

# **South Carolina State Housing Finance and Development Authority**

## **Low-Income Housing Tax Credit Program**

### **Qualified Allocation Plan**

*The mission of the South Carolina State Housing Finance and Development Authority (the “Authority”) is to promote and provide safe, decent, and affordable housing for the citizens of South Carolina. We expect the Applicants of all programs to follow appropriate environmental practices and requirements as well as to discourage urban sprawl when existing available sites have the necessary infrastructure – utilities, roads, schools, etc. – to be used for development.*

## **I. INTRODUCTION and PURPOSE**

The Low-Income Housing Tax Credit (the “LIHTC”) Program was created by Congress in 1986 to promote the development of affordable housing for low-income individuals and families. The Internal Revenue Service (the “IRS”) regulations for the LIHTC Program can be found under Section 42 of the Internal Revenue Code (the “Code”). The Qualified Allocation Plan (the “QAP”) has been prepared to comply with Section 42(m)(1)(B) of the Code of 1986, as amended; however the requirements and provisions are not limited to those contained in the Code. Additional procedures and policies used in the administration of the LIHTC Program are described in the LIHTC Manual. The administration and allocation of the LIHTC Program will be in accordance with the QAP criteria described herein as well as the guidelines, procedures, and requirements described within the LIHTC Manual. The LIHTC Manual criteria are incorporated by reference as additional provisions of the QAP.

As the housing credit agency responsible for allocating the LIHTC, the Authority is responsible for developing the guidelines and priorities that best address the need for affordable housing throughout the state by adopting a comprehensive QAP. The intent of the QAP is to set forth the criteria that the Authority will consider in evaluating developments applying for an allocation of LIHTC. Approval of the QAP by the Governor of the state is required after the public has had an opportunity to comment by written comment or at a public hearing.

Housing created through the LIHTC Program must be affordable for low-income individuals and families with a maximum annual income at or below sixty percent (60%) of the Area Median Income (the “AMI”). Section 42(h)(6) of the Code requires that a LIHTC development be subject to “an extended low-income housing commitment”. The Authority complies with this requirement by requiring all LIHTC developments to execute and have recorded “Restrictive Covenants” that stipulate the development will comply with income and rent requirements contained within the Code for a minimum of thirty (30) years as well as any other criteria contained within the QAP or LIHTC Manual.

Section 42(m) of the Code requires the Authority to allocate tax credits giving Preference to proposals that:

1. Serve the lowest income tenants.
2. Serve qualified tenants for the longest periods.
3. Contribute to a concerted Community Revitalization Development Plan (the “CRDP”).
4. Are intended for eventual tenant ownership.
5. Are intended to serve individuals with children.
6. Give preference to those on public housing waiting lists.

The following criteria will also be considered in the selection process:

1. Site Criteria
2. Location Characteristics
3. Financial Characteristics
4. Development Characteristics
5. Targeting Characteristics
6. Applicant/Development Team Characteristics

The Authority web site contains general information about the LIHTC Program. The web address is: [http://www.sha.state.sc.us/Programs/Rental/Tax\\_Credit/tax\\_credit.html](http://www.sha.state.sc.us/Programs/Rental/Tax_Credit/tax_credit.html). From time to time, the Authority may post bulletins or public notices in response to questions and requested clarifications submitted regarding the LIHTC Program. The web site provides a list of past LIHTC allocations and existing developments. LIHTC Program information may also be obtained by calling Laura Nicholson at (803) 734-1348, emailing [laura\\_nicholson@sha.state.sc.us](mailto:laura_nicholson@sha.state.sc.us), faxing (803) 734-2390, or writing SCSHFDA, LIHTC Program, 919 Bluff Road., Columbia, SC 29201.

## II. CRITERIA for TIER ONE REVIEW

The Authority, at its sole discretion, may reject a site based on information submitted in the application package, the site review findings, or other information obtained that the Authority determines renders the site undesirable for a LIHTC development.

### 1. Positive Site Characteristics:

- a) Preference for sites located within one (1) mile, two (2) miles, or three (3) miles by public paved road to no less than three (3) services appropriate to its tenant population according to the applicable distance.

Preference weighted by distance – Site within		1 Mile	2 Miles	3 Miles
<b>Services:</b>	Full Service Grocery Store	X		
	Convenience Store	X		
	Pharmacy	X		
	Restaurant	X	X	
	Fire Station	X	X	X
	Police Station	X	X	X
	Hospital / Health Department	X	X	X
	Doctor’s Office (General Practitioners Only)	X	X	X
	Public Library – No School Libraries accepted	X	X	X
	Public Schools	X	X	X
	Public Park/Playgrounds	X	X	X

- b) Site is relatively flat with entrance(s) at or above access road grade with negligible water runoff from adjacent properties. Access road(s) must be paved and dedicated to appropriate governmental body for maintenance;
- c) Site is integrated within a compatible residential community;
- d) Site is not isolated in areas with large tracts of undeveloped land;
- e) Site is surrounded by land uses that are compatible with the proposed development and reflects similar land use types and/or architectural styles;
- f) Infill sites with proposed new construction in a neglected and/or distressed neighborhood that has the potential to help stabilize and/or reverse the trend of declining neighborhood values within the incorporated limits of a municipality. Infill sites are restricted to a maximum of five (5) acres and must abut to other developed properties that are complimentary to the proposed development. Infill sites abutting undeveloped raw land or that are not acceptable for residential purposes will be deemed detrimental and excluded from further consideration.

### 2. The following **Detrimental Site Characteristics** are **not allowed**. This list is not all inclusive and may be expanded:

- a) Sites within one-half (½) mile of a storage area for hazardous or noxious materials, a sewage treatment plant, an active or inactive sanitary landfill, and/or solid waste facility;
- b) Sites where any portion is adjacent or encumbered by any easement allowing/permitting high voltage electric transmission lines or communications substation. In addition, no portion can be within five hundred (500) feet of any actual substation, regardless of whether it is active or inactive;
- c) New construction sites where any portion contains or permits any easements for overhead electric power lines, regardless of voltage, and/or such electric power lines encumber the proposed site with the exception of the outside perimeter of the site for the distribution of electric service for other unrelated properties;
- d) Sites within one-half (½) mile of an operating industrial plant that may pose a safety risk, hazard, nuisance or other negative impact;
- e) Sites within five hundred (500) feet of pipelines (excluding low pressure natural gas distribution lines, water and sewer lines);
- f) Sites where the Authority determines there are unacceptable levels of noise, odor, traffic, and/or other nuisance pollution;
- g) Sites in the same market targeted for the same tenant population as previously funded LIHTC developments that has been placed in service for at least twelve (12) months, as evidenced by receipt of final certificates of occupancy for all buildings, but have not reached stabilized occupancy. The Authority, at its sole discretion, may make an exception to this requirement if the Authority determines that the reason for the existing development having a history of vacancy rates greater than ten percent (10%) is not an issue of an “existing market” for the tenant population, but other characteristics that may or may not be resolvable;

- h) Sites within one-half (1/2) mile of existing Authority funded developments (tax credit, tax exempt bonds, HOME, etc.) targeted for the same tenant populations that have a history of vacancy rates greater than ten percent (10%).

3. **Detrimental Site Characteristics** that could cause a proposed site to be excluded from further consideration in the Authority's sole determination:

- a) Sites where any portion is located within the engineering fall distance of any pole, tower or support structure of a high voltage transmission power line, communications transmission tower, microwave relay dish or tower, or commercial satellite dish (radio, TV cable, etc.). For field analysis, the Authority will use tower height as the fall distance. For the purpose of the QAP, a high voltage electric transmission line is a power line that carries high voltage at any given moment greater than 60KV (sixty kilovolts);
- b) Sites within five hundred (500) feet of any type junkyard, trash heap, dump pile, or other eyesore as determined by the Authority;
- c) Rehabilitation, acquisition with rehabilitation, or adaptive reuse sites where any portion allows any easements or encumbrances for overhead electric power lines, regardless of voltage, and/or such electric power lines run through the proposed site other than the outside perimeter to distribute electric power to unrelated properties;
- d) Sites where a nearby active railroad causes excessive noise and vibration. An Applicant submitting a proposed development within five hundred (500) feet of an active, in use railroad(s) is required to submit, from a qualified professional, an objective third party noise study that addresses the impact of the nearby railroad, specifically the frequency, noise levels, and shock vibrations levels, on the proposed development. The study must adhere to the U. S. Department of Housing and Urban Development (the "HUD") environmental criteria and standard for noise abatement regulation, which states the maximum acceptable day/night average decibel level of sixty-five (65) dBA for exterior noise, along with any other analysis deemed pertinent to the noise study and its conclusion. The study must state the average decibel level on the site is less than sixty-five (65) dBA and must support the placement of the development on the proposed site. Those sites where exterior noise is above sixty-five (65) dBA but not exceeding seventy-five (75) dBA may be submitted; however, a noise mitigation plan must also be submitted. The mitigation plan must specifically state what measures will be used to reduce the noise levels at the site and the noise study must indicate that the measures to be used will bring the unacceptable noise level at the site down to the acceptable noise level of less than sixty-five (65) dBA. The Authority, in its sole discretion, may approve or reject the site regardless of the conclusions reported in the study;
- e) Sites where the Authority determines the slope/terrain is not acceptable for development and contributes too excessive site preparation costs. Examples of such are where the one hundred (100) year flood zone covers any part of the site, excessive fill dirt is required for construction, blasting of rock is required for construction, etc.;
- f) Sites where there are existing wetlands (jurisdictional or non-jurisdictional), streams, ravines, drainage and/or waterways on or adjacent to the site that potentially could negatively affect the development.

**Note: For Tier One site considerations the Authority defines its determination of "within one-half (1/2) mile" or "within five hundred (500) feet" to include by public paved road, by land, by water, and by air as measured from the closest two (2) coordinates from the proposed site to the potentially detrimental characteristic.**

4. The following **Detrimental Development Characteristics** are **not allowed**. This list is not all inclusive and may be expanded:

- a) Applications for new construction developments proposing greater than forty-eight (48) units in areas defined as rural by the USDA Rural Housing Service (the "RHS");
- b) Applications proposing new construction of residential units in combination with an acquisition with rehabilitation development;
- c) Applications proposing existing development to be subdivided into two (2) or more developments;
- d) Applications proposing new construction for additional phases of developments with an allocation of LIHTC where the previous phase(s) have not been completed, placed in service and reached stabilized occupancy, and/or in which the previous phase(s) have had a history of vacancy rates greater than ten percent (10%);
- e) Applications for proposed developments that threaten the economic viability of existing developments funded by the Authority, HUD, or RHS. The Authority will have sole discretion in making this determination;
- f) Applications proposing scattered site developments that are not within the same primary market area, in the Authority's determination, and/or county boundaries.

### III. CRITERIA for TIER TWO REVIEW

#### LOCATION CHARACTERISTICS:

1. Preference will be weighted for those developments that demonstrate the most economically viable proposal justified by the market study findings. The Authority will only consider those developments that receive a favorable recommendation from the market analyst. The Absorption Rate/Time, Capture Rate, Demand/ Housing Needs, Supply/Availability, and Affordability Index will be critical components in this assessment.
  - Preference for developments with lowest Capture Rates. The Authority prefers markets under twenty-five percent (25%).
  - Preference for developments with shortest Absorption periods.
  - Preference for developments in markets showing population growth.
  - Preference for developments in markets having the lowest overall vacancy rates. The Authority will not consider any market areas with existing LIHTC developments where the overall LIHTC unit vacancy rate exceeds ten percent (10%).
  - Preference for developments with market competition reporting waiting lists.
  - Preference for developments in markets with improving employment trends.
2. Preference for developments located in Qualified Census Tracts (the “QCT”) that contribute to a concerted CRDP as required by the Code. To receive Preference, a letter from the chief executive officer of the local governing body must be submitted stating that the development will be a positive contribution to the revitalization along with a copy of the CRDP. The Authority will only consider those CRDP’s that have been in effect for at least twelve (12) months prior to the date of this QAP and a copy of the official resolution adopting the CRDP must be provided.

#### FINANCIAL CHARACTERISTICS:

1. The Authority encourages high-quality, energy-efficient construction materials and building practices, however it must insure that development costs represented are based on reasonable estimates within acceptable levels. Only developments that propose Eligible Basis costs per heated square foot within an acceptable range as determined by the Authority will be considered for this Preference.

#### DEVELOPMENT CHARACTERISTICS:

1. Preference will be given to developments based on the **energy efficiency** of the units and the utilization of **durable construction**. To receive Preference, the Architect and/or Professional Engineer Certification (the “**Exhibit G**”) must be completed and submitted with the application.
  - a. **With respect to each building, one of the following:** (Higher Preference)
    - Brick veneer; or
    - Stone veneer; or
    - Brick veneer (40%) and remaining exterior siding fiber cement (hardiplank); or
    - Stone veneer (40%) and remaining exterior siding fiber cement (hardiplank);**With respect to each building, one of the following:** (Lower Preference)
    - Brick veneer (40%) and remaining exterior siding to be vinyl siding with a thickness of at least .044 mils; or
    - Stone veneer (40%) and remaining exterior siding to be vinyl siding with a thickness of at least .044 mils; or
    - Full fiber cement (hardiplank) or cedar siding; or
    - Full vinyl siding with thickness of .044 mils;
  - b. Roof shingles that are architectural style and warranted for a minimum of thirty (30) years.
  - c. Steel entry doors that are six-panel colonial with peephole.
2. Preference will be given to developments at or below seventy-two (72) total units.

3. Preference will be given for the following **Design Quality Standards**. To receive Preference, an **Exhibit G** must be completed and submitted with the application:
  - i. Sidewalk access to all parking spaces.
  - ii. Curbing for paved areas throughout the development site including the parking areas. For proposed single-family, duplex, or townhouse developments paved driveways are eligible if provided for each residence.
  - iii. All units have balconies, patios or sunrooms.
  - iv. Irrigation/sprinkler system serving all landscaped areas.
  - v. A minimum 1,200 sq. ft. community building. The square footage counted toward this total may include a leasing office, equipped exercise room, and equipped computer center. Laundry rooms and storage/maintenance rooms will not be considered as part of the 1,200 sq. ft. minimum.

4. Preference will be given to developments that include the following extra amenities. To receive Preference, an **Exhibit G** must be completed and submitted with the application:
  - i. Washer/Dryer hookups in all units.
  - ii. Microwave oven in all units.
  - iii. Garbage disposal in all units.
  - iv. Dishwasher in all units.
  - v. Range queen or comparable extinguishing system over stove.
  - vi. Ceiling fan with attached light in all bedrooms in all units.
  - vii. Integration of existing vegetation with new plantings clearly delineated on the schematic site plan. These areas shall be designed to create spaces such as seating areas or shading for playground and/or other recreation uses.
  - viii. All units pre-wired for cable television hook-ups in the living room and one (1) per bedroom.
  - ix. All units pre-wired for high speed (broadband) Internet hook-up with at least one (1) centrally located connection port and one (1) additional connection port per bedroom.

5. Preference will be given to developments that utilize the following minimum design criteria. To receive Preference, an **Exhibit G** must be completed and submitted with the application.
  - i. Preference will be given for providing a minimum square footage per unit based on the number of bedrooms per unit based on the following table. All the units of a particular bedroom size must meet the minimum square footage. The Authority considers the square footage of an individual unit to be measured from the mid-point (center) of each exterior or common wall to the mid-point (center) of the opposite exterior or common wall.

Bedrooms per unit	Square Footage per unit
One	700
Two	850
Three	1,000
Four	1,150

- ii. Preference will be given for providing bathrooms per unit based on the number of bedrooms according to the following table. All the units of a particular bedroom size must meet the minimum number of bathrooms.

Bedrooms per unit	Bathrooms per unit
One	One
Two	Two
Three	Two
Four	Two and one-half

6. Preference will be considered for adaptive reuse developments that are viable and economically sound. The architect must certify on **Exhibit G** that the development will meet the following requirements. For this Preference, the definition of “adaptive reuse” is the conversion of an existing non-residential building(s) into a residential building(s) such that:
  - a. Fifty percent (50%) of the square footage of each existing building(s) will be converted to residential use; and
  - b. The total square footage of the existing building(s) constitutes a minimum of sixty percent (60%) of the total square footage of the entire development.

## **TARGETING CHARACTERISTICS:**

1. Preference will be given to developments designating rental housing for special need tenant populations. In order to be considered for this Preference, the development/units must be designed and equipped to serve the special needs of the designated tenant population. Such design and equipment must be in addition to the minimum design requirements necessary to comply with state and federally mandated accessibility requirements and must be fully described in the application.

A **Marketing Plan** must be submitted with the Tier Two application to receive this Preference. Preference will only be considered for developments proposing one (1) of the following:

- i. At least eighty percent (**80%**) of the units are designed, equipped and occupied by older person(s) fifty-five (55) years of age or older. The remaining twenty percent (**20%**) of units must be designed, equipped, and occupied by special needs populations. All new construction developments are limited to one (1) or two (2) bedroom units. All new construction developments greater than a one (1) story structure must be accessible to all additional stories by elevators. Acquisition with rehabilitation developments more than one (1) story must provide evidence that **existing** elevators have received regular maintenance and are in good working condition as of the Tier Two application submittal date to service all upper level rental units.
  - ii. At least ten percent (**10%**) of the total number of units or five (5) units, whichever is greater, must be designed, constructed, and equipped to be fully accessible for persons with a mobility or sensory impairment, a developmental disability, or a severe, persistent illness. These units must be scattered throughout the development and cannot all be located within one (1) building. This Preference is not to be construed as a waiver of any more stringent federal, state, or locally mandated accessibility or design criteria.
  - iii. One hundred percent (**100%**) of the development is designed for individuals or families with children. To receive this Preference at least forty percent (**40%**) of the units must contain three (3) or more bedrooms.
2. Preference will be given to developments that elect to reserve, for the entire term of the LIHTC compliance period, twenty-five percent (25%) of the low-income units to households with incomes at fifty percent (50%) or less of AMI.
3. Preference will be given to developments that submit an acceptable **Conversion Agreement** that provides for **tenant ownership** at the end of the initial fifteen (15) year compliance period. In order to receive this Preference the Applicant must submit a conversion plan that includes a detailed timeline outlining how the tenants will become homeowners. The conversion plan must include all homebuyer counseling programs to be provided along with the financial procedure that will be used to transfer the rental units into single-family homes. The Applicant must execute the **Conversion Agreement** providing that the units will be converted to tenant ownership at the end of fifteen (15) years.

## **APPLICANT/DEVELOPMENT TEAM CHARACTERISTICS:**

1. Preference will be given to Applicant/Development Team(s) containing members with previous experience as General Partner (or equivalent in a limited liability company) in the development and successful implementation of LIHTC developments in South Carolina. The experience Preference will be based on the “demonstrated experience and qualifications” that each Applicant/Development Team member qualifies. Any Applicant/Development Team containing any member that has been removed, disbarred, or asked to voluntarily withdraw from a LIHTC partnership and/or has ever returned an entire allocation of LIHTC in South Carolina is ineligible for this Preference. The qualifying Applicant/Development Team member(s) must have been the General Partner or equivalent for the previous LIHTC developments to qualify for this Preference. All Applicant/Development Team members must complete a Previous Participation Certificate (see **Exhibit K**).

**\*\*Note:** The Applicant(s)/Development Team Characteristics Preference is not available to any Applicant, Development Team member, General Partner, or equivalent entity containing members that have been disqualified from participating in any other state or other allocating agency LIHTC Program.

**\*\*Note:** The Applicant(s)/Development Team Characteristics Preference will not be applicable to any Applicant, Development Team member, General Partner, or equivalent entity containing members that have been reported to the IRS (Form 8823) for non-compliance issues at the Authority’s sole discretion. The Authority’s determination of noncompliance violations is not subject to interpretation (appeal) or final IRS resolution of non-compliance violation.

**IV. ADMINISTRATION OF THE QUALIFIED ALLOCATION PLAN**

The Authority reserves the right to resolve all conflicts, inconsistencies, or ambiguities, if any, in the QAP or that arises in administering, operating, or managing the reservation and/or allocation of the LIHTC Program. The Authority, at its sole discretion, reserves the right to allocate housing tax credits in a manner not in accordance with the QAP. At such time, or either a reasonable time thereafter, the Authority shall, as required by Section 42(m)(1)(A)(iv) of the Code, provide a written explanation to the general public of its reasons for making such allocation. The Authority further reserves the right, at its sole discretion, to modify or waive, on a case-by-case basis, any provision of this QAP or the LIHTC Manual that is not required by the Code. All such resolutions or any modifications are subject to approval by the Authority Board of Commissioners and will be made available to the public for review.

The Authority reserves the right to **not** issue a Form 8609 for any development or building that is determined at the Authority’s sole discretion **to have not been constructed in accordance with the representations** contained in the development descriptions and certified to in Exhibit G by the architect.

**V. AMENDMENTS TO THE QUALIFIED ALLOCATION PLAN**

The Authority reserves the right to amend the QAP from time to time, pursuant to the Code, for any reason without limitation. All amendments shall be fully effective and incorporated herein immediately. Amendments may reflect changes, additions, deletions, interpretations, or other matters necessary to comply with the Code or regulations promulgated hereunder. Amendments are intended to cure any ambiguities, supply information on any omissions, to correct any inconsistencies contained within the QAP, or to facilitate the allocation of LIHTC that would not otherwise be allocated.

**VI. APPROVAL BY THE GOVERNOR**

I, Mark Sanford, Governor of the State of South Carolina, do hereby signify my approval of this QAP for the distribution of federal LIHTC in the state in conformance with the Code, as amended.

The Authority is expressly granted authorization, to the extent it deems necessary, to amend this QAP, without the necessity of further approval, for the purpose of clarification or ensuring compliance with federal law and regulations governing the reservation, allocation and use of LIHTC, as the same may from time to time be amended or promulgated.

**Signature:** \_\_\_\_\_  
Mark Sanford, Governor of South Carolina

**Date:** \_\_\_\_\_

## **I. PROGRAM ADMINISTRATION and PROCEDURES:**

### **Mission Statement and Goals:**

*The mission of the South Carolina State Housing Finance and Development Authority (the "Authority") is to promote and provide safe, decent, and affordable housing for the citizens of South Carolina (the "SC"). We expect the Applicants of all programs to follow appropriate environmental practices and requirements as well as to discourage urban sprawl when existing available sites have the necessary infrastructure – utilities, roads, schools, etc. – to be used for development.*

The Authority, as the designated housing credit agency for the state, has the responsibility of administering the Federal Low Income Housing Tax Credit Program (the "LIHTC") established by the Tax Reform Act of 1986 and referenced as Section 42 of the Internal Revenue Code (the "Code"). The responsibilities of a housing credit agency are defined in the Code.

The Authority's goal is to utilize the allotment of LIHTC to the maximum extent possible for creating or rehabilitating existing properties into viable affordable housing developments. The LIHTC provides a financial incentive that offset initial capital development costs to qualified developments. It is the Authority's goal to ensure that proposed developments satisfy the necessity of providing basic, safe housing to the targeted population in the locality and to generate the annual revenue necessary to adequately support the annual operations and long-term maintenance to sustain financial health.

All program documents and administrative procedures described in the LIHTC Manual are incorporated by reference as additional requirements of the Qualified Allocation Plan (the "QAP"). The fact that an application is accepted for processing or that a development receives a reservation or allocation of tax credit dollars shall not be construed to be a representation or warranty by the Authority as to the feasibility, viability, or lack thereof, of any development.

The Authority web page provides general and historical information concerning the LIHTC Program. The web page address is: [http://www.sha.state.sc.us/Programs/Rental/Tax\\_Credit/tax\\_credit.html](http://www.sha.state.sc.us/Programs/Rental/Tax_Credit/tax_credit.html). From time to time, the Authority will post bulletins or public notices to the web page in response to questions and other requested clarifications regarding the LIHTC Program. General program information may also be obtained by calling Laura Nicholson at (803) 734-1348, emailing [laura.nicholson@sha.state.sc.us](mailto:laura.nicholson@sha.state.sc.us), faxing (803) 734-2390, or writing the Authority, LIHTC Program, 919 Bluff Road, Columbia, SC 29201.

### **General Guidelines:**

- 1. Fees** - Payment of **all** fees must be in the form of a cashier's check made payable to the South Carolina State Housing Finance and Development Authority. All fees are nonrefundable.
- 2. Deadlines** – Additional information requested by the Authority will be due within seven (7) business days from the date the information was requested.
- 3. Material Changes Prohibited**
  - a)** If, upon the submission of the Tier Two application, the Carry-over Allocation (the "CO") document, the Verification of Ten Percent (10%) Expenditure (the "10% Test") information or the Placed-in-Service (the "PIS") application, it is determined that the development is not substantially the same as the development described in the Tier One application, the development will not receive an allocation of LIHTC. The following changes are deemed to be material, and are not permitted.
    - i.** General or Managing Partners (the "GP")
    - ii.** \*Total number of LIHTC units
    - iii.** \*Total number of units
    - iv.** \*Number of bedrooms per unit mix
    - v.** Special needs targeting
    - vi.** \*Tenant mix (low-income/market rate)
    - vii.** An increase in net rents from Tier One to Tier Two
    - viii.** Site
  - b)** \*Changes in total number of LIHTC units, total number of units, number of bedrooms per unit mix, special needs targeting, and/or tenant mix (low-income/market rate) will be allowed between Tier One

and Tier Two submittal dates, if, and only if, the market analyst contracted by the Authority recommends such changes.

- c) Changes in the number of buildings and units contained in each building will be allowed only if changes are required by local regulatory codes and those local regulatory codes have changed after the Tier One submittal deadline.

**4. Transfers**

- a) Neither reservations nor COs are transferable without the prior written consent of the Authority. Examples of situations in which such consent may be given include, but are not limited to:
  - i. Death;
  - ii. Bankruptcy;
  - iii. Receivership; or
  - iv. Cessation of business operations of a GP.
- b) No change in the makeup or identity of GP in a partnership or its equivalent in a limited liability company are permitted without the prior written consent of the Authority. Without limitation, this prohibition includes indirect transfers through the admission of a “special limited partners” under a scheme that leads to the eventual exit of a GP or its equivalent in a limited liability company.
- c) LIHTCs allocated to developments whose ownership is altered in violation of this provision shall be subject to revocation by the Authority.

**5. Fractional Rounding** - Fractional units must be increased to the next whole unit.

**6. ADA Requirements and Certification**

- a) The Authority will not offer an allocation to any development unless the Applicant submits, with its Tier Two application, a certification signed by an architect or professional engineer licensed to practice in SC, which states that the architect or engineer will review the plans and specifications of the proposed development to ensure that such plans and specifications will comply with the accessibility and other requirements of Section 504 of the Rehabilitation Act, the Fair Housing Amendments to the Civil Rights Act of 1968, the Americans With Disabilities Act, and any other applicable state or federal legislation.
- b) As part of its PIS application, a certification must be included which is signed by an architect or professional engineer licensed to practice in SC which contains an statement that the development has been constructed in accordance with the accessibility and other requirements of Section 504 of the Rehabilitation Act, the Fair Housing Amendments to the Civil Rights Act of 1968, the Americans With Disabilities Act, and any other applicable state or federal legislation, and that the development, as built, complies with U.S. Department of Housing and Urban Development (the “HUD”) “*Fair Housing Act Design Manual*”.

**Program Disqualification/Debarment:**

Any of the following actions will result in disqualification from participating for funding from any of the Authority administered programs for a period of three (3) years:

1. Developments that receive CO under the program are expected to meet the 10% Test by the date specified in the CO document, and to be PIS by the Code deadline. Failure of a development to achieve either of these goals will disqualify the Applicant.
2. All GPs of a limited partnership and the equivalent in a limited liability corporation that receive a CO are required to remain as a part of the Applicant until the development PIS. Exceptions due to death, bankruptcy, or cessation of business operations will be allowed. All other removals whether voluntary or involuntary will result in disqualification for all GPs in a limited partnership and the equivalent in a limited liability corporation. Any person or entity, including syndicators, that attempts to circumvent this provision, will be subject to disqualification.
3. Failure to provide the Exhibit G certification or providing a false or inaccurate certification that a development meets the above standards when, in fact, it does not, will result in the disqualification of the Developer, the general contractor, and the architect. The Authority will also file of a complaint against the architect with the S.C. Department of Labor, Licensing and Regulation.

Any of the following actions will result in the permanent debarment from participating for funding from any of the Authority administered programs:

1. Any Applicant who provides false or misleading information to the Authority with regard to a development seeking LIHTC will be permanently debarred from further participation in the Authority's programs, in any capacity whatsoever, regardless of when such false or misleading information is discovered. Any reservation or CO obtained on the basis of such false or misleading information shall be void. Each Applicant shall be given written notice by the Program Director stating the reason for which the sanction of debarment was based.
2. Any partnership formation and/or Developer agreement, whether written or otherwise, that attempts to circumvent Authority requirements will result in the permanent debarment of all parties involved from further participation in the Authority programs, regardless of when the violation is discovered.
3. For nonprofit sponsored developments, if the requirement for continuous and ongoing material participation is breached, the nonprofit and all of its officers and directors shall be permanently debarred from future participation. In the event that the requirement for continuous and ongoing control over the development is breached, such breach will be reported to the IRS as noncompliance, and the nonprofit and all of its officers and directors shall be debarred.
4. In the event the Authority determines communication has occurred without Authority consent or prior approval the Applicant and market analyst will be permanently debarred.
5. Providing false or misleading information on Progress Reports will result in the permanent debarment of the development's Principals from further participation in the Authority's program.

**Definitions:**

1. **Applicant** - As used in the context of the LIHTC program, (the "Applicant") includes each person, corporation, Developer, partnership, joint venture, association, or other entity that has an ownership interest in the entity that is the owner of the development for which the LIHTC application is submitted.
2. **Developer** - any individual or entity responsible for initiating and controlling the development process and ensuring that a material portion of the development process is accomplished.
3. **Material Participation** - the regular, continuous and substantial involvement in the operation of the development throughout the compliance period, as defined by the Code.
4. **Participants** - the Applicant, owner, Developer, property management entity, consultants, or syndicators proposed to be involved with the development for which an application is submitted.
5. **Principal** - any Applicant, owner, Developer, guarantor, financial guarantor, or any other person, corporation, partnership, joint venture, association, or other entity, including any affiliate thereof, or any other person, firm, corporation, or entity of any kind whatsoever that either directly or indirectly receives a portion of the development fee (whether or not deferred) for development services and/or receives any compensation with respect to such development.
6. **Related Parties** - Notwithstanding anything to the contrary contained herein, the Authority will not reserve credits in an amount in excess of \$1.8 million to any GP or Principal(s) of such GP, directly or indirectly. Applicants will be deemed to be related if any Principal of an Applicant is also a Principal in any other Applicant. The Authority's determination of "related parties" could impose limitations including the number of applications to be submitted and/or awarded. For the purpose of determining whether any person or entity is related to the Applicant or Principal, persons or entities shall be deemed to be related if the Authority determines that any relationship existed, either directly between them or indirectly through a series of one or more relationships (e.g., if Party A has a relationship with Party B and if Party B has a relationship with Party C, then Party A is deemed to have a relationship with both Party B and C), at any time within five (5) years of the filing of the application for credits. In determining in any credit year whether or not an Applicant has a relationship with another Applicant with respect to any application for which credits were awarded in any prior year, the Authority shall determine whether or not the Applicants were related as of the date of the filing of such prior year application or within five (5) years prior thereto and shall not consider any changes in relationships subsequent to such date. The following is a *partial* list of relationships that are deemed to be substantial:
  - a) The persons are members of the same immediate family (including without limitation, a spouse, children, parents, grandparents, grandchildren, siblings, uncles, aunts, nieces and nephews); or
  - b) The entities have one (1) or more common GP or members (including related persons and entities), or the entities have one (1) or more common owners; or
  - c) The entities are under the common control (e.g., the same person or persons and any related persons serve as a majority of the voting members or the boards of such entities or as chief executive officers of such entities) of one (1) or more persons or entities (including related persons and entities); or

- d) The person is a GP or member in the other entity or is an owner (by himself or together with any other related persons and entities) of a five percent (5%) or greater ownership interest in the entity); or
- e) The entity is a GP or member in the other entity or is an owner (by himself or together with any other related persons and entities) of a five percent (5%) or greater ownership interest in the entity); or
- f) The person or entity is otherwise controlled in whole or in part, by the other person or entity.

A Limited Partner (the “LP”) or other similar investor shall not be determined to be a Principal and shall not be excluded unless it is determined that such LP or investor will, directly or indirectly, exercise control over the Applicant or participate in matters relating to the ownership of the development substantially beyond the degree of control or participation which is usual and customary for a LP or other similar investor with respect to the development for which an application is submitted.

**The above examples do not represent an all-inclusive listing of those relationships that may be determined to be considered as “Related Parties”. The Authority will make a determination as to whether or not a particular relationship is deemed to be a violation of this policy. The determination made by the Authority in response to such request shall be final.**

Each Applicant and Principal shall execute a certification detailing all related party facts and submit all relevant documents to the Authority as shall be required to determine compliance with the above provisions.

An “**Identity of Interest**” is considered to exist if any of the following conditions exist:

- When there is any financial interest of the Applicant, Principal, owner and any other member of the development team.
- When one or more of the officers, directors, stockholders, members, or partners of the Applicant, Principal, or owner is also an officer, director, stockholder, member, or partner of any other member of the development team.
- When any officer, director, stockholder, member or partner of the Applicant, Principal, or owner has any financial interest whatsoever in any other member of the development team.
- When any other member of the development team advances any funds to the Applicant, Principal, or owner.
- When any other member of the development team provides and pays, on behalf of the Applicant, Principal, or owner, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other member of the development team in connection with its obligations under its contract with the Applicant, Principal, or owner.
- When any other member of the development team takes stock or any interest in the Applicant, Principal, or owner entity as part of the consideration to be paid him/her.
- When any relationship exists which would give the Applicant, Principal, or owner or any other member of the development team control or influence over the price of the contract or the price paid to any other member of the development team or to a subcontractor, material supplier or lessor of equipment.
- When there exist (or come into being) any side deals, agreements, contracts, or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required application or closing (should there be a closing) documents.

## **II. LIHTC ALLOCATION CEILING: LIMITS and CATEGORIES**

### **LIHTC Allocation Ceiling:**

The amount of LIHTC available in SC in each calendar year reflects the sum of the amounts allowed under IRC Section 42(h)(3)(C). This amount may be increased by returned tax credits from prior years, tax credits allocated from the National Pool or by new legislation increasing the amount of LIHTC distributed to each state. The Authority reserves the right to withhold such credits from allocation as it deems advisable.

**Return of Credits and Returned Credit Allocation Procedures** - Allocations of credit may only be returned in accordance with applicable U.S. Treasury Regulations on a date agreed upon by the Authority and the Applicant. Amounts that are not accepted or are returned will be made available as follows:

- Amounts awarded in the competition and returned prior to December 1 will be offered to qualified developments submitted in the annual tax credit funding cycle that are capable of meeting CO requirements. Reservations of returned amounts will be offered to developments in the order in which they appear on the waiting list if the amount offered is at least ninety percent (90%) of the credit amount for which the development is qualified. If no development can be funded to at least ninety percent (90%) of its qualified amount, such amounts shall be carried forward to the following tax credit year. LIHTC developments receiving a reservation of credits at a later date in the year will be required to meet all CO qualifications by December 31.
- Any amounts returned after December 1 will be carried forward into the next tax credit year.

**Cap for Single Applicant/ Related Parties/ Principal/ Owner:**

- a) The Authority will not allocate more than \$1.8 million in LIHTC's to a Principal involved with multiple developments (see "Definitions" on page 5).
- b) In the event a Principal exceeds the limitation, the tax credit award to that Principal's development with the lowest Preference will be reduced so that the limitation is not exceeded. That development will only be awarded a reservation if the LIHTC amount, as calculated by the Authority, is at least ninety percent (90%) of the unreduced amount that the development would have otherwise received.
- c) Regardless of the percentage of participation a Principal has in the development, one hundred percent (100%) of the development's LIHTC reservation will count toward the limitation per Principal.
- d) A Principal may not be associated with or submit more than five (5) applications/developments.

**Categories:**

**1. General and Rural Housing Service**

- a) In order to qualify to compete in this category, the Applicant must:
  - i. Be qualified to do business in the SC, as evidenced by providing a "Certification of Good Standing" from the South Carolina Secretary of State's Office.
  - ii. Must have experience in LIHTC development or other successful multifamily rental development of at least forty-eight (48) units or two (2) developments of at least twenty-four (24) units. "Experience in LIHTC development or other successful multifamily rental developments of at least forty-eight (48) units," means coordinating the development team in planning, financing and constructing a development through receipt of Certificates of Occupancy and reaching stabilized occupancy.
  - iii. The proposed development must have been selected for RHS 515 funding within the past two (2) fiscal years as evidenced by a letter from the RHS State Multifamily Housing Director.

**2. Eligible Nonprofit Organizations**

- a) A minimum of ten (10%) percent of the state LIHTC ceiling is reserved for the exclusive use of eligible nonprofit organizations.
- b) In order to compete within this category:
  - i. The nonprofit organization(s) must be a SC based tax-exempt organization(s) under Section 501(c)(3) or 501(c)(4) of the Code. A SC based tax-exempt organization is defined as:
    1. An entity that has and has had a base of operations in SC for at least two (2) years including offices and full-time staff.
    2. An entity that has full-time staff whose responsibilities include the development of housing in SC.
    3. The nonprofit organization must be qualified to do business in SC, evidenced by providing a "Certification of Good Standing" from the South Carolina Secretary of State's Office

4. Entities that are registered with the South Carolina Secretary of State as a nonprofit, but whose staff works and lives in another state, does not meet the definition of a SC based tax-exempt organization.
  - ii. The nonprofit organization(s) must have among its exempt purposes the fostering of low-income housing.
  - iii. The nonprofit organization(s) must also meet the requirements for material participation contained in Section 469 of the Code.
    1. Each nonprofit must submit 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.
    2. The Authority will review the narrative statement to determine whether the participation of the nonprofit in the ongoing operation of the development will be deemed material. Such determination shall be made in the sole discretion of the Authority.
    3. For participation to be deemed material it must be continuous and ongoing throughout the compliance period.
    4. In the event that the requirement for continuous and ongoing material participation is breached, such breach will be reported to the IRS as noncompliance.
  - iv. If the ownership entity of the development is a limited partnership, the GP must either be nonprofit entities or their wholly owned single-asset entity subsidiaries.
  - v. If the ownership entity of the development is a limited liability company, the managing member(s) (having similar powers to a GP in a limited partnership) must be comprised of nonprofits. The nonprofit GP of the limited partnership or its equivalent in a limited liability company may be an association or alliance of two or more eligible nonprofit organizations, but may not contain any for-profit members or Principals.
  - vi. The qualified nonprofit organization(s) must retain one hundred percent (100%) of the developer fee, exclusive of a consultant fee not to exceed \$35,000. Fees paid by the nonprofit 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.
  - vii. The nonprofit organization must be qualified to do business in SC, evidenced by providing a "Certification of Good Standing" from the South Carolina Secretary of State's Office.
  - viii. The nonprofit organization must have experience in LIHTC development or other successful multifamily rental development of at least forty-eight (48) units or two (2) developments of at least twenty-four (24) units. "Experience in LIHTC development or other successful multifamily rental developments of at least forty-eight (48) units," means coordinating the development team in planning, financing and constructing a development through its receipt of Certificates of Occupancy and reaching stabilized occupancy.
  - ix. At least one of the nonprofit GPs, or its equivalent in a limited liability company, must have placed in service and materially participated in at least two (2) LIHTC developments located in SC. The qualified nonprofit organization(s) must not be affiliated with or controlled by a for-profit organization and no staff member, officer or member of the board of directors of such qualified nonprofit organization(s) will materially participate, directly or individually in the proposed development as a for-profit entity.
- c) Joint ventures between a for-profit entity and a nonprofit entity are not eligible within the Nonprofit category.
  - d) Only the nonprofit organization(s) that is (are) the GP, or their functional equivalent(s) in a LLC, shall be permitted 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 must be performed by the nonprofit GP. No LP or other investor shall be permitted to exercise control, either directly or indirectly over the nonprofit GP or to participate in matters relating to the ownership or operation of the development beyond the degree of participation that is usual and customary for LP.

#### **Combination with Other Authority-Administered Programs:**

1. **State HOME Funds**
  - a) State HOME funds in an amount not exceeding \$5 million will be available in the LIHTC competition.
  - b) The maximum state HOME award any one (1) development can request is \$500,000.

- c) State HOME funds can be applied for and combined with LIHTC only in conjunction with the LIHTC Program application competition.
- d) State HOME funds may be awarded to any LIHTC development if, and only if, at least fifty percent (50%) of the development's total units are rent-restricted based on the fifty percent (50%) Adjusted Median Income (the "AMI") rent calculations.
- e) Only one state HOME award will be allocated per development.
- f) LIHTC will not be allocated to any development that applies for state HOME funds but does not receive a state HOME award.
- g) LIHTC will not be awarded to developments that apply for state HOME funds if the proposed development will necessitate permanent relocation of tenants.
- h) In order to receive a reservation of LIHTC in conjunction with state HOME funds, each of the following provisions are applicable:
  - i. All 2001 state HOME and earlier awards must be officially closed out; and
  - ii. All 2002 state HOME awards must have a minimum of seventy-five percent (75%) of the funds drawn down or seventy-five percent (75%) of the development completed; and
  - iii. All 2003 state HOME awards must have a minimum of fifty percent (50%) of the funds drawn down or fifty percent (50%) of the development completed; and
  - iv. All 2004 state HOME awards must have a minimum of twenty-five percent (25%) of the funds drawn down or twenty-five percent (25%) of the development completed.

### **III. TIER ONE APPLICATION PROCESS (SITE STANDARDS)**

#### **Application Submission Procedures:**

1. **Completed Tier One Application** - All pages of the Tier One application must be completed and the application certification page executed. All required signatures must be originals. Faxes will not be accepted. The Authority reserves the right to determine whether any omissions in the Tier One application or required documentation is material or non-material for purposes of the satisfaction of the criteria.
2. **Tier One Fee** - A \$500 fee is due at the time of the Tier One application submittal.
3. **Certification for Development Rejection Form** - The Applicant consents to the Authority's review of its application to determine whether or not it meets requirements, and agrees that a determination made that an application fails to meet requirements is final and is not subject to further appeal (**Form 1**).
4. **Environmental Certification Form** - The Applicant will be required to complete and execute an Environmental Certification (**Form 2**) that provides the Authority with information regarding floodplains, wetlands, etc. that may be located on, adjacent, or near the development site. The Environmental Certification is for the LIHTC program only and not meant to replace any environmental certifications or requirements that may be required by the state HOME program.
5. **Development Narrative** - The Authority requires a description of:
  - a) The current use of the site;
  - b) All development and unit amenities;
  - c) Older person amenities, if applicable;
  - d) Number of units to receive rental assistance and the type of assistance;
  - e) Utilities to be used and if tenant or owner will be responsible;
  - f) Proposed supportive services, if applicable;
  - g) Furnishings, if applicable; and
  - h) Identification and proximity of services available to the proposed site, including transportation services.
    - i. For developments located within one (1), two (2), or three (3) miles by public paved road to at least three (3) services appropriate to its tenant population:
      1. A map must be included with the Tier One application identifying the development site and the location of services
      2. Written directions from the site to each service
      3. The services must be identified by name on the map and in the written directions

6. **Site Control Documents** - At the time of the Tier One application submittal, the Applicant must have site control. The Applicant must show evidence of site control by having one of the following executed documents:
  - a) The Applicant holds title to the site on which the development will be constructed by a properly executed and recorded deed; or
  - b) The Applicant has an executed purchase option (the Authority will not accept options on other options) with date certain performance; or
  - c) The Applicant has an executed purchase contract with date certain performance; or
  - d) The Applicant has an executed ninety-nine (99) year land lease or option on a long-term lease; or
  - e) With the exception of **a)** above, the Applicant must also submit a copy of the current deed recorded for the site in order to verify the seller.
7. **Site Suitability Determination and General Site Information** - The Applicant must provide:
  - a) **Labeled photographs** (or color copies) of the proposed development site and all adjacent properties
  - b) A **map clearly identifying the exact location** of the development site
  - c) A **map with directions** to the development site from 300-C Outlet Point Blvd., Columbia, S.C. 29210
  - d) A **site plan** that shows how the development is to be built. This plan must indicate the placement of buildings on the site, parking areas, sidewalks, planned landscaping, amenities, easements, trash dumpsters, buffers, etc.
  - e) **Schematic Site plan** must show the site boundaries and include the location of any streams, ravines, gullies, drainage problems or other construction deterrents. All utility locations such as water, sewer, gas, electric, and phone lines must be shown, however, if these services are not currently located at the site then the plan must reflect the distances from the required services. A current **aerial photograph** could be used in conjunction with this requirement.
  - f) **Preliminary Development Plans** - Plans must include the front, rear and side elevations of the buildings as well as detailed unit floor plans for each bedroom size. All required plans must be presented in a format that will fit in a 3-ring binder, neatly folded if necessary, and utilize a scale in which one inch (1") equals one hundred feet (100') or less.
  - g) A **USGS topography map** of the site that clearly identifies the site contour lines at twenty (20) foot intervals or less.

All required plans and maps must be presented in a format that will fit in a 3-ring binder, neatly folded if necessary, and utilize a scale in which one inch (1") equals 100 feet (100') or less.

### **Application Review:**

1. **Internal Completeness Review**
  - a) Tier One applications will be reviewed for completeness after the submittal deadline. The Authority will make the final determination if applications are complete. The Authority has the right to request additional information if necessary.
  - b) If an application is missing five (5) or less documents the Authority will allow up to seven (7) business days for the missing documents to be provided along with a penalty fee of \$1,000 per business day.
  - c) If an application is missing six (6) or more documents the application will be disqualified.
  - d) If the application is not submitted as outlined in the LIHTC Manual, the application will be disqualified.
2. **Site Review**
  - a) Authority staff or contract consultants will conduct evaluations for each Tier One application site.
  - b) If the Authority determines any detrimental site characteristics exist on, adjacent to, or within unallowable distances from the site, the Authority may reject the application.

It is the objective of the Authority to select the best available sites for those developments best satisfying the general guidelines of this LIHTC Manual and the QAP. The determination of detrimental site characteristics should not be construed as a finding that a site is not a buildable site under any circumstances.

### **Market Study:**

Market analysts under contract with the Authority will be given information from the Tier One application to conduct market evaluations for each site. Third-party market studies will be commissioned by the Authority

for the LIHTC competition and the Applicant will be required to submit a cashier's check in an amount to be determined made payable to the Authority by the due date. If the market study fee is not paid by the due date, the Tier One application will be disqualified from the competition.

Under no condition should there be any contact between the market analyst and the Applicant concerning the market study.

- a) A market analyst or company will be assigned market studies to complete. Market studies must conform to the requirements in **Exhibit S** and will become property of the Authority.
- b) Upon receipt of a developments market study:
  - i. Authority staff will review all market studies.
  - ii. If a market analyst recommends alterations to a development, the Authority will notify the Applicant in order to discuss those recommendations. Within five (5) business days the Applicant must submit in writing to the Authority that they have reviewed and revised their development based on the market study recommendations. If alterations were recommended, the Applicant must include an explanation of the alterations made to the development. If the Applicant chooses to ignore the recommendation(s), a statement justifying why will be required.
  - iii. If a market analyst concludes that a market does not exist for a development as proposed and that there are no changes that will reverse that conclusion, the application will be disqualified from the competition.
  - iv. The market analyst will submit a written response to the Authority as to their comments about a development's alterations or lack of alterations.
  - v. The Authority will consider the market study, the market, marketability factors, and any additional information available to determine if an acceptable market exists for a development as proposed. The Authority is not bound by the conclusions or recommendations of the market analysts and reserves the right to disqualify any application in the competition if it determines an acceptable market does not exist.

#### **Tier One Notification:**

**Final Determination** – Based on the outcome of the internal completeness review and unless otherwise notified, the Authority will inform the Applicant of each Tier One application whether the development will be invited to participate in the Tier Two application process.

**Appeals** - There will be no appeals under any circumstances of the Authority's determinations in the Tier One application review.

### **IV. TIER TWO APPLICATION PROCESS**

#### **Application Submission Requirements:**

One (1) original hard copy of the Tier Two application and all applicable attachments, exhibits, certifications, opinions, fees, etc. must be submitted for each development. The only Tier Two applications that will be accepted must be:

1. For the same Tier One site that received a reservation notification.
2. From the same Tier One Applicant.
3. Typed and submitted in a three-ring binder.
4. Organized using tabs corresponding to **Exhibit A** -Tier Two application Checklist provided.
5. If state HOME funds are being applied for in conjunction with the LIHTC competition, an additional hard copy of the application and all applicable attachments, exhibits, certifications, opinions, fees, etc., must be provided.

#### **Application Submission Procedures:**

1. **Completed Tier Two Application** - All pages of the Tier Two application must be completed and the application certification page executed. All required signatures must be originals. Faxes will not be accepted. The Authority reserves the right to determine whether any omission in the Tier Two application or required documentation is material or non-material for the satisfaction of Preference criteria.

2. **Tier Two Fee** - A \$3,000 Tier Two fee is due at the time of application submittal.
3. **Site Control** - A notarized letter from the Applicant stating there has been no change in site control since the Tier One application submittal is required.
4. **Zoning** – The Applicant must provide evidence that the land use requirements for each site on which the development will be located allows for the proposed development. This evidence should verify that the proposed development site meets the local zoning or land use restrictions.
5. **Acquisition with Rehabilitation Requirements**
  - i. A termite inspection report for each building.
  - ii. Preliminary plans showing all proposed changes to existing buildings, parking, utilities, etc.
6. **Physical Needs Assessment Report (PNA)** - A unit-by-unit PNA prepared by a third party independent licensed engineer or architect is required. The assessment must include a detailed list of the immediate needed repairs as well as the costs of the immediate needed repairs. All repairs listed in the PNA must be needed and necessary repairs. Additionally, the remaining “useful life” of major systems including the HVAC, electrical, plumbing, and roofing must be estimated. Major systems that have been replaced within the past seven (7) years are not allowable rehabilitation expenditure items for meeting the \$12,000 in hard construction costs per unit requirement. The overall structural integrity of each existing building must also be addressed. Those developments that do not reflect at least \$12,000 per unit hard construction costs will be disqualified for LIHTC consideration. If the PNA represents needed repairs in excess of \$12,000 per unit, then the application must reflect the higher rehabilitation costs.
  - a) Developments applying in the RHS category may submit the rehabilitation assessment utilized by RHS.
  - b) **Exhibit R** must be submitted along with the PNA.
  - c) Adaptive reuse developments are not required to submit a PNA.
7. **Relocation Certification and Tenant Profile Form** - Developments must minimize the displacement of low-income households.
  - a) No more than fifty percent (50%) of the existing tenants may be displaced temporarily.
  - b) No more than ten percent (10%) of the existing tenants are allowed to be displaced permanently.
  - c) Should permanent or temporary displacement occur, a relocation plan must be furnished with the application describing how the tenants will be relocated and the costs and source of relocation expenses (**Form 3**).
  - d) Developments involving permanent relocation of tenants are discouraged and will only be considered for LIHTC with a relocation plan for the ten percent (10%) displaced acceptable to the Authority are allowed.
8. **Opinions, Certifications and Exhibits** – All opinions, certifications and exhibits submitted by attorneys, the Applicant, or other professionals 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.** Changes in professionals hired by the Applicant, i.e. attorneys, architects, and certified public accountants are permissible; however, the new professionals must adhere to the original certifications made by previous professionals.
9. Attorneys, architects, and certified public accountants must be third party independent professionals and be licensed to practice their professions in SC.

#### Application Review:

##### Internal Completeness Review

- a) Staff will review all applications for completeness, Applicants will be notified in writing of any documents that are missing/incomplete and given seven (7) business days to submit those documents.
- b) Applications with five (5) or less missing/incomplete documents will be assessed a \$1,000 per business day penalty fee. If any missing/incomplete documents to be resubmitted are not received by the seven (7) business day deadline, the application will be disqualified.
- c) Applications that have six (6) or more missing/incomplete documents will be disqualified.
- d) Any documents that are determined to be missing and/or incomplete and are identified as documents needed for a Preference consideration may be accepted but will not receive Preference.

**Mandatory Design Criteria** – The following mandatory design criteria must be included at no extra cost to the tenants:

1. Developments must utilize at least ten (10) SEER HVAC units. If the PNA does not recommend replacement of existing HVAC units in a rehabilitation development, this mandatory criterion is waived however any replacement HVAC units installed in the development during the compliance period must be at least ten (10) SEER.
2. Full-sized refrigerator-freezer in every unit having a minimum of fourteen (14) cubic feet.
3. Stove with external exhaust fan in every unit.
4. Window coverings in every unit (metal blinds are not permitted).
5. Ceiling fans with light fixture in living room and each bedroom in every unit connected to a wall switch.
6. All (kitchen and bathroom) interior cabinets to be solid wood or wood/plastic veneer products with dual slide tracks on drawers.
7. Developments must insulate attics to a R-38 rating.
8. Gutter systems for all residential buildings.
9. Areas within thirty (30) feet of all buildings must be fully landscaped to include sod, bushes, plants, etc.
10. All windows must be insulated, double pane glass with either vinyl or aluminum framing for new construction. Insulated, double pane glass in wood frames are permissible for rehabilitation developments.
11. Developments must provide a recreation area suitable to for proposed tenant targeting:
  - a) For family developments – Playground for children located away from automobile traffic patterns with commercial quality play equipment and at least (2) benches that are permanently anchored, weather resistant, and have backs.
  - b) For elderly developments – An exercise room with a minimum of three (3) nautilus type work-out machines (this room's square footage can be included in the minimum 1,200 sq. ft. community building) or an outside adult recreational area with at least two (2) benches that are permanently anchored, weather resistant, and have backs, a covered shelter, and at least two (2) grills that are permanently anchored and weather resistant.
12. Laundry facility containing:
  - a) at least one (1) commercial washer and one (1) commercial dryer per eighteen (18) units, and
  - b) adequate seating and at least one (1) table for folding clothes, or
  - c) single family detached unit developments must provide a washer and dryer hookup in every unit
13. A development sign at each entrance of the complex.
14. Exterior lighting at all entry doors, community buildings, common areas, and parking areas.
15. Enclosed trash dumpsters and/or compactors:
  - a) The dumpster must be enclosed by solid fencing.
  - b) The pad and approach pad to the dumpster must be concrete and not asphalt.
16. Free standing shelters in appropriate locations such as the mail center, recreation areas and transportation (school bus) shelters.
17. For new construction developments, units having three (3) or more bedrooms must have a minimum of two (2) full bathrooms.

**Parking Space Criteria** - In localities that do not have their own parking space regulatory code/requirement, the Authority requires that the development provide adequate parking spaces. If tenants are required to pay for parking, those charges must be included in the rental fees and are subject to the LIHTC allowable rent limitations. The minimum number of parking spaces is as follows (again, only in those localities that DO NOT have their own regulatory code/requirements):

1. For elderly developments – a minimum of one-half (.5) parking space per unit is required.
2. For a homeless/transitional development – a minimum of one (1) parking space per every ten (10) beds is required in addition to sufficient parking for all development staff.
3. For all other developments each unit of three (3) or more bedrooms – a minimum of two (2) parking spaces per unit is required. For developments containing units of two (2) or fewer bedrooms – a minimum of one and one-half (1.5) parking spaces per unit is required.

## **V. FINANCIAL UNDERWRITING STANDARDS**

### **Basic Financial Feasibility Review:**

- a) Section 42(m)(2)(A) of the Code provides that “The housing credit dollar amount allocated to a development shall not exceed the amount the housing credit agency determines is necessary for the

financial feasibility of the development and its viability as a qualified low-income housing development throughout the compliance period". **In determining financial feasibility, the Authority will disregard all personal or other guarantees that are required to supply deficiencies in income necessary to pay debt service and operating expenses of the development. Developments that are not financially feasible without such guarantees will not be offered a LIHTC award.**

- b) Developments determined not to be financially feasible or determined not to need the LIHTC will be disqualified.
- c) To receive an allocation, a development must be underwritten to determine the least amount of credit necessary to be financially feasible at the following times:
  - i. When the Tier Two application is made; and
  - ii. When the Carryover Allocation is requested; and
  - iii. When the last building is Placed-In-Service.

### **Financial Characteristics:**

Development income information on any market rate and low income units must be provided. Market rate units are units that are not income or rent restricted and are available without regard to tenant income. The low-income units are units subject to the income and rent restrictions of the Code. The Applicant must indicate all federal, state, or local subsidies that will be providing any type of assistance for the low-income tenants.

In determining maximum allowable gross rent and utility allowances for LIHTC units, the use of an imputed income based on the number of bedrooms in a unit is required by the provisions of the Code. Units with no separate bedroom are treated as being occupied by one (1) person and larger units are treated as being occupied by one and one-half (1.5) persons per each separate bedroom.

- 0 Bedroom Unit = 1.0 person income
- 1 Bedroom Unit = 1.5 person income
- 2 Bedroom Unit = 3.0 person income
- 3 Bedroom Unit = 4.5 person income
- 4 Bedroom Unit = 6.0 person income

Maximum annual gross rents cannot exceed thirty percent (30%) of the imputed income. Gross rent does not include any payment under section 8 of the U. S. Housing Act of 1937, or any comparable rental assistance program with respect to such unit or the occupants. Gross rent must include an allowance for utilities if the utilities are paid by the tenant.

The Revenue Reconciliation Act of 1993 requires the housing credit agency to consider the reasonableness and appropriateness of development costs and operating expenses. In making this determination, the housing credit agency must consider: (1) the sources and uses of funds and the total financial structure of the development; (2) any proceeds expected to be generated by the syndication of the tax credit; and (3) the percentage of the housing credit dollar amount to be used for development costs other than the intermediary costs.

Certain fees are considered to be intermediary costs. The term "intermediary" has not been defined in the Code, and the IRS has not issued regulations concerning this provision. Until such regulations are promulgated, the Authority has defined intermediary costs to include all costs other than "land, sticks, and bricks". For evaluating the reasonableness of certain fees and overhead items represented for tax credit basis purposes additional documentation as to the nature and amount of intermediary costs may be required. The Authority reserves the right to question any fees which are unidentified, unusual or excessive and limit these fees and overhead items, based on the development size and other associated risk factors. A tax attorney or consultant is recommended to aid in determining which development costs are included in eligible basis under the Code.

The development costs are evaluated for reasonableness, necessity, and eligibility. Cost comparisons with previous development cost certifications and other third party data may be performed for comparability and reasonableness. Acquisition and/or rehabilitation development costs will be evaluated to assess whether the proposed rehabilitation is required and satisfies the PNA. The Authority reserves the right to perform inspections of proposed rehabilitation developments before a reservation is offered.

Applicants are cautioned to be accurate in providing development cost information. Underestimating could result in insufficient tax credits being available to successfully complete the development while overestimating could result in a development being considered infeasible. **Increases in development costs due to cost overruns will not result in an increase in the allocated tax credit.**

**Underwriting Standards:**

1. **Operating Reserves** - Developments receiving loan funds from RHS may satisfy the operating reserve requirement of the LIHTC program by meeting the two percent (2%) operating and maintenance capital reserve requirements as established by RHS. Developments not subject to the RHS two percent (2%) operating and maintenance capital reserve requirements must establish and maintain minimum operating reserves equal to six (6) months of projected operating expenses. The reserve must be established at the time the development PIS and must be maintained at the required level throughout the compliance period.
2. **Replacement Reserves** - Applicants are required to establish and maintain minimum replacement reserves of **\$250** per unit annually for new construction and for rehabilitation developments serving older persons (aged 55 and up). Replacement reserves for all other rehabilitation developments are **\$300** per unit annually.
3. **Developer Fees, Developer Overhead, and Consultant Fees (the “Fees”)** - In evaluating the reasonableness of Fees the Authority has established limits as follows:
  - a) **New Construction** – The sum of **Fees** may not exceed fifteen percent (15 %) of Adjusted Development Costs\*.
  - b) **Rehabilitation without a change in ownership** – The sum of **Fees** may not exceed fifteen percent (15%) of Adjusted Development Costs\*.
  - c) **Acquisition with rehabilitation**
    - i. **Acquisition** - For acquisition with rehabilitation developments, **Fees** allowed on the acquisition costs are limited as follows:
      1. **Acquisition costs up to \$500,000** – **Fees** may not exceed eight percent (8%) of Adjusted Development Costs\*.
      2. **Acquisition costs from \$500,001 to \$1,000,000** – **Fees** may not exceed the **greater of \$40,000** or seven percent (7% ) of Adjusted Development Costs\*.
      3. **Acquisition costs from \$1,000,001 to \$1,500,000** - **Fees** may not exceed the **greater of \$70,000** or six percent (6%) of Adjusted Development Costs\*.
      4. **Acquisition costs greater than \$1,500,000** – **Fees** may not exceed the **greater of \$90,000** or five percent (5%) of Adjusted Development Costs\*.
      5. **Acquisition cost limit** - **Fees** on acquisition costs are capped at a **maximum of \$150,000**.
    - ii. **Rehabilitation** – **Fees** on rehabilitation costs may not exceed fifteen percent (15%) of Adjusted Development Costs\*.

<u>*Adjusted Development Costs</u>	=	Total Development Costs (Line 51)	_____
		Less Land (Line 1)	- _____
		Less Consulting Fees (Line 20)	- _____
		Less Developer Fees (Line 45)	- _____
		Less Developer Overhead (Line 46)	- _____
		Less Other Developer Costs (Line 47)	- _____

Line numbers refer to pages 10-11 in the Tier Two application, the 10% Test, and PIS application.

- d) The Authority will cap **Fees** at a maximum of **\$1,000,000.00** per development.
4. **Deferred Developer Fees** - Developer fees can be deferred to cover a gap in funding sources when:
  - a) The entire amount will be paid pursuant to the standards required by the Code to stay in basis.
  - b) The deferred portion does not exceed fifty percent (50%) of the total amount in the Tier Two application.
  - c) Payment projections do not jeopardize the operation of the development.
  - d) Nonprofit organizations must include a resolution from the Board of Directors authorizing a deferred payment obligation from the development.
  - e) Applicants must include with the application a statement describing the terms of the deferred repayment obligation, including any interest rate charged and the source of repayment.

- f) The Authority will require a Note evidencing the principal amount and terms of repayment of any deferred repayment obligation to be submitted at the time of the PIS cost certification.
- 5. **Contractor Cost Limits** - The combined total of Contractor Profit, Overhead, and General Requirements (the “Contractor Fees”) shall be limited to fourteen percent (**14%**) of Hard Construction Costs. The calculation of the Contractor Fees will be limited to the following:

Contractor Profit and Overhead:	may not exceed <b>8%</b> of Hard Construction Costs
<u>General Requirements:</u>	<u>may not exceed <b>6%</b> of Hard Construction Costs</u>
Total Contractor Fees:	may not exceed <b>14%</b> of Hard Construction Costs

If there is an identity of interest between the Applicant and contractor, as defined in the LIHTC Manual, the Authority, at its sole discretion, may require an additional cost certification with the PIS application on the construction costs. The Authority will commission the CPA and the associated accounting fees will be charged to the Applicant.

**\*\*\*Hard Construction Costs** are limited to the following line items from the development cost budget in the Tier Two application:

- Line 3 – Demolition
- Line 5 – On Site Improvement
- Line 6 – Off Site Improvement
- Line 7 – Other (Site Work)
- Line 8 – New Building
- Line 9 – Rehabilitation
- Line 10 – Accessory Buildings
- Line 15 – Contractor Contingency

- 6. **Annual Operating Expenses (the “AOE”)**
  - a) Applicants must provide a detailed explanation of the methodology used in determining AOE.
  - b) AOE must be projected in a range from a minimum of \$2,600 to a maximum of \$3,400 per unit.
  - c) AOE per unit are to be calculated excluding reserves.
  - d) The Authority may, in its sole discretion, consider AOE outside of this range. The Applicant must present support for those expenses and provide evidence supporting the higher amount. The Authority will exercise discretion when deciding whether to accept these expenses.
- 7. **Development Cost Limit** - The Authority will limit Eligible Basis Per Heated Square Foot (EBHSF) to \$100.00. Applications projecting EBHSF greater than \$100.00 will be disqualified.
- 8. **Debt Coverage Ratio (DCR)**
  - a) LIHTC dollars will not be reserved or allocated to developments that are not made financially feasible by the credit or which are financially feasible without the credit. The development’s initial DCR must fall within the range of **1.15** to **1.35**.
  - b) The DCR is calculated as Net Operating Income (NOI) divided by the annual debt service. For this purpose, NOI is net of Replacement Reserves.
  - c) For the purpose of determining the appropriate amount of tax credits to be allocated to a development, the Authority assumes that each development will bear the maximum level of permanent debt.
  - d) Applicants receiving “soft loans” (e.g., AHP, Deferred Developer Fees, etc.) must adequately explain in their applications the repayment terms of these loans.
- 9. **Annual Rent, Expense Trends and Vacancy Rates**
  - a) Development rents will be trended upward at a three percent (**3%**) annual increase.
  - b) Operating expenses will be trended upward at a four percent (**4%**) annual increase.
  - c) For the vacancy rate, the Authority will utilize the greater of seven percent (**7%**) or the vacancy rate represented in the market study for the primary market area.
  - d) The pro-forma financial statements must substantiate that the development will maintain a positive cash flow for the full fifteen (15) year period.
- 10. **Minimum Hard Cost Requirement** - The Authority requires a minimum hard cost ratio 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 Tier Two application:

- Line 1 – Land

- Line 2 – Existing Structure
- Line 3 – Demolition
- Line 4 – Other (Land & Buildings)
- Line 5 – On Site Improvement
- Line 6 – Off site Improvement
- Line 7 – Other (Site Work)
- Line 8 – New Building
- Line 9 – Rehabilitation
- Line 10 – Accessory Buildings
- Line 15 – Contractor Contingency

- 11. Alternative Plan for AHP Funding Source** - Applications that compete for tax credits and represent that Affordable Housing Program (the “AHP”) funds will be sought from the Federal Home Loan Bank (FHLB) must provide a narrative with the Tier Two application detailing how the funding gap will be filled if not awarded AHP funds. Additionally, a revised page 6 (rental income section only), 7, 8, 9, and 13 (rental income section only) of the application must be attached to the narrative. The only changes allowed are changes in funding sources and rental income. Changes not allowed include, but are not limited to, operating expenses, total development costs, total number of units, and unit mix. This information will be required at the Tier Two application submittal. This requirement may be waived for Applicants that provide a firm commitment of the AHP funding.
- 12. Appraisals**
- a) The Authority reserves the right to require appraisals on all development proposals.
  - b) If the Authority deems submitted acquisition costs of land and/or buildings to be unusual or excessive, an appraisal will be required.
  - c) In such a case, the Authority will hire the appraiser at the expense of the Applicant.
  - d) The land value and building(s) value will be appraised “as is” and reported separately.
  - e) The Authority will use discretion in allowing acquisition costs in excess of appraised value. These situations will be reviewed on a case-by-case basis and the Applicant must provide justification to support acquisition costs in excess of the appraised value. If the Authority finds the justification offered to be unacceptable, acquisition costs in excess of the appraised value will be excluded from the development’s eligible basis.
  - f) Developments not meeting minimum underwriting requirements or found to be financially infeasible as a result of this reduction will be disqualified.

**Syndication Information:**

If the information as to the syndication value is unusual, the Authority in its sole discretion may assign a value based on existing market information. If any elements of the syndication proposal are unusual, the Applicant must provide an explanation.

**Determination of Credit Award:**

Equity Gap:

Equity gap is defined as total development costs minus the total of all non-LIHTC sources of funds (i.e., the development costs not covered by debt financing, grants, etc.). The Authority will impute debt for owner financed developments. **When calculating the tax credit amount to be awarded/allocated, the Authority will limit the maximum DCR to 1.35. In the event that the DCR for the proposal submitted is greater than 1.35, the Authority will increase debt based on the terms stated in the application in order to reduce the DCR to 1.35 for the purpose of calculating the tax credit. This increase in the debt amount will be utilized in the equity gap calculation.** The tax credit amount is calculated so that, over ten years, the allocation equals the excess development costs, thereby "closing" the equity gap. If credits are syndicated, only a fraction of the ten (10) year allocation amount is returned to the developer as equity. The rest is used to cover the syndicator's expenses and reserve requirements. The equity factor is the percentage of the ten (10) year credit returned to the development owner in the form of equity.

A certified statement from the syndicator or private placement entity identifying the syndication factor per tax credit dollar and the amount of syndication proceeds is required when available, but not later than the PIS date. The equity gap is calculated as follows:

Total Development Cost	_____
Less:	
Total Sources of Funds*	(_____)
Equity Gap	_____
Divide by 10 Year Credit Period	_____ ÷ 10
Annual Tax Credit Required	_____
Divide by Syndication Value	
Returned Per Tax Credit Dollar	_____
Annual Credit Amount	_____

\* For the purpose of the equity gap calculation, a developer fee note will not be considered as a source of funding.

Maximum Credit Allowable:

*The amount of the tax credit awarded will be determined by the amount necessary to fill the equity gap but cannot exceed the amount determined using the applicable percentage set by the Secretary of the Treasury. The applicable percentage is set by the Secretary of the Treasury on a monthly basis.*

Total Qualified Basis	_____
Multiplied by Applicable Percentage	_____ %
Maximum Annual Credit Amount	_____

The actual amount of the credit for the development is determined by the Authority.

If the development is eligible for historic tax credits, include a detailed narrative description of the calculation of eligible basis for the historic credit and other information critical to the successful combination of the two (2) tax credit programs.

The Authority requires evidence of the existence of Operating and Replacement Reserves. The Reserve accounts must be included in the final cost certification when the development PIS and subsequently reflected in the development’s annual audited financial statements.

**VI. RESERVATION/CARRY-OVER ALLOCATION PROCEDURES**

**Notification of Reservation Award:**

**Reservation Certificate** – Reservation Certificates will be sent to Applicants for those developments in order of Preference until tax credits have been exhausted. To acknowledge acceptance of the reservation of tax credits, Applicants must execute and return the Reservation Certificates. Once all Reservation Certificates have been executed and returned, the LIHTC Awards List will be released and posted on the Authority’s website: www.sha.state.sc.us. The date of the Reservation Certificate is the “Reservation Date.”

Applicants who receive a reservation of tax credits will be notified of the dollar amount of tax credits preliminarily reserved and the **Reservation Fee** which must be submitted to the Authority. Applicants have ten (10) calendar days from the date of the notification letter to submit fees and the executed original Reservation Certificate. Upon receipt of the Reservation Fee and the executed Reservation Certificate, the Authority will execute the Reservation Certificate and forward a copy to the Applicant.

**Reservation Certificate Conditions:**

**Reservations of LIHTCs are not transferable.** Any changes in GP, partnership, or individual, etc., listed as the "owner" entity on the initial application will result in a cancellation of the reservation of tax credits. A non-refundable Reservation Fee will be charged in an amount equal to seven percent (7%) of the annual LIHTC

amount reserved for the development. Applicants must strictly comply with the following reservation conditions

1. Developments may, because of the limited supply of credit dollars, be offered reservations in an amount less than the maximum amount for which it would otherwise qualify. Additional LIHTC amounts that may become available for reallocation will only be reserved upon payment of a Reservation Fee equal to seven percent (7%) of the additional amount awarded.
2. The Applicant must file Progress Reports (**Exhibit L**) with the first report will be due on April 7 of the calendar year following reservation and July 7, October 7, and January 7 thereafter until the development reaches a stabilized occupancy of at least ninety-three percent (93%).
3. Developments seeking a PIS allocation the year in which the reservation was made must submit an application for an allocation of LIHTC within forty-five (45) days of the PIS date. No PIS application will be accepted by the Authority office later than November 15.
4. Developments with a reservation of LIHTC that will PIS after December 31, of the year in which the reservation was issued, must submit an application for a CO to the Authority no later than the date specified in the Reservation Certificate.
5. Issuance of additional regulations by the IRS may change the amounts and terms of the Reservation Certificate, or may cause it to be revoked in order to comply with such regulations.
6. Failure to meet any of the above conditions will render the Reservation Certificate null and void.

Any untimely submission of documentation referenced in the Reservation Certificate will result in its cancellation.

#### **Carryover Application and Procedures:**

CO documents will be forwarded to all awardees with the Reservation Certificate. CO documents are due on the date specified in the Reservation Certificate. No extension will be given.

Issuance of a Reservation Certificate does not guarantee that the development will be the recipient of an allocation of LIHTC, nor, does it guarantee that, if the development becomes the recipient of an allocation of LIHTC, such credit will be in the amount stated in the Reservation Certificate. All allocations will be based upon determinations made by the Authority. The Authority reserves the right to investigate the validity of any certifications and/or opinions and reserves the right to request supplemental information. Also all allocations will be based upon the determination by the Authority of the least amount of credit which will render the development financially feasible. Should it be determined that the development is financially feasible without an allocation of the credit, then no LIHTC will be allocated to the development and the reservation certificate will be null, void and of no force or effect.

**Carryover Allocations are not transferable.** An application, together with all supporting documentation, for a CO must be received in the Authority's office on or before the date specified in the Reservation Certificate.

If the CO application is complete and deemed eligible, the Authority will mail a CO Agreement together with a Binding Agreement for signature. The Applicant must return the original documents by the due date indicated in the notification letter. In addition, the Applicant must enter into an Agreement as to Restrictive Covenants with the Authority and record the covenants in the Office of the Register of Mesne Conveyance (or office of the Clerk of Court if there is no RMC) in the county in which the development is located. The Authority requires the recorded Restrictive Covenants to be submitted within twelve (12) months after the Reservation Date.

#### **Verification of 10% Expenditure:**

The Code requires that the 10% Test be met no later than six (6) months after issuance of the CO Agreement. Extensions of this date are not permitted under any circumstances.

1. The 10% Test is due and must be submitted by the due date specified in the CO Agreement. Failure to submit by the due date will result in the cancellation of the LIHTC award.
2. This date will be three (3) weeks after the date that the development is required by the provisions of the Code to have met the 10% Test.
3. In the event that the three (3) week period does not end on a business day, the due date will be extended until 5:00 p.m. (EST) on the next business day.
4. The 10% Test must be complete and correct as of the date on which it is submitted.

5. The 10% Test will be reviewed for completeness and accuracy to allow the Authority to compare the information with **Exhibit A-10% Expenditure Information Checklist**. If any of the required documents are found to be missing/incomplete the following will apply:
  - a) Prior to the application deadline – the missing/incomplete document(s) may be submitted without penalty.
  - b) After the application deadline – the missing/incomplete document(s) may be submitted upon payment of a \$1,000 penalty fee for each business day after the deadline until the documents are submitted.
6. If the missing/incomplete documents are not corrected and resubmitted to the Authority within seven (7) business days following the notification, the development will forfeit its allocation of tax credits.
7. Costs incurred to meet the 10% Test must be certified by an independent (unrelated third party) CPA by the date that the CO Agreement requires the 10% Test information to be submitted to the Authority.

The following documents must be submitted with the 10% Test:

1. Certification of 10% Test (**Exhibit H**), and
2. Accountant Certification of Costs and 10% Test (**Exhibit I**) (all CPA certifications must be rendered by a CPA subject to regulation by South Carolina Board of Accountancy), and
3. A copy of the executed deed or executed ninety-nine (99) year land lease with a recorder's clock mark or a recorder's receipt attached. The grantee on the deed or the land lease must be same entity as the owner listed on the Reservation Certificate and CO application, and
4. Attorney Opinion Letter for 10% Test (**Exhibit F**), and
5. The Applicant must provide a detailed justification (including all supportive documentation) as to the cause and reasonableness of any line items that vary by more than ten percent (**10%**) from the amounts represented between the initial and the 10% Test, and
6. All supporting documentation required by the application Checklist (**Exhibit A**).

## **VII. DEVELOPMENT Progress Report REQUIREMENTS**

Applicants are required to submit Progress Reports until the development reaches stabilized occupancy. Failure to submit the required Progress Report within seven (7) business days will result in a revocation of the reservation award or CO.

### **Ten (10) Months after the Reservation Date:**

Final development plans and specifications for LIHTC developments are due to the Authority before 5:00 p.m. (EST) not later than ten (10) months after the reservation date. Development plans and specifications must incorporate all **Exhibit G** design and amenity items.

- a) The development architect must include a letter certifying that all design and amenity items are incorporated into the plans and specifications.
- b) The land must be purchased by the Applicant and the deed recorded as evidenced by a copy of the recorded document.

### **III. Twelve (12) Months after the Reservation Date:**

- a) **Certified copies of the executed, recorded, FINAL construction mortgage document for all LIHTC developments are due before 5:00 p.m. (EST), not later than twelve (12) months after the reservation date. The construction mortgage document must have the recorder's clock mark date stamp showing the date, book, and page number of recording.**
- b) **The executed and recorded Restrictive Covenants for all LIHTC developments are due before 5:00 p.m. (EST), not later than twelve (12) months after the reservation date.**
- c) **The executed binding commitment for syndication for all LIHTC developments is due before 5:00 p.m. (EST), not later than twelve (12) months after the reservation date.**

### **Fifteen (15) Months after the Reservation Date:**

- a) All building permits must be obtained and copies submitted to the Authority.
- b) All developments must be under construction.

- i. New construction developments must have all footings in place, not later than fifteen (15) months after the reservation date, as evidenced by photographs submitted with a Progress Report that is certified by the development architect or development engineer. The Authority will allow the use of monolithic slabs and will allow a substitute for the footings requirement. The substitution must equate to having progressed to a point equal to having the footings poured.
  - ii. Rehabilitation developments must have begun actual rehabilitation of the units, no later than fifteen (15) months after the reservation date, as evidenced by photographs submitted with a Progress Report certified by the development architect.
- c) Rehabilitation and new construction must be continuous and progressive from this date to completion. If it is determined that an Applicant started the construction or rehabilitation only to technically meet this requirement, then the Authority will determine that these criteria have not been met.

Initial Occupancy Progress Reports (For Developments/Buildings during initial Rent-up period):

- a) The Authority will accept Progress Reports by fax (803) 734-2390.
- b) The first (1<sup>st</sup>) Progress Report will be due on April 7, July 7, October 7, and January 7 thereafter until the development reaches a stabilized occupancy of at least ninety-three percent (93%). "Stabilized occupancy" is defined as sustaining at least ninety-three percent (93%) occupancy for six (6) consecutive months.
- c) Progress reports must accurately describe the status of the development. These reports will be used to track the initial lease-up progress of the development.
- d) All developments are subject to inspection by Authority staff at any time.
- e) A fine of \$1,000 for each business day will be assessed against any development that Progress Reports are not received by the due date.

### **VIII. Placed-in-Service Allocation**

PIS allocations will be issued only in the name of the Applicant named on the initial application. Transfers subsequent to the issuance of the PIS allocation are subject to provisions of section 42 (j) (6) of the Code. If the PIS application is complete and deemed eligible, the Authority will execute and mail a Form 8609 to the owner following the final underwriting.

#### **Placed-in-Service Allocation Requirements:**

The Authority will issue a Form 8609 on a building-by-building basis; however, a Form 8609 will not be issued to a multi-building development until the last building in the development has been PIS. In addition, **the Authority requires that all low-income rental units in all buildings be complete and suitable for occupancy before a Form 8609 will be issued.** The owner must submit to the Authority a PIS application on or before the second Monday in December not later than 5:00 p.m.(EST). The PIS application must include the following:

- a) All unpaid fees or charges owed the Authority to include development monitoring or administrative fees; and
- b) All applicable updated attorney opinion letters, (**Exhibits C, D, & E**), and final allocation CPA certification package (**Exhibits J-1, J-2, J-3 & J-4**); and
- c) A final partnership agreement, if the owner entity on the application is a partnership, must be submitted. The final partnership agreement must reflect the annual LIHTC allocation and syndication proceeds. If the owner entity is a limited liability corporation, the operating agreement must also be submitted; and
- d) All supporting documentation required by the application Checklist (**Exhibit A**).

This process is subject to change to comply with additional guidance, notices, or regulations issued by the IRS. All deadlines have been established to allow the Authority sufficient time to complete the processing and underwriting for developments requesting CO and PIS allocation requests.

The owner must enter into any agreements that may be required by federal regulations to return unused credits.

**Placed-In-Service Application Submission:**

PIS applications are due on or before the second Monday in December not later than 5:00 p.m. (EST). The development's first year compliance monitoring fee must be included or the application will not be accepted. The fee is equal to \$25.00 for each LIHTC unit in the development.

1. **PIS applications not received by the due date stated above, may be submitted until 12:00 p.m., (EST) on the last business day in December, upon payment of a penalty fee equal to \$1,000 for each business day after the second Monday in December. All penalty fees must be paid to the Authority when the late application is submitted.**
2. PIS applications will be reviewed for completeness allowing staff to review the submission against the application Checklist (**Exhibit A-Placed-In-Service Checklist**). If any of the required documents are found to be missing, the following will apply:
  - a) Prior to the second Monday in December – the documents may be submitted without penalty.
  - b) After the second Monday in December – the documents may be submitted upon payment of a \$1,000 penalty fee for each business day after the deadline until the documents are submitted.
3. If the Authority does not receive the corrected missing documents and penalty fee within ten (10) business days following December 31, the development will lose its allocation of tax credits.
4. **The Authority requires that all units in all buildings must be one hundred percent (100%) complete and available for immediate occupancy by the PIS deadline.** This must be documented by the Certificates of Occupancy or the equivalent provided by the local government entity. Failure to meet this criterion will result in cancellation of the LIHTC allocation.
5. After a PIS application is submitted and prior to issuance of a Form 8609, the Authority will review the application and inspect the development to ensure it was constructed as described in the application. As part of its determination, the Authority will inspect to ensure that **Exhibit G** has been adhered to. If the development is found not to have been constructed in accordance with the representations contained in **Exhibit G**, the Authority will not issue a Form 8609. A Form 8609 will only be issued when the development complies with **Exhibit G**.
6. Should the Authority be required to amend a Form 8609 due to errors in the application submitted, the Applicant must submit a penalty fee of \$100 for each corrected Form 8609. This penalty fee must be paid prior to the issuance of the corrected Form 8609.
7. In accordance with Revenue Procedure 94-57, the IRS will treat the gross rent floor defined in section 42(g)(2)(a) for a building as taking effect on the date that an allocation of tax credits is made to the building unless the owner elects to have the rent floor take effect on the date that the building is PIS. For buildings described in section 42(h)(4)(B) (a bond financed building), with respect to the gross rent floor effective date for each building in the development, the building owner must submit an executed gross rent floor designation (**Exhibit N**) with the PIS application.

**Cost Certification Requirements:**

As part of the application for final allocation of tax credits, the Applicant is required to submit a cost certification acceptable to the Authority. **The cost certification must include the line item costs and a building-by-building breakout of building designation, building identification number, address, applicable fraction, PIS date, applicable federal rate, and eligible and qualified basis costs as outlined in Exhibit J-2.** The cost certification must be prepared and certified as to accuracy by a CPA, subject to regulation by the South Carolina Board of Accountancy. It must also state that a significant portion of the CPA's practice relates to tax matters and the interpretation of the Code. It must include a statement that a final copy of all costs incurred has been reviewed and is in accordance with the requirements of the LIHTC Program. The certification must indicate that after careful review and investigation into the eligible basis, the costs that are not includable have been excluded from the eligible basis. The Authority considers ineligible costs to include, but not to be limited to, costs for land, reserves, syndication costs, and permanent loan origination fees. **The Authority reserves the right to require an attorney opinion for costs that are questionable as to the eligibility for tax credit purposes. The Authority assumes no responsibility for determining which costs are eligible and urges the Applicant and their tax attorney/CPA to perform an independent investigation into the eligibility of all cost items.**

**IX. COMPLIANCE MONITORING PROCEDURES**

These procedures are applicable to all buildings receiving LIHTC to include tax-exempt bond financed developments. Section 1.42-5 (a) of U.S. Treasury Regulations (the "Regulations") requires that each QAP include a procedure that the housing credit agency will follow in monitoring for noncompliance with the provisions of the Code and in notifying the IRS of any noncompliance of which the Authority becomes aware. The procedure for monitoring contained in the QAP must contain procedures consistent with the Regulations that address the following areas: record keeping and record retention; certification and review; on-site inspection; and notification as to noncompliance. This section of the LIHTC Manual complies with the mandate of the Regulations. The Authority reserves the right to make such alteration or amendment to its monitoring procedures as may be required. Such alteration or amendment is expressly permitted without further public hearings. The specific procedures that owners must follow to remain in compliance with program requirements are outlined in the LIHTC Compliance Monitoring Manual. Changes and updates to the manual can be found on the Authority's web site. The web site address is [www.sha.state.sc.us](http://www.sha.state.sc.us).

### **Record Keeping:**

In the manner prescribed by the Authority, the owner of a LIHTC development must keep records for each building in the development to which an allocation has been made that show for each year of the compliance period:

1. The total number of residential rental units in the building (including the number of bedrooms and the size, in square feet, of each residential rental unit);
2. The percentage of residential rental units in the building which are LIHTC units;
3. The rent charged on each residential rental unit in the building (including utility allowances);
4. The number of occupants in each LIHTC unit;
5. The LIHTC vacancies in the building and information that shows when, and to whom, the next available units were rented;
6. The annual income certification of each low-income tenant per unit. The Household Income Certification (HIC-1) or other Authority approved income certification must be signed and dated by each adult member of the household and executed on or before the date of initial move-in. Thereafter, gross annual household income must be re-certified every twelve (12) months unless the owner has applied for and received the Waiver of Annual Income Re-certification as described in IRS Revenue Procedure 94-64;
7. Documentation to support each low-income tenant's income certification consisting of verifications of income from third parties such as employers or state agencies paying unemployment compensation. Such third party verifications may be supported by copies of the tenant's federal income tax returns or W-2 forms. All income verification documentation must be received before the HIC-1 may be executed. Income verifications are valid for ninety (90) days from the date of the verifying party's signature or printout. If the information is orally updated by the source, owners may use these verifications for an additional 30 days. Owners may not rely on verifications that are more than one hundred and twenty (120) days old to support an annual income certification. Tenant income must be calculated in a manner consistent with the determination of income under Section 8 and not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under the Section 8 program, the documentation requirement of this paragraph is satisfied if the public housing authority administering the Section 8 program provides the building owner with a statement that the tenants' income does not exceed the applicable income limit under Section 42(g);
8. The eligible basis and qualified basis of the building at the end of the first year of the credit period;
9. The character and use of the nonresidential portion of the building included in eligible basis under Section 42(d) (for example, (i) tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or (ii) facilities reasonably required by the development);
10. Copies of executed IRS Forms 8609, Schedules A, Forms 8586, or other applicable documentation filed with the IRS for the purposes of claiming the LIHTC must be retained and available for inspection for the entire compliance period.

### **Record Retention:**

Other than the records for the first year of the credit period, the owner of a LIHTC development must retain the records for at least six (6) years after the due date (with extensions) for filing the federal income tax returns for that year. The records for the first year of the credit period must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

**Annual Owners Certification:**

The owner of a LIHTC development must provide to the Authority on or before the first day of February of each year after a development has been PIS, an annual Owner's Certification for the preceding calendar year which certifies:

1. The development met the requirements of the twenty percent (20%) of the units at fifty percent (50%) of AMI requirement under Section 42(g)(1)(A), or the forty (40%) of the units at sixty (60%) of the AMI requirement under Section 42(g)(1)(B), whichever set-aside was applicable to the development;
2. If applicable, the development met the fifteen percent (15%) of the units at forty percent (40%) of AMI requirement under Sections 42(g)(4) and 142(d)(4)(B) for "deep rent skewed" developments;
3. There was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the development, or that there was a change and a description of the changes;
4. The owner has received an annual income certification from each low-income tenant, and documentation which supports the accuracy of that certification, or, in the case of tenants receiving Section 8 housing assistance payments, a statement from the public housing authority, or the owner has a re-certification waiver letter from the IRS in good standing that waives the requirement to obtain third party verification at re-certification and has received an annual income certification from each low-income household and documentation to support the certification at their initial occupancy;
5. Each LIHTC unit in the development was rent-restricted under Section 42(g)(2);
6. All units in the development were for use by the general public and used on a non-transient basis (except for transitional housing for the homeless under Section 42(i)(3)(B)(iii));
7. Under the Fair Housing Act, 42 USC 3601-3619, no finding of discrimination to include any adverse final decision by HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment from a federal court;
8. Each building in the development was suitable for occupancy, taking into account local health, safety, and building codes, and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or LIHTC unit in the development;
9. There was no change in the eligible basis (as defined in Section 42(d)) of any building in the development, or if there was a change, the nature of the change (for example, a common area has become commercial space, or a fee is charged for a tenant facility formerly provided without charge);
10. All tenant facilities included in the eligible basis under Section 42(d) of any building in the development, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the building;
11. If a LIHTC unit in the building became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualified income before any units in the development were or will be rented to tenants not having a qualifying income;
12. If the income of tenants of a LIHTC unit in the development increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the development was or will be rented to tenants having a qualifying income;
13. The LIHTC extended commitment as described in Section 42(h)(6) was in effect (for buildings subject to Section 7108(c)(1) of the Revenue Reconciliation Act of 1989), including the requirement that an owner cannot refuse to lease a unit in the development to a tenant because the tenant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f, and the owner has not refused to lease a unit to a tenant based solely on their status as a holder of a Section 8 voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C.1437f;
14. The development meets the provisions, including any special provisions, outlined in the LIHTC extended use commitment;
15. The owner received its credit allocation from the portion of the state ceiling for a development involving "qualified nonprofit organizations" under Section 42(h)(5) of the Code and its nonprofit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code;
16. There has been no change in the ownership or management of the development, or provide details of changes in ownership or management of the development.

**Document Review:**

Annually, the Authority will inspect at least thirty-three percent (33%) of LIHTC developments to which it has made an allocation under the Code. In each development selected for review, the Authority will review the low-income certifications, the documentation the owner has received to support that certification, and the rent record for no fewer than twenty percent (20%) of the LIHTC units located in each such development. Records relating tenant income, supporting documentation and rent records will be selected at random by the Authority's monitoring officer at the time the review is held. In addition, the Authority's monitoring officer will conduct a physical inspection of each LIHTC unit that receives a record review. The purpose of the physical inspection is to determine whether the units meet Uniform Physical Condition Standards as defined by HUD. The owner will be notified prior to the arrival of the Authority's compliance monitoring officer conducting the management review.

The Authority will review all required certifications submitted to determine whether or not the requirements of the Code have been complied with by the owner. As necessary, the Authority will review documentation to support a nonprofit's continued participation in the development throughout the compliance period as described in the development agreement.

#### Frequency of Certification Documents:

Certifications are required annually each year of the credit period. The Certifications are a legally binding document to be made under oath and subject to the penalties of perjury as provided by law. The Authority reserves the right to require additional submissions of any Certifications for review more frequently than an annual basis.

#### **Physical Inspection of LIHTC Development:**

The Authority reserves the right to perform a physical inspection at its discretion of any LIHTC development. The Authority's right to perform such inspection shall be ongoing and shall continue at least through the end of the compliance period and any extended use period.

#### Authority Retention of Records:

The Authority will retain records of noncompliance or failure to certify for a period of six (6) years beyond the Authority's filing of the respective Form 8823. In all other cases the Authority shall retain certifications, inspection reports and other records for a period of three (3) years from the end of the calendar year in which the Authority has received or generated the certifications or reports.

#### **Notification of Noncompliance:**

The Authority will provide prompt written notice to the owner of a LIHTC development if the Authority does not receive the required certifications, if it is not permitted to review tenant income certifications, supporting documentation and rent records, or if it discovers by inspection, review, or in some other manner, that the development is not in compliance with the provisions of the Code.

The Authority will file Form 8823, "Low-Income Housing Credit Agencies Report of Noncompliance" with the IRS no later than forty-five (45) days after the end of the Cure Period (including any permitted extensions), and no earlier than the end of the Cure Period, whether the noncompliance or failure to certify has been corrected. The Authority shall explain on Form 8823 the nature of the noncompliance or failure to certify and shall indicate whether the owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or the eligible basis that results in a decrease in the qualified basis of the development under Section 42(c)(1)(A) is noncompliance and must be reported to the IRS. Should the Authority report on Form 8823 that a building is entirely out of compliance and will not be in compliance at any time in the future, the Authority need not file additional Form 8823's in subsequent years to report that building's noncompliance.

#### **Cure Period:**

The owner will be given the opportunity to supply any missing documentation or correct physical deficiencies to bring the development into compliance with the Code requirements. The Cure Period will not exceed ninety (90) days and will begin on the date of the written notice given by the Authority. The Cure Period for violations that

threaten the health and/or safety of tenants will not exceed forty-eight (48) hours. The Authority may grant an extension an additional period not to exceed six (6) months only in the event of judicially caused delays in the eviction of tenants.

### **Compliance Monitoring Fees:**

The owner of each building to which an allocation of the LIHTC has been made by the Authority shall pay to the Authority an annual compliance monitoring fee of **\$25** for each LIHTC unit contained in each building. All compliance monitoring fees must be paid to the Authority within thirty (30) days of the date on which the building is PIS and on or before the first day of February of each succeeding year throughout the remainder of the fifteen (15) year compliance period and any extended use period. Checks should be made payable to the Authority. 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**. Interest accrues daily at a rate of twenty percent (20%) to include the original amount due and the 10% late fee for fees received in excess of sixty (60) days from the date the fees were due. A **\$20** fee will be assessed for any check that is returned to the Authority due to insufficient funds. The Authority reserves the right to make adjustments in the amount of the annual compliance monitoring fee to defray the cost of compliance monitoring. Such an adjustment by the Authority shall not be treated as an amendment of the QAP.

## **X. DEVELOPMENTS PROPOSED FOR TAX-EXEMPT FINANCING**

Developments proposed for financing by private activity bonds may be eligible to receive an approximate four percent (4%) tax credit without competing for an allocation of tax credits. In order to be considered for a non-competitive allocation, a development must satisfy the requirements of Sections 42(h)(4), 42(m)(1)(D) and 42(m)(2)(D) of the Code. The development must also comply with the applicable procedures/requirements of the QAP and this LIHTC Manual. The LIHTC allocated to a development shall not exceed the amount the housing credit agency determines is necessary for financial feasibility and its viability as a qualified low-income housing development throughout the credit period.

In order to receive an allocation of tax credits, bond-financed developments must be eligible to receive a tax credit allocation under the QAP for the year in which an application for bond financing is filed with the Authority. If the Authority's Board of Commissioners approves a Preliminary Bond Resolution, the Authority will provide a preliminary, non-binding statement as to whether the development, as described to the Authority, is capable of receiving funding under the current QAP. The preliminary opinion provided by the Authority shall state: (i) that it is based upon information provided to the Authority regarding the development, the accuracy of which has not been finalized; (ii) that it assumes that the development as PIS will exactly match the development described to the Authority; and (iii) that the opinion is preliminary, non-binding, and may not be relied upon by any party.

For bond-financed properties that are seeking LIHTC, an application must be submitted to the Authority only in the year in which the development is PIS. At the time of application, the Applicant must submit evidence that the issuer of the bonds used to finance the development (a) was aware at the time of financing that an application for tax credits would be submitted to the Authority, and (b) has made a calculation (taking into account the sources and uses of all funds available to be utilized by the development, including all sums which might reasonably be expected to be available from syndication of the tax credit) to determine the smallest tax credit dollar amount that could be allocated to the development without impairing its financial viability. If the development is financially viable without tax credits, the amount certified by the issuer of the bonds must be \$0. The above-described calculation must be attached to the application, together with a certification from the chief financial officer of the governmental unit that issued the private activity bonds, stating that the calculation was made by the issuer, was not supplied by the Applicant or any person or entity affiliated with the development, and certifying as to the reasonableness of the assumptions upon which the calculation was based. The certification must identify the issuer of the private activity bonds; the name, date, and amount of the bond issue; and the percentage of the aggregate basis of the development financed with bond proceeds. In the event that the Authority determines that fewer, or no tax credits are required for the financial viability of a development, the value of tax credits allocated to that development will be reduced accordingly. Before such a reduction is made, the Applicant shall be notified and given an opportunity to submit additional information in support of the issuer's tax credit calculation. If the Authority was the issuer of the private activity bonds used to finance the development, the Applicant must have

given the Authority written notice of its intent to request a tax credit allocation. Such notice must have been attached to the application for bond financing filed with the Authority.

Following review of an application, Authority staff may make a recommendation to the State Budget and Control Board (“State Board”) to approve qualified applications and grant an allocation of the State Private Activity Bond Ceiling, if required. At least sixty (60) days will be required to review and process application before it can be submitted to the State Board. During this period, the Applicant must secure the required credit enhancement or other suitable surety and lender.

The issuance of ALL bonds must be approved by the State Board. The State Board will review and select those developments that will be financed through the issuance of bonds.

## **2005 LIHTC Program Schedule**

No supporting documentation required for the Tier One and Tier Two applications can be dated prior to November 14, 2004 with the exception of the Site Control Documents.

### **November 4, 2004**

A Public Hearing will be held at Holiday Inn, 630 Assembly St., Columbia, S.C. from 10:00 a.m. until 12:00 p.m. (EST).

### **By January 7, 2005**

Application packages will be posted on the Authority web site: [www.sha.state.sc.us](http://www.sha.state.sc.us)

### **By January 25, 2005**

The Authority will provide fill-in applications on diskette. The fill-in applications do not require any special system requirements or software to operate on a PC running Windows 95, Windows 98, Windows 2000, Windows NT, or Windows XP. A separate application package must be submitted for each Development.

### **January 25, 2005**

A workshop will be held at the Columbia Metropolitan Convention Center, 1101 Lincoln Street, Columbia, SC, from 2:00 p.m. until 4:00 p.m., (EST). LIHTC staff will provide information on the tax credit program and 2005 application procedures. Although attendance is not mandatory, it is strongly recommended. After the workshop, specific questions regarding the tax credit program and/or application should be e-mailed to Laura Nicholson at [laura.nicholson@sha.state.sc.us](mailto:laura.nicholson@sha.state.sc.us) or faxed to (803) 734-2390. The Authority will respond in writing and will post any programmatic clarifications on the web site.

### **February 25, 2005**

Tier One applications are due with Fee (Cashiers Check). No application will be accepted, under any circumstance, after 5:00 p.m. (EST).

A separate Cashiers Check in an amount to be determined made payable to the South Carolina State Housing Financing & Development Authority is also due to cover the cost of the required Market Study to be commissioned by the Authority.

### **By April 25, 2005**

The Authority will notify the contact person for Tier One applications whether the Development will be invited to compete in the Tier Two process.

### **May 23, 2005, through May 27, 2005**

The Authority will accept Tier Two applications from 9:00 a.m. (EST) until 5:00 p.m. (EST). No application will be accepted, under any circumstance, after 5:00 p.m. (EST), May 27, 2005.