LINCOLN AVENUE COMMUNITIES

September 25, 2026

Kim Wilbourne, Multifamily Director
South Carolina State Housing Finance and Development Authority (SC Housing)
300-C Outlet Pointe Boulevard
Columbia, SC 29210
Sent via e-mail: taxcreditquestions@schousing.com

Dear Ms. Wilbourne:

Thank you for the opportunity to provide feedback on South Carolina State Housing Finance and Development Authority's (SC Housing) second draft of the 2027 Qualified Allocation Plan (QAP) and its appendices. Lincoln Avenue Communities (LAC) is a mission-driven affordable housing developer currently active in thirty-three states. In South Carolina, we focus on developing ground-up new construction affordable housing and preserving existing affordable housing using either 9% LIHTCs or 4% LIHTCs and tax-exempt bonds (TEBs). All page references below refer to the August 25, 2026 drafts of the 2027 QAP, Appendix B, Appendix C-1 (9% LIHTC), and Appendix C-2 (Tax-Exempt Bonds).

2027 QAP

1. Developer Fees

Section IV(P)(3), Pg. 15-16

We appreciate that SC Housing has replaced the tiered per-unit developer fee schedule with a flat cumulative limit of $30,000 per unit. However, we stress the importance of reconsidering the newly introduced $5 million overall cap. At $30,000 per unit, the Developer fee cap is reached at approximately 166 units, so every additional unit beyond that point reduces the effective per-unit fee. The cap will in practice apply only to large 4% LIHTC and TEB developments, the very transactions that need it the most. Maximizing developer fees is a proven method of generating additional LIHTC-eligible basis and, in turn, additional equity proceeds that can help fill project financing gaps and reduce the need for state subsidies. Unlike 9% transactions, the additional eligible basis generated by increased developer fees on 4% deals does not deplete the overall supply of credits. A modest increase would also remain consistent with peer-state housing agencies. We ask SC Housing to strike the new $5 million cap, or at a minimum exempt 4% LIHTC/TEB developments from it, so that the $30,000 per unit and percentage-of-cost limits govern.

2. Family Development Bedroom Mix

Section IV(M)(1)(a), Pg. 13

We appreciate SC Housing's goal of ensuring that family developments offer a balanced unit mix. However, the requirement that three- and four-bedroom units make up between 20% and 35% of total units, combined with the 5% cap on four-bedroom units, limits the ability to respond to sites and markets where demand from larger households is strongest. More significantly, these limits make build-to-rent single-family, townhome and duplex communities, effectively unrealistic under the current QAP. We urge SC Housing to allow a higher share of three- and four-bedroom units where supported by a market study.

3. Reinvestment Income and Related Party Funding

Section IV(P)(9)(c), Pg. 17

We appreciate SC Housing's decision to remove the cap that would have limited recognized reinvestment income and related party funding, such as seller notes and GP equity, to no more than 50% of the total developer fee. Removing this cap gives 4% transactions greater flexibility to close funding gaps, particularly

acquisition/rehabilitation preservation deals where seller financing is often essential. We encourage SC Housing to retain this change in the final QAP.

4. Removal of the Annual Award Limit

Section IV(E)(4), Pg. 8

We appreciate SC Housing's decision to remove the limit of three (3) LIHTC awards per Development Team member per calendar year across 9% LIHTC and tax-exempt bond applications. We encourage SC Housing to retain this change in the final QAP.

Appendix C-1 – 9% LIHTC

5. Qualified Contract Penalty

Appendix C-1, Section III(C)(3), Pg. C1-8; Appendix C-2, Section III(C)(3), Pg. C2-8 – C2-9

We appreciate SC Housing's goal of preserving long-term affordability. However, the new 5-point penalty would apply to a Development Team member who sold or transferred a property to an owner that later requests a qualified contract within five years. Once a property has been sold to an unrelated party, the seller has no control over the buyer's decisions, particularly where the property was never marketed on that basis. We urge SC Housing to strike the second bullet, or limit it to sales to related parties or entities with an identity of interest, and to apply the penalty only to requests or sales made after the effective date of the final 2027 QAP.

6. Distance to Amenities

Appendix C-1, Section III(A)(1), Pg. C1-5 – C1-6

We support increasing the maximum Distance to Amenities points to 76. A wider point range will better differentiate between sites and reduce reliance on tie breakers. We also appreciate the new provision allowing one Full Service Grocery, Shopping or Pharmacy amenity that is actively under construction, documented by a local permit.

Appendix C-2 – Tax-Exempt Bonds

7. Bond Ceiling Request

Appendix C-2, Section II(B)(8)(d), Pg. C2-3 – C2-4

We appreciated SC Housing's adoption of a ceiling request of 30% of a project's aggregate basis or permanent debt and recommended that SC Housing continue setting a ceiling to maximize production and preservation. However, the second draft converts the 30% maximum into a minimum. With the current scoring criteria, a minimum no longer prevents applicants from requesting volume cap well above what is needed to meet the federal aggregate basis test, concentrating scarce volume cap in fewer developments. We urge SC Housing to restore the 30% threshold as a maximum, with waivers used only in documented situations.

8. Area Employment

Appendix C-2, Section III(A)(3), Pg. C2-7

We appreciate SC Housing's interest in locating affordable housing near jobs. However, scoring based on the total number of jobs heavily favors dense urban cores and disadvantages suburban sites and smaller cities with strong job bases relative to their size. We urge SC Housing to score this criterion on a percentage basis, such as the share of jobs within the radius that fall in the qualifying wage range, or jobs within the radius as a share of the county's total jobs, so that sites are compared against their own markets.

9. Bond Developer Fee

Appendix C-2, Section II(B)(7), Pg. C2-3

We urge SC Housing to restore the developer fee sections in Appendix C-2, with limits tailored to 4%, 9% and TEB transactions.

Appendix B – Development Design Criteria

10. Construction and Design Requirements

Appendix B, Pg. B-2 – B-26

Rehabilitation Exemptions *(Sections III(A), III(B)(1), III(C)(1), (3), (5) and (7), Pg. B-7 – B-12).* We appreciate SC Housing's interest in ensuring consistent quality across its portfolio. However, the second draft consistently removes exemptions for rehabilitation projects, including those for unit sizes, community buildings and required amenities, laundry facilities, office and maintenance rooms, and minimum parking. Existing properties were built to the standards in place at the time, and meeting new construction standards may require reconfiguring or removing units, which conflicts with the limits on permanent displacement and adds significant cost to preservation budgets. The impact will be greatest on smaller and rural properties, where there is limited space and fewer units over which to spread the cost of new common space. The new waiver process helps, but case-by-case waivers add uncertainty during underwriting. We urge SC Housing to restore the rehabilitation exemptions from the prior draft.

Waiver Process *(Pg. B-2).* We do appreciate the new language allowing waiver requests for individual Development Design Criteria where applicants document substantial infeasibility and propose alternative solutions that achieve the intent of the requirement. This flexibility will help manage costs and site constraints.

Office and Maintenance Room Size *(Section III(C)(5), Pg. B-11).* We appreciate the importance of on-site management and maintenance space. However, 200 square foot minimums for both the office and the maintenance room are oversized for their purpose. We urge SC Housing to reduce the office minimum to a size consistent with a standard private office (e.g., 10' x 10'), size the maintenance room to the development, and restore the rehabilitation exemption.

Parking Medians *(Section III(C)(6)(d), Pg. B-11).* We appreciate SC Housing's interest in well-landscaped parking areas. However, requiring a landscaped or concrete median between both head-to-head parking spaces and every 6 head-to-head parking spaces will reduce the number of stalls that can fit on a site, which may make it difficult to meet local parking requirements on tight footprints. We urge SC Housing to require medians no more frequently than every ten spaces, continue to allow head-to-head parking or fully defer to local code.

Exercise Room Access *(Section III(C)(2)(c), Pg. B-10).* We appreciate the goal of making amenities available to residents beyond office hours. However, requiring 24/7 access to an exercise room with equipment and no live oversight shifts additional liability onto owners. We urge SC Housing to allow owners to set reasonable extended access hours with controlled entry (e.g., key fob access).

Landscaping Buffer *(Section I(C)(8)(d), Pg. B-4).* The requirement for a minimum 20-foot sod or planting bed extending from each exterior building wall artificially reduces the usable area of a site by increasing the space around each building beyond code-required distances. We urge SC Housing to strike this requirement and defer to local landscape ordinances.

Technology Requirements *(Sections III(C)(2)(d) and III(Q)(11)-(12), Pg. B-10 and B-26).* We appreciate the removal of the tenant computer room requirement and the more flexible high-speed internet, phone and data language in place of pre-wired telephone jacks. Given advances in consumer technology, these amenities are no longer necessary, and these changes will reduce construction and operating costs, particularly for rehabilitation projects.

Conclusion

LAC appreciates the opportunity to provide SC Housing with this feedback. We would welcome the opportunity to discuss these comments further at your convenience and to answer any questions you may have. I can be reached directly at [redacted] or [redacted].

Regards,



Thom Amdur
Executive Vice President, Policy & Impact

Cc: Jordan Richter, Rusty Snow, Brian Moloney, David Root, Brandon Sand, Daniel Andrea Wilson

Lincoln Avenue Communities is one of the nation's fastest-growing developers, investors, and operators of affordable and workforce housing, providing high-quality, sustainable homes for lower- and moderate-income individuals, seniors, and families nationwide. LAC is a mission-driven organization serving residents across 33 states.