, a variation of 2% would leave about \$1,000,000 in total development cost that could vary based on findings between preliminary and full application from due diligence items such as the Phase I ESA, as well as to account for market changes. If there are extraordinary market changes, such as the construction cost increase in spring 2022, we believe SC Housing could post a bulletin that amends this to permit greater than 2%, but in absence of such an extraordinary market change, drastic changes in cost between preliminary and full application should not be permitted.
- **Appendix C2 – Set Asides.** We appreciate the proposed change to have separate set asides for New Construction and Rehab developments. We recommend that scoring also be differentiated such that when ranked, new construction projects are only ranked in comparison to new construction projects for each category, and rehab/PHA projects are only ranked in comparison to rehab/PHA projects.





Thank you for your consideration of these comments, and we look forward to working with the Authority to bring high-quality affordable housing to South Carolina.

Sincerely,

Parker Zee

Parker Zee, Vice President of Development
The Annex Group

