

## 2022 QAP Updates

**February 7, 2022**

**Changes -**

### **QAP Section IV(B) Set-Asides**

Replace the first sentence with the following:

The Authority will place Applications for 9% LIHTCs in one of the set-asides described in subsections (1), (2), or (3) below; Applicants may request consideration in (4).

### **QAP Section V(D) Wetlands**

Replace the text with the following:

The application must include a determination regarding the presence or absence of wetlands, including non-jurisdictional wetlands. The applicant must retain a qualified professional to complete Exhibit W.

**Clarifications –**

### **Preliminary Application – State Tax Credit**

If you select “yes” on the preliminary application, you may change your selection to “no” at full application.

### **Preliminary Application – Targeting**

The election made on the preliminary application cannot change on the full application.

### **Preliminary Application Checklist**

Has been updated to remove the requirement of a Physical Needs Assessment (PNA).

2022

# QUALIFIED ALLOCATION PLAN



South Carolina State Housing Finance  
and Development Authority

LOW-INCOME HOUSING TAX CREDIT PROGRAM

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## I. INTRODUCTION

The federal Low-Income Housing Tax Credit (the “LIHTC”), including the 4% LIHTC associated with tax-exempt bond financing, is governed by Section 42 of the Internal Revenue Code (the “Code”) and regulations found in Title 26 of the Code of Federal Regulations. South Carolina Code of Laws Section 12-6-3795 governs the state housing tax credit (“STC”).

The Authority, as the designated LIHTC agency for the state, is responsible for the adoption of a Qualified Allocation Plan (“QAP”). The Authority may post bulletins or public notices on its web page; applicants are responsible to check for updates.

## II. ADMINISTRATION OF THE QUALIFIED ALLOCATION PLAN

The Authority will make interpretations, apply criteria to facts and/or representations, and resolve all conflicts, inconsistencies, or ambiguities, if any, in the QAP or that arise in administering the LIHTC Program. Unless otherwise stated, the Authority is entitled to the full discretion allowed by law in making all such decisions. In the event of a natural disaster, disruption in the financial markets, or reduction in subsidy resources available, the Authority may disregard any section of the QAP, including point scoring and evaluation criteria, that interferes with an appropriate response. Applicants should seek guidance from the Authority regarding any situation not explicitly addressed in the QAP.

The Authority will honor Freedom of Information Act requests seeking any documents submitted with and/or related to LIHTC applications after reservation documents are executed and returned. The Authority will not notify the Applicant prior to complying with a request or prior to uploading the applications, or any portion thereof, to a web page.

### A. Fees

Payment of all fees must be in the form of a wire or cashier’s check made payable to the South Carolina State Housing Finance and Development Authority. All fees are nonrefundable.

- LIHTC Application Fees: \$1,500 for preliminary, \$4,500 for full, each due at time of application submission.
- Market Study Review Fee: \$600 due at time of application submission.
- Missing Documents Fee: \$1,000 assessed for the first missing document for each application and an additional \$500 for each additional.
- Reconsideration Fee: \$1,500 due at the time a request for reconsideration is submitted.
- Reservation Fee: 10% of the LIHTC award amount due 14 calendar days after notification of the award.
- Plan Review and Construction Inspections Fee: \$5,850 due 14 calendar days after notification of the award.
- Compliance Monitoring Fees: \$50 per unit annually, plus an additional \$50 per unit annually for projects using the average income minimum set-aside. All compliance monitoring fees must be paid to the Authority within thirty (30) days of the date on which the first building is placed in service and on or before the first day of February of each succeeding year throughout the extended use period. The Authority will assess a ten percent (10%) late fee of the total outstanding balance for payments received after thirty (30) days from the date due. The minimum late fee will be \$50. The Authority may adjust the amount of the fee at any time. Such an adjustment shall not be treated as a QAP amendment.

- Reprocessing of Form 8609 Fee: \$100 per Form 8609 for errors in the final cost certification by either the developer or certified public accountant (CPA) resulting in Authority staff re-underwriting a development.
- Re-underwriting Fee: \$2,000 if the Authority has to re-underwrite a development due to a change at any time.

## B. Opinions, Certifications and Exhibits

All opinions, certifications and exhibits must be based on an independent investigation into the facts and circumstances surrounding the proposed development. All opinions, certifications, and exhibits must be in the form specified by the Authority. Applications will be disqualified if an opinion, certification, or exhibit has been materially altered, amended, or changed.

All opinions and certifications submitted by attorneys, architects and/or engineers, and CPAs must be on letterhead with original signatures (scanned copies are acceptable).

## C. Third Party Professionals

Architects, engineers and CPAs must be independent third-party professionals and be licensed to practice their respective professions in South Carolina. Attorneys may be licensed to practice law in any state, but matters of South Carolina law may be opined upon only by South Carolina licensed attorneys.

## D. 9% LIHTC Applications

Unless otherwise specified, all QAP and Appendix references to “application” refer to the full application. A member of a Development Team (as defined herein) may not be associated with or submit more than four (4) full applications; there are no limits on preliminary applications.

To be considered in the competitive round, all applications must be submitted by the required due dates as specified in the LIHTC Program Schedule.

## E. LIHTC Award Limitations

1. The Authority will not award more than two (2) applications at no more than \$2,000,000 in in federal LIHTCs to any member of a Development Team.

A member of a Development Team may exceed the award and submission limits above for one (1) application meeting the following criteria for a Junior Developer or partnering with a nonprofit:

- a. Involves both a “Senior Developer” who has successfully placed at least three (3) South Carolina LIHTC projects in service within the prior five (5) years and “Junior Developer” or nonprofit that does not meet capacity and experience requirements.
- b. The Junior Developer or nonprofit has a stake of at least 25% but no more than 49.9% in the general partner or managing member of the Owner entity.
- c. The Junior Developer or nonprofit was incorporated or otherwise established prior to January 1, 2021, with staff employed and other resources deployed for the development of affordable housing prior to July 1, 2021. If the Junior Developer is a tax-exempt entity, its bylaws must identify housing as a mission.
- d. The Senior and Junior Developers or nonprofit do not have an identity of interest.
- e. The application includes a material participation agreement identifying the project and how development responsibilities will be divided. Material participation means the regular,

continuous and substantial involvement in the operation of the development throughout the compliance period, as defined by the Code.

For purposes of the maximums in this section, the Authority may determine that a person or entity not listed in an application is a member of the Development Team for the proposed project based on relationships between the parties in previously awarded projects and other common interests. Standard fee for service contract relationships (such as accountants or attorneys) will not be considered.

2. The Authority will not award more than two new construction applications per county. If the selection criteria would result in exceeding these amounts across set-asides, the Authority will make awards in the order listed in Section IV(B).
3. Subject to the limitations in paragraph 2 above, the Authority will not award more than one (1) 9% LIHTC project targeting older persons per Group A county as defined in Section IV Application Grouping and Set-Asides. If the selection criteria would result in exceeding these amounts across set-asides, the Authority will make awards in the order listed in Section IV(B).

### **III. APPLICATION REVIEW AND RECONSIDERATION PROCESS**

In computing the periods of time in this Section III, the date of the notification is not included in the calculation of days. Any intervening Saturday, Sunday or a State holiday, likewise, is/are not included in the calculation of days.

#### **A. Missing and/or Incomplete Documents**

The Authority will notify Applicants in writing of any

- missing and/or incomplete documents, and/or
- submitted documents requiring clarification.

The applicant must respond by 5:00 p.m. (Eastern) on the third business day.

Applicants may only provide documentation that existed at the time of the application deadline.

Documentation provided in response to Authority requests will not increase an application's point score.

#### **B. Disqualification and Scoring Review**

1. The Authority may provide Applicants with three (3) business days to respond to a request for clarification. The applicant must respond by 5:00 p.m. (EST) on the third business day.

Responses to clarifications cannot modify an application or provide documentation that was not submitted as part of the original application.

2. The Authority will notify Applicants in writing of proposed disqualifications and preliminary point scores. Applicants have three (3) days to respond to the potential disqualification and/or preliminary point score. The applicant must respond by 5:00 p.m. (EST) on the third business day.

The response must be limited to:

- the Applicants' opinions regarding the Authority's determinations;
- references to information submitted in the original application; and/or
- explanations of previously submitted documentation.

3. The Authority will post the disqualifications and point scores to its website.

## C. Reconsideration Process

1. The process described in this section is the exclusive means by which an Applicant may request reconsideration of a disqualification and/or a point score. The Authority will not consider information submitted outside of these processes, whether in writing or otherwise. Applicants may request reconsideration only for applications in which they qualify as a member of the Development Team.
2. Applicants may request a reconsideration of a disqualification and/or a point score in writing via:
  - hand delivery or overnight courier; and
  - email to [reconsiderations@schousing.com](mailto:reconsiderations@schousing.com)by 5:00 p.m. (EST) within three (3) business days of the date of the disqualification and/or point score determination. The request will not be processed without receipt of the fee within the specified time frame.
3. The request must specifically identify the grounds for the reconsideration request using only the application, any materials provided under the process described in Section III(B), documents then existing in the Authority's file, and documentation explaining previous submissions. The burden of proof is on the Applicant to demonstrate any errors in the review and/or point scoring process.
4. The Authority's Legal Department will forward the reconsideration request, along with the Authority staff's response, to a Hearing/Review Officer to make a recommendation on the reconsideration request to the Review Committee. The Applicant and staff are copied on this correspondence. The Hearing/Review Officer may request additional information and/or conduct a meeting with the Applicant and Authority. Neither the Applicant nor Authority staff shall demand or request the Hearing/Review Officer to request additional information or conduct a meeting or conference regarding the reconsideration request. The Hearing/Review Officer does not represent any party.
5. In the event the Hearing/Review Officer recommends overturning the original decision, the Authority's Legal Department will provide the reconsideration request, staff's response, and the Hearing/Review Officer's recommendation to a Review Committee appointed by the Authority's Chairman of the Board of Commissioners. The Review Committee shall consist of at least three members, but may be more so long as the number of members of the Review Committee remains an odd number. The Review Committee shall not include any Development Division staff. The Review Committee may review any or all documents submitted to the Hearing/Review Officer, the Hearing/Review Officer's report and recommendation, documents from the application or the Authority's file, or may make independent inquiry into the matters concerning the reconsideration request. The Authority retains final decision-making authority on any reconsideration request, and the Review Committee's determination is the final decision of the Authority.
6. In the event the Hearing/Review Officer recommends upholding the original decision, the original decision is the final decision of the Authority. The Authority retains final decision-making authority on any reconsideration request.

7. No party may have ex parte communications with the Hearing/Review Officer regarding the reconsideration request or any related topic from the filing of the reconsideration request until the Authority renders its final determination. Ex parte communication includes, but is not limited to,
  - unsolicited communication with the Hearing/Review Officer, or
  - failing to copy the Authority in response to a request by the Hearing/Review Officer.Any violation may result in disqualification of the pending application and suspension from participation in future funding cycle(s) for all of the development team members, regardless of which team member initiated the prohibited contact.

## D. Final Scoring Decision

Upon completion of the reconsideration process, the Authority will post final point scores to the Authority's website. If there is a tie between developments when final point scores are determined, the Authority will utilize the Tie Breaker Criteria outlined in this QAP to determine the development(s) to be awarded LIHTCs.

# IV. APPLICATION GROUPINGS AND SET-ASIDES

## A. County Groups

For purposes of this QAP, counties fall into one of two groups:

1. **Group A:** Aiken, Anderson, Beaufort, Berkeley, Charleston, Dorchester, Georgetown, Greenville, Horry, Jasper, Lancaster, Lexington, Richland, Spartanburg, and York
2. **Group B:** Abbeville, Allendale, Bamberg, Barnwell, Calhoun, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Edgefield, Fairfield, Florence, Greenwood, Hampton, Kershaw, Laurens, Lee, Marlboro, Marion, McCormick, Newberry, Oconee, Orangeburg, Pickens, Saluda, Sumter, Union, and Williamsburg

## B. Set-Asides

The Authority will place Applications for 9% LIHTCs in one of the set-asides below. The percentages are of 9% LIHTCs available to the state in 2022. The Authority will award LIHTCs starting with eligible applications earning the selection criteria ranking within each of the set-asides and continuing in descending order through the last application that can be fully funded within the range of LIHTC available in each of the set-asides.

### 1. HIGH-DEMAND NEW CONSTRUCTION (50-60%)

New construction projects located in a Group A county.

### 2. REHABILITATION (10-15%)

Rehabilitation projects. The Authority will award \$600,000 of this set-aside to RD projects (or the total among eligible applications if less).

### 3. GENERAL NEW CONSTRUCTION (15-23%)

New construction projects located in a Group B county.

For purposes of this QAP, “Rehabilitation” shall mean a project where all of the units are in one or more currently existing residential building(s). Applications including any of the following will be considered “New Construction”:

- adaptive re-use;
- redevelopment of entirely vacant residential buildings; and/or
- proposals to increase and/or substantially re-configure residential units.

#### 4. INNOVATION (0-2%)

Applicants may request consideration under the Innovation set-aside by including a narrative describing how the proposed development would be new or unique to South Carolina because of:

- design elements,
- populations served,
- services provided, and/or
- other characteristics.

The Authority may award one (1) application without respect to scoring criteria. In its sole discretion, the Authority may also choose to not make an award.

### C. Nonprofit Set-Aside

If necessary, the Authority may adjust the allocations of awards of the state’s federal tax credit ceiling under the QAP to award projects involving tax-exempt organizations (nonprofits). The Authority may adjust such awards to allow up to approximately ten percent (10%) of the state’s federal tax credit ceiling being awarded to such projects. In its sole discretion, the Authority may also choose to roll forward up to approximately ten percent (10%) of the state’s federal tax credit ceiling.

1. Eligible nonprofit organizations must meet the following criteria:
  - is a tax-exempt organization under Section 501(c)(3) or 501(c)(4) of the Code;
  - has three (3) full-time staff whose responsibilities include the development of housing;
  - is qualified to do business in the State of South Carolina, as evidenced by having a status of “Good Standing” with the South Carolina Secretary of State’s Office;
  - has among its exempt purposes the development of low- income housing; and
  - complies with the requirements for material participation contained in the Code, including but not limited to a narrative statement, certified by a resolution of the nonprofit’s Board of Directors, describing the nonprofit’s plan for material participation during the development and compliance period and participation must be continuous and ongoing throughout the compliance period.
2. The nonprofit organization or the wholly owned single-asset entity subsidiary must own (directly or through the partnership) at least 51% interest in the general partner (GP) or managing member (MM) of the Owner entity in accordance with current laws and IRS regulations throughout the development’s compliance period.
3. The nonprofit GP or MM may be an association or alliance of eligible nonprofit organization(s) and a for profit organization(s).
4. Fees paid to third party development consultants, evidenced by the cost certification, must not exceed \$35,000. The consultant fee must be for legitimate and necessary consulting services.
5. Only the nonprofit GP or MM has the authority to exercise substantial and ongoing continuous control over the application submission process and over the subsequently produced development. All functions and responsibilities normally performed or undertaken by a GP or MM must be performed by the nonprofit.

## V. THRESHOLD PARTICIPATION CRITERIA

### A. Required Documentation:

Applications must include the following documentation.

#### 1. MARKET STUDY

A third party independent market study, prepared by an Authority approved market analyst, adhering to the Authority's Market Study Guideline Procedures in Appendix A.

#### 2. PERSONS WITH DISABILITIES

A statement agreeing to abide by the following requirements.

The owner will not give a preference based on disability type (actual or perceived) or being a client of a particular service provider (absent approval from the Authority).

Neither the owner's partners/members nor the property management company may engage in medical, therapeutic, or other activities regulated by the U.S. Centers for Medicare & Medicaid Services with respect to the residents. The owner will:

- expressly include reasonable accommodation in the application for tenancy;
- not ask applicants/residents for medical or other protected information unless and only to the extent legally necessary (e.g., processing reasonable accommodations requests);
- use standard leases with the same rights available to, and responsibilities expected of, all households, including duration of tenancy (i.e., cannot be transitional); and
- ensure participation in any supportive services is entirely voluntary (not a formal or implied condition of occupancy).

#### 3. AFFIRMATIVE FAIR HOUSING

A statement agreeing to adopt and implement an Affirmative Fair Housing Marketing Plan, including outreach, marketing and advertising methods used to attract individuals on public housing waiting lists, prior to placing in service.

#### 4. PHYSICAL NEEDS ASSESSMENT REPORT (PNA) FOR REHABILITATION

An "As Is," pre-rehabilitation PNA prepared and certified by a third-party independent licensed engineer or architect in compliance with Appendix B. "Post-Rehab" PNAs and Property Condition Reports/Assessments do not qualify. The PNA must be dated not prior to 12 months before the application submission date. RD projects may submit the USDA/RD rehabilitation assessment.

At preliminary application, the Authority will schedule an onsite inspection to discuss the proposed scope of work with the Applicant and third-party independent licensed engineer or architect. The PNA submitted at final application must have the items noted at the onsite inspection.

#### 5. RENT ROLL FOR REHABILITATION

A current rent roll certified by the on-site property manager or a representative of the property management company for rehabilitation projects.

## 6. UTILITY ALLOWANCE SCHEDULE

One of the following:

- a. RD Schedule for those developments financed by and receiving rental assistance from RD;
- b. the current allowance approved by HUD for those developments with 100% project based rental subsidies;
- c. the S.C. State Housing Finance and Development Authority's statewide utility allowance calculation; or
- d. the Energy Star Statewide Utility Allowance for developments built to meet, at a minimum, the Version 3.0 Energy Star Certification (as per Exhibit G form), EarthCraft, LEED, or another Energy Star Certified Program
- e. HUD Utility Schedule Model.

See Exhibit U for an example of a completed utility allowance schedule.

## 7. RELOCATION CERTIFICATION AND TENANT PROFILE FORM

A detailed, step by step plan describing how any displaced persons will be relocated, including the costs. The Development Team is responsible for all relocation expenses. Rehabilitation projects must submit a FORM 3, Developer Relocation Certification and Tenant Profile Form.

## B. Site Control, Ground Leases, and Scattered Sites

1. An application must include one of the following documents executed by a Principal:
  - a. a recorded deed;
  - b. a purchase option (not options on other options) with date certain performance;
  - c. a purchase contract with date certain performance;
  - d. a land lease or option on a land lease either of which must not be for a term of less than fifty (50) years in term; or
  - e. a legally valid assignment of one of the above.The Authority may require a quiet title action be completed prior to placing in service.
2. Projects intended to convert to homeownership after fifteen (15) years may not use land leases.
3. Related party land leases are not allowed without prior approval from the Authority with the exception of local government or public housing authority. The acquisition cost will not be included in the development and operations costs. In all cases the land lessor must execute the Agreement as to Restrictive Covenant.
4. The application must include a copy of the current ownership as indicated in the local tax records.
- 5.. Developments comprised of buildings located on noncontiguous parcels (scattered site) are ineligible for 9% LIHTCs.

## C. Zoning

Applications must include proof of proper zoning being in place at the time of application submission, including approval of all necessary special/conditional uses. A letter provided from the City/County official should verify that the proposed development site currently meets the local zoning or land use restrictions.

## D. Wetlands

The application must include a determination regarding the presence or absence of wetlands, including non-jurisdictional wetlands, in accordance with the 1989 Federal Manual for Identifying and Delineating Jurisdictional Wetlands. The Applicant must retain a wetland professional (i.e., biologist, soil scientist) to complete Exhibit W.

## E. Applicant Qualification:

1. Applications must identify all members of the Development Team, which shall consist of the following:

- Proposed Owner and its Principals
- Developer and its Principals (and Junior Developer, if applicable)

For purposes of this section, Principals include any entity or individual that holds a majority ownership interest in the entity that has material control over the party identified. If the controlling entity includes a nonprofit entity, then Principals include all members making up such controlling entity.

All members of the Development Team must disclose all previous participation in the LIHTC program in any state.

2. No member of the Development Team may be suspended or debarred under Appendix E, Section VIII.
3. The Development Team has an obligation at application submission and an ongoing obligation (including after award) to disclose any and all identities of interest on Exhibit P. An identity of interest means any relationship between any member of the Development Team and
  - the seller of the development site/property;
  - the general contractor or its subcontractors;
  - the lender; or
  - the syndicator.

The Authority may restrict the use of the related party and/or audit all expenditures within the ownership's entity structure.

## F. Required Development Experience

In order to participate in the LIHTC program, the proposed owner's general partner(s) or managing member(s) must have experience within the last ten (10) years in

- two (2) LIHTC projects in South Carolina; or
- four (4) LIHTC projects in other states.

Each project must have received its 8609s, placed in service, and reached stabilized occupancy. The general partner or managing member must have held a controlling stake from initial application through certificate of occupancy or a minority stake of at least 25% as a Junior Developer, as reflected on Exhibit K and related documentation.

The Authority may use other criteria as necessary to evaluate whether the Development Team has sufficient experience and capacity to successfully develop the project.

## G. Required Management Experience

1. The Application must identify the proposed management entity for the development and the application must include the entity's management plan. The proposed management entity must have at least three (3) LIHTC developments in their current portfolio that it has successfully and continuously managed for the past three (3) years as reflected on Exhibit Y and related documentation. Successfully managing means strict adherence to a detailed written management plan that addresses all of the following:
  - a. separation of duties and adequate supervision of employees;
  - b. senior management oversight and review through internal audits;
  - c. staffing dedicated to compliance reviews of tenant eligibility and programmatic documentation;
  - d. approval process for evictions by consensus of senior or regional managers;
  - e. physical inspection policies (frequency, generation of work orders, lease violations for housekeeping or other noncompliant resident behaviors);
  - f. recordkeeping (including tenant certifications, annual owner certifications, HOME Rent Approvals, if applicable);
  - g. security of records containing personally identifiable and other protected information
  - h. marketing plan and marketing efforts;
  - i. reasonable accommodation plans and policies; and/or
  - j. procedures for addressing tenant complaints.
2. The Authority may notify a management company of being ineligible to be part of an awarded application. The reasons for ineligibility include low average occupancy rates, delays in returning vacant units to market ready condition, or other poor performance. If listed in a submitted or awarded application, the Applicant must find an eligible replacement.
3. The lead contact person for the management entity must be certified as a LIHTC compliance specialist by an eligible organization, including: the National Association of Home Builders, Nan McKay, the National Affordable Housing Management Association, TheoPro Compliance & Consulting, Quadel Consulting, Spectrum Seminars, the National Center for Housing Management, Compliance Solutions (Zeffert & Co), Elizabeth Moreland Consulting, Novogradac & Company, Liz Bramlet Consulting, A.J. Johnson Consulting; and, Specialists in Housing Credit Management (SHCM), or any entity offering a functionally equivalent LIHTC certification.

## H. Required Capacity

The Authority will assess the financial capacity of the individuals and/or entities proposed as managing members or general partners based on their financial statements. The Authority will accept only financial statements audited, reviewed, or compiled by an independent CPA on or after December 31, 2020. Statements prepared on the income tax basis or cash basis must disclose that basis in the report. The Authority may request additional financial documentation as deemed appropriate by Authority Staff to determine financial capacity of the parties involved as part of the project review process.

The Authority may disqualify a Development Team due to insufficient overall capacity to undertake additional commitments including but not limited to commencing construction in a timely manner, meeting the 10% expenditure test without an extension, placing in service without an extension or exchange, having no projects with recaptured LIHTCs, and meeting other statutory completion deadlines.

## I. Appraisals

1. Applications must include a commercial real estate appraisal identifying the Authority as an authorized user, noting the Authority may rely on its representations.
  - The appraiser must be licensed by the South Carolina Real Estate Appraisers Board as a State Certified General Real Estate Appraiser (a temporary practice permit does not qualify). An appraiser in good standing with an active license in another state must obtain a reciprocal license with the South Carolina Real Estate Appraisers Board.
  - The appraisal must be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP).
  - Comparable properties must be located in the proposal's sub-market. If none exist, comparable properties must be located in the proposal's county or an adjacent county.
  - If a property's acquisition price exceeds the appraised value, the Authority will write down the purchase price to the appraised value.
  - The Authority may hire another appraiser at the applicant's expense.
2. For new construction developments, the appraiser must value land using acreage as a measurement without regard to any contemplated improvements/restrictions. The value must be based on comparable land sales in the sub-market or the value of the "land only" portion of improved sales in the sub-market with common zoning characteristics. Such sales may not be exclusive to previous LIHTC developments.
3. For acquisition/rehabilitation developments, the appraisal must report land value and "as is" building(s) value separately, with the As-Is Building Value provided both
  - as if market rents are in place, not considering the unique aspects of below-market financing, federal subsidies and/or LIHTCs in this value estimate, and
  - based on current restricted rents (not post rehab) taking into consideration the unique aspects of below-market financing, federal subsidies and/or LIHTCs in this value estimate.
4. For RD funded developments only, the appraisal must add together the values for "As-Is, Restricted Rents" and "Interest Credit Subsidy" to arrive at the appraised value. If the purchase price includes acquired reserves (cash), the reserves should be deducted from the purchase price before the comparison to appraised value.
5. The appraisal must disclose and quantify the valuation loss attributable to detrimental characteristic(s) in close proximity to the development being appraised.

## J. City/County/Legislative Notification:

The applicant must provide signed notification letter(s) addressed to the following:

- the highest official of the locality (i.e. Mayor or County Administrator),
- the State Representative and State Senator of the district in which the development is to be located, and
- each City/County Council member.

The Authority will deliver the letters.

A form notification letter will be available on the Authority's website and must include the following:

1. The proposed Owner's name, phone number, and mailing address.
2. Development information
  - project type (rehabilitation, new construction, or adaptive reuse);

- number of units;
  - acreage of proposed site;
  - target population (family or elderly); and
  - address of proposed site.
3. The property is applying for LIHTCs and STCs.
  4. A statement offering to meet and discuss the proposed development.

## K. Mandatory Site Requirements

The Authority may reject a site based on information submitted in the application, site review findings, or other information.

1. At a minimum, the sites must comply with the following:
  - a. The surrounding area is residential or a mix of commercial uses appropriate to the targeted tenants; and
  - b. Water and Sewer utility tie-ins are accessible and within 500 feet of the parcel line as verified by a letter from the City/County official or utility provider.
2. The following detrimental characteristics will result in an application being disqualified:
  - a. Proposing to subdivide an existing development into two (2) or more developments.
  - b. Proposing more than one new construction phase of the same project in the same funding cycle regardless of the tenant targeting. This includes, but is not limited to, subdividing a single parcel in the same funding cycle or proposals from the same or related members of the Development Team located adjacent to, in proximity to, or directly across the street from another proposed site.
  - c. Sites where the Authority determines the slope/terrain is not acceptable for affordable housing development as indicted by combined site and site preparation costs that exceed the cost of comparable existing buildable land in the area.
  - d. Any site listed on the National Priority List under the Comprehensive Environmental Response, Compensation, and Liability Act or that requires the execution of voluntary or involuntary cleanup agreements with Department of Health and Environmental Control or other third-party organizations as noted in a Phase II environmental assessment report (unless fully completed).
3. The Authority may disqualify new construction applications based on the following. Distances indicated are the shortest straight line between the boundary or property lines.
  - a. Sites where a nearby active railroad causes excessive noise and vibration. The application should include a map showing the distance to any railroad tracks within 1,000 feet.
  - b. Sites within 2,500 feet of a civil airport or 15,000 feet of a military airfield if the site is located within the Runway Clearzone or Protection Zone (civilian and military airports) or Accident Potential Zone (military airports);
  - c. Sites within one-quarter (1/4) mile of the following:
    - an operating commercial beef/hog/chicken/turkey farm or processing plant;
    - a treatment, storage, or disposal facility for hazardous wastes, an active or inactive solid waste disposal facility and/or solid waste transfer facility; or
    - a sewage treatment plant;
  - d. Sites within 500 feet of the following:
    - commercial junkyard or salvage yard; trash heap, dump pile, or other eyesore;
    - above ground commercial bulk storage (any one tank over 1,500 gallons or multiple tanks exceeding 1,500 gallons total) or distribution facilities for propane/butane gas, hazardous chemical or petroleum/gasoline;
    - adult video/entertainment clubs and stores; or

- operating industrial facility, including but not limited to steel manufacturers, oil refineries, ports, chemical plants, plastic manufacturers, automotive and engine parts manufacturers, food processing plants.

## L. Market Requirements

Proposed developments must be economically viable as justified by the market study findings and meet the following requirements:

### 1. CAPTURE RATE

All developments must have a capture rate at or below 30%.

### 2. ABSORPTION/LEASE-UP PERIODS

Developments must have absorption/lease-up periods of 12 months or less.

### 3. SAME MARKET AREA

Applications may not be for the same tenant populations within the same defined market area of existing Authority funded developments (including but not limited to LIHTCs, tax exempt bonds, small rental development) that have vacancy rates greater than ten percent (10%) during the second and fourth quarter of the previous year's operations. The Authority may make exceptions if the reason is not a market issue.

The analyst must reach a specific conclusion regarding whether the proposal would cause a lease-up or occupancy problem for any existing or awarded (not yet built) LIHTC project in the primary market area.

## M. Targeting, Public Housing Agency Waiting Lists, and Average Income

1. The Application must state whether the development will target families or older persons as described below.
  - a. **Family Development:** For new construction developments, at least
    - twenty-five percent (25%) of the low-income units must contain three (3) or more bedrooms and
    - ten percent (10%) must be one (1) bedroom, studio, or single room occupancy.
  - b. **Older Person Development:** All new construction developments are limited to studios, one (1) bedroom or two (2) bedroom units and must be accessible by elevator for all floors above ground level.
2. All developments must serve individuals on Public Housing agency waitlists. After award, the Owner must send a letter to the PHA confirming it intends to serve individuals on the PHA waiting lists.
3. Applications awarded in 2022 may utilize the average income minimum set-aside. Projects may not
  - contain market-rate units,
  - propose average designations exceeding 60% of area median income (AMI) for any bedroom type (pro-rata distribution), or
  - change a unit designation without Authority approval.

The Authority may waive the foregoing, if necessary, for a rehabilitation application to better fit the household incomes of in-place tenants.

For projects with more than one building, owners must select that each building is part of a multiple building set-aside on the IRS Form(s) 8609.

## N. Size Requirements

New construction developments in any county may not consist of fewer than 40 affordable units and new construction developments may not consist of more than the following based on its county grouping:

- Group A Counties: **90** units
- Group B Counties: **60** units

## O. Maximum LIHTCs Per Unit

The Authority will post maximums for the 9% LIHTC along with the syndication survey results.

## P. Mandatory Design Criteria

Projects must comply with the applicable minimum design requirements, including for application submission, in Appendix B.

## Q. Minimum Rehabilitation Hard Costs and Permanent Displacement

1. The PNA for rehabilitation projects must show a minimum of \$40,000 per unit in hard construction costs, excluding major systems that have been replaced within the past seven (7) years. At least \$20,000 must be attributed to the interior of the units.
2. Buildings in senior projects with units entirely on floors above the ground level must install elevators. The application must support the costs reflected in the application.
3. No more than ten percent (10%) of the existing tenants may be permanently displaced.

## R. State Tax Credit (STC)

- Applicants must affirmatively demonstrate that STCs
  1. are required for financial feasibility and/or
  2. will reduce rents paid by the tenant.
- The Authority shall be the sole determinant of whether the conditions(s) above is/are met.
- Applicants must indicate that they are requesting STCs on the preliminary application.
- The Authority will take into consideration local support for the application in determining whether STCs will be awarded. The Applicant may elect to provide a statement demonstrating such evidence.

## S. Financial Underwriting

### 1. Development Costs

- a. The Authority will
  - determine which new construction projects show development budget amounts outside the standard deviation, and
  - require all such applicants to provide explanations.Inability to explain the costs may result in disqualification of the application.
- b. The Authority will evaluate development costs and may adjust costs for reasonableness, necessity, and eligibility or disqualify applications not reflecting an efficient use of LIHTCs.

2. **Basis Boost**

The Authority has determined that all areas of the state are eligible for a boost in eligible basis of up to 130%.

3. **Reserve Requirements**

a. **Operating Reserves**

Developments with loans from RD may satisfy the operating reserve requirement by establishing and maintaining the RD-required operating and maintenance capital reserve account.

Developments not subject to the RD reserve requirements must establish and maintain minimum operating reserves equal to six (6) of:

- projected operating expenses; and
- must-pay debt service.

The reserve must be funded prior to issuance of 8609s and must be maintained throughout the compliance period. Reserves must remain with the property at the time of the investor exit.

b. **Replacement Reserves**

Developments must establish and maintain minimum replacement reserves throughout the compliance period of \$300 per unit annually. Any additional reserves must be required by the syndicator and verified in writing and may not exceed \$450 per unit annually or the RD-required minimum. The reserves must be reflected in the development's annual audited financial statements.

Replacement reserves must be funded with annual deposits from operational cash flow (not pre-funded) during the initial twenty (20) years.

4. **Maximum Developer Fees, Developer Overhead, and Consultant Fees** (the "Fees")

The sum of Fees may not exceed the following:

- a. **New Construction** – the lesser of fifteen percent (15%) of Total Development Costs less Land, Consulting Fees, Developer Fees, Developer Overhead, Other Developer Costs and Reserves, or:
  - \$15,000 per unit up to 48 units
  - \$14,000 per unit for units 49-60
  - \$13,000 per unit for units 61-90
- b. **Rehabilitation** – the lesser of twenty-five percent (25%) of the line-item for hard construction costs or \$800,000.
- c. The maximum amount of Fees is capped at award and may not increase thereafter.

5. **Deferred Developer Fee**

- a. Developer fees can be deferred to cover a gap in funding sources when:
  - The entire amount will be paid pursuant to the standards required by the Code to stay in basis;
  - The deferred portion does not exceed fifty percent (50%) of the total at application submission;
  - Payment projections do not jeopardize operations; and
  - The application includes a statement describing the terms of the deferred repayment obligation, any interest rate charged, and the source of repayment.
- b. Nonprofit organizations must include a resolution from their Board of Directors authorizing a deferred payment obligation from the development.
- c. The submitted cost certification must include a Note evidencing the principal amount and terms of repayment of any deferred repayment obligation.

**6. Contractor Cost Limits and Cost Certification**

The combined total of Contractor Profit, Overhead, and General Requirements (the “Contractor Fees”) shall be limited to fourteen percent (14%) of Hard Construction Costs, of which 6% is contractor profit, 2% is overhead and 6% is general requirements. For new construction developments, the contractor contingency may not exceed five percent (5%) of hard construction costs. For rehabilitation and adaptive reuse developments, the contractor contingency may not exceed ten percent (10%) of hard construction costs.

At placed in service, all awarded Development Teams must submit a Contractor Cost Certification as to the actual costs incurred in construction of the project. A CPA must perform an audit and issue an opinion letter in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards and execute the CPA Certification Form. The Cost Certification will include an audit opinion letter from a CPA certifying the contractor’s actual costs. The Authority will use industry standards to determine the total actual allowable cost for construction and may reduce the LIHTC allocation.

**7. Annual Operating Expenses**

All applications must submit projected annual operating expenses between \$3,500 and \$5,000 per unit per year, excluding reserves, property taxes, and the annual compliance monitoring fees.

**8. Debt Coverage Ratio**

The development’s first year DCR must be within the range of 1.15 to 1.45. A proposed development may exceed the maximum for financial feasibility purposes, but the Authority will use the maximum when calculating the LIHTCs. The pro-forma must demonstrate maintaining not less than a 1.10 DCR throughout the first 20 years of operations.

The Authority will waive the 1.45 maximum if the initial projected annual Cash Flow/Unit does not exceed nine hundred dollars (\$900).

**9. Expense Coverage Ratio**

For developments without repayable debt, the initial Expense Coverage Ratio must be a minimum of 1.10 and the initial projected annual cash flow per unit may not exceed \$900.

**10. Funding Sources**

Applications with “soft loans” (e.g., Affordable Housing Program, Deferred Developer Fees) must adequately explain the repayment terms. Income generated by a property during the construction or rent up period may not be used as a funding source.

If the development is eligible for historic tax credits, the application must include a detailed narrative description of the calculation of eligible basis for the historic credit.

**11. Permanent Financing**

- a. Applications must include a letter of intent for all permanent financing sources. The Authority will underwrite debt from a bank or other private sector lender at the amount determined based on a survey of lenders. The letter must clearly state:
  - i. the term;
  - ii. the amortization period;
  - iii. how the interest rate will be indexed;
  - iv. the current rate at the time of the letter;
  - v. the anticipated principal amount of the loan; and
  - vi. the lien position.

- b. All permanent loans must have a term of at least fifteen (15) years. No balloon payment may be due prior to fifteen (15) years after conversion to permanent. All permanent loans must amortize so that debt service is paid in equal installments over a period between thirty (30) and forty (40) years (fifty (50) years for RD properties).
- c. All cash flow loans and related party loans will be considered additional deferred developer fee and included for purposes of the 50% deferral limit.

**12. Annual Rent, Expense Trends and Vacancy Rates**

The Authority will increase rents two percent (2%) annually and operating expenses three percent (3%) annually. The vacancy rate will be the greater of seven percent (7%) or as represented in the market study.

**13. Other Income**

Application must clearly specify any projected income from services or charges other than monthly rental of units. Other Income projections may not exceed three percent (3%) of the total potential annual rent.

**14. Brokering / Reselling of Services to Tenants**

Applications may not include revenue and expenses resulting from acting as a broker or reseller of services to tenants.

**15. Minimum Hard Cost Requirement**

Applications must reflect a minimum hard cost ratio of not less than sixty-five percent (65%) of total development costs.

Hard Costs are the following line items on the development cost budget in the Application:

- Land
- Existing Structure
- Demolition
- Other (Land & Buildings)
- On Site Improvement
- Off Site Improvement
- Other (Site Work)
- New Building
- Rehabilitation
- Accessory Building
- Contractor Contingency

**16. Rent Allowances for Project Based Rental Developments**

Developments with HUD approved Housing Assistance Payments contracts or RD approved rental assistance contracts may increase the contract rents.

Applications for projects with RD contracts must submit a letter from the Columbia RD Office approving and setting rents above the approved contract rents.

### 17. **Syndication Information**

The Authority will underwrite federal and state LIHTC investment using syndication rates determined based on a survey of equity providers and will post the results no later than 60 days before the full application deadline.

### 18. **Ground Leases**

The Authority will underwrite debt related to the lease at the lesser of its actual terms or the annual debt service produced by amortizing the appraised value of the land at the same rate and terms as the permanent loan over a term of 50 years. The DCR rules in this QAP will apply.

## **VI. NEW CONSTRUCTION SCORING CRITERIA**

### **A. Positive Site Characteristics**

Applications may be awarded up to 50 points for the following positive site characteristics.

1. Up to 30 points for the site's Census relative tract score on the Palmetto Opportunity Index (POI), as indicated in Appendix C. The Authority will:
  - separate High Demand from General,
  - sort the POI scores in descending order,
  - award 30 points to the application with the highest total, and
  - award points to the remaining applications based on their percentage of the highest.

If the proposed development is located in more than one tract, the score will be that of the lowest tract.

2. Up to 10 points based on the number of jobs paying between \$1,251 and \$3,333 per month in a one-mile radius for Group A counties and a two-mile radius for Group B, as displayed on the U.S. Census Bureau's OnTheMap tool for the Longitudinal Employment Household Dynamics database. The Authority will use the most current year available as of the preliminary application deadline.

Applications will earn points as follows:

- 10 points for at least 5,000 jobs.
- 8 points for 4,000 to 4,999 jobs.
- 6 points for 3,000 to 3,999 jobs.
- 4 points for 2,000 to 2,999 jobs.
- 2 points for 1,000 to 1,999 jobs.

3. 5 points for being located entirely within a Qualified Opportunity Zone (QOZ).
4. 5 points for not being located, in whole or in part, in a Racially or Ethnically Concentrated Area of Poverty (R/ECAP) as defined by the U.S. Department of Housing and Urban Development.

### **B. Land Donation**

5 points if a local government owns the proposed project real estate as of the preliminary application deadline and the application shows no more than \$5,000 in the cost line-items for land and buildings. The local government must have owned the real estate since at least July 31, 2021 and not have purchased or received any portion from a Principal.

## C. Affordability

- Applications will earn **10** points based on an agreeing to comply with the applicable limits in the matrix below. In order to receive points, the application must reflect one set-aside election (average income or “original” minimum set-aside (i.e. 40% at 60% or 20% at 50%) and meet the criteria below for the selected set-aside.
  - For average income, the percent shown is the average AMI among the units’ designations.
  - For an original minimum set-aside (40% at 60% or 20% at 50%), at least 20% of the units must be affordable to and occupied by households at the AMI shown.

County Income Level	MINIMUM SET-ASIDE ELECTION	
	Average Income	Original
High	54%	30%
Moderate	56%	40%
Low	58%	50%

The county income levels are as follows:

- High- Beaufort; Berkeley; Charleston; Dorchester; Greenville; Lancaster; Lexington; Pickens; Richland; York
- Moderate- Aiken; Anderson; Calhoun; Chester; Darlington; Edgefield; Fairfield; Florence; Georgetown; Horry; Kershaw; Oconee; Spartanburg; Saluda; Sumter; Union
- Low- all others

Any units targeted to 20% AMI for purposes of the Supportive Housing criteria may also count towards the requirements of this section. If a reduction in rents or extension of affordability period results in the development becoming financially unfeasible, the Authority may modify elections during underwriting. The Application will not receive points as originally requested.

- 5** points if the application includes a notarized letter signed by the proposed owner of the property affirming a knowing and voluntary waiver of the right to request a qualified contract from the Authority for the duration of the extended use period.
- 5** points to any application where no member of the Development Team has had an ownership interest in any property that requested a qualified contract unless the owner can prove that the property was sold or transferred by the member to the owner requesting the qualified contract before September 18, 2019; or the member was contractually obligated to request the qualified contract prior to September 18, 2019, as verified by an independent third party and the Authority’s review of the applicable documentation.

## D. Affordable Housing Shortage

- Up to **10** points based on the shortage of affordable housing in the county:
  - 10 points – Beaufort, Georgetown, Greenville, Greenwood, Richland, York
  - 9 points – Berkeley, Charleston, Chesterfield, Horry, Lexington, Oconee, Pickens
  - 8 points – Aiken, Anderson, Calhoun, Colleton, Dorchester, Florence, Jasper, Laurens, Orangeburg, Spartanburg
  - 7 points – Allendale, Cherokee, Clarendon, Darlington, Dillon, Fairfield, Hampton, Kershaw, Lancaster, Marlboro, Saluda, Sumter

6 points – Abbeville, Chester, Marion, Williamsburg

5 points – Bamberg, Barnwell, Edgefield, Lee, McCormick, Newberry, Union

2. 5 points to a project that is located in a county that did not receive a new construction 9% LIHTC award in 2017, 2018, 2019, 2020, or 2021.

## E. Funding Sources

5 points if Authority-awarded sources (including equity for the LIHTC and STC) are less than 70% of the total.

## F. Sustainable Building

Applications will earn 5 points for committing to meet green and energy efficiency sustainable building requirements for one of the following sustainable building certifications:

- Enterprise's Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider);
- US Green Building Council's LEED for Homes certification program;
- Home Innovation Research Lab's National Green Building Standard, meeting Bronze level or higher; or
- Southface Energy Institute and Greater Atlanta Home Builders Association's EarthCraft certification programs, based on development type.
- High Performance Building Council of the BIA of Central SC, Certified High Performance (CHiP) HOME Program

The application must include a certification from a responsible green and/or energy professional affiliated with the certifying party selected that the project will meet such requirements.

## G. Leveraging

1. Applications may earn up to 5 points for documented support from a source listed below.
2. Only the following sources of support qualify for the additional points:
  - a. HOME or Community Development Block Grant (CDBG) funds;
  - b. established local government housing development program
  - c. public foundation funds from an affiliate of a local government or health care institution;
  - d. a long-term ground lease from a government entity for nominal consideration as valued by the appraised value of the land less the consideration;
  - e. the documented cost of infrastructure improvements or amenities funded in full by a governmental entity that are located on or adjacent to the project site that will serve the tenants and which will be constructed after application submission and completed prior to the development placing in service; and/or
  - f. other support approved by the Authority in response to a request submitted at least 10 days in advance of the application deadline.

Funding may be appropriated directly by a public entity and/or awarded by a non-profit organization financially supported by a local government, such as a local housing trust fund.

3. The application must list the source(s) in subsections (2)(a), (b), and (c) as a loan(s) and include an executed commitment letter reflecting a term of at least twenty (20) years and an interest rate less than or equal to two percent (2%). For subsection (2)(e), the application must include a signed letter

from the local government (or other public entity) itemizing the waived fees and an affirmation that these fees would have been charged in the absence of the arrangement.

4. Applications will earn points based on the total amount or value of support committed per low-income unit (excluding an employee/manager's unit):
  - 5 points for at least \$8,000
  - 4 points for between \$5,500 and \$7,999
  - 3 points for between \$3,500 and \$5,499
  - 2 points for between \$2,000 and \$3,499
  - 1 point for between \$1 and \$1,999

## H. Revitalization or Local Policies

1. An application will receive up to 10 points for the following for the following concerted community revitalization plan (CCRP) components:
  - a. The application must include a narrative to identify the parts of the plan that fulfill the requirements and criteria listed below.
  - b. A CCRP must meet the following minimum requirements to receive at least 5 points:
    - The plan was published by a local planning department or community organization. Plans written by the applicant or an affiliate will not qualify.
    - The plan clearly delineates the community (in which the proposed development is located) for reinvestment. A plan for a large jurisdiction (such as a city or county) that does not designate particular areas of that jurisdiction for targeted investment will not qualify.
    - The plan details the sources and magnitude of committed resources.
    - At least some of the planned investment is ongoing or has the necessary official permission to proceed. If not addressed in the CCRP, the application must include supporting documents.
    - The plan clearly states the community's goals and how they will be achieved.
  - c. A CCRP can receive up to 4 additional points depending on the extent to which it fulfills the following criteria.
    - Participation by the general public had a substantial impact during the entire planning process.
    - Federal, state, and local partners have been involved to leverage available funds and harmonize with other projects.
    - There was a detailed investigation into the community's history, economics, and demographics. The local built environment and public services were assessed and plans made to improve them where necessary.
    - The plan accounts for how to avoid displacement, equitably benefit residents, create mixed income neighborhoods, the barriers to success and how they will be overcome. Investment will be sustained over an extended period and fund housing and non-housing developments.
  - d. 1 additional point will be awarded if the proposed development is also located in a qualified census tract.
2. Alternatively, for 5 points, the application may include a letter detailing measures already implemented by the local government (city or town if within an incorporated area or the county if not) to increase the quantity of affordable housing and develop a resilient community. Policies include, but are not limited to,

- accessory dwelling unit legalization,
- community land trusts,
- density bonuses,
- eviction and homelessness diversion programs,
- housing trust funds,
- intergovernmental collaboration,
- sale or lease of publicly owned land for affordable housing,
- source of income laws,
- zoning reforms that expand housing choice, and
- any activities that affirmatively further fair housing.

The application must include documentation, in the form of a local government ordinance or other official publication, to verify all claims.

## I. Supportive Housing

10 points for agreeing to target ten percent (10%) of the total units to persons with disabilities and either

- designating such units as affordable to and occupied by 20% AMI, or
- securing a commitment of federal project-based rent assistance (converting vouchers).

Households with only a disability source of income (such as Supplemental Security Income) will be eligible for the 20% AMI units.

One or more service providers, as coordinated by state authorities, will refer households. For a period of ninety days after the initial rent-up period begins the owner will establish a preferential leasing opportunity for referrals and thereafter will maintain a separate waiting list.

## VII. TIE BREAKER CRITERIA

The following factors will be used in the order listed to break a tie.

- An application would be all of the Development Team's only award while the tying application(s) would be the all of the Development Team's second or third.
- A county not served in the current or previous funding cycle.
- Projects with the lowest share of total development cost funded by the Authority.
- Projects providing for tenant ownership at the end of the initial fifteen (15) year compliance period. The application must include a conversion plan including all homebuyer counseling programs to be provided along with the financial procedure that will be used to transfer the rental units into homeownership.
- If projects remain tied after all above tie breakers have been applied, the Authority will utilize a lottery.

## VIII. EVALUATION OF REHABILITATION APPLICATIONS

The Authority will evaluate rehabilitation applications comparatively based on the following criteria, listed in order of importance.

- Preventing of the conversion of units to market rate and/or the loss of government housing resources (including federal project-based rent assistance);
- The extent of physical distress, particularly with major systems, accessibility, and/or life, health and safety features, as informed by the Physical Needs Assessment and determined by the Authority. Failure to properly maintain the buildings will not enhance an application's likelihood

of award if a member of the current owner's organizational structure or a related party will remain part of the new ownership;

- C. The project is within an area covered by a Concerted Community Revitalization Plan; and
- D. The degree to which the project site and its surroundings support the economic empowerment of low-income households.

## **IX. POST AWARD AND 4% LIHTC POLICIES AND PROCEDURES**

The policies and procedures applicable to projects awarded in the competitive funding cycle and to 4% LIHTC applications and awards are set forth in the Appendix E, the LIHTC Manual.

## **X. AMENDMENTS TO THE QUALIFIED ALLOCATION PLAN**

The Authority may amend this QAP as needed. All amendments shall be fully effective and incorporated herein immediately.