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South Carolina Housing Finance Development Authority
Attn: Kim Wilbourne - Multifamily Development Director
300-C Outlet Pointe Blvd.
Columbia, SC 29210

Re: 2027 Draft QAP Comments & Feedback from TWG Development, LLC

Kim Welbourne,

Please accept the following comments and considerations on behalf of TWG Development, LLC regarding the 2027 Qualified Allocation Plan. TWG has worked in South Carolina for many years and is proud to be one of the state's leading developers of affordable multifamily housing. We appreciate SC Housing's continued commitment to stakeholder input and its careful stewardship of the state's housing resources.

Appendix-C-2

1. IV. TIEBREAKER CRITERIA – Remove Tiebreaker "A" from Appendix C-2

We recommend removing Tiebreaker "A," which gives priority to developers with no current awards. Tiebreakers should identify the strongest proposal, not spread awards among developers.

- **Credits should go to the best project.** State credits and bonds scarce. When two applications tie on points, the tiebreaker should pick the project with the stronger fundamentals, proximity, jobs, county tally, or leveraged financing. Who submitted it shouldn't decide the award. Unless the developer has already received two awards.
- **It can be gamed.** Development teams can set up new entities or partner arrangements so they count as having "no current awards." That defeats the purpose of the tiebreaker and rewards structuring over substance.
- **Alternative:** If the Authority wants to keep some way of broadening participation, move this criterion to the last position in the tiebreaker order, after all project-merit tiebreakers have been used.

2. MAXIMUM STATE LIHTC PER PROJECT – Remove the $1,000,000 Annual Cap

We recommend removing the $1,000,000 annual cap on State Tax Credits. The State credit should instead be limited only to an amount no greater than the project's Federal credit.

- **Market conditions have changed.** Construction costs are higher, interest rates are higher, and credit pricing has fallen. Together these have opened gaps that a fixed cap can't close. A dollar limit that worked under earlier conditions now makes many otherwise strong projects infeasible.
- **The cap hits high-cost and lower-AMI areas hardest.** Coastal counties such as Horry and Georgetown face higher construction, insurance, and wind and flood mitigation costs than inland counties. Lower-AMI suburban and rural counties have lower achievable rents, so they support less debt. Under a flat

- cap, only the highest-income markets can make deals work. That concentrates housing where the need is often smallest.
- **Tying the credit to the Federal amount is self-limiting.** The State credit would still be capped by the Federal credit, which is already set by eligible basis and underwriting. Developers could size the State credit to each project's actual gap. Over-subsidy is already prevented by the Authority's existing underwriting and gap analysis.
- **Alternative:** If a dollar cap stays, set a higher cap or a per-unit limit for high-cost coastal counties and difficult-to-develop areas.
- **Current pipeline deals would not work with this little funding.** We have a project on the coast of SC we are closing that has very slim margins at just $1.1M in STC. A further reduction will prevent projects from being able to apply to begin with.

3. NEW CONSTRUCTION SCORING CRITERIA – Full-Service Grocery Store Definition

We recommend cutting the minimum square footage for a Full-Service Grocery Store by at least 50%, or replacing the size test with a list of qualifying retailers.

- **Square footage doesn't measure grocery access.** National and regional grocers increasingly operate smaller-format stores. Aldi, Lidl, and small-format Walmart, Publix, and Food Lion stores are examples. These stores carry fresh produce, meat, dairy, bakery, and household staples, yet many fall under the current size threshold. Residents near these stores have real, full-service grocery access. Sites near them are penalized anyway.
- **Store size is a weak proxy.** The scoring item exists to keep convenience stores, dollar stores, and corner markets from counting as grocery access. A list of qualifying retailers, or a product-based definition, meets that goal more directly than a size threshold. A product-based definition could require fresh produce, fresh meat, dairy, and a minimum share of floor space devoted to food.
- **Recommended approach:** Publish a list of qualifying grocery retailers (for example Walmart, Aldi, Lidl, Food Lion, Publix, Harris Teeter, Ingles, and Lowes Foods) that count regardless of store size. Keep a reduced square-footage test for independent grocers not on the list.

4. APPLICATION AND AWARD LIMITATIONS – Portfolio Applications

We recommend counting a portfolio application award as **one** of the two awards a development team may receive in a funding cycle. It should not use up the team's full award eligibility. At a minimum, portfolios under 200 total units should count as a single award.

- **The current rule discourages preservation.** If one portfolio award uses up all of a developer's eligibility, that developer can always win more by pursuing individual new-construction deals. The rule pushes capital away from rehabilitating aging affordable housing, which is among the most cost-effective ways to keep units affordable and to prevent displacement of existing residents.
- **Portfolios are typically small, scattered, rural properties.** These deals are hard to finance one at a time. Bundling them is often the only workable path. The award limits should make portfolio applications easier to pursue, not harder.

- **The 200-unit threshold keeps the protection the limit is meant to provide.** It stops one developer from taking an outsized share of the allocation through a very large portfolio, while treating modest portfolios like any other single award.

Sincerely,

Andrew Taylor
Director of Development - TWG Development
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