

South Carolina State Housing Finance and Development Authority

Low-Income Housing Tax Credit Program

2008 2009 Qualified Allocation Plan

The mission of the South Carolina State Housing Finance and Development Authority (the "Authority") is to create quality affordable housing opportunities for the citizens of South Carolina. We expect to create and maintain a positive work culture that reinforces our mission, encourages innovation, and is based on a spirit of cooperation and teamwork. We will work to improve customer service and enhance employee performance by constantly reviewing processes and using technology. The Authority will strive to develop mutually supportive relationships that expand our ability to provide affordable housing while enhancing the value of investments. We will actively seek new and innovative ideas to improve affordable housing opportunities throughout the State.

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 are 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.

The Authority, as the designated housing credit agency for the state, is responsible for allocating the LIHTC. As such 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 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 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.

The LIHTC provides a financial incentive that offsets initial capital development costs to qualified developments. It is the Authority's goal to ensure that proposed developments satisfy the necessity of providing affordable housing to the targeted populations in the locality and generate the annual revenue necessary to adequately support the annual operations and long-term maintenance to sustain financial health. 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.

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 record "Restrictive Covenants" that stipulate the development will comply with income and rent requirements in the Code for a minimum of thirty (30) years as well as any other criteria in the QAP or LIHTC Manual.

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

- Serve the lowest income tenants
- Serve qualified tenants for the longest periods
- Contribute to a concerted Community Revitalization Development Plan (the "CRDP")
- Adhere to compliance and monitoring procedures
- Are intended for eventual tenant ownership
- Are intended to serve individuals with children
- Give preference to those on public housing waiting lists

- Are energy efficient
- Have a historic nature

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

- Site Criteria
- Location Characteristics
- Financial Characteristics
- Development Characteristics
- Targeting Characteristics
- Applicant/Development Team Characteristics

The Authority web site contains general and historical information concerning the LIHTC Program under the Housing Partners, Tax Credit section. The Authority's web address is: www.schousing.com. From time to time, the Authority may post bulletins or public notices to the tax credit web page in response to questions and requested clarifications submitted regarding the LIHTC Program. It is the applicant's responsibility to check the web page for updates. The web page provides a list of past LIHTC allocations and existing developments. LIHTC Program information may also be obtained by calling Laura Nicholson at (803) 896-9190, emailing laura.nicholson@schousing.com, faxing (803) 551-4925, or writing SCSHFDA, LIHTC Program, 300-C Outlet Pointe Blvd., Columbia, SC 29210.

II. THRESHOLD EXPERIENCE CRITERIA

In order to participate in the LIHTC program either the developer(s), general partner(s) in a limited partnership or the managing member(s) of a limited liability company must have experience in one LIHTC development or other successful multifamily rental development of at least seventy-two (72) units or two (2) developments of at least thirty-six units each. Experience in one LIHTC development or other successful multifamily rental development of at least seventy-two (72) units means coordinating the development team in planning, financing and constructing a development through the receipt of Certificates of Occupancy and reaching stabilized occupancy. All developers, general partners or managing members must complete a Previous Participation Certificate (see **Exhibit K**). For developments awarded LIHTCs in which the developer(s), general partner(s) in a limited partnership or the managing member(s) of a limited liability company do not have previous LIHTC experience, the Authority will require that a management company with previous successful LIHTC management experience be hired for a minimum of two (2) years.

Any application submitted by developers, general partners, or managing members who from January 1, 2000 through February 27, 2009 ~~28, 2008~~ have been removed, debarred, or asked to voluntarily withdraw from a LIHTC partnership and/or have ever returned an entire allocation of LIHTC in South Carolina, other than for reasons beyond their control acceptable to the Authority, is ineligible to participate in South Carolina's LIHTC program.

Any application submitted by developers, general partners, or managing members who have been disqualified from participating in any other state or other allocating agency's LIHTC Program within the past six (6) years, other than for reasons beyond their control acceptable to the Authority, is ineligible to participate in South Carolina's LIHTC program.

Any application submitted by developers, general partners, or managing members who have been reported to the IRS (Form 8823) for uncorrected non-compliance issues by the Authority or other allocating agency's LIHTC administrator, at the Authority's sole discretion, may be ineligible to participate in South Carolina's LIHTC program. The Authority's determination of noncompliance violations is not subject to interpretation, appeal, or final IRS resolution of non-compliance violation.

III. 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) Points will be awarded as listed below for services located within two (2) miles by accessible public paved road, to no fewer than ~~four (4)~~ **five (5)** services which are appropriate to the proposed tenant population. All developments **must** obtain a minimum of ~~ten (10)~~ **twelve (12)** points from section (a) Positive Site Characteristics to avoid disqualification. **Only one (1) service type will be counted for points. The maximum number of points to be awarded in section (a) is 15 points.**

3 Point Services

Full Service Grocery Store
Police Station
Fire Station
Pharmacy / Drug Store

2 Point Services

Convenience Store/Gas Station
Hospital / ~~Health Department~~
Doctor's Office (General practitioners only)
Restaurant
Public Library (No School Libraries accepted)

1 Point Services

Public Schools (family developments only)
Senior Activity Center (older persons/elderly developments only)
Public Transportation
Public Park/Playgrounds
Public Recreation Center

10-15 12 pt min.

- b) Site is relatively flat with entrance(s) at or above access road grade with negligible water runoff from adjacent properties. **2 pts**
- c) Site is compatible with the surrounding land. Surrounding area is defined as within one-quarter (1/4) mile of the subject property. This means the site and multifamily development are compatible with the existing land use pattern. The surrounding area should be residential or an appropriate mix of commercial uses, appropriate to the targeted tenants, and residential uses, single and/or multifamily housing. **2 pts**
- d) **Sewer and Water utility tie-ins are accessible and within 300 feet of the proposed site. 3 pts**
- e) **At least 15% of the site must consist of Usable Green Space. Usable green space may not include wetland areas. The Authority defines Usable Green Space as relatively level areas, containing primarily green open spaces. The green space should be suitable for recreational activities. 3 pts**

For the detrimental characteristics below, the Authority defines its determination of distance as the shortest distance, in a straight line, from the closest site boundary line to the detrimental site characteristic.

2. The following **Detrimental Development Characteristics** are **not allowed for any development site**. This list is not all inclusive and may be expanded:

- a) Applications proposing an existing development to be subdivided into two (2) or more developments;
- b) Applications proposing developments for the same tenant populations within the same defined market area of existing Authority funded developments (tax credit, tax exempt bonds, etc.) that have a history of vacancy rates greater than ten percent (10%). Vacancy rates will be determined by using the second and fourth quarter vacancy rates reported by the property management for an existing development's previous year's operations. The Authority will make exceptions to the above requirement if the Authority determines, in its sole discretion, 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 (e.g. location, physical appearance, etc.);
- c) Applications proposing scattered site developments that are not, in the Authority's determination, within the same primary market area and/or county boundaries.

3. **Each site will be assessed for** ~~The following~~ **Detrimental Site Characteristics. There is no limit to the negative points a site may accumulate.**

Three (3) negative points per item will be deducted for the following:

- a) Sites within five hundred (500) feet of an easement containing an electric substation, whether it is active or inactive;
- b) 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. A development proposing to bury all power lines will be exempt from this detrimental determination if documentation is provided from the utility provider stating that all power lines will be underground.
- c) Sites where a portion of any building is located within the 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 a nominal voltage level greater than 60KV (sixty kilovolts);
- 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 sixty-five (65) dBA and above 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;
- f) Sites where existing wetlands, natural, or man-made attributes could have a substantially negative effect on the development (e.g. 100 year flood plain, streams, ravines, drainage, waterways, etc.);
- g) Sites within one-half (1/2) mile of a treatment, storage, or disposal facility for hazardous wastes, a sewage treatment plant, an active or inactive solid waste disposal facility and/or solid waste transfer facility;
- h) Sites within one (1) mile of an operating hog/chicken/turkey farm or processing plant;
- i) Sites within one-half (1/2) mile of any prison or correctional facility;

Two (2) negative points per item will be deducted for the following:

- a) Sites within five hundred (500) feet of any type junkyard, salvage yard, trash heap, dump pile, or other eyesore as determined by the Authority;
- b) Sites within five hundred (500) feet of a pipeline(s) (excluding low pressure natural gas distribution lines, water and sewer lines);
- c) Sites within one-quarter (1/4) mile of adult video /entertainment clubs;
- d) Sites within one-quarter (1/4) mile of bars /night clubs;
- e) Sites within one-half (1/2) mile of an operating industrial plant. ~~that may pose a safety risk, hazard, nuisance or other negative impact.~~

4. **Location Characteristics**

Proposed developments must be economically viable proposals justified by the market study findings. The capture rate, market advantage, absorption/lease-up period and overall vacancy rate ~~are will be~~ critical components in ~~this the~~ assessment. ~~The Authority will give points to developments for these components.~~

a) Market Study Threshold Criteria

- (i) Developments with a minimum 10% market advantage. All development types must have a minimum 10% market advantage. Developments not meeting this mandatory requirement will be eliminated from funding consideration.
- (ii) **Family** developments with absorption/lease-up periods no longer than **sixteen (16) eighteen (18) months. Older persons and elderly developments with absorption/lease-up periods no longer than eighteen (18) months.** ~~All development types must have an absorption period of 1-18 months.~~ Developments not meeting this mandatory requirement will be eliminated from funding consideration.
- (iii) Developments with an overall capture rate of 40% or more will be eliminated from funding consideration.
- (iv) Developments in any market areas where the overall LIHTC unit vacancy rate is ten percent (10%) or greater will be eliminated from funding consideration.

b) Market Study Point Criteria

- ~~(i) Developments with low overall capture rate as follows:

 - ~~1. Overall capture rate less than 15% will receive 5 points.~~
 - ~~2. Overall capture rate of 15% but less than 30% will receive 3 points.~~
 - ~~3. Overall capture rate of 30% but less than 40% will receive 1 point.~~
 - ~~4. Overall capture rate of 40% or more will be eliminated from funding consideration.~~~~
- ~~(ii) Developments in markets where the existing LIHTC developments have an overall vacancy rate as follows:

 - ~~1. Overall vacancy rate of less than 7% will receive 3 points.~~
 - ~~2. Overall vacancy rate of 7% but less than 10% will receive 1 point.~~
 - ~~3. The Authority will not consider funding proposed developments in any market areas where the overall LIHTC unit vacancy rate is ten percent 10% or greater. Developments proposed in these areas will be eliminated from funding consideration.~~~~

5. Tax Credit Development Experience

Owners (which include individual(s), corporation(s), or in the case of a limited partnership, the general partners(s)) will receive points for previous development of successful LIHTC properties. The owner may include experience gained as an owner in another firm, but not as an employee of another firm. Experience in LIHTC development means coordinating the development team from the planning, financing and construction of a development through the receipt of Certificates of Occupancy and issuance of 8609s. Applicants **must have a current ownership interest** in the development(s) listed for points on **Exhibit K**. Experience will be awarded as follows:

1 LIHTC project	1 point
2 LIHTC projects	2 points
3 LIHTC projects	3 points
4 LIHTC projects	4 points
5 or more LIHTC projects	5 points

6. Complete Tier One Applications

Tier One applications submitted that are considered by the Authority to be complete, containing no missing documents. **2 pts**

IV. CRITERIA for TIER TWO REVIEW

DEVELOPMENT CHARACTERISTICS:

Optional Development Design Criteria Points:

This section allows developers to choose various optional design criteria to be included as part of the development. All developments **must** obtain a minimum of one hundred ~~twenty-five (125)~~ points from this section to avoid disqualification. Although developments may choose to do more, the maximum number of points to be awarded from this section (items 1-29) is one hundred ~~twenty-five (125)~~ points.

- 1. Roof shingles must be architectural style and warranted for a minimum of thirty (30) years. **10 8 pts**
- ~~2. Attic insulation rated at R-38 or higher. **10 pts**~~

- 3. All units must have a balcony, sunroom, or patio. A sunroom must contain a minimum of three (3) window panels and have distinct architectural separation from the living room. 10 pts
- 4. Curbing for paved areas throughout the development site including the parking areas. 5 pts
- 5. Gazebos or covered picnic shelters in appropriate locations. (May not be selected for points if using this option as a recreation area for older persons under Mandatory Design Criteria, All Development Types, item 7.b) -5 3 pts
- 6. Gutter systems surrounding all residential buildings. 10 5 pts
- 7. Irrigation/sprinkler system serving all landscaped areas. 5 10 pts
- 8. Underground utilities (gas/electric, cable and phone) throughout the development site. 10 5 pts
- 9. Provide in the community room a minimum of two (2) current updated computer systems, manufactured within the last 12 months, to include new computers, new printers, and a new scanner. The computers must be equipped with high speed Internet service (e.g. broadband or cable). It is expected that printer cartridges, computer supplies and ongoing maintenance of the computers and systems will be furnished as part of receiving these points. 5 3 pts
- 10. Each unit must have an Energy Star ceiling fan with light fixture in the living room and an Energy Star overhead light fixture in each bedroom. All ceiling fans and overhead lights must connect to wall switches. 5 pts
- ~~11. Appliances must include a refrigerator and a dishwasher that meet Energy Star Standards and a hot water heater with an energy factor greater than 0.61. 10 pts~~
- ~~12. Energy Star rated windows in all units. 10 pts~~
- ~~13. Energy Star rated HVAC systems (14 SEER or greater) in all units 10 pts~~
- ~~14. Energy Star rated lighting in all common area corridors, stairwells, and the community room. 5 pts~~
- 15. Full size Energy Star refrigerator, with ice maker, having a minimum size of eighteen (18) cubic feet. (May not be selected for points if also selecting #34) 5 pts
- 16. All units pre-wired for high speed (broadband) Internet hook-up with at least one (1) centrally located connection port and connection ports in all bedrooms or wireless computer network. -5 3 pts
- 17. Over the range mounted microwave oven, with re-circulating fan, in all units. 5 3 pts
- 18. All units must have a Range Queen or comparable extinguishing system over the stove; OR All units must have an element temperature control plate on the stove (e.g. Safe-T-element, etc). 5 2 pts
- ~~19. Washer/dryer hookups in all units. 5 pts~~
- 20. A minimum square footage per unit based on the number of bedrooms per unit specified as follows. To qualify, all of the units must meet the minimum square footage per unit. The Authority considers the square footage of an individual unit to be the usable living space measured from the interior wall to interior wall. 20 15 pts

<u>Bedrooms per Unit</u>	<u>Minimum Sq. Ft. per Unit</u>
One	700
Two	850
Three	1,000
Four	1,150

- 21. Providing bathrooms per unit based on the number of bedrooms according to the following. To qualify, all the units must provide the minimum number of bathrooms as specified. 20 pts

<u>Bedrooms per Unit</u>	<u>Bathrooms per Unit</u>
One	One
Two	Two
Three	Two
Four	Two and one-half

- 22. A minimum four (4) camera video security system with two (2) cameras monitoring the exterior site and two (2) monitoring the manager's office and community center. ~~OR~~ 5 pts
- 23. One (1) rental unit reserved for a security officer. 5 pts

The following items are for rehabilitation developments only:

- 24. Replace any one (1) of the following major components: ~~Roof~~, HVAC, Plumbing, or Electrical. The Physical Needs Assessment must support a need for the replacement of the component. -15 10 pts
- 25. Install Energy Star rated dishwashers in all units. (May not be selected for points if also selecting #34) 10 3 pts
- 26. Install overhead Energy Star light fixture connected to a wall switch in the living room and all bedrooms. 5 3 pts
- 27. Provide one and one-half (1.5) bathrooms in all units with two (2) or more bedrooms. (May not be selected for points if also selecting #21) 10 pts

- ~~28.~~ Minimum bedroom size for all bedrooms in each unit is 10 x 10. ~~one hundred (100) square feet with no bedroom wall shorter than eight (8) feet in length.~~ The minimum bedroom square footage excludes the closet space. **5 pts**
- 29. Provide a minimum 1200 square foot community building. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry rooms and storage/maintenance rooms will not be counted as part of the 1200 square foot minimum. **15 10 pts**
- 30. Washer/dryer hookups in all units. **5 pts**
- 31. Energy Star rated windows in all units. **8 pts**
- 32. Energy Star rated HVAC systems (13 SEER or greater) in all units **10 pts**
- 33. Energy Star rated lighting in all common area corridors, stairwells, and the community room. **5 pts**
- 34. In all units, existing appliances replaced with a full size Energy Star refrigerator, with ice maker, having a minimum size of eighteen (18) cubic feet; and an Energy Star rated dishwasher; and an Energy Star rated hot water heater with an energy factor greater than 0.61. **10 pts**
- ~~31. Bring the entire development up to local, state and national building codes. **15 pts**~~

Development Criteria Points:

- 1. Development size (**choose only one**):
 - a) Developments at or below (64) total units. **10 pts**
 - b) Developments above (64) units but at or below (80) units. **8 pts**
 - c) Developments above (80) units but at or below (96) units. **6 pts**
 - ~~d) Developments at or below (72) total units. **10 pts**~~
 - ~~e) Developments above (72) but at or below (96) total units. **5 pts**~~
- 2. Durable construction, with respect to each building, one of the following applies (**choose only one**):
 - a) Brick/stone veneer (100%), OR brick/stone veneer (40%) and remaining exterior fiber cement. **15 5 pts**
 - b) Brick/stone veneer (40%) and remaining exterior siding to be vinyl siding with a thickness of at least .044 mils; or full fiber cement. **10 3 pts**
 - c) Full vinyl siding with thickness of at least .044 mils. **5 1 pt**

Complete Tier Two Applications:

Tier Two applications submitted that are considered by the Authority to be complete, containing no missing documents. **3 pts**

TARGETING CHARACTERISTICS:

- 1. Developments that elect to both rent and income restrict up to twenty-five percent (25%) of the total units to 50% AMI tenants reserve, for the entire term of the LIHTC compliance period, low income to households with incomes at fifty percent (50%) or less of AMI. Points will be awarded on a sliding scale rounded to two decimal points. **10 pts 0- 25 pts**
- ~~2. Developments seeking, for the entire term of the tax credit compliance period, to restrict up to 50% of their low income units to the 50% rent limits. Points will be given to proposals based on the percentage of low income units restricted to the 50% rent limits divided by (10). **5 pts max**~~
- 3. Developments that elect to serve individuals on waiting lists for public housing. To receive points, the Applicant must include in their marketing plan a description of outreach, marketing and advertising methods used to attract individuals on public housing waiting lists as well as evidence that the public housing agencies have been contacted (i.e. copy of the certified letter sent to the PHA). Applicants must not use minimum income criteria to reject Section 8 Housing Choice Voucher Participants when their income reflects that they can pay their portion of the rent. The site’s minimum income needed for a household to pay the rent on the unit will be based on the actual amount that the Section 8 Housing Choice Voucher Participants would have to pay after the subsidy rather than the entire rent on the unit. **10- 2 pts**
- 4. Points will be given to developments that:
 - a) Submit an acceptable Conversion Agreement, and other documentation as required, that provides for tenant ownership at the end of the initial fifteen (15) year compliance period. In order to receive points, the Applicant must submit a conversion plan as well as other required documentation that includes but is not limited to 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 homeownership. The Applicant must execute a Conversion Agreement providing that the units will be converted to tenant ownership at the end of fifteen (15) years; **OR 5 pts**
 - b) Voluntarily extend the thirty- year compliance period for an additional five- year term. **10 pts**

5. Points will be given to developments designating rental housing for specific tenant populations as outlined in this section. In order to be considered for these points, the development/units must be designed and equipped to serve the 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 these points. Choose only one (1) of the following: **-10 5 pts**
- a) One hundred percent (100%) of the development is designed for individuals or families with children. To receive these points at least twenty-five percent (25%) of the low-income units must contain three (3) or more bedrooms.
 - b) At least eighty percent (80%) of the units are designed, equipped and occupied by older person(s) fifty-five 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. Those developments without existing elevators will be required to install elevators. Developments designating 100% of the units for persons 55 or older are eligible for these points.
 - c) At a minimum, (10%) of the total units are set-aside for disabled and special needs tenants. Developments seeking points under this criterion should include a letter from the appropriate disability agency regarding the need for these units.

FINANCIAL CHARACTERISTICS:

Developments will be assessed negative points when costs are determined to be higher than typically warranted. **Developments receiving negative points will be reviewed by the Authority's construction consultant. If, based on the consultant's review, the development costs are found to be reasonable and can be substantiated then negative points will not be assessed.** The Authority will apply cost standards for Eligible Basis per Heated Square Foot (EBHSF) as identified below based on the group average for each type of development submitted in the Tier II funding cycle. Developments with EBHSF exceeding 3.0 standard deviations above the group average will be disqualified. The Authority will use discretion in determining the groups for comparison.

EBHSF greater than 1.0 standard deviation above the group average:
EBHSF greater than 2.0 standard deviations above the group average:

- 5 pts
-10 pts

Authority Discretion and Tie Breaker Criteria:

The following factors will be used in the order they are listed to break a tie. If a tie is broken using the first factor then the other factors will not be applied and so on.

1. Developments with the highest site ~~and market study~~ scores from Tier One.
2. Developments in counties that have not received tax credit funding in the past two (2) years.
3. Developments located in a Qualified Census Tract (QCT) that contribute to a concerted Community Revitalization Development Plan (CRDP). The plan must be included with the Tier One application.
4. Developments with the lowest Eligible Basis Per Heated Square Foot.
5. Developments deemed to have the greatest benefit to the community and best meeting the Authority's goals.

V. MANDATORY DESIGN CRITERIA

The following mandatory design criteria **must be** included in the development design:

For ALL Development Types:

1. Window coverings for each window, including glass doors, must be installed. Metal blinds are not permitted.
2. All kitchen and bathroom interior cabinets must be solid wood or wood/plastic veneer products with dual slide tracks on drawers.
3. All entry doors must be steel or fiberglass doors that are insulated, paneled, and have a peephole.
4. Sidewalk access to all parking spaces.

5. All bedroom closet doors must be side hinged (no bi-fold doors).
6. The front and side areas within twenty (20) feet of all buildings must be fully landscaped. Landscaping may incorporate sod and drought resistant plants and shrubs, etc. Only the back of the buildings may be seeded.
7. A recreation area suitable for proposed tenant targeting:
 - a) For family developments – (a) Playground for children located away from automobile traffic patterns with commercial quality play equipment and at least one permanently anchored, weather resistant bench, with a back, or (b) an exercise room with a minimum of three nautilus-type work-out machines (this room’s square footage may be included in the minimum 1,200 sq. ft. community building);
 - b) For older persons developments – (a) An exercise room with a minimum of three (3) nautilus type work-out machines (this room’s square footage may be included in the minimum 1,200 sq. ft. community building), or (b) a minimum of two gazebos with seating equipped with an Energy Star ceiling fan with light fixture spread throughout the development site.
8. A development sign at the entrance to the complex.
9. Exterior lighting at all entry doors including individual apartment units, community buildings, common areas within the building(s), and parking areas.
10. Enclosed trash dumpsters and/or compactors. The dumpster must be enclosed by solid fencing on at least three sides. The pad and approach pad to the dumpster must be concrete and not asphalt.
11. Anti-fungal shingles with a minimum 25-year warranty.
12. The following appliances must be provided in each unit: (a) Stove with exhaust fan; (b) Full sized refrigerator-freezer having a minimum size of fourteen (14) cubic feet.
13. At least thirteen (13) SEER HVAC units must be installed. If the Physical Needs Assessment, completed for a rehabilitation development, does not recommend replacement of existing HVAC units in the development, this mandatory criterion is waived. However, any replacement HVAC units installed in the development must be at least thirteen (13) SEER.
14. A laundry facility containing: (a) at least one (1) commercial washer and one (1) commercial dryer per twenty-four (24) units; and (b) adequate seating and at least one (1) table for folding clothes. For developments containing more than one hundred (100) rental units that also provide washer and dryer hookups in all units, a minimum of one (1) commercial washer and one (1) commercial dryer per thirty-two (32) units is required. Single family detached unit, townhouse, or duplex developments must provide a washer and dryer hookup in every unit. Developments providing washers and dryers in all rental units are not required to provide a laundry facility.
15. Attic insulation rated at R-38 or higher.

For ALL New Construction Developments:

1. ~~All units must be equipped with a dishwasher.~~ All units must be equipped with an Energy Star rated refrigerator, Energy Star rated dishwasher, and an Energy Star rated hot water heater with an energy factor greater than 0.61.
2. All units must have Energy Star rated windows.
3. All units must have an Energy Star rated HVAC system.
4. Energy Star rated lighting must be in all common area corridors, stairwells, and the community room.
5. Washer/dryer hookups in all units.
6. All units must have an overhead light fixture connected to a wall switch in each bedroom and living room.
7. A minimum 1200 square foot community building. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry rooms and storage/maintenance rooms will not be counted as part of the 1200 square foot minimum. For developments proposing a third phase of two previously completed contiguous tax credit developments, the requirement for an additional 1200 square foot community building is waived. However, it is required that laundry facilities be provided to the new phase as follows: (a) laundry facility, only, must be constructed on the site of the proposed phase; or (b) construction of sidewalks connecting the new phase to the laundry facility of the previously completed phase(s). For either option (a) or (b) the mandatory laundry facility requirements under Section V. Mandatory Design Criteria, item 14 must be met.
8. All units pre-wired for cable television hook-ups in the living room and one (1) per bedroom.
9. ~~All windows must be insulated, double pane glass in either vinyl or aluminum framing. Insulated, double pane glass in wood framing is permitted for rehabilitation developments.~~
10. Units with three (3) or more bedrooms must have a minimum of two (2) full bathrooms.

11. The minimum bedroom size for all bedrooms in each unit is **10 X 10** ~~one hundred (100) square feet with no wall shorter than eight (8) feet in length.~~ The minimum bedroom square footage excludes the closet space.
12. All older persons (55+ years) developments will be one-story structures, or if greater than one story, all stories will be accessible by elevators.

For ALL Single Family Developments:

1. All developments must be detached single family houses, townhouses or duplexes.
 - a) All detached single family homes must contain a minimum of three (3) or more bedrooms with two (2) or more bathrooms.
 - b) All townhouses and duplexes must contain a minimum of two (2) or more bedrooms with two (2) or more bathrooms.
2. Concrete driveways, curbing at street and front entry walkways.
3. Washer and dryer hookups in each unit.

For ALL Rehabilitation Developments:

Any of the following mandatory items (not to include repainting of the entire unit) replaced on or after January 1, 2005 are not required to be replaced as part of the rehabilitation.

1. Replace and install new flooring in each unit. At a minimum, tile must be VCT or better.
2. Entire unit (all rooms) must be repainted.
3. New bathroom fixtures must be installed to include the following:
 - a) New tub and new shower, re-glazing not allowed. Three piece surround insert is acceptable.
 - b) Replace sink and vanity with new. Vanity to include, at a minimum, a pull out drawer and/or storage area.
 - c) New toilet.
 - d) Install re-circulating exhaust fan.
 - e) **Install new water supply valves.**
4. New kitchen fixtures must be installed to include the following:
 - a) Dual track sliding drawers.
 - b) New double sink.
 - c) New stove with re-circulating exhaust fan.
 - d) New refrigerator, minimum 14 cubic feet.
 - e) **Install new water supply valves.**
5. All entry doors must be steel or fiberglass doors that are insulated, paneled, and have a peephole.
6. New Energy Star hot water heaters with an energy factor greater than 0.61.
7. Replace all windows with insulated, double pane glass in either vinyl or aluminum framing. Insulated, double pane glass in wood framing is permitted.
8. All units wired for high speed (broadband) Internet hook-up with at least one (1) centrally located connection port or wireless computer network. All wires to be hidden.
9. Units with existing washer/dryer connections must replace and install new water supply fixtures and valves.
10. All older persons (55+ years) acquisition/rehabilitation developments may have more than one-story, provided that existing elevators, receiving regular maintenance, are in good working condition as of the Tier Two Application submittal date and service all upper level rental units. Those developments without existing elevators will be required to install elevators.

For ALL Townhouse Developments:

All townhouse development must have, at a minimum, a one-half bathroom on the first floor.

For ALL Adaptive Reuse Developments:

The definition of “adaptive reuse” is the conversion of an existing non-residential building(s) into a residential building(s). The architect must certify on **Exhibit G** that the development will meet the following requirements:

1. A minimum of fifty percent (50%) of the square footage of each existing building(s) must be converted to residential use; and
2. If additional buildings/units are constructed to provide additional space, the total square footage of the previously existing building(s) must constitute a minimum of fifty percent (50%) of the total square footage of the entire development.

VI. 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 arise 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 this 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. In any case where compliance with the QAP or LIHTC manual produces unusual hardship or difficulty and the Code or regulations do not require the provision, the application of such provision may be waived in the Authority's sole discretion upon a showing of substantial need and any other evidence as requested by the Authority.

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

VII. AMENDMENTS TO THE QUALIFIED ALLOCATION PLAN

The Authority reserves the right to amend the QAP or LIHTC Manual as needed for the purpose of clarification, ensuring compliance with the Code or regulations, or any change necessary to effect the spirit and intent of the LIHTC Program as determined in the sole discretion of the Authority. 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. Amendments are not limited to, but may perform such acts as cure ambiguities, supply information on omissions, correct inconsistencies, or facilitate the allocation of LIHTC that would not otherwise be allocated.

VIII. 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 or waive any requirements of this QAP or LIHTC Manual as described herein without the necessity of further approval.

Signature: _____
Mark Sanford, Governor of South Carolina

Date: _____