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June 20, 2025

South Carolina State Housing Finance & Development Authority  
Attn: Multifamily Division  
300 Outlet Pointe Blvd, Suite C  
Columbia, South Carolina 29210

**Re: Church Hill Apartments**  
**1117 June Lane, Florence SC 29501**  
**Church Hill RAD 2024, LLC**

Dear Sir and Madam:

Pursuant to the 2025 Application of the South Carolina State Housing Finance & Development Authority ("SCH"), for purposes of an allocation of low-income housing tax credits available under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), a legal opinion regarding eligibility for acquisition credits under Code section 42(d)(2)(B) is required.

Church Hill RAD 2024, LLC (the "Company") was formed on August 8, 2024 and plans to purchase an existing low-income housing project in Florence, South Carolina, consisting of parcels of land, forty-three residential buildings and 166 units, along with and two accessory buildings, and having an address of 1117 June Lane, Florence, South Carolina 29501 (the "Project"). The seller is The Housing Authority of Florence, South Carolina, a public body corporate and politic organized under the laws of the State of South Carolina as a Public Housing Agency (the "Seller"), and Seller acquired the land in 1969-1975 and had the apartment buildings constructed in 1977. As of October 16, 2024, the Company and Seller entered into an Option to Purchase Agreement for land described in Exhibits B-1-4 thereto and the buildings of the Project prior to the anticipated acquisition date of May 1, 2026. PPP Church Hill, LLC, the managing member of the Company, will be the 70% member of the Company, and Florence Church Hill RAD LLC, an affiliate of Seller, will be the 30% member of the Company.

There are four requirements that must be met in order for the purchase of an existing building to receive an adjusted basis in the building that includes the purchase price and thereby receive acquisition credits. Rehabilitation expenditures under Code section 42(e) is the fourth requirement and will not be discussed in the opinion. Each of the remaining three requirements will be separately discussed and analyzed below:

(i) The Purchase Requirement. The Project buildings must be acquired by purchase (as that term is defined in Code section 179(d)(2)). For purposes of this transaction, Section 179(d)(2) defines a purchase as any acquisition of property but only if (i) the basis of the property acquired is not transferred basis property under Section 7701(a)(43) (e.g., property contributed to capital)

or determined under Section 1014(a) (e.g., property acquired from a decedent) and (ii) the property is not acquired from a person whose relationship to the person acquiring it would result in a disallowance of losses under Code section 267 or 707(b). As shown above, the Company will acquire the Project buildings in a fully taxable acquisition transaction and not by contribution or inheritance. As a result, the only risk to not meeting the purchase definition is if the transaction meets the definition of any related party transaction which results in a disallowance of losses under Code sections 267 or 707(b). The Seller is a public housing agency, and it owns a 30% profits interest and a 30% capital interest in the Company. Under Section 707(b)(1)(A), the Seller would not be a related person to the Company because a partnership and a person are related persons only if the person owns more than 50% of the capital interests, or the profits interests in the partnership. Therefore, the Company should satisfy the purchase requirement with respect to its contemplated acquisition of the Project buildings.

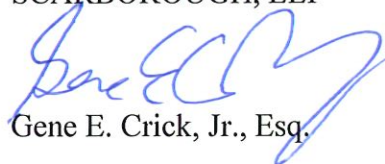
(ii) The Ten-Year Hold Rule. The next issue for the Company is to show that there is a period of at least ten years between the date of its acquisition of each Project building and the date the building was last placed in service (the "ten-year hold rule"). As noted earlier, the Seller placed the Project buildings in service in 1977 which is more than 10 years from the purchase date. Therefore, Company should meet the ten-year hold rule without any applicable exception.

(iii) The Related Party Rule. The next issue is whether any buildings in the Project were previously placed in service by the taxpayer or by a person who was a related person with respect to the taxpayer as of the time previously placed in service. For these purposes, a person is related to any person if the related person bears a relationship to such person specified in Code section 267(b) or section 707(b)(1), or the related person and such person are engaged in trade or businesses under common control (within the meaning of subsections (a) and (b) of section 52). The Company did not previously place any building in the Project in service. The question therefore is whether "the buildings were previously placed in service by a person who was a related person with respect to the Company as of the time previously placed in service." The Seller, as the current owner, previously placed the Project buildings in service for purposes of section 42(d)(2)(B)(iii) in 1977. The Company was not in existence in 1977. As shown above in subparagraph (i), the Seller is a 30% member of the Company, but under Section 707(b)(1)(A), the Seller is not a related person to the Company since Seller's capital interest or profits interest in the Company is not greater than 50 percent. Therefore, based on the above, the Company's acquisition of the Project buildings should meet the related party rule.

Based on the above facts and analysis, assuming the project is purchased by the Company and rehabilitated in accordance with Code section 42(e), we are of the opinion that the Company should be eligible for acquisition credits pursuant to Code section 42(d)(2)(B). SCH may rely on this opinion.

Very truly yours,

NELSON MULLINS RILEY &  
SCARBOROUGH, LLP



Gene E. Crick, Jr., Esq.