**South Carolina General Assembly**

126th Session, 2025-2026

**H. 3737**

**STATUS INFORMATION**

General Bill

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Currently residing in the House Committee on **Ways and Means**

Summary: South Carolina Affordable Housing Tax-Exempt REIT Act

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 1/15/2025 House Introduced and read first time (House Journal‑page 52)

 1/15/2025 House Referred to Committee on **Ways and Means** (House Journal‑page 52)

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=3737&session=126&summary=B)  at the website

**VERSIONS OF THIS BILL**

[01/15/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/3737_20250115.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS by ENACTing THE “SOUTH CAROLINA AFFORDABLE HOUSING TAX‑EXEMPT REIT ACT” BY ADDING CHAPTER 25 TO TITLE 31 SO AS TO ESTABLISH A TAX‑EXEMPT REAL ESTATE INVESTMENT TRUST (REIT) TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING STATEWIDE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. This act may be cited as the “South Carolina Affordable Housing Tax‑Exempt REIT Act.”

SECTION 2. The General Assembly finds that:

 (1) South Carolina faces a critical shortage of affordable housing for low‑ to moderate‑income families, which impacts workforce stability and community development.

 (2) A tax‑exempt REIT focused on affordable housing will encourage private investment, leverage market‑based solutions, and reduce reliance on government subsidies.

 (3) This act creates the framework for a South Carolina Affordable Housing REIT (SCAH‑REIT), offering tax exemptions to investors while ensuring the development and maintenance of affordable housing.

SECTION 3. Title 31 of the S.C. Code is amended by adding:

CHAPTER 25

Affordable Housing Tax‑Exempt REIT

 Section 31‑25‑10. For the purposes of this chapter:

 (1) “Affordable housing” means housing units affordable to individuals or households earning no more than sixty percent of the Area Median Income (AMI), as determined annually by the U.S. Department of Housing and Urban Development (HUD) for the applicable region.

 (2) “Board” means the governing body overseeing the SCAH‑REIT.

 (3) “SCAH‑REIT” means the South Carolina Affordable Housing Real Estate Investment Trust, established under this chapter.

 (4) “Tax‑exempt REIT” means a REIT exempt from state corporate income tax, individual income tax on dividends, and property taxes on affordable housing projects, as provided in this chapter.

 Section 31‑25‑20. (A) There is established the South Carolina Affordable Housing Real Estate Investment Trust (SCAH‑REIT) to fund, develop, and manage affordable housing projects statewide.

 (B) The SCAH‑REIT shall operate as a public‑private partnership, open to investments from individuals, corporations, nonprofits, and housing authorities.

 (C)(1) The SCAH‑REIT is governed by a board consisting of:

 (a) one representative from the South Carolina State Housing Finance and Development Authority;

 (b) one representative from the private real estate sector;

 (c) one representative from the banking or finance industry;

 (d) one representative from a nonprofit organization focused on housing;

 (e) two members appointed by the Governor with expertise in affordable housing development; and

 (f) one representative from the State Fiscal Accountability Authority.

 (2) The board shall oversee the REIT’s operations, investments, and compliance with this chapter.

 Section 31‑25‑30. (A) The SCAH‑REIT and its investors are exempt from South Carolina corporate income taxes on income derived from affordable housing projects.

 (B) Dividends paid to investors in the SCAH‑REIT are exempt from South Carolina state income taxes.

 (C) Properties owned by the SCAH‑REIT that meet the affordable housing definition are exempt from property taxes for up to twenty‑five years.

 Section 31‑25‑40. (A)(1) At least seventy percent of the SCAH‑REIT’s assets must be invested in affordable housing projects that meet the sixty percent AMI affordability standard.

 (2) Remaining funds may be invested in mixed‑income or market‑rate developments, provided they include at least twenty percent as affordable units.

 (B) Projects funded by the SCAH‑REIT may include:

 (1) new construction of affordable housing;

 (2) renovation or rehabilitation of existing properties; or

 (3) acquisition of land for future affordable housing development.

 (C) The SCAH‑REIT shall distribute at least ninety percent of its annual net income as dividends to investors.

 Section 31‑25‑50. (A) The SCAH‑REIT shall submit an annual report to the South Carolina General Assembly, detailing:

 (1) properties owned and managed;

 (2) number and percentage of affordable units created or maintained; and

 (3) financial performance, including dividends paid to investors.

 (B) The State Fiscal Accountability Authority shall conduct annual audits of the SCAH‑REIT to ensure compliance with this chapter.

 Section 31‑25‑60. (A) The State of South Carolina shall allocate fifty million dollars from the state housing trust fund as initial funding for the SCAH‑REIT.

 (B) The SCAH‑REIT is authorized to raise additional capital through the sale of shares to private investors, corporations, and philanthropic organizations.

 Section 31‑25‑70. (A) By July 1, 2026, the South Carolina State Housing Finance and Development Authority shall establish the SCAH‑REIT.

 (B) By January 1, 2026, the Governor shall appoint board members.

SECTION 4. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 5. This act takes effect upon approval by the Governor.

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