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Sent: Friday, May 15, 2026 4:26 PM
To: Taxcreditquestions
Cc: Wilbourne, Kim 9083
Subject: [External] 2027 QAP Comments

2027 QAP LIHTC PUBLIC COMMENTS

Thank you for the opportunity to provide comments in the proposed 2027 QAP. We appreciate SC Housing's continued efforts and support to develop affordable housing across the state. The following recommendations reflect our experience working in rural communities, urban communities, USDA-areas, and smaller markets where development feasibility remains challenging.

4% Bond Program and USDA Areas

The current structure of the 4% Bond Program is not well aligned with the realities of smaller communities and USDA-eligible markets. We recommend removing the USDA bonus in the bond program, as the 9% round already awards rural projects five points for being in a defined rural area.

Improving Cost Assumptions

To support more accurate underwriting:

- Similar to minimum tax credit pricing, SC Housing could benefit from real-time contractor pricing feedback and hard cost data to establish more realistic assumptions. These costs should be available in cost certs delivered to SC Housing at project completion and posted on the website for reference.
- Require developers to submit a front-end cost analysis within 60 days of award to confirm feasibility.
- If a project fails this task, SC Housing should explore whether funding can be reassigned to that next highest-ranked project without jeopardizing bond allocation or timing.
- If a developer continuously requires more funding post award, we recommend placing the developer on a non-compete list for three years. This would help ensure that awards go to projects that are realistically deliverable.

B 1. Appendix C2- Scattered Sites

- Scattered site development should be placed in a separate competitive pool going forward.
- For projects that reapply repeatedly, consider awarding one additional point per unsuccessful cycle to recognize persistence and maintain competitiveness for strong proposals.

III New Construction Scoring Criteria

1. Amenities

- a. We recommend eliminating the double amenity scoring in many rural towns which lack a second pharmacy or grocery store meeting the minimum square footage threshold.
- b. We also recommend removing the minimum grocery store square footage requirement entirely.

2. Transportation

- a. In rural areas, transportation points should be removed. These communities often lack public transit options, making these criteria inherent inequity.

3. Leveraging

- a. Leveraging points should be significantly reduced. Local governments are facing budget constraints and often cannot contribute funds without compromising essential operations.
- b. SC Housing should publish a bulletin of available “roll-up” funds during the application cycle at pre-application.
- c. Any unused funds within a pool (e.g., PHA set-aside) should be redistributed proportionally to support additional awards rather than held back for projects that need additional assistance.

II Section P. Financial Underwriting

The current workbook does not allow modeling of interest-only periods, which are standard in many permanent loan structures (often 30+ months). Lenders underwrite these periods, and the inability to model them creates inconsistencies between SC Housing’s underwriting and lender requirements. We recommend updating the workbook to reflect this common financing structure.

14. Minimum Hard Cost Requirement

We recommend the following adjustments:

- Please remove FF&E from Hard Cost
- Please remove FF&E from the Construction Addendum- this is paid by the Developer.

4% BOND Program Scoring Methodology – State Resource Efficiency

We encourage SC Housing to consider a lottery system rather than the proposed efficiency-based scoring metrics:

- State resources per heated residential square foot
- State resources per bedroom
- State resources per dollar of total project costs
- State resources per potential tenant

In addition to these concerns, we believe the proposed efficiency-based scoring metrics do not reflect the current realities of development costs in South Carolina. Rising construction expenses, labor shortages, and

escalating financing costs have made it increasingly difficult for developers to deliver projects within the constraints assumed in the scoring model. Without adjustment to the scoring framework or a shift to a lottery system the program risk favoring projects that appear efficient on paper but cannot realistically be completed under current market conditions. A more flexible approach would help ensure that awarded projects are both competitive and truly deliverable.

Thank you,

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