**TWG Development, LLC**
9000 Keystone Crossing, Suite 800
Indianapolis, IN 46240
T 317.264.1833
www.twgdev.com

**September 25, 2026**

**Re: Comments, Suggestions, and Questions Regarding the 2027 Qualified Allocation Plan ("QAP")**

Dear Members of the Committee:

Please accept this letter as our second formal submission of comments, suggestions, and questions regarding the proposed 2027 South Carolina Qualified Allocation Plan ("QAP"). We appreciate the continued efforts of the South Carolina State Housing Finance and Development Authority ("SC Housing") to administer a competitive and effective affordable housing program that addresses the growing housing needs across the State of South Carolina.

As active participants in the affordable housing development industry, we respectfully submit the following recommendations and requests for clarification for consideration as part of the 2027 QAP review process.

## Comments and Suggestions

### 1. Adjust Scoring for 4% New Construction TEB Projects

We respectfully request that SC Housing retain the TEB ranking approach used in prior years rather than add scoring criteria modeled similarly to that used in the 9% round. The existing TEB framework compares how efficiently proposals use limited state resources, including bond ceiling and state tax credits, relative to the housing and public benefit they deliver. That is an appropriate measure for a program in which financing needs and feasible sites can vary substantially.

The revised 2027 draft retains that resource-based ranking but adds new construction points for factors such as proximity to amenities and jobs, affordability elections, and other features similar to 9% scoring. These criteria could push otherwise feasible TEB developments to pursue points that increase costs or strain underwriting, even when a proposal delivers more affordable housing per dollar of state resources. We encourage SC Housing to preserve the prior TEB ranking method and continue reviewing market demand, financial feasibility, and threshold requirements as part of its underwriting.

### 2. Increase Reservation/Award Limit Per Development Team for 4% TEB Projects

We respectfully request that SC Housing consider increasing the reservation/award limit from two (2) to three (3) awards per Development Team for 4% TEB projects. Given the continued demand for affordable housing throughout the state, allowing experienced development teams to undertake an additional project would help accelerate housing production and leverage proven development capacity.

### 3. Reevaluate Developer Fee Limitations for 4% Tax-Exempt Bond Projects

We respectfully suggest eliminating the per-unit developer fee cap applicable to 4% tax-exempt bond ("TEB") projects and reevaluating the current developer fee limitations generally. As construction costs, financing

complexities, and compliance obligations continue to increase, existing fee caps may unnecessarily constrain project feasibility.

As an alternative framework, we suggest allowing developer fees for 4% TEB projects to be equal to the lesser of:

- Eighteen percent (18%) of Total Development Cost ("TDC"), excluding developer fee, reserves, and other excluded items; or
- $6,000,000

Such an approach would better reflect the realities of larger-scale developments and increasingly complex financing structures.

**4. Reduce Minimum Operating Reserve Requirement**

We recommend reducing the minimum operating reserve requirement from six (6) months to four (4) months. While adequate reserves remain important for project stability, the current requirement can place unnecessary strain on sources and uses, particularly in transactions already facing financing gaps and elevated construction costs.

We appreciate SC Housing's consideration of these comments and questions and welcome any opportunity for further discussion regarding these matters. Thank you for your continued commitment to expanding affordable housing opportunities throughout South Carolina.

Respectfully submitted,

Alex Frazier | Senior Development Director
**TWG Development, LLC**
9000 Keystone Crossing, Suite 800
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