

82 Canal Street Lofts LLC

**82 Canal Street Lofts
Graniteville, SC**

STATE CREDIT JUSTIFICATION

Given the current interest rate and construction cost environment, most affordable tax exempt bond financed projects don't pencil with federal low income credits alone. Some substantial kind of soft financing or grant money are required in almost every case, except the highest income urban areas of the state.

As shown in the application, the general contractor has budgeted over \$150,000 per unit in hard costs, before any unseen issues arise. These costs are below most, if not all, of the 2024 submitted winning proposals; we also have brought an additional \$5 million plus to the table in federal and other historic credits, which none of the proposals in the 2024 round did. This additional financial layer allows us to bring a TEB deal in a rural area that actually works, which is clearly a priority in the state ranking system. Our development team has over 75 years of collective experience in this area, any many national, state & local awards have been achieved as well.

The bottom line is this proposal is about much more than just housing and it delivers all of the benefits listed below at a lower cost than all the others and with a 22% market rent advantage as detailed in the market study.

This deal produces:

124 affordable housing units at the lowest cost of many if not all applications;

It saves a historically significant school & grounds that will otherwise deteriorate and become a problem rather than a solution;

It puts a property on the tax rolls for the first time in over 100 years; and

It reuses existing infrastructure instead of a greenfield build that stresses current limited capacity.

The property is zoned by right, showing further evidence that the local government is pursuing this result.

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The capture rate (sub 7%) and 5-6 month absorption is the lowest we have ever seen in a rural market further cementing the metrics that this is needed right here, right now.

And it provides a \$32 million shot in the arm to a community that has seen little investment since the tragic trail derailment disaster of 2005.

In summary – the state credit is necessary for financial feasibility, the demand is off the charts, and it's in the state target area (rural) for these funds. And it brings \$5MM OF OUTSIDE FUNDING TO THE TABLE, WHICH WILL BE THE MOST OF ANY PROPOSALS SUBMITTED.

Local support is growing daily as evidenced by the letters enclosed.