Outlook

[External] 2027 QAP 2nd Draft Comments

From Parker Zee [redacted]
Date Fri 9/4/2026 3:01 PM
To Taxcreditquestions <taxcreditquestions@schousing.com>; Wilbourne, Kim 9083 [redacted]

Hi Kim,

Unfortunately, I won't be able to join the QAP meeting on the 21st, but wanted to provide my comments to the most recent draft.

- QAP:
  - **Section IV. N.** We appreciate SC Housing's change to allow waivers of development design criteria up until submission of the full plans.
- Appendix C2:
  - **Section II. B. 4.** We recommend SC Housing implement a maximum unit count for portfolio transactions. As currently worded, a developer could apply for a single portfolio transaction consisting of 5 developments with 500 total units, or greater, which could use up significant resources from SC Housing, limiting SC Housing's ability to better distribute resources throughout the state.
  - **Section III and V.** Combined with the overhaul to the scoring criteria, we believe it would be in SC Housing's best interest to add a scoring category that gives points to applications who request tax-exempt bonds in an amount of 30% aggregate basis, allowing to round up to the nearest $100,000. This could be included in both the new construction and rehab scoring sections. In absence of this scoring category, many developers will likely request bonds in an amount equal to permanent supportable debt, which is likely somewhere between 40-50% of aggregate basis, potentially even higher in some cases. Some developers may even go above permanent supportable basis in order to get larger bond reinvestment proceeds. Including a scoring incentive to request the minimum permissible tax-exempt bond amount will help SC Housing spread these scarce resources across more units in order to generate more affordable housing across the state. Such a change could allow 50% more units, or greater, to get developed.
  - **Section III and V.** Combined with the overhaul to the scoring criteria, we recommend SC Housing create a scoring category that incentivizes lower requests of state tax credits, in an effort to spread state tax credits amongst more units to maximize the amount of affordable housing units that can be developed any given year. In past years, this has been less of an issue due to the race-to-the-bottom scoring nature, but in absence of such a category under the new QAP, it is likely that more developments will request the full amount of state tax credits they are eligible for, using up the entire state tax credit cap in a limited number of projects. This scoring category could have some kind of scaling such that the lower request, the more points you can score, and it doesn't need to be excessively weighted to force every development to pursue every point in this category. As a general example, we believe something like the following could be useful and beneficial to encourage an efficient use of scarce resources, without creating a race-to-the-bottom structure that forces projects to run an overly-tight budget:
    - 10 points to developments requesting no state tax credits

- 8 points to developments requesting state tax credits in an amount no more than 20% of the amount they are eligible for
- 6 points to developments requesting state tax credits in an amount no more than 40% of the amount they are eligible for
- 4 points to developments requesting state tax credits in an amount no more than 60% of the amount they are eligible for
- 2 points to developments requesting state tax credits in an amount no more than 80% of the amount they are eligible for
- This could also use hard numbers ($250,000; $500,000; etc.) in lieu of percentages to be effective.

- **Section III. F.** We recommend deleting this scoring item in its entirety. While it could be helpful on some projects, such a partnership with a PHA acting as a consultant will not provide benefit to many developers and developments. This will instead turn into this scoring category essentially requiring developers to donate some of their developer fee to PHAs, instead of focusing on ensuring the value of the tax credit and other valuable affordable housing resources go towards benefitting the residents.

Appreciate your consideration of these comments, and if there are any questions, feel free to reach out.

Thank you,

Parker Zee
Vice President of Development

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