

2026 Tax-Exempt Bond Updates

January 9, 2026

SC Housing plans to allocate approximately \$300,000,000.00 (Three Hundred Million Dollars) along with any returned 2024 and 2025 allocated bond ceiling, in carry-forward for bond issuances. The submission week for Preliminary Tax-Exempt Bond (TEB) Applications begins Monday, April 13, 2026 and the application period will close Friday, April 17, 2026 at 5 pm (ET).

Clarification –

Appendix C2, Section II. Criteria, B. 8. Application and Award Limitations, item d. has been changed to the following –

The Development Team must request ceiling allocation that will be the minimum of thirty percent (30%) of the aggregate basis.

February 23, 2026

2026 State LIHTCs available - \$26,702,193

Clarification –

Appendix C2, Section II. Criteria, A. Application Process has been changed to the following –

The Authority will accept preliminary and full application for tax-exempt bonds/4% developments in accordance with the schedule published on the Authority's website.

At full application the Total Development Costs, Permanent Financing Sources, State Resource Request and Total Square Footage may not vary more than five percent (5%) from preliminary application. The targeting (family, older persons or elderly), unit count and unit mix (bedroom and bathroom count) may not change from preliminary application.

APPENDIX C2 – TAX-EXEMPT BONDS

Table of Contents

- I. OVERVIEW 2
- II. CRITERIA..... 2
 - A. Application Process..... 2
 - B. Requirements 2
 - 1. Scattered Site..... 2
 - 2. Portfolio Transactions..... 2
 - 3. Required Development Experience for HUD Section 18 Or RAD Conversions 2
 - 4. Size Requirements 3
 - 5. Maximum LIHTCs Per Unit..... 3
 - 6. Authority-Administered HOME Funding 3
 - 7. Developer Fee..... 3
 - 8. Application and Award Limitations 3
 - C. Other Requirements 4

I. OVERVIEW

Developments proposed for financing by private activity bonds may be eligible to receive 4% LIHTCs if eligible to receive a LIHTC allocation under the QAP for the year in which the application for bond financing is filed with the Authority. The Authority will issue a preliminary, non-binding response to an application for the 4% LIHTC stating whether the development is eligible. After the development places in service, the owner will submit a Placed-in-Service (PIS) application.

II. CRITERIA

A. Application Process

The Authority will accept preliminary and full applications for tax-exempt bonds/4% developments in accordance with the schedule published on the Authority's website.

At full application the Total Development Costs may not vary more than five percent (5%) from preliminary application.

B. Requirements

All developments must meet all threshold criteria in the QAP, except as modified by the following:

1. SCATTERED SITE

Scattered site developments are eligible if the development meets all the following:

- a. All buildings must be under the ownership of one entity.
- b. All units must be managed by one management entity.
- c. All buildings must be developed under one plan of financing and considered a single development by all funding sources.
- d. The development must be appraised as a single proposed development.
- e. Each noncontiguous parcel must be located within the same county.
- f. Each noncontiguous parcel must contain at least four (4) units per parcel.

2. PORTFOLIO TRANSACTIONS

Applications pooling together multiple properties for acquisition/ rehabilitation under one bond issuance must be:

- a. separate for each property, and include an appraisal for that single property;
- b. developed under one issuance plan of bond financing; and
- c. entirely managed by one management entity.

Each portfolio transactions will count as one application in reference to application and award limit requirements.

3. REQUIRED DEVELOPMENT EXPERIENCE FOR HUD SECTION 18 OR RAD CONVERSIONS

An application proposing to convert public housing developments through the HUD Section 18 or Rental

Assistance Demonstration (RAD) programs, may request a waiver of the required development experience if the Development Team contracts for the services of an LIHTC consultant who has experience on previous HUD Section 18 or RAD conversions.

4. SIZE REQUIREMENTS

The maximum number of units for a new construction application is two hundred (200). The minimum number of units per application is seventy (70), this number can be achieved by the development itself, scattered sites or portfolio transactions.

5. MAXIMUM LIHTCS PER UNIT

There is no maximum amount of federal LIHTCs. Developments needing State Tax Credit will be limited to the amount needed to supplement, but not supplant the federal LIHTC and must be limited to an amount necessary only to achieve financial feasibility of the development. See Appendix C-3 for State Tax Credit requirements.

6. AUTHORITY-ADMINISTERED HOME FUNDING

Tax exempt bond developments are not eligible to apply for Authority HOME funds.

7. DEVELOPER FEE

For both new construction and rehabilitation developments, developer fee is limited to the lesser of

- a. \$5 million;
- b. 15% of Total Development Costs less Land, Project Consultant Fees, Developer Fees, Developer Overhead, Other Developer Costs and Reserves; or
- c. \$30,000 per unit

The deferred portion of the developer fee may not exceed fifty percent (50%) of the total at application submission. See Deferred Developer Fee section in the QAP for additional requirements regarding the Deferred Developer Fee.

8. APPLICATION AND AWARD LIMITATIONS

- a. A Development Team may submit up to three (3) full applications and four (4) preliminary applications per each funding cycle
- b. The Authority will not award more than two (2) applications per funding cycle to any member of the Development Team.
- c. The Authority will not award more than two (2) new construction applications per county listed as Urban and will not award more than one (1) new construction application per county listed Rural. The Public Housing Authority set-aside will be limited to one (1) award per county.

Urban: Aiken, Anderson, Beaufort, Berkeley, Charleston, Dorchester, Greenville, Horry, Lancaster, Lexington, Richland, Spartanburg and York,

Rural: all other counties

- d. The Development Team must request ceiling allocation that will be the maximum of thirty percent (30%) of the aggregate basis or permanent supportable debt.

C. Set-Asides

The Authority will place Application for tax-exempt bonds/4% developments in one of the set-asides described below.

The Authority will award bond ceiling starting with the eligible application earnings the selection criteria ranking within each of the set-asides and continuing in descending order through the last application that can be fully funded within the range of bond ceiling available in each of the set-asides. The Authority may exceed these limits in the event of inadequate demand among eligible applications which would prevent fully awarding the state's available resources.

1. New Construction (40%)
Developments underwritten at the time of application without any type of project based assistance.
2. Rehabilitation (30%)
3. Public Housing Authority (30%)

D. Other Requirements

All tax-exempt bond developments will be subject to review of the Authority's Financial Advisor. The review may result in the Authority requesting changes.

All tax-exempt bond developments must meet all criteria in the 2026 Low-Income Housing Tax Credit Manual, except the following:

- Reservation Certificates
- Carryover Allocations
- Verification of 10% Expenditure

All tax-exempt bond developments requiring South Carolina State LIHTCs must meet all criteria in Appendix C3.

State law requires the ranking determination to be based on highest value and greatest public benefit. The ranking criteria below has been adopted by the Authority and the Joint Bond Review Committee in accordance with Act 202.

SC Housing will maximize the federal LIHTC allocation, determine if STC is needed for financial feasibility, and will then rank the eligible projects based on:

- State resources per heated residential square foot
 - This criterion will rank projects from lowest to highest, based on a calculation of state resources (bond ceiling and state tax credit) per heated residential square foot (i.e., excluding common areas), to demonstrate the most efficient use of state resources for the portion of total project costs applicable to actual tenant housing.
- State resources per bedroom
 - This criterion will rank projects from lowest to highest, based on a calculation of state resources per bedroom, to demonstrate the most efficient use of state resources for the number of families the project will house.
- State resources per dollar of total project costs

- This criterion will rank projects from lowest to highest, based on a calculation of state resources to total project costs to demonstrate the most efficient investment of state resources in the project overall.
- State resources per potential tenant
 - This criterion will rank projects from lowest to highest, based on a calculation of state resources per potential tenant to demonstrate the most efficient use of state resources for the number of potential residents the project will house.

A 30% adjustment to state resources will be made as a ranking consideration for projects located in USDA-designated rural areas. A 10% adjustment to state resources will be made for new construction units, as a ranking consideration for projects providing an overall increase in affordable housing. These adjustments apply for the sole purpose of establishing project rankings.

Total state resources will include any amount of state ceiling, any applicable state tax credits, and any other state resources and incentives as are germane and applicable to the project.

Tiebreakers:

1. Allocation of State Housing Tax Credit to the project that could be accommodated within the limitation in the event the other project could not.
2. Allocation to a project located within a designated rural area if the other project is not.
3. Allocation determined solely by the relationship of total state resources to the number of tenants the project is expected to serve, as a determinant of greatest public benefit.