

Technical Amendments to the 2017-2018 QAP

2017-2018 Tax Credit Program Bulletin #1, dated January 30, 2017: As noted in Bulletin #1, the changes outlined were specific to the 2017 tax credit funding cycle ONLY, and therefore should not be relied upon when structuring 2018 tax credit proposals. Bulletin #1 dated January 30, 2017 has no effect on the 2018 cycle and, except as detailed herein or in any subsequent bulletins, the Final 2017-2018 Qualified Allocation Plan and Tax Credit Manual as originally issued are in effect for the 2018 cycle.

1. Threshold Participation Criteria- Development Experience (page 2)

- Development Experience must have occurred between January 1, 2010 and February 1, 2018.
- Any applicant from January 1, 2010 and February 1, 2018, who was removed, debarred or voluntarily withdrawn from a LIHTC partnership in South Carolina is ineligible to participate.

2. Threshold Participation Criteria- Previous Year's Development Completion Status (page 3)

All developers awarded South Carolina tax credit development(s) in the immediately preceding funding cycle must have closed the construction loan and purchased the land in order to submit an application in the current tax credit funding cycle. Evidence of the construction loan closing and the recorded warranty or fee simple deed must be provided to the Authority not later than June 4, 2018. Developers must provide an executed Exhibit B form not later than June 4, 2018 to be eligible for a 2018 tax credit award.

3. Threshold Participation Criteria- Financial Criteria (page 3)

The Authority will only accept financial statements audited, reviewed, or compiled by an independent certified public accountant (CPA). Only a balance sheet dated on or after December 31, 2016 is required.

4. Threshold Participation Criteria- City/County/Legislative Notification (page 3)

- Applicants are required to send a letter not later than February 28, 2018 to the highest elected official of the locality (i.e. Mayor or County Administrator) and the State Representative and State Senator of where the development is located. A copy of the letter sent to the highest elected official of the locality must also be provided to each applicable City/County Council member representing the area where the development is to be located.

5. Detrimental Site Characteristics (page 6)

Item 1 (c) - Applications for new construction developments located within one (1) mile of a development funded in the 2016 or 2017 tax credit funding cycle that have not placed in service and achieved 90% physical occupancy at the time of application submission may not be submitted.

6. Market Study Criteria (page 8)

(b) Market Advantage: All developments must have an overall minimum market advantage of 35% to be considered for funding. Developments not meeting the minimum 35% market advantage will be eliminated. Developments representing a 35% market advantage at initial application submission and being awarded tax credits will be required to maintain a minimum 35% market advantage at placed in service. If rents do not comply at placed in service then the rents MUST be adjusted to meet the minimum 35% market advantage percentage. Prior to a development beginning initial lease-up, the proposed rents by bedroom size must be submitted to the Authority. The Authority will provide its third party market analyst with the proposed placed in service rents and a determination will be made by the market analyst as to whether the proposed rents still meet the applicable market advantage percentage. Beginning the second year, and through

the end of the third year of initial compliance, the development must maintain a minimum 25% market advantage percentage. The Authority will provide its third party market analyst with the proposed rents and a determination will be made by the market analyst as to whether the proposed rents still meet the minimum market advantage percentage. If rents do not comply then the rents must be adjusted to meet the minimum market advantage percentage. After the third year of the initial compliance period, developments must maintain a 10% market advantage. In the event of a softening or declining market the Authority will allow a rent floor at the level of the rents submitted at the initial application submission. **Developments not in compliance will not receive 8609s.**

7. Tax Credit Development Experience (pages 8-9)

For sections (a) and (b), previously developed LIHTC properties must have been completed over the past eight (8) years, January 1, 2010 to February 1, 2018.

8. Development Size (page 10)

Applications for new construction developments consisting of fewer than 32 affordable units or rehabilitation developments consisting of fewer than 24 affordable units will not be considered in any funding set-aside for the competitive tax credit funding cycle.

9. Financial Characteristics (pages 12-13)

The following total development costs per unit have been eliminated:

- Rehabilitation- \$125,000 per unit
- New Construction Garden Style Multi-Story Developments: \$180,000 per unit
- New Construction- Duplex, Townhouse, Single Family Developments: \$190,000 per unit
- Historic and Adaptive Reuse- \$190,000 per unit

10. Underserved Set-Aside Only Points (page 14)

Eligible Counties amended as follows:

- No new construction within the past 6 years: Abbeville, Allendale, Barnwell, Calhoun, Chester, Chesterfield, Colleton, Edgefield, Fairfield, Georgetown, Jasper, Lancaster, Lee, Marlboro, McCormick
- No new construction within the past 5 years: Laurens, Newberry, Saluda
- No new construction within the past 4 years: Bamberg, Clarendon

11. Tie Breaker Criteria (page 14)

Item 3. The groups established in Tie Breaker #2 will also be used for this Tie Breaker. If required in each Set-Aside, the Authority will rank each development based on the difference between its EBHSF and the group average EBHSF for each type of development submitted in that Set-Aside.

12. Mandatory Design Criteria- For ALL Development Types (pages 15-17)

Item 15. Each unit must be equipped with a 5 lb ABC rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units. Fire extinguisher must be either clearly visible to the tenant or if contained in a cabinet/pantry area must have proper signage identifying the location.

Item 21. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly and roof or attic insulation must have an R-30 rating minimum.

Item 22. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All shower units without a tub must have minimum dimensions of 36-inch width by 48-inch length (ADA Approved shower). All tubs in designated handicap accessible units must come complete with “factory installed grab bars”.

13. Mandatory Design Criteria- For ALL Rehabilitation Developments (page 18)

Any mandatory items replaced on or after January 1, 2011 are not required to be replaced as part of the rehabilitation.