City Council Work Session

Documents:

CITY COUNCIL OF THE CITY OF GREENVILLE
WORK SESSION MEETING

Monday, November 11, 2024 – 3:30 p.m.

Greenville City Hall, 206 S. Main Street

Citizens may access the meeting at the following web address:
https://www.greenvillesc.gov/1694/Online-Meetings

CITY COUNCIL: Mayor Knox White; Councilmembers John DeWorken, Lillian Flemming, Ken Gibson, Wil Brasington, Dorothy Dowe, Russell Stall

CITY STAFF: City Manager Shannon Lavrin, City Attorney Leigh B. Paoletti; City Clerk Camilla G. Pitman

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AGENDA

1.	**Call to Order**	**3:30 p.m.**
2.	**Low Income Housing Tax Credit Presentation**	**3:30 p.m.**
3.	**Executive Session (S.C. Code §30-4-70):** *NOTE: City Council will leave the Work Session to conduct an Executive Session which is not open to the public. The Work Session meeting will adjourn following the completion of the Executive Session. No action will be taken prior to adjourning the meeting.* **a. Economic Development / Legal Briefing** **b. Boards and Commissions / Personnel Update**	**4:00 p.m.**
4.	**Adjourn**	**5:15 p.m.**

GREENVILLE HOUSING FUND

Low-Income Housing Tax Credit (‘LIHTC”) Overview

Greenville City Council

Bryan Brown
11/11/24

What is the LIHTC?

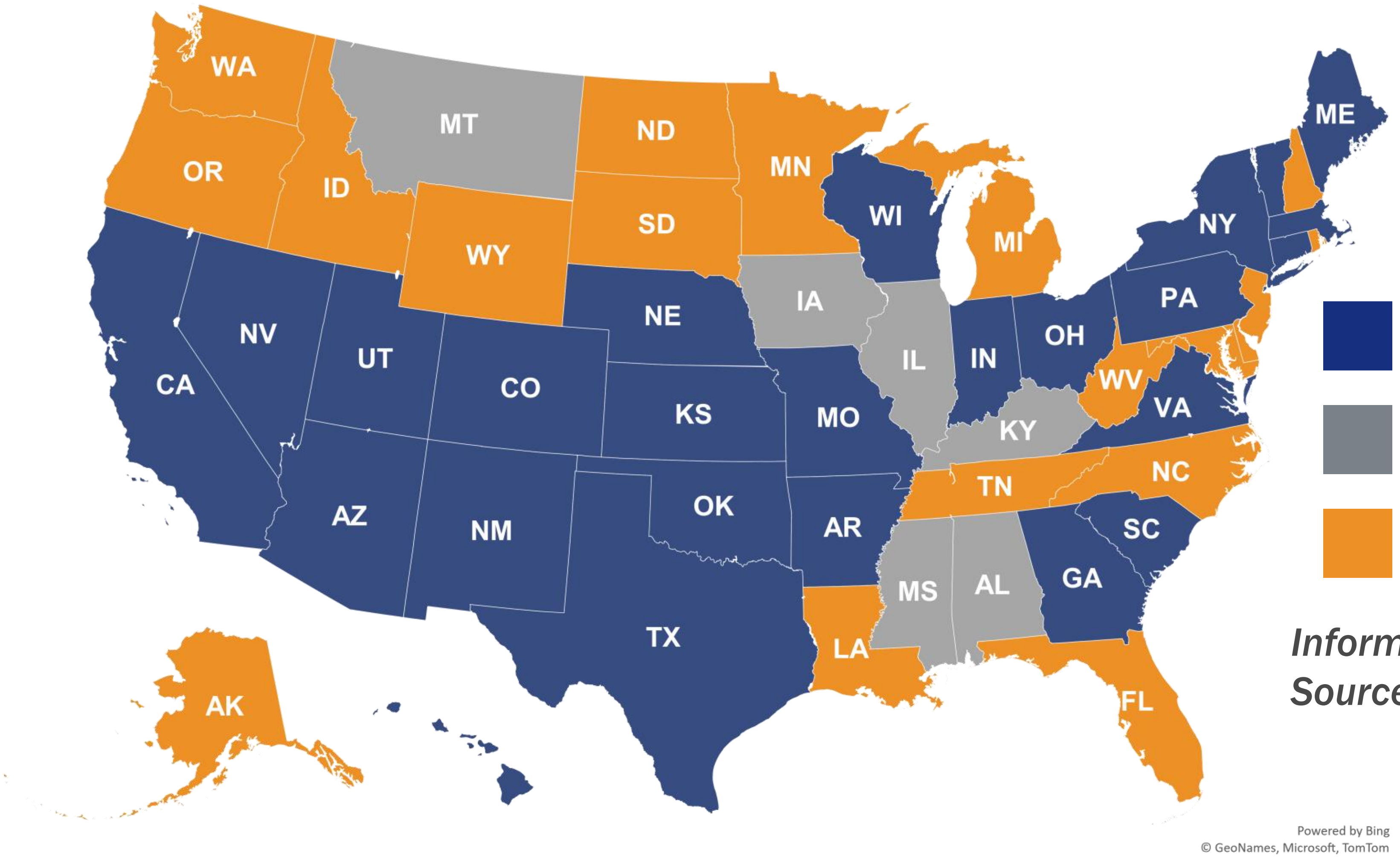
The Low-Income Housing Tax Credit ("LIHTC") stimulates investment in Affordable Housing in underserved urban and rural communities and in higher cost suburban communities across the nation.[1] By measure of Affordable homes created or preserved, the LIHTC is the single most important Federal resource available to support the development and rehabilitation of Affordable Housing and currently partially finances roughly 90% of all new Affordable Housing development.

The LIHTC facilitates development that provides low-income families with a safe and decent place to live and, by lessening their rent burdens, frees up additional income that can be spent on other necessities or put into savings for education or homeownership. The LIHTC is also an economic development tool, creating jobs and catalyzing redevelopment in struggling communities.

- Units funded by the LIHTC must be affordable for people earning no more than 60% of the Area Median Income (AMI)
- Rent may not exceed 30% of the qualifying income for individual tenants

1 Intro to the Low-Income Housing Tax Credit, LISC, link.

State LIHTC Programs Nationally[1]



Program Enacted (25 states & Washington, D.C.)

Proposed (6 states)

No Program (19 states)

Information as of July 17, 2023
Source: Tiber Hudson

1 Tiber Hudson Materials, 3/2/24.

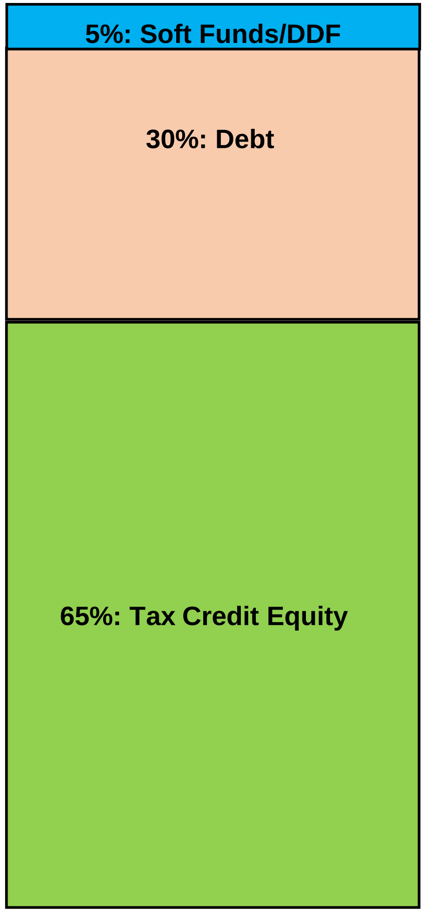
How Does the LIHTC Work?

- Federal tax credits are allocated to state housing finance agencies by a formula based on population [1]
    - In South Carolina: both Federal and State LIHTC available
- Each designated State-level LIHTC-issuing agency (for SC – SC Housing) establishes its Affordable Housing priorities and developers compete for an award of tax credits based on how well their projects satisfy SC's housing needs
- Developers receiving an award use the tax credits to raise equity capital from investors in their developments
- The tax credits are claimed over a 10-year period, but the property must be maintained as affordable housing for a minimum of 30 years (this is comprised of 2, 15 year compliance periods)
- Because tax credits can be recaptured for any noncompliance (tenants living at the property that were never income verified and are over-income, for example), investors maintain close supervision over the properties to ensure their long-term viability and compliance with IRS and SC Housing requirements

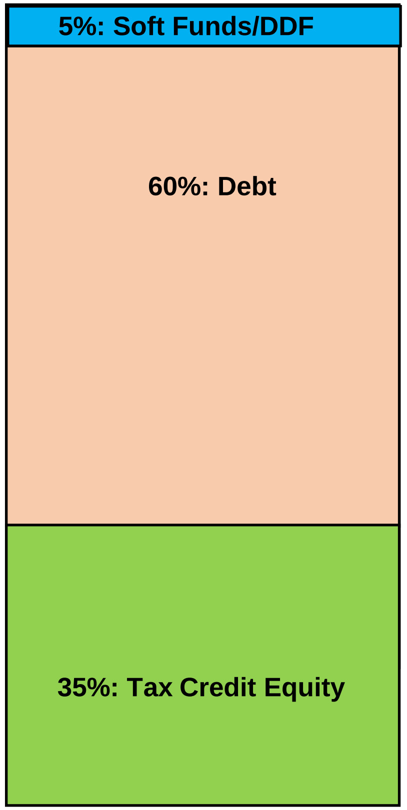
1 Intro to the Low-Income Housing Tax Credit, LISC, link.

Types of LIHTC: 4% and 9%

9% LIHTC Deals
- Competitive
- Tax-Exempt Bonds are not permitted



4% LIHTC Deals
- Noncompetitive
- Tax-Exempt Bonds are required



1 Tiber Hudson Materials, 3/2/24.

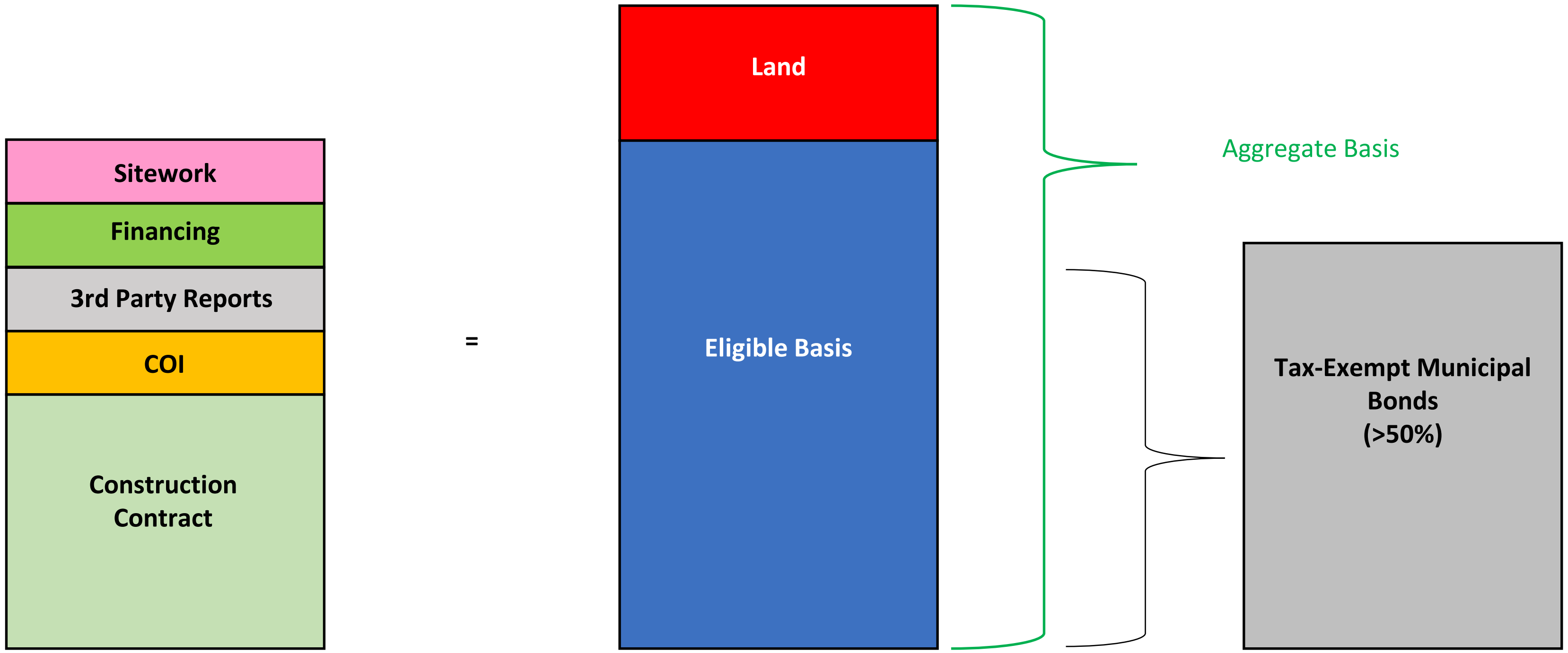
LIHTC "Calculator" – Example Budget[1]

Item	Input	$	Comment
Project Total Development Cost ("TDC")		$35,000,000	Assumes 116 units built @ ~$300k/door
(Less) Ineligble Costs (example: Land)	10%	$3,500,000	Assume 10% of price is Land, simple example
Illustrative Eligible Basis		$31,500,000	
Eligible Basis		**$31,500,000**	
Applicable Fraction	100%	$31,500,000	We assume 100% of units / SF is for low-income housing. Sometimes, it is not. In that scenario, we would adjust this down to just capture the % of the project dedicated to low-income residential
Annual Credit Rate	4.00%	$1,260,000	Set at the "4% floor" as of December 2020 - in old readings, you'll see this in the low 3%s to high 3%s, this is now set at 4%
Percent **Purchased**	99.99%	**$1,259,874**	LIHTC investors owns 99.99% of credits that they purchase from Developer, the GP owns the .01%
LIHTC Equity **Raised** - Price Per Credit ("PPC")	$0.88	**$1,108,689**	You can see here that the LIHTC investor bids for these credits by offering a price per credit, like $0.88. The higher the price, the more accretive for the Developer as it requires less equity in the deal. A lower price is better for the LIHTC investor ("PPC").
Total LIHTC Raised (10 Years)	10 Years	**$11,086,891**	LIHTCs recognized over 10 year window, this is full amount of LIHTC equity raised
Illustrative LIHTC Sources			
Tax Exempt Bond (Perm Debt)	65%	$22,750,000	
LIHTC Equity	32%	$11,086,891	If you adjust the PPC down, more equity is required
Deferred Devoper Fee (if applicable)	2%	$600,000	Amount of total Developer Fee "deferred" as a source
Gap Equity	2%	$563,109	If you adjust the PPC down, more equity is required

1 GHF Educational Materials

Eligible Costs

To qualify for 4% Tax Credits, the Project must utilize Private Activity Bonds greater than 50% of Aggregate Basis (which equals Eligible Basis plus Land)



Ex: If a Project has $20mm in Aggregate Basis, the Borrower should request greater than $10mm in Tax-Exempt Municipal Bonds

1 Tiber Hudson Materials, 3/2/24.

9% Capital Stack: Example Development

Unit Mix & Rents
Southernside East

Unit Mix

Unit Type	Total Units	Income Restriction	Rent Restriction	Project-Based Rental	Gross Rent Limit	Utility Allowance	Net Rent Limit	Proforma Rent
1 Bed / 1 Bath / 756 SF	32	50% AMI	2023 PBV Rent	Yes	$1,243	$87	$1,156	**$1,156**
1 Bed / 1 Bath / 756 SF	13	50% AMI	LIHTC Rent	-	$834	$87	$747	**$710**
1 Bed / 1 Bath / 756 SF	16	60% AMI	LIHTC Rent	-	$1,001	$87	$914	**$869**
1 Bed / 1 Bath / 756 SF	2	80% AMI	LIHTC Rent	-	$1,335	$87	$1,248	**$1,186**
2 Bed / 1 Bath / 967 SF	18	50% AMI	2023 PBV Rent	Yes	$1,408	$104	$1,304	**$1,304**
2 Bed / 1 Bath / 967 SF	1	60% AMI	LIHTC Rent	-	$1,201	$104	$1,097	**$1,042**
2 Bed / 1 Bath / 967 SF	10	60% AMI	LIHTC Rent	-	$1,201	$104	$1,097	**$1,042**
2 Bed / 1 Bath / 967 SF	1	80% AMI	LIHTC Rent	-	$1,602	$104	$1,498	**$1,423**
Total / Weighted-Average	**93**				**$1,177**	**$92**	**$1,085**	**$1,063**

Income Set-Asides

Unit Type	Total Units	Market	30% AMI	50% AMI	60% AMI	80% AMI
0 BR	0	0	0	0	0	0
1 BR	63	0	0	45	16	2
2 BR	30	0	0	18	11	1
3 BR	0	0	0	0	0	0
4 BR	0	0	0	0	0	0
5 BR	0	0	0	0	0	0
Total	**93**	**0**	**0**	**63**	**27**	**3**
Unit Mix (%)	*100.0%*	*0.0%*	*0.0%*	*67.7%*	*29.0%*	*3.2%*

9% Capital Stack: Example Development (90 homes)

Source	Total - $	Total - %
First Mortgage	$6,196,793	27%
2nd Mortgage - Greenville Housing Fund	$720,000	3%
SC Housing Trust Fund	$367,016	2%
Federal LP Equity	$9,399,007	41%
State LP Equity	$5,792,478	25%
Deferred Developer Fee	$470,740	2%
TOTAL SOURCES:	**$22,946,144**	**100%**

4% Capital Stack: Example Development (200 homes)

Sources	Amount	%	$/Unit	$/NSF
221(d)4	$ 16,939,000	31.4%	$ 88,224	$ 99.41
Tax Credit Equity	$ 33,317,052	61.7%	$ 173,526	$ 195.52
Local CDFI	$ 500,000	0.9%	$ 2,604	$ 2.93
GHF	$ 621,148	1.1%	$ 3,235	$ 3.65
Local Foundation	$ 250,000	0.5%	$ 1,302	$ 1.47
Deferred Developer Fee	**$ 2,400,000**	**4.4%**	**$ 12,500**	**$ 14.08**
Total	**$ 54,027,991**	**100%**	**$ 281,392**	**$ 317.06**

Uses	Amount	%	$/Unit	$/NSF
Land Cost	$ 3,200,000	5.92%	$ 16,667	$ 18.78
Site Work	$ 4,800,000	8.88%	$ 25,000	$ 28.17
Residential Structure	$ 25,499,328	47.20%	$ 132,809	$ 149.64
Hard Cost Contingency	$ 1,753,065	3.24%	$ 9,131	$ 10.29
Third Party Reports	$ 265,060	0.49%	$ 1,381	$ 1.56
Legal/Accounting	$ 155,000	0.29%	$ 807	$ 0.91
Working Capital Escrow	$ 677,560	1.25%	$ 3,529	$ 3.98
Operating Reserve	$ 1,129,713	2.09%	$ 5,884	$ 6.63
FFE	$ 150,000	0.28%	$ 781	$ 0.88
Developer Fee	$ 4,800,000	8.88%	$ 25,000	$ 28.17
Total	**$ 54,027,991**	**100%**	**$ 281,396**	**$ 317.07**

Local LIHTC Developments

Renaissance Place

Greenville, SC

57 homes

Senior Restricted Housing

The Sullivan

Greenville, SC

180 homes

Family property

Olii Place

Mauldin, SC

46 units

Family property

High-Demand New Construction

ID #	Project Name	County	Units	Target	Federal LIHTCs Requested	State LIHTCs Requested	Contact	Distance	Jobs	QOZ	Land	Shortage	Prelim Score	Afford.	Vol. Waiver	Other Credits	Green	Lever.	CCRP		PSH	Full Score	Developer Self Score
24037	Cooper Crest	Charleston	101	Family	$ 3,000,000.00	$ 3,000,000.00	Jay Bernstein	41	2	0	0	8	51	10	5	0	5	0	10	0	5	86	**91**
24039	Eagle Landing	Charleston	100	Family	$ 2,970,297.00	$ -	Sarah Jones-Anderson	41	6	0	0	3	50	10	5	0	5	5	5	0	5	85	**90**
24008	Southernside East	Greenville	93	Older	$ 2,500,000.00	$ -	Bryan Brown	41	10	5	5	0	61	10	5	0	5	5	10	0	5	101	**101**
24031	Sawmill Crossing	Dorchester	42	Family	$ 1,578,959.00	$ 390,037.00	Parker Zee	41	4	5	0	5	55	10	5	0	5	5	10	0	5	95	**95**
24059	The Alliance	Greenville	100	Family	$ 2,500,000.00	$ 1,399,780.00	Taylor Davis	41	4	5	0	0	50	10	5	5	5	5	10	0	5	95	**95**
24001	Danbury Commons	Spartanburg	48	Older	$ 1,559,875.00	$ 445,515.00	T. Kevin Connelly	39	8	5	0	0	52	10	5	0	5	5	10	0	5	92	**92**
24095	The Poinsette	Charleston	88	Older	$ 2,500,000.00	$ 389,990.00	Tracy Doran	38	8	5	0	0	51	10	5	0	5	5	10	0	5	91	**91**
24046	Palms on Oak Street	Horry	54	Family	$ 1,965,695.00	$ 373,588.00	Drew Schaumber	41	6	5	0	0	52	10	5	0	5	4	10	0	5	91	**91**
24040	Kennedy Street	Spartanburg	48	Family	$ 1,712,934.00	$ -	Jon Enos	37	6	0	5	0	48	10	5	0	5	5	9	0	5	87	**87**
24005	Sundry Drive Apartments	Aiken	90	Family	$ 2,375,000.00	$ -	Randy Clack	41	2	5	0	0	48	10	5	0	5	2	10	0	5	85	**85**
24015	The Gladstone	Richland	48	Family	$ 1,204,000.00	$ 1,204,000.00	Sarah Niemann	41	0	5	0	0	46	10	5	0	5	4	10	0	5	85	**85**
24049	Grove on Johns Island II	Charleston	60	Older	$ 2,447,882.00	$ -	Sam Coats	37	0	0	5	0	42	10	5	0	5	5	9	0	5	81	**82**
24072	Bay Point IV	Horry	46	Family	$ 1,424,000.00	$ -	Brad Queener	38	6	5	0	0	49	10	5	0	5	3	1	0	5	78	**87**
24075	Park View	Horry	90	Family	$ 2,500,000.00	$ -	Brad Queener	38	6	5	0	0	49	10	5	0	5	3	1	0	5	78	**87**
24066	Vesta at Barton	Aiken	58	Family	$ 1,673,000.00	$ -	Phillip Searles	41	2	5	0	0	48	10	5	0	5	0	1	0	5	74	**78**
24054	Seter Ridge Trace	Aiken	80	Family	$ 2,271,437.00	$ -	Nate Broman-Fulks	41	2	0	0	0	43	10	5	0	5	1	4	0	5	73	**74**

* Scores and LIHTCs Requested may change pending further review.

** Sorted by Full Score, then by County

Rehab

ID #	Project Name	County	Units	Type	Federal LIHTCs Requested	STC Requested	Contact	Date QC /PBA Ends	Major Systems Replaced	CCRP	Score	Developer Self Score	Lottery
24055	Oak Place	Anderson	56	Family	$ 1,282,106.00	$ 838,584.00	Holly Douglas	10	9	1	20	20	
24061	Residences at Greenville Summit	Greenville	101	Older	$ 2,500,000.00	$ -	Joseph Eddy	10	9	1	20	20	
24035	Chestnut Hill	Cherokee	40	Family	$ 740,898.00	$ -	Jay Bernstein	10	9	0	19	19	1
24024	Duncan Village	Spartanburg	50	Family	$ 846,129.00	$ 461,770.00	Gerald A. Krueger	10	9	0	19	19	2
24020	Lancaster Manor	Lancaster	66	Older	$ 1,026,523.00	$ 381,640.00	Gerald A. Krueger	10	9	0	19	19	3
24058	Chester Townhouse II	Chester	52	Family	$ 600,000.00	$ -	George Baker	10	9	0	19	19	4
24017	Pageland Place	Chesterfield	50	Family	$ 735,718.00	$ -	Gerald A. Krueger	10	9	0	19	19	5
24036	Swann Meadows	Greenwood	56	Family	$ 796,215.00	$ -	Jay Bernstein	10	9	0	19	19	6
24019	Twin Oaks	Greenwood	56	Family	$ 1,050,099.00	$ -	Jordana Nelson	10	9	0	19	19	7
24033	Oakland Place	Florence	64	Family	$ 1,715,002.00	$ -	Renee Sandell	0	9	1	10	10	

* Scores and LIHTCs Requested may change pending further review.

** Sorted by Score, then by Lottery

2024 9% LIHTC Success for Greenville

1. Southernside East: 93 units of NEW affordable senior housing with 55 PBVs serving households at or below 30% AMI
2. The Alliance: 100 units of NEW affordable family housing serving households at or below 60% AMI
3. Greenville Summit: 101 units of PRESERVED senior housing with HUD PBRA serving households at or below 30% AMI

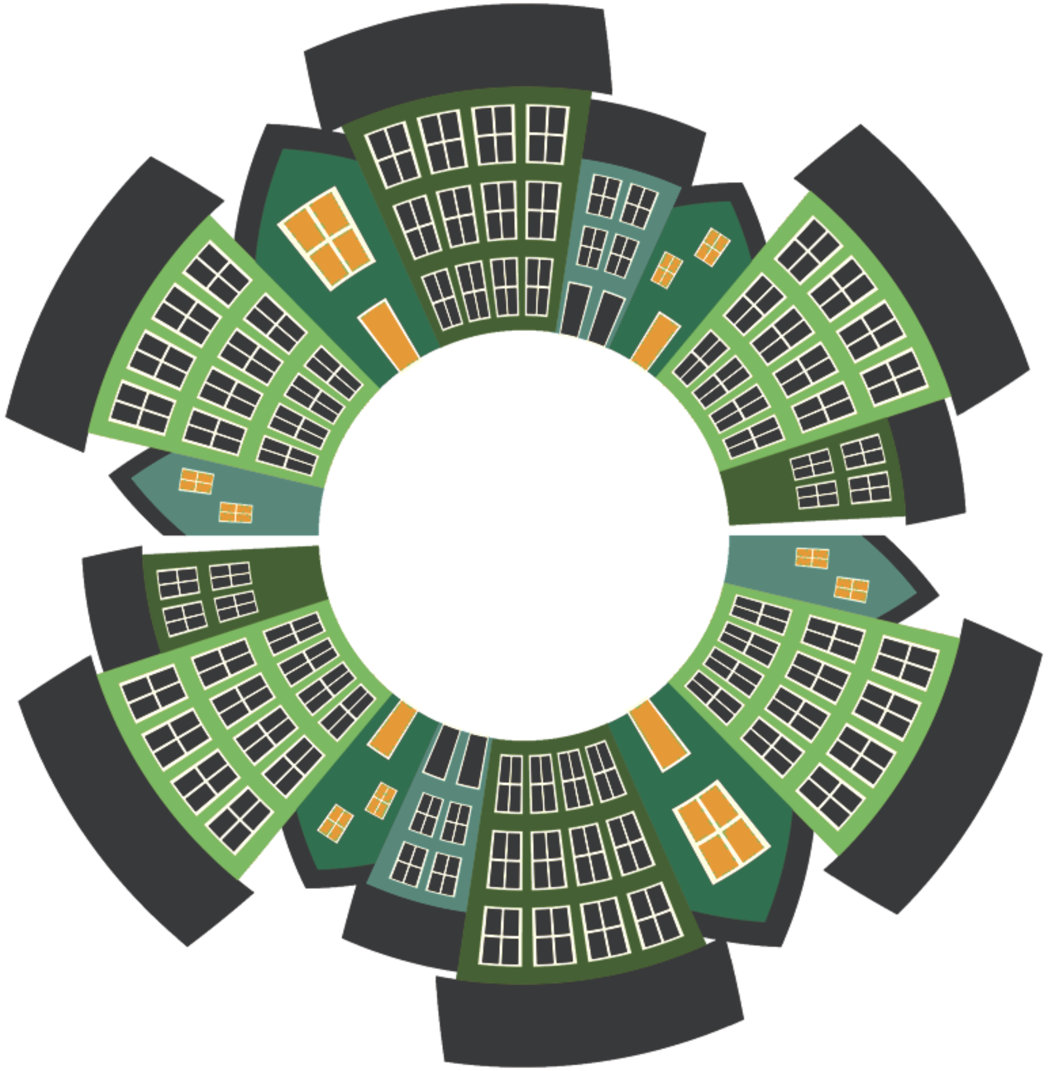
1 Intro to the Low-Income Housing Tax Credit, LISC, [link](#).

2024 TEB List

Information Provided

ID	Development	Address	City	County	Units	Target	NC/Rehab	Bond Allocation	Contact
52401	Meeting Street Manor	562 Meeting Street	Charleston	Charleston	75	Family	Rehab	$ 15,085,280.00	Peter Sherman
52402	Cunnington Avenue Apartments	3-7 Cunnington Ave	Charleston	Charleston	99	Family	NC	$ 19,280,611.00	Paul Marfione
52403	North Pointe Estates	100 Ripplemeyer Avenue	Columbia	Richland	188	Family	Acq/Rehab	$ 28,500,000.00	R. B. Coats
52404	Palomino Estates Apartment Homes	1024 Wilson Boulevard	Blythewood	Richland	216	Family	NC	$ 38,463,534.00	Jared Houser
52405	Towne Park Apartment Homes	Corner of Augusta Rd & Bracken F	Piedmont	Greenville	216	Family	NC	$ 39,828,340.00	Jared Houser
52406	Northgate Manor Apartments	220 Biblebrook Drive	Greer	Spartanburg	46	Family	Acq/Rehab	$ 6,502,726.00	Bryan Brown
52407	570 Davis Road Apartments	570 Davis Road	Piedmont	Greenville	180	Family	NC	$ 26,000,000.00	Randy Clark
52409	Fairview Gardens	1101 Williamston Road	Anderson	Anderson	160	Family	Acq/Rehab	$ 25,680,000.00	Tyler Percell
52410	Highland Square Apartments	200 Pine Creek Court Extension	Greenville	Greenville	152	Family	Acq/Rehab	$ 26,600,000.00	Tyler Percell
52411	Victoria Arms Apartments	103 School Street	Greer	Greenville	74	Family	Acq/Rehab	$ 11,114,231.00	Bryan Brown
52412	Summit at Belmont	5703 Randall Ave	Columbia	Richland	76	Family	NC	$ 12,230,648.00	Ronit Hoffer
52413	Oakfield Apartments	8750 Fairwind Drive	North Charleston	Charleston	184	Family	Acq/Rehab	$ 29,691,000.00	Thomas Attridge
52414	Church Hill Apartments	1117 June Lane	Florence	Florence	166	Family	Acq/Rehab	$ 27,000,000.00	Renee Sandell
52415	Upper Mill Apartments	Adj to 519 Anderson St	Pelzer	Anderson	80	Elderly	NC	$ 14,000,000.00	Jon Toppen
52416	Harmony at Congaree Pointe	0 Atlas Road	Columbia	Richland	162	Family	NC	$ 26,087,000.00	Katessa Archer
52417	Anderson Village	200 Miracle Mile Drive	Anderson	Anderson	99	Family	Acq/Rehab	$ 17,000,000.00	Jay Reinhard
52418	Cherokee Landing Phase II	Berea Heights Rd	Greenville	Greenville	108	Family	NC	$ 13,000,000.00	Alex Frazier
52419	Phoenix Place	1401-08 Phoenix Place	Greenwood	Greenwood	100	Family	Acq/Rehab	$ 16,940,000.00	Jay Reinhard
52420	Stonewater at Trenholm	0 N Trenhom Rd	Columbia	Richland	168	Family	NC	$ 27,475,000.00	Shaun Reinhardt
52421	Market Place Apartments	1333 Coronet Court	Rock Hill	York	68	Family	Acq/Rehab	$ 12,500,000.00	Joe Archer
52422	Laurel Oaks	1507 Hwy 15	Myrlte Beach	Horry	180	Family	NC	$ 27,000,000.00	Chris Byrd
52423	Park North Apartments	200 Brookhill Street W	Lexington	Lexington	84	Family	Acq/Rehab	$ 13,450,000.00	Ethan Forecki
52424	Pickens Gardens Apartments	102 Garden Drive	Pickens	Lexington	76	Family	Acq/Rehab	$ 8,697,400.00	Jordana Nelson
52425	Long Branch	Emile Street	Greenville	Greenville	180	Family	NC	$ 24,238,373.00	Jay Bernstein
52426	82 Canal Street Lofts	82 Canal Street	Graniteville	Aiken	124	Family	NC/Adaptive RU	$ 20,000,000.00	Chris Tritsis
52427	Riverside Apartments	3245 Lucius Road	Columbia	Richland	104	Family	Acq/Rehab	$ 14,750,000.00	Gerald A. Krueger

2024 TEB applications: 6 in Greenville County with 910 units (684 new construction, 226 preservation)



Questions?

GREENVILLE
HOUSING FUND

Thank you!

Defining Affordable Housing

- **Affordable Housing:** Housing is considered affordable if a family spends no more than 30% of their gross income on rent/mortgage and utilities (water, sewer, gas, trash, and electricity). As such, affordable housing differs according to family income. HUD's definition* of family income is:
  - At or below 80% AMI = Low Income
  - At or below 50% AMI = Very Low Income
  - At or below 30% AMI – Extremely Low Income

*US Housing Act of 1937

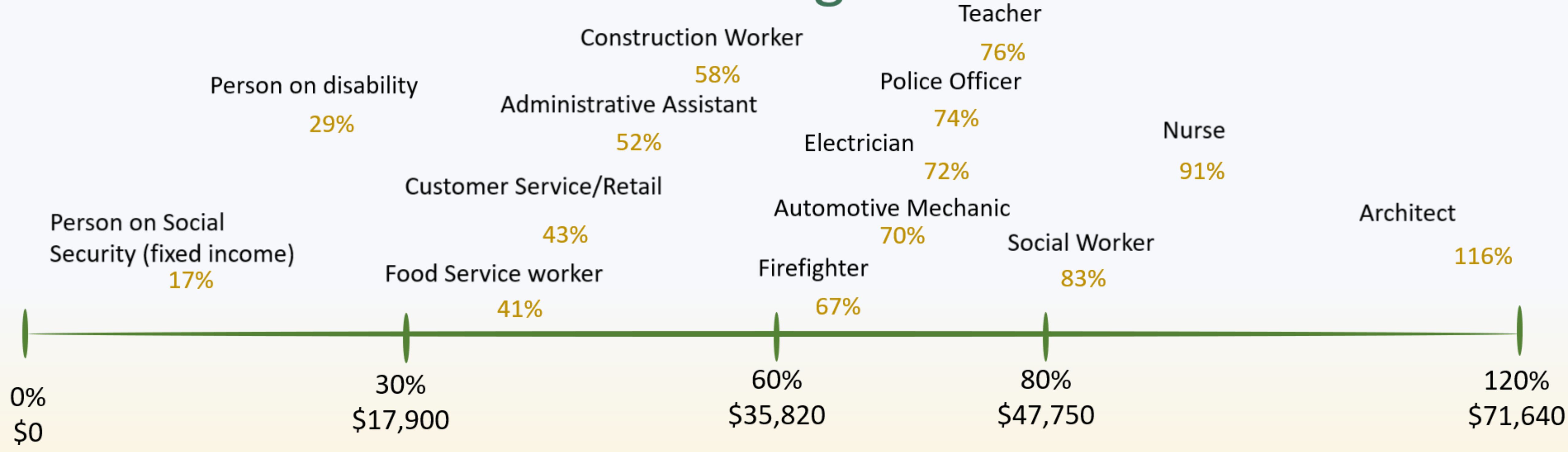
- **Workforce Affordable Housing:** Often, affordable and workforce housing are terms used synonymously because most low-to-moderate income families are working and are in need of affordable housing near their employment. Income levels for this type of housing range from 60% AMI to 120% AMI (with 80% to 120% AMI considered moderate)

2024 Greenville AMI[1]

Household Size	30% (Extremely Low)	50% (Very Low)	60%	80% (Low Income)	100%	120%
1	$18,630	$31,050	$37,260	$49,680	$62,300	$74,760
2	$21,270	$35,450	$42,540	$56,720	$71,200	$85,440
3	$23,940	$39,900	$47,880	$63,840	$80,100	$96,120
4	**$26,580**	**$44,300**	**$53,160**	**$70,880**	**$89,000**	**$106,800**
5	$28,710	$47,850	$57,420	$76,560	$96,120	$115,344
6	$30,840	$51,400	$61,680	$82,240	$103,240	$123,888

[1] *Novogradac Rent & Income Calculator, 2024 data*

Who needs affordable housing?



Note: each point represents a single person making the average salary for their occupation in Greenville. Keep in mind that entry level people make less, and people often have dependents. Affordable Housing is generally targeted towards the 60%-80% AMI ($35,820-$47,750) range.

Average salaries sourced from ZipRecruiter.com for Greenville, SC

Connection between AMI and 2024 Rent Limits

% of AMI	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
30%	$465	$498	$598	$691	$771	$850
50%	$776	$831	$997	$1,151	$1,285	$1,418
60%	$931	$997	$1,197	$1,382	$1,542	$1,701
80%	$1,242	$1,330	$1,596	$1,843	$2,056	$2,269