Comments on Draft 2027 LIHTC Documents

QAP:

Page 11, Item J. 3. a.- Need to keep railroads at a specific distance from the site, we are suggesting 350 feet, which is the length of a football field, and not allow a waiver for being closer. It will be difficult if not impossible to meet noise mitigation if a building is right beside an active railroad track. The comment SC Housing staff made that they will not allocate tax credits or bonds once an affordable housing development is completed if the development can't provide an acceptable noise study is problematic. Once the development is built the tax credit equity and bond funding have basically been spent. SC Housing not providing the final allocation documents for tax credits would jeopardize the livelihood of not only the developer but the syndicator, investors and lenders who have already invested in and advanced the funding to build the development. The bond funds are already allocated so the only option would be for SC Housing to foreclose on the affordable development. To avoid this potentially problematic issue, SC Housing needs to put a specific distance from the railroad track to the site and not allow a waiver.

Page 13, Item N. Mandatory Design Criteria – SC Housing needs to have a set time for applying for waivers, either 60 or 30 days prior to the application submission that way it is consistent for everyone. Waivers granted need to be posted as soon as possible to the webpage. Mandatory design criteria should not be granted a waiver unless a letter is provided from the City/County stating their local codes do not allow design criteria within their jurisdiction.

Page 17, item 9.c – Cap on Reinvestment Income and Related Party Funding- The language should not be deleted. Games are played with this type of financing, and everyone needs to be held to the same financial standards for underwriting when putting developments together.

Appendix C1- 9% LIHTC:

Page C1-2- B-Award Limitations: Due to lower equity pricing, higher interest rates and limited state tax-credit equity available for 2027 the amount of federal tax credits available to a development needs to be increased. We suggest the following per project limit for federal tax credits:

- Urban $1,650,000
- Suburban $1,550,000
- Rural $1,450,000
- PHA and Rehab- the maximum amount is determined by the county of the project

Since state tax credits are limited for 2027, we suggest you create caps for allocating state tax credits for the 9% tax credit program. We suggest the maximum state tax credit per project be capped at $1,000,000. We suggest you have set percentages for allocating state tax credits per set-aside as follows (note the below is based on $10.8 million to allocate):

- Urban $4,320,000 = 40%
- Suburban $3,240,000 = 30%
- Rural $1,080,000 = 10%
- Rehab $2,160,000 = 20%

Each state tax credit set-aside should be allocated the full amount to ensure no set-aside is eliminated from receiving an allocation of state tax credits.

Page C1- 2- Item 4- The double jeopardy language should remain as is in the draft 2027 QAP.

Page C1-5 – **Distance to Amenity Points-** The maximum points to be earned is 76. However, "1 additional point for having a Full-Service Grocery store located with a .5 mile" allows a score of 77. Please clarify that with the extra point for the Full-Service Grocery store a development could achieve 77 points.

Page C1-6, Definition of Retail: Need to allow hair salons, barber shops and nail salons as retail as these are business in most retail shopping centers and are used on a regular basis. They provide services usually 7 days a week and the definition of retail is - *to sell in small quantities directly to the ultimate consumer* which is what these businesses do.

Page C1-6 – A building cannot be under construction without a permit so obtaining a copy or picture of the permit for a Full-Service Grocery, Shopping or Pharmacy amenity under construction should not be problematic. However, obtaining a letter from an amenity/company such as Kroger or CVS for example stating their opening date will be difficult to obtain. The City/County will not have a construction schedule indicating when a building will be completed so they cannot confirm a completion date. Therefore, we suggest the requirement be to provide a copy of the building permit as well as pictures showing the building actively at or past vertical construction at the time of application submission. Simply clearing a site isn't enough construction underway to assume the building will be completed before the affordable housing development is built.

Page C1-7- Item #2 Public Transportation – We suggest reducing from 6 days to 5 days for Urban, as most of the transport in SC is 5 day a week transportation.

Page C1- 9, Item E. Noncompliance – this section needs to be better defined and state that the uncorrected outstanding Form 8823 as of December 31, 2026, is past the allowable cure period set by the compliance department. As currently written, anyone who had a compliance audit within days of this date who may have received an 8823 would automatically receive negative points. Please remove "management entity" as these are 3rd party companies and if they mess up on another developer's development that is beyond the ownership entity's ability to control for another owner's property.

Page C1-9, Section F. Leveraging, Item 2.d, second bullet: These amenities do not provide a financial benefit to the actual development and do not help reduce costs by providing leveraged funds. If you want to provide points for these amenity items, they should be included on Page C1-6 and included in the same section you have added about allowing points for Full-Service Grocery, Shopping or Pharmacy under construction. These adjacent amenities need to be currently under construction, have a permit and a letter from the City/County regarding a set completion date which

must be prior to the completion date of the development. A City/County budget can change, and a planned amenity budget item can be easily removed to cover other more urgent City/County budget items. An amenity already under construction is more likely to be completed as opposed to a planned amenity that has not started.

Page C1-10, Item 4, Financial Support per Low-Income Unit- Leveraged funding from City/County/HTFs etc. is harder to obtain due to federal budget cuts and the limited funding they are currently receiving. The requirement of BABA for all federal funding has significantly increased the costs of a development when using federal funds which your Board of Commissioners has made clear over the past year in their meetings, they do not like seeing high per unit costs which there is no way to avoid if having to use federal funds triggering BABA. In addition, if you do the math for having to implement BABA cost increases to a development vs the amount of funding per unit you get points for you come out in a deficient; therefore, providing points for funding that triggers BABA doesn't help the development financially it actually costs more money. Due to current federal budget cuts and a significant lack of funding that can be provided by most municipalities we request that you reduce the points to 5 and have the leverage per unit cap at $10,000.

Note: If you leave the leveraging points at 7, the heading for Leveraging on Page C1-9 needs be changed so that the points to be earned from leveraging matches on both pages.

Page C1-10, Item G Other Credits- The Authority needs to request an attorney's opinion that the development is eligible for Other Credits.

Page C1-10, Item H Supportive Housing: Our management company is denying State Referred Tenants who have incomes other than a disability income for rental units even though these referrals meet the 30% income requirement. This is being done due to the definition in the QAP which states *"Households with only a disability source of income (such as Supplemental Security Income) will be eligible for the 30% AMI units. Conversion of the disability source of income to permanent Social Security Retirement Income is acceptable."* Many state referred tenants have additional income from other sources but due to the above stated definition of "only a disability source of income" income eligible tenants are being denied. Please revise the definition as follows which would allow State Referred Tenants with other income to be eligible for units:

"Households with ~~only~~ a disability source of income (such as Supplemental Security Income) or those with a disability source of income and other earned income will be eligible for the 30% AMI units as long as the combined total income does not exceed 30%. Conversion of the disability source of income to permanent Social Security Retirement Income is acceptable."

Appendix C2- TEB Bonds:

Note: Since the scoring criteria is a copy paste from Appendix C-1 – 9% LIHTC the same comments and suggested changes made for the 9% program for point criteria should be applied to the bond program as well.

Page C2-8-C – Affordability: Delete all of Section C.1 regarding Deep Rent Skewing to obtain points for lowering rents to 30% up to 58%. Structuring bond deals at lower tiered rents, plus having limited

state tax credits available for funding, rising interest rates and construction costs, and lower equity pricing, will make deals very hard to work financially. Income averaging also requires that other higher-tired rents be increased to cover the operating expenses for the very low-income units as the lower income units do not generate enough rent to cover the operating expenses of the unit. Requiring income average results in higher operating costs as the compliance fees are $50 more per unit annually. Bond deals need to be structured as 100% at 60% AMI to generate as much income as possible on the property to make the numbers work. Requiring reduced rents will make deals harder to work financially.

Page C2-9-D- Noncompliance: Remove "management entity" as these are 3rd party companies and if they mess up on another developer's development that is beyond the ownerships team's ability to control for another owner's property.

Page C2-9 -E- Supportive Housing: Remove this section from the bond program as you are reducing income on the property. Having 10% of the total units at 20% rent restrictions is excessive in the bond program. On a 200-unit development that would be 20 units at 20% rent and these lower rent units do not generate enough income to cover their operating costs. Therefore, the higher income rental units must have higher rents to cover the lost operating costs of the 20% rent restricted units. We have had trouble in the 9% program with there being enough tenant referrals to occupy 30% income units and if you add this requirement to the bond program you would be looking at potentially an additional 350 units per year. If you insist on keeping this criterion in the bond program the percentage of units targeted for 30% income tenants should be decreased to 3% of the total units.

Page C2-9-F Public Housing Authority: Delete this section entirely. SC Housing should not require a developer to work with a Public Housing Authority as a consultant and give them a consulting fee which is what you are doing when you attach points to such a criterion. Experienced developers, or anyone else for that matter, should not be required to earn points and give a consulting fee to a Public Housing Authority just because they exist. It should be the developer's decision whether to hire or not to hire a consultant to help put a development together.

Appendix C3- STATE LIHTC:

Page C3-2 – General Requirements: You need to include a statement that State Tax Credits are capped by development for 2027 if you accept the comments and caps suggested for **Page C1-2-Award Limitations**.