

May 15, 2026

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

Dear Members of the Committee:

Please accept this letter as a 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. Increase Reservation/Award Limit Per Development Team

We respectfully request that SC Housing consider increasing the reservation/award limit from two (2) to three (3) awards per Development Team. 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.

2. Increase Maximum Allowable Absorption Period

We recommend increasing the maximum allowable absorption period from twelve (12) months to fifteen (15) months. Market conditions, financing timelines, lease-up realities, and regional demographic shifts can materially impact stabilization periods, particularly in rural or emerging markets. This absorption rate makes sense for 100–120-unit deals but achieving full lease-up for 150+ unit deals in many markets throughout SC in 12 months or less is not always feasible. A modest increase would provide additional underwriting flexibility and provide developers with the opportunity to create more affordable housing in currently underserved markets while still maintaining prudent feasibility standards.

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, land acquisition costs, 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.

5. Reevaluate Minimum Distance Restrictions from Rail Lines

We recommend reconsidering or eliminating the minimum distance requirement from rail lines. In many municipalities and infill locations, rail adjacency is common and does not necessarily correlate with undesirable living conditions. Modern urban planning trends increasingly emphasize connectivity, redevelopment, and adaptive reuse near transportation infrastructure.

Questions and Requests for Clarification

We would appreciate clarification from SC Housing regarding whether the following QAP restrictions and requirements may be eligible for waivers, exceptions, or discretionary adjustments under certain circumstances:

- Maximum capture rate and absorption period requirements;
- Maximum unit count restrictions;
- “Same Market Area” restrictions;
- Maximum distance requirements from water and sewer tap-ins;
- Minimum distance requirements from surrounding property characteristics identified as undesirable;
 - Including, but not limited to, rail lines, airports, wastewater treatment facilities, and other items referenced in Section J of the 2026 QAP;

We are seeking clarification on these specific items because there were a number of sites we noticed that were submitted in the 2026 4% TEB preliminary round that we had considered pursuing at one time but chose not to based on the QAP restrictions listed above. For example, 3920 Moore Duncan Hwy in Spartanburg County was considered by our team at one time, but we chose not to pursue it due to sewer tie-ins not being available within 500 ft of the site. Had we known that this item was eligible for a waiver, despite being categorized as a “mandatory site requirement” in the QAP, this may have impacted our submittal strategy in this year’s 4% TEB round.

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,

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