

[REDACTED]

From: Flanagan, Brian <[REDACTED]>
Sent: Wednesday, October 30, 2019 6:20 PM
To: S [REDACTED]; McMillan, Chris 6-9196
Cc: Urban, David
Subject: Fwd: South Carolina equity pricing
Attachments: novoco ppc in LOI's.pdf

Sara and Chris:

I cover South Carolina for RBC Capital Markets TCEG. Dave Urban is copied above since Dave has a number of clients that cross into SC.

In response to Mark's Shelburne's inquiry and recommendation to reach out to you in email related to pricing in SC for 2020 I thought it would be helpful to first attach Novogradac's September 2019 Publication in which they just reported the 3 month National Average price for 9% deals of \$.93. Please keep in mind this average consists of very high CRA Markets (i.e. California, Washington DC and New York) as well as Markets with little to no CRA. The attached will also reflect the potential volatility of pricing around elections.

You have my response to your survey so you know first hand that we don't believe in the \$.93 pricing for SC.

I completely agree with the sentiment of other syndicator that syndication pricing shouldn't be driving points in QAP's. Maybe some letters come across at \$.93 but I'll assure you they won't be firm, could have little to no time spent running projections and truly pricing them, or financially engineer unrealistic assumptions that won't stand up with developers/Lenders/market analysts or GC's.....and what happens when that price doesn't come through?

In order to accurately price a live deal we need the following, current, information:

- Source and Use
- Rents, Other Income, Expenses, 15 year Proforma
- Debt Terms

-Pay-in Schedules

-Timelines – closing date, construction period, Building PIS, Leasing Schedule / Credit Delivery. Closing and Credit Delivery are huge for investor's interest, or lack thereof, in a deal

-Market Study

-Guarantor Financial Statements

-If a Rehab the list will grow by 5+ items

Once we have a model and investment summary we can then discuss pricing with Investor's, some of which take 2-3 weeks to respond with pricing and yield, therefore it's almost impossible to provide firm pricing that would hold from time of Application to when deals come to market post-award. I can't imagine any General Contractor or Lender that would accurately price a deal and be willing to hold their pricing for a deal that doesn't have an award of credits and/or Close for 12+ months, and the same goes for Equity pricing.

Please feel free to reach out with any questions.

Thank you for your time.

Brian C. Flanagan

Director-Acquisitions

RBC Capital Markets

Tax Credit Equity Group

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PLEASE NOTE NEW ADDRESS

From: Mark Shelburne [mailto: [REDACTED]]
Sent: Friday, October 18, 2019 2:36 PM
To: Flanagan, Brian < [REDACTED] >; [REDACTED]; Aberg, James
[REDACTED] >; [REDACTED]; Hollander, Bryan
[REDACTED] >; Lahn, Jonathan [REDACTED] >; Corine
Sheridan < [REDACTED] >
Cc: McMillan, Chris 6-9196 < [REDACTED] >
Subject: South Carolina equity pricing
Importance: High

The Authority surveyed equity providers and apparently did not receive many responses. The question is what pricing to use for urban, rural, and rehab applications in the 2020 cycle. We all know it's speculative, depends on a lot of factors, etc., but ultimately they need numbers. I'm told \$0.93 is a rough average for recent transactions.

If you could reply to Chris (cc'ed) ASAP that would be great. Meaning in the next hour or so if possible.



Mark Shelburne
Senior Manager, Public Policy
Novogradac Consulting LLP®



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Facts and Figures

Value of Total Construction Put in Place

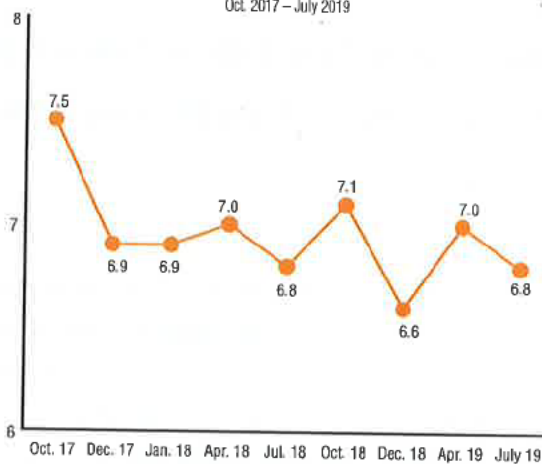
(In Billions of Dollars)
July 2018 – June 2019



Source: U.S. Census Bureau, August 19, 2019

U.S. Rental Apartment Vacancy Rates

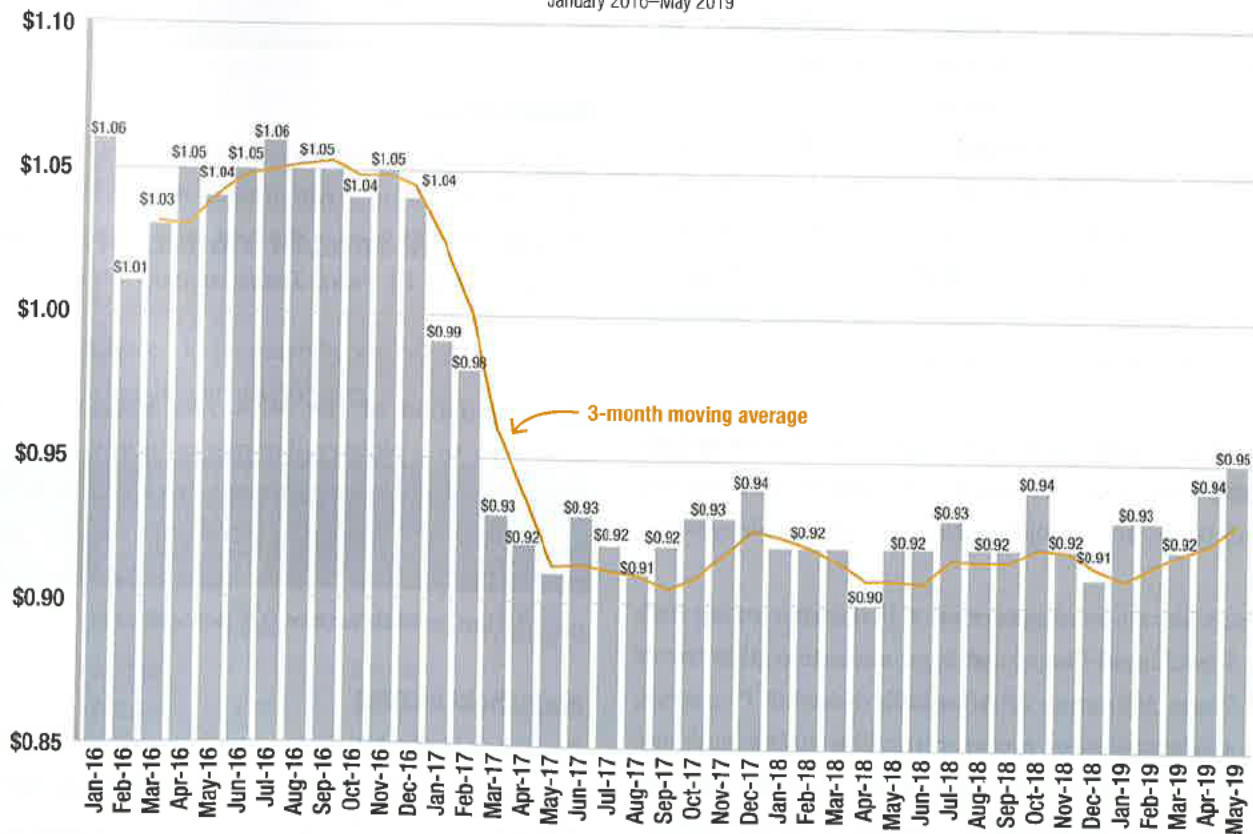
(5+ Units)
Oct. 2017 – July 2019



Source: U.S. Census Bureau, August 19, 2019

LIHTC Equity Pricing per Credit

January 2016–May 2019



This low-income housing tax credit equity pricing chart is presented for general information purposes only. Per credit equity pricing is based on syndicator Letter of Intent (LOIs) provided to Novogradac by market participants. The equity price reported for each month is the average equity price for LOIs issued in that month. No adjustments to equity pricing are made for timing of capital contributions or other considerations. Data labels are rounded to the nearest cent.

Source: Novogradac