

State Tax Credit Report

How will the State Tax Credits benefit the tenants?

State Tax Credits will allow an affordable housing community to be financially feasible in an area where there is a critical shortage of available housing for working class residents. These benefits will provide the Project's tenants who earn no more than 60% of the Area Median Income not only with high quality, affordable housing, which is scarce in the local Columbia, SC-MSA, but will also provide an entire community with amenities that are comparable to market rate apartment communities such as a swimming pool, clubhouse and community room, exercise workout facility, resident computer and business center, playground, dog park, etc. State Tax Credits will assist the owner in providing more units to tenants at reduced rental rates relative to the surrounding market rate rents. The infusion of State Tax Credits into this deal will also lead to an additional level of scrutiny and inspection further ensuring that the units at the Project are kept in a safe, affordable and suitable condition for the long-term. The biggest beneficiary of the additional scrutiny will be the tenants who live at the Project.

Why are the State Tax Credits essential to the financial feasibility to the Project?

Because the financing plan for this Project includes the use of tax-exempt bonds and the sale of 4% tax credits, there is significantly less equity in the deal than there would be in a 9% tax credit deal. The State Tax Credits are essential to the financial feasibility of the Project as they will help close the financing gap that would otherwise make the Project not possible. Some of the financial challenges facing this Project are: the size of the development (216 units) prevents the allocation of 9% credits, the elevated construction costs, Davis-Bacon prevailing wages, and the current interest rate environment. State Tax Credits will help overcome these challenges and will provide for the housing of hundreds of families.