Wilbourne, Kim 9083

From: Ronit Hoffer [redacted]
Sent: Monday, June 29, 2026 5:40 PM
To: Taxcreditquestions
Cc: Wilbourne, Kim 9083; Ronit Hoffer
Subject: [External] 2027 QAP comments

SC Housing:

This comment is respectfully submitted on behalf of Mercy Housing Southeast (MHSE). Mercy Housing, Inc. (MHI) is a national, mission-driven nonprofit affordable housing organization, and MHSE serves as its southeast affiliate. As state housing finance agencies around the country work to allocate limited LIHTC resources effectively, MHI has developed programs that provide non-governmental soft funding in the form of low-interest loans to its affiliate projects nationwide. Including these resources can enhance project feasibility and increase the production of high-quality affordable housing across the country. However, the 2027 SC QAP proposed cap on Related Party Funding under Section P, Paragraph 9(c) would prevent MHSE from deploying these resources in South Carolina.

We respectfully request removal of the cap on Related Party Funding under Section P, Paragraph 9(c).

The policy rationale for this limitation is unclear. The draft 2027 SC QAP continues to prioritize developments that require fewer State resources, effectively forcing developers to secure alternative capital sources. Yet Paragraph 9(c) simultaneously restricts those sources when they are provided by related parties. Given the scarcity of soft financing—particularly at the local level—these policies work at cross-purposes. If the State's objective is to reduce reliance on public resources, it is difficult to justify limiting private, non-governmental capital that directly improves feasibility.

The proposed cap would prevent organizations like Mercy Housing from bringing significant external capital into South Carolina. Restricting related-party funding has the practical effect of limiting the inflow of private capital that fills financing gaps and supports production. If the intent of the QAP is to encourage developments to leverage non-State resources, allowing full use of such funding would better align with that objective and support increased affordable housing production.

Appendix C-1

- Please require non-profits to state their intent to apply as a non-profit at the Preliminary Application.

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