DGA Residential LLC
6305 Kingston Pike
Knoxville, TN

SC Housing
300-C Outlet Pointe Boulevard
Columbia, SC 29210

RE: 2027 Draft QAP Comments

Thank you for the opportunity to submit comments on the 2027 Draft QAP. We appreciate the work that SC Housing's staff has put into the draft.

Below are our comments and questions:

Appendix C2 (4% LIHTC)

- Section V. Evaluation of Rehabilitation Applications
    - We strongly request that SC Housing revert the scoring for rehab (and new construction in Section III) back to the scoring from Draft 1 and the prior several years.
        - 1) Having the same scoring for both 9% and 4% applications excludes numerous projects that desperately need rehab from competing in either program.
        - 2) Scoring in Section A results in only previously awarded projects and projects with less than 3 years remaining on a HAP contract as competitive projects.
            - There are old Section 8 projects in South Carolina that have never been renovated and that do not have a qualified contract opt out. There are old Section 8 projects in South Carolina that are in the middle of long-term HAP contracts. Projects like these should be prioritized in the 4% program to ensure they do not wait until it is too late to compete for the substantial renovation that the LIHTC awards are able to provide. There is nothing projects in these situations can do to overcome the points that are provided in section A. Old, unrenovated Section 8 projects have likely changed ownership throughout the years and there is nothing the current owners can do to overcome decisions prior owners made 10+ years ago.
        - 3) Scoring in Section C also unfairly handicaps Section 8 properties with HAP contracts. Owners must either take annual OCAFs or every 5th year, mark the Section 8 rents up to market via a 3rd party rent comp study. Owners have no control over the federal OCAF

percentage or the federal FMR calculation or what the 3rd party rent comp study determines the market rents to be. It is pure luck for a Section 8 property to max out these points. We own 9 Section 8 properties in 7 different SC markets and none of them would maximize these points and only 1 would even qualify for 1 point. Whereas unsubsidized LIHTC only properties can simply reduce their rents during the application cycle to maximize the points.

- The 2026 OCAF increase for South Carolina was 6.2%, 2025 was 5%, 2024 was 4.8%, and 2023 was 5.6%. OCAF is applied statewide whereas FMR changes at the County level.
- OCAF increases have outpaced FMR increases in most counties, but FMR increases have outpaced 60% LIHTC rents. This creates a natural unfair advantage for unsubsidized projects in addition to those projects being able to set their own rents.
- LIHTC only (unsubsidized) projects likely have both 50% AMI units and 60% AMI units. Even a blended average of the 1BR or 2BR units creates an additional advantage for unsubsidized projects vs. Section 8 HAP projects.

The enormous change in scoring between draft #1 (and the last several years) to draft #2 leaves owners and developers in tough positions. For example, Section 8 projects that have never had renovations or tax credits are not competitive in either the 9% and now the 4% program because they do not have a qualified contract option and are likely in the middle of long-term Section 8 contracts. There was a path for them to compete in the 4% program in 2027 based on draft #1. Based on draft #2 scoring, these properties built approximately 50 years ago that desperately need a rehab will score between 10-11 points and would lose to a newly built property placed in service in 2011 with a qualified contract option coming in for a moderate refresh.

We strongly encourage SC Housing to reconsider the scoring presented in draft #2. For rehabs, the proposed scoring does not address the neediest properties with major systems approaching the end of their useful life. Preserving Section 8 properties that have never been rehabbed should be a priority because they house those in South Carolina at the lowest income levels.

We very much appreciate your consideration of our comments. We look forward to continuing our work in providing South Carolina residents with access to affordable housing.



Craig Cobb, President