

**State of South Carolina**  
**Consolidated Plan for Housing & Community Development**

**2023 Annual Action Plan**

Program Year: April 1, 2023- March 31, 2024

**Public Comment Draft**

**January 2023**

*Community Development Block Grants*  
*HOME Investment Partnerships*  
*National Housing Trust Fund*  
*HOME American Rescue Plan*  
*Emergency Solutions Grants*  
*Housing Opportunities for Persons with AIDS*

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## AP-05 Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 1. Introduction

The South Carolina 2023 Annual Action Plan falls under the 2021-2025 State Consolidated Plan for Housing and Community Development. This 2023 Plan represents the third annual plan under the 2021-2025 five-year plan, and it encompasses the five regular programs annually funded by the US Department of Housing and Urban Development (HUD): The Community Development Block Grant Program (CDBG), the HOME Investment Partnerships Program (HOME), the National Housing Trust Fund Program (NHTF), the Emergency Solutions Grants Program (ESG), and the Housing Opportunities for Persons with AIDS Program (HOPWA). The HOME American Rescue Plan (ARP) requires its own Allocation Plan which is due by March 2023 and will be added to the Consolidated Plan via amendment to the 2021 Action Plan. Beginning with the 2021-2025 Consolidated Plan, the State's CDBG-DR disaster and CDBG-MIT hazard mitigation grants are also included in summary form.

For the 2023 Plan year, April 1, 2023 through March 31, 2024, South Carolina estimates it will receive funding level with last year or \$41 million for CDBG, HOME, NHTF, ESG and HOPWA. The State also received \$26.7 million for the new HOME American Rescue Plan (ARP) Program and the Allocation Plan for this new program will be submitted by March 2023. Method of distribution for each program is based on this estimate, and in the Method of Distribution section, each program has identified how the funding allocations amongst programs/activities will be revised when actual allocations are announced.

This Plan identifies which of HUD's eligible activities have been prioritized as best able to serve the needs of South Carolina, using HUD funds that will be available during the 2023 Plan year. The State will also be implementing separate Action Plans for other HUD funds and programs during the year.

- CDBG-DR Hurricane Florence and CDBG-DR Mitigation Funding – Awarded in prior Program Years, funding, eligible activities and high-level goals are included in this 2023 Action Plan, but these disaster programs each have separate Action Plans and performance reports which contain all pertinent details.
- CARES Act funding for CDBG, ESG and HOPWA - received in 2020, CARES Act coronavirus (CV) funds were awarded to assist with preparation for and response to the COVID-19 pandemic. CV CDBG, HOPWA and ESG programs were incorporated by amendment in the 2020 Annual Action Plan. No new funding is expected for the 2023 Program Year and these funds are not included in this 2023 Action Plan.
- HOME American Rescue Plan (ARP) Funding – awarded in 2021, the American Rescue Plan (ARP) provides funding to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. Funds awarded to the State will be administered through the HOME Investment Partnerships Program (HOME) by SC Housing. South Carolina was allocated \$26.7 million in ARP funds in 2021

## AP-05 Executive Summary

and a separate Allocation Plan is required for these funds. The SC HOME-ARP Allocation Plan will be an amendment to the State's 2021 Annual Action Plan, which was submitted in combination with the State's 2021-2025 Consolidated Plan. Only funding and summary information, to the extent available as of January 2023, is included in this 2023 Action Plan.

- Recovery Housing Program (RHP) - new in 2021, RHP also required its own Action Plan and reporting through HUD DRGR systems. RHP funding and goals are not included in this plan.

The South Carolina Department of Commerce administers the CDBG Program; the State Housing Finance and Development Authority (SC Housing) administers the HOME Program, the NHTF Program and the HOME ARP Program; the South Carolina Department of Administration Office of Economic Opportunity administers the ESG Program; and the South Carolina Department of Health and Environmental Control (DHEC) administers the HOPWA Program. The SC Disaster Recovery Office administers the CDBG-DR and CDBG-MIT programs. All four State agencies collaborated to complete this Plan, along with the SCDRO and input from other state agencies, stakeholders, advocates, and community members. The SC Department of Commerce is the lead agency for the Plan's development.

The Plan content and format is dictated by the federal online HUD IDIS system, through which all states and direct recipients of HUD Community Planning & Development funds must create Consolidated Plans and annual Action Plans, report on accomplishments, and create a Consolidated Annual Performance and Evaluation Report (CAPER) each year. (Note that CDBG-DR has its own system and its own Plans and Reports.) The Annual Plan is generated through IDIS, then downloaded to make it available to the public and program participants and constituents. The structure and content reflect IDIS requirements. This current 2023 Annual Plan consists of this Executive Summary as well as two other sections: The Process Section, which describes the public input process for the 2023 program year, and the Annual Action Plan, which contains each Program's method of distribution for the year, anticipated goals and funding availability, as well as narrative sections addressing housing, special needs and homelessness.

### **2. Summarize the objectives and outcomes identified in the Plan**

*This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.*

HUD allows a broad range of activities for CDBG, HOME, NHTF, ESG, HOPWA, HOME ARP, and CDBG-DR and CDBG-MIT. CDBG provides resources for community development, which may include construction public infrastructure, public facilities and public improvements; public services; activities relating to energy conservation and renewable energy resources; and assistance to local governments to help locate new or expand existing business and industry and create or retain jobs. HOME is used for housing activities, which in any year may include providing homeownership and rental assistance; building or rehabilitating housing for rent or ownership for eligible households; and tenant-based rental assistance to subsidize rent for low-income persons. For 2023, HOME and NHTF funds will be used for construction of affordable rental housing and housing rehabilitation, and HOME will also be used for short-term rental assistance in the form of

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security deposit assistance through SC Housing's Rental Division. The Allocation Plan for HOME ARP will focus on rental housing only. ESG funds projects which may include supportive services to homeless individuals and families, outreach to unsheltered homeless, emergency shelter/transitional housing, homelessness prevention and re-housing assistance to those who have become homeless. HOPWA is dedicated to the housing and supportive service needs of people living with HIV/AIDS and their families, which may include operational support for community-based housing facilities operations; tenant based rental assistance; short-term payments for rent, mortgage and utilities; transitional housing assistance (leasing hotel/motel) and supportive services such as case management, substance abuse and mental health treatment, job training and placement assistance, and assistance with daily living. CDBG-DR provides resources to repair or reconstruct single-family homeowner and rental housing units affected by disasters in South Carolina that still had unserved damage. CDBG-MIT provides funds for mitigation activities that will increase resilience to natural disasters and reduce or eliminate long-term risk by lessening the impact of future disasters.

Annual objectives and outcomes undertaken annually may include any of the following:

- New Affordable Rental Housing
- Rehabilitation to Create New Affordable Housing or Preserve Existing Affordable Housing
- Repair or reconstruct single family homeowner and rental housing affected by disasters\*
- Operating Funds for Facility-Based Housing Units
- Homeownership & Rental Assistance
- Tenant-based Rental Assistance
- Short-Term Rent, Mortgage & Utility Assistance
- HOPWA Transitional Housing Assistance (Leasing Hotel/Motel)
- Homeless Prevention & Rapid Re-Housing
- New or Upgraded Public Infrastructure and Improvements, Community Facilities & Services
- Hazard Mitigation Activities including Public Facilities Improvements and Acquisition\*
- Homeless Shelter, Services & Outreach
- Supportive Services for People with HIV/AIDS
- Downtown & Neighborhood Revitalization
- Community and Regional Planning
- Support New or Retention of Existing Jobs
- Community Economic Development

*\* CDBG-DR and CDBG-MIT activities will be undertaken under separate Action Plans for these funding sources. Funding and high level goals are included for CDBG-DR and CDBG-MIT but details can be found in the related Action Plans on the SC Disaster Recovery Office website at <https://admin.sc.gov/SCDRO>.*

*\* CDBG-CV activities are being undertaken under the amended 2020 Action Plan and include public services, public facilities and short-term housing assistance to help address the impacts of the coronavirus pandemic. Details can be found in the 2020 Action Plan.*

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Although HOME-ARP funds can be used for TBRA, supportive services, homeless prevention, housing counseling and non-congregate shelters, the needs assessment for ARP found that the best use of ARP funds allocated to South Carolina is the production of affordable rental housing.

### 3. Evaluation of past performance

*This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.*

The State is currently implementing the Annual Plan for Program Year 2022, which is the second year of the 2021-2025 Consolidated Plan period. Actual accomplishments for 2022 will be reported in June 2023, but past accomplishments are available for prior plan years. For 2021, the CDBG, HOME, ESG and HOPWA programs made a total of \$32.5 million available to recipients. NHTF also received funding. These HUD funds could be used, in addition to other available resources, to address the state's priority needs and objectives. Distribution of funds was in accordance with each program's Annual Action Plan. The state's success in achieving its goals and objectives using the funds available for program year 2021 is described in the state's Consolidated Annual Performance and Evaluation Report (CAPER), which is available online at [www.cdbgSC.com](http://www.cdbgSC.com). Significant accomplishments were achieved by each program - below are highlights of 2021 performance and accomplishments.

- 9,805 people benefited from community economic development activities aimed at improving or revitalizing commercial and downtown areas and upgrading essential public facilities for predominantly LMI communities
- 2,258 people benefited from neighborhood revitalization projects that will help improve public safety and revitalize predominately LMI residential neighborhoods
- 13,798 persons benefited from community infrastructure projects that will address the availability or quality of public water/sewer and other infrastructure to ensure a suitable living environment for predominantly LMI communities
- 79 new affordable rental units were created and 37 affordable housing units were rehabilitated
- 113 households received rapid re-housing assistance through ESG
- 624 persons benefited from homelessness prevention activities through ESG and 1,111 homeless persons were assisted with overnight shelter and/or outreach activities through ESG
- 11 housing units for persons with HIV/AIDs were provided with operating funds through HOPWA
- HOPWA assisted 126 households with tenant based rental assistance and 256 eligible households with short-term rent, mortgage and utility assistance
- 1,536 HOPWA-eligible people received supportive services through HOPWA

### 4. Summary of Citizen Participation Process and consultation process

*Summary from citizen participation section of plan.*

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The State certifies that it has adopted and is following a recently revised Citizen Participation (CP) Plan. An Amendment to the State's Citizen Participation Plan was required in conjunction with CARES Act Funding to assist with the COVID-19 pandemic and the amended State CP Plan was included in the Citizen Participation Process for the 2021-2025 Consolidated Plan. For the 2023 Program Year, the State will be following the non-public health emergency provisions of the State CP Plan, unless conditions change prior to submission of the 2023 Action Plan.

As amended, the CP Plan sets forth the State's policies and procedures for citizen participation and provides for and encourages citizens participation in the development of the Consolidated Plan, each Annual Action Plan, the State's Assessment of Fair Housing (when required by HUD for states), substantial amendments made to the Consolidated Plan, and each year's Consolidated Annual Performance Report.

Specific emphasis is placed on the participation of low and moderate income persons, including minorities, non-English speaking persons, persons with Limited English Language Proficiency (LEP), and persons with disabilities, and particularly on those living in slum and blighted areas and in areas where CDBG funds are proposed to be used, and by residents of predominantly low and moderate income neighborhoods.

The State is required to keep appropriate records, such as documentation of online postings of notices and drafts, newspaper notices of hearings, minutes of those public hearings, and responses to comments and inquiries, to demonstrate that the CP Plan is being followed. Specifically:

Requirement: Prior to the publication of the Action Plan, the State will provide for local government and citizen participation by holding a virtual and/or in-person public hearing and by making the proposed plan available for public review. At the public hearing, the State will furnish citizens, local governments, public agencies, and other interested parties information on the following: amount of assistance the State expects to receive; the range of activities which may be undertaken, including the estimated amount that will benefit low and moderate income persons; and the plans to minimize displacement of persons and to assist any persons displaced.

- ***The State will comply with its CP requirement by holding its 2023 public hearing on January 25, 2023, at which the amount of anticipated assistance, activities to be undertaken, the amount to benefit LMI and minimization of displacement will be discussed. The State will also make the draft Action Plan document available for public review from January 9 through February 7, 2023.***

Requirement: The State will notify citizens about the dates of the Action Plan public comment period in at least one newspaper of general circulation in the state and utilize additional means of notification, as appropriate and using technology that may be available, including fax or email notifications and internet/web posting of notices. The advertised public notice and any other notices will identify the means by which copies can be downloaded or otherwise obtained and for review, and email and physical addresses for submitting comments.



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- ***The State will provide public notice using three of the state's newspapers of general circulation (The State, the Greenville News and the Charleston Post & Courier), by posting copies of the notices online and by sending notifications via email and newsletters. Notices will provide citizens with information regarding the availability of the Plan and each Program's documents, the date and location of the public hearing, and the timing of the 30-day public comment period. The notice will also make citizens aware that they can download copies of the Plan from Program websites or review them at COG regional offices or one of the Program offices. Finally, the notice will indicate where to send written comments and the deadline for doing so.***

### **5. Summary of public comments**

*This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.*

During the public comment period, which will run from January 9, 2023 through February 7, 2023, the State will make the draft plan available to the public for review. The State will also hold a public hearing, in person or a combination of virtually and in person, depending on prevailing public health conditions at the time, on January 25, 2023. Notice of the availability of the draft plan and the public hearing will be published in The State, the Charleston Post & Courier and the Greenville News on January 8, 2023, in addition to being posted on [www.cdbgSC.com](http://www.cdbgSC.com) and [www.schousing.com](http://www.schousing.com). The notice will provide instructions on how to provide comments regarding the Plan, and this will also be discussed during the public hearing. The public hearing will provide an opportunity for citizens participating to make comments for the record. All comments received by the Lead Agency either in writing or during the Public Hearing will be accepted and summarized in the final Action Plan submitted to HUD.

### **6. Summary of comments or views not accepted and the reasons for not accepting them**

All comments received will be accepted and responses provided to written comments. Written comments and the State's responses to them will be summarized in the final Action Plan submitted to HUD.

### **7. Summary**

## PR-05 Lead & Responsible Agencies

### PR-05 Lead & Responsible Agencies - 91.300(b)

#### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	SOUTH CAROLINA	SC Department of Commerce
CDBG Administrator	SOUTH CAROLINA	SC Department of Commerce
HOPWA Administrator	SOUTH CAROLINA	SC Dept of Health & Environmental Control (DHEC)
HOME Administrator	SOUTH CAROLINA	SC Housing Finance & Development Authority
ESG Administrator	SOUTH CAROLINA	SC Department of Administration
HOPWA-C Administrator		
National Housing Trust Fund	SOUTH CAROLINA	SC Housing Finance & Development Authority

**Table 1 – Responsible Agencies**

#### Narrative

The HUD programs covered by the Consolidated Plan are administered by different agencies, as indicated above. The Community Development Block Grant (CDBG) Program is administered by the SC Department of Commerce, the HOME, NHTF and HOME ARP Programs by the SC State Housing Finance and Development Authority (SC Housing), the Emergency Solutions Grant (ESG) Program by the SC Office of Economic Opportunity and the HOPWA Program by the SC Department of Health and Environmental Control. The Lead Agency responsible for overseeing the development of the Consolidated Plan is the SC Department of Commerce.

CDBG-DR and the new RHP Program are not included in this Consolidated Plan, because they have separate Action Plan requirements, data systems and reporting requirements. CDBG-DR Action Plan(s), amendments to Plans and program documents can be found on the program website: [www.scdr.sc.gov](http://www.scdr.sc.gov). CDBG-DR is administered by the SC Disaster Recovery Office (DRO), which is housed within the SC Department of Administration. RHP is administered by the SC Department of Alcohol and Other Drug Abuse Services (DAODAS). The RHP Plan can be found on the DAODAS website at [SC-FFY21-FY22-RHP-Application-REVISED.pdf](#).

#### Consolidated Plan Public Contact Information

General questions about the 2023 Action Plan should be directed to the SC Department of Commerce, which acts as the lead agency for the State. The SC Department of Commerce is located at 1201 Main Street, Suite 1600, Columbia, SC 29201. Phone (803) 734-0452 or email [lross@sccommerce.com](mailto:lross@sccommerce.com).

## **PR-05 Lead & Responsible Agencies**

For housing questions or questions about HOME, NHTF or the HOME ARP Program, contact SC Housing. Phone (803) 896-9824 or email [jennifer.cogan@schousing.com](mailto:jennifer.cogan@schousing.com).

For homeless questions, contact the SC Office of Economic Opportunity. Phone (803) 734-2454 or email [gregg.mcconkey@admin.sc.gov](mailto:gregg.mcconkey@admin.sc.gov).

For special needs housing and HIV/AIDS questions, contact the SC Department of Health and Environmental Control HIV/STD Division. Phone (803) 898-0650 or email [odenl@dhec.sc.gov](mailto:odenl@dhec.sc.gov).

For non-housing or CDBG questions, or for referral regarding questions about CDBG-DR, CDBG-MIT or RHP, contact the SC Department of Commerce. Phone (803) 734-0452 or email [lross@scommerce.com](mailto:lross@scommerce.com).

## **AP-10 Consultation**

### **AP-10 Consultation - 91.110, 91.300(b); 91.315(l)**

#### **1. Introduction**

This Annual Plan is part of the larger five-year Consolidated Plan for 2021-2025. The Consolidated Plan is required and reflects the coordinated efforts of various state agencies, citizens and other organizations. The Plan is a comprehensive report, spanning multiple cross-jurisdictional areas of need, involving multiple agencies, programs and funding sources, and beyond the ability of a single entity or person to effectively develop. Instead, the cooperation and expertise of other agencies was necessary to develop a comprehensive plan based on accurate and pertinent data, effectively identifying goals, needs and strategies, and which could serve as an umbrella under which the state can undertake HUD-funded housing and community development in South Carolina. As such the Consolidated Plan describes the consultation and coordination efforts undertaken by the state and which served to inform the plan that governs this current 2023 Annual Plan.

#### **Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies**

SC Department of Health and Environmental Control staff responsible for administering the HOPWA Program also administer the Ryan White Care Act for the State, and Ryan White Care Act providers represent the entire spectrum of special needs housing, case management, health and mental health and other supportive services providers for people living with HIV/AIDs. Having the same entities manage programs and services funded by both HOPWA and Ryan White ensures a coordinated and seamless approach to service delivery. Additionally, SC DHEC includes a requirement that each project sponsor applying for State HOPWA assistance obtain approval from the unit of local government thus ensuring that each geographic area is aware of HOPWA funding resources.

SC Housing participates with other state and federal agencies through the use of memorandums of understanding documents (MOU) which provide a process to easily communicate and share information. Such MOUs speed up production of and decrease costs of affordable housing. Agencies SC Housing has entered into MOUs with include the US Department of Agriculture Rural Housing Service, the SC Department of Archives and History State Historic Office of Preservation, and in the past, the SC Department of Mental Health. (Note that no 2023 HOME funds will be used for special needs TBRA in conjunction with SC DMH.)

The SC Department of Alcohol and Other Drug Abuse Services (DAODAS) is the designated agency for RHP, and as a new program partner for the HUD Consolidated Plan, brings in another governmental health, mental health and service agency and related knowledge about State programs, services, and needs. DAODAS has developed significant partnerships that address the diverse needs of those entering and residing in recovery housing across South Carolina. Key partners include SCARR, OHI, S.C. Department of Commerce, S.C. Department of Corrections, as well as county alcohol and drug abuse authorities

## **AP-10 Consultation**

throughout the state. Many of these partners, existing and new, will be part of our advisory council for this program and serve as referring agencies. As experts in recovery housing and SUD treatment and recovery services, each entity and their respective designees bring a wealth of experience and knowledge to bear when serving the public. This system will develop a comprehensive network of partners in recovery housing to address the well-being of participants and promote long-term recovery.

In addition to the Consolidated Plan partner agencies identified in PR-05, numerous other state agencies, non-profit organizations, public housing authorities, and continuums of care contributed to the development of the Consolidated Plan. These are described in detail in the 2021-2025 Consolidated Plan.

### **Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness**

SC Office of Economic Opportunity staff responsible for the State Emergency Solutions Grant Program meet regularly with the State Continuums of Care to discuss homeless needs and strategies, as well as upcoming Annual Plans when appropriate, funding allocations between homeless services including outreach, shelter and transitional housing facilities and operations, homeless prevention and re-housing, and HMIS, as well as to align objectives and policies to achieve a more coordinated approach to addressing homeless needs in South Carolina. New coordination between SC Housing and organizations involved with homelessness and homeless prevention also began during development of the HOME ARP Allocation Plan and program.

### **Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

SC Office of Economic Opportunity staff responsible for the State Emergency Solutions Grant Program meet regularly with the State Continuums of Care to discuss homeless needs and strategies, as well as upcoming Annual Plans when appropriate, funding allocations between homeless services including outreach, shelter operations, homeless prevention and re-housing, and HMIS, as well as to align objectives and policies to achieve a more coordinated approach to addressing homeless needs in South Carolina. ESG also requires potential subgrantees to receive an endorsement letter from the Continuum of Care in their area in order to apply for ESG funds each year. To further coordinate, ESG attends the Homeless Coalition bi-monthly meetings, along with all the Continuums of Care, meets with each HMIS lead agency, attends policy meetings and ESG staff volunteer for various Homeless Coalition committees.

## **2. Agencies, groups, organizations and others who participated in the process and consultations**

## AP-10 Consultation

<b>Agency/Group/Organization</b>	Organizations Consulted during Development of the 2021-2025 Plan
<b>Agency/Group/Organization Type</b>	Please see attachments to the Consolidated Plan
<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Market Analysis Economic Development Anti-poverty Strategy Lead-based Paint Strategy
<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The state's 2021-2025 Consolidated Plan, AP-10 Consultation, Section 2 identifies fifty-six different organizations and the consultation the state had with them during the development of the Plan. Annually, State CDBG consults with the ten regional Councils of Government (COGs) at meetings held periodically during the year and has an ongoing dialogue throughout the year with the COGs and local governments in South Carolina. Application and Implementation Workshops held each year provide additional opportunities to discuss local and regional needs and issues with existing and potential CDBG grant recipients, interested local government officials and COG directors and community development staff.

**Table 2 – Agencies, groups, organizations who participated**

### Identify any Agency Types not consulted and provide rationale for not consulting

Please refer to the AP-10 Consultation Section in the state's 2021-2025 Consolidated Plan.

Many additional organizations, representing additional agency types, were consulted during the development of the 2021-2025 Consolidated Plan, but IDIS limits the number of organizations that can be input into this section. As a result, not all are reflected in Section 2 of AP-10 of the Consolidated Plan. However, during the development of the Consolidated Plan, HOPWA consulted with Ryan White Care Act

## AP-10 Consultation

providers, via a public meeting focused on special needs housing. HOME also created an online survey to better identify affordable housing needs and assess how to best allocate available resources. An invitation to participate in the survey was emailed to over 1,500 affordable housing advocates.

### Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	United Housing Connections	There are four Continuum of Care entities in SC and the State consulted with all five: Eastern Carolina Homelessness Organization, Lowcountry Homeless Coalition, Midlands Area Consortium for the Homeless and United Housing Connections, which serves the Upstate region and also acts as the CoC Lead Organization. For consultation with the Lead and other CoC organizations, please see the narrative section, below.

**Table 3 - Other local / regional / federal planning efforts**

### Narrative

SC Office of Economic Opportunity staff responsible for the State Emergency Solutions Grant Program (ESG) meet regularly with the State Continuums of Care to discuss homeless needs and strategies, as well as upcoming Annual Plans when appropriate, funding allocations between homeless services including outreach, shelter operations, homeless prevention and re-housing, and HMIS, as well as to align objectives and policies to achieve a more coordinated approach to addressing homeless needs in South Carolina. ESG also requires potential subgrantees to receive an endorsement letter from the Continuum of Care in their area in order to apply for ESG funds each year. To further coordinate, ESG attends the Homeless Coalition bi-monthly meetings, along with all the Continuums of Care, meets with each HMIS lead agency, attends policy meetings and ESG staff volunteer for various Homeless Coalition committees.

Also, consultation with homeless assistance providers and Continuums of Care has been part of the development of the plan for the HOME ARP Program. The HOME ARP Allocation Plan will represent an amendment to the State’s 2021 Annual Action Plan and is due by March 2023. The State will follow HUD guidance related to ARP plans and its own Citizen Participation Plan for amendments. Details and any comments received will be included in the appropriate Action Plan when submitted to HUD

## AP-12 Participation

### AP-12 Participation - 91.115, 91.300(c)

**1. Summary of citizen participation process/Efforts made to broaden citizen participation  
Summarize citizen participation process and how it impacted goal-setting**

Per the State of South Carolina’s Citizen Participation plan, input from the public and stakeholders was solicited by each of the five Consolidated Plan programs during the development of the 2021-2025 Consolidated Plan, which governs the current Action Plan. This is described fully in the Participation section of the State's 2021-2025 Consolidated Plan.

In preparation for the 2023 Annual Action Plan, the state continued to consult as it does throughout the plan period with its program constituents and interested parties, via meetings with program constituents, workshops, etc. Input received was considered during the development of the 2023 Plan and will also be considering when finalizing the Plan, prior to submitting it to HUD. The Plan will be made available in draft form for public review for the 30 day period extending from January 9, 2023 through February 7, 2023. A public hearing will also be held on January 25, 2023 to discuss the 2023 Plan.

Consultation with homeless assistance providers and Continuums of Care has also occurred regarding the plan for the HOME ARP Plan. The HOME ARP Allocation Plan will represent an amendment to the State’s 2021 Annual Action Plan and is due by March 2023. The State will follow HUD guidance for ARP and its own Citizen Participation Plan for amendments. Details and any comments received will be included in the appropriate Action Plan when submitted to HUD.

### Citizen Participation Outreach

Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons
Public Hearing	Non-targeted/broad community	The public hearing will be held on January 25, 2023. A public notice will be published in three newspapers of general circulation and will advertise the hearing, as will mailings to constituents and notices published on Program websites. Sign in sheets will be maintained in the Action Plan files to document attendance at the Public Hearing.	All comments received at the public hearing will be summarized in the final Plan submitted to HUD.	Not applicable.
Newspaper Ad	Non-targeted/broad community	Public notification ads will be run in three newspapers of general circulation, in three regions of the state, on Sunday January 8,	Comments will be accepted from January 9, 2023 through February 7, 2023. All written comments received	Not applicable.



## AP-12 Participation

Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons
		<p>2023. These ads will announce the availability of the draft 2023 Annual Action Plan, the date, time and location of the public hearing to be held on January 25, 2023, and the start and end dates for the 30 days during which citizens and interested parties can provide written comments on the plan. There is no specific attendance but the combined readership of The State, Greenville News, and Charleston Post &amp; Courier is substantial and located throughout the state.</p>	<p>will be summarized in the final Plan submitted to HUD.</p>	
Internet Outreach	Non-targeted/broad community	<p>The SC Department of Commerce Division of Grants Administration will notify elected officials, local government administrators and other local government staff of the availability of the draft 2023 Plan and the 2023 public hearing via email on January 9, 2023. Based on last program year, CDBG anticipates sending email notifications to more than 400 local government officials and staff in South Carolina, and to approximately 50 regional Council of Government Directors and staff.</p>	<p>All comments received will be summarized and included in the final Plan submitted to HUD.</p>	Not applicable.
Internet Outreach	Affordable Housing Partners, Applicants and Other Stakeholders	<p>SC Housing will notify affordable housing partners, applicants, and other stakeholders of the availability of the Draft 2023 Annual Action Plan via its mass email tool Constant Contact.</p>	<p>SC Housing will provide public comments received regarding the 2023 HOME and NHTF Programs along with corresponding comments in the final Plan submitted to HUD.</p>	Not applicable.

Table 4 – Citizen Participation Outreach

## AP-15 Expected Resources

### AP-15 Expected Resources – 91.320(c)(1,2)

#### Introduction

The state's 2023 allocations for CDBG, HOME, NHTF, HOPWA and ESG are estimated level with 2022 or \$41 million, and the table below therefore reflects estimated 2023 funding.

Note that CDBG-DR, CDBG-MIT and RHP are included as funding sources, even though this funding is being administered under and is governed by separate Annual Action Plans. The disaster and RHP funds have already been awarded, including additional MIT funding awarded during 2021. No additional disaster funding is expected during the remainder of the 2021-2025 Consolidated Plan period. Additional MIT or disaster funding, should it be awarded for mitigation or disasters that may occur during the Con Plan period, will be shown in the same way with the amounts further incremented. RHP was initially a pilot program in FY 2020-2021 and funding was also received for FY 2021-2022. Should additional RHP funding be received, the State expects HUD will continue to require a separate plan and reporting through DRGR.

HOME ARP is included as a funding source but will also have its own allocation plan. It is shown as an available resource from prior plan years as the funds were technically awarded during 2021. No information is available regarding potential additional ARP funding. Should any received, it will be added via amendment to the appropriate Action Plan as specified by HUD.

CDBG-CV is not included in the table below as CV funds were awarded under the prior Consolidated Plan and no additional funds are anticipated for the current 2021-2025 plan period.

#### Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
CDBG	public – federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	19,740,854	0	0	19,740,854	40,000,000	This is the third annual plan for the current 5-year Consolidated Plan period. Additional CDBG funds are estimated at \$20 million per year.

## AP-15 Expected Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
HOME	public – federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA Short-Term Rental Assistance	7,381,305	2,153,896	7,953,771	17,488,972	14,000,000	This is the third annual plan for the current 5-year Consolidated Plan period. Additional HOME funds are estimated at \$7 million per year.
HTF	public – federal	Multifamily rental new construction Multifamily rental rehab	3,000,000	0	4,659,992	7,659,992	14,000,000	This is the third annual plan for the current 5-year Consolidated Plan period. Additional NHTF funds are estimated at \$7 million per year.
HOPWA	public – federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	2,696,404	0	400,000	3,096,404	4,000,000	This is the third annual plan for the current 5-year Consolidated Plan period. Additional HOPWA funds are estimated at \$2 million per year.
ESG	public – federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,595,979	0		2,595,979	5,000,000	This is the third annual plan for the current 5-year Consolidated Plan period. Additional ESG funds are estimated at \$2.5 million per year.

## AP-15 Expected Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
CDBG-DR	public – federal	Acquisition Single family rehabilitation Multifamily rehabilitation	0	0	72,075,000	72,075,000	0	Funds were received for Hurricane Matthew, which are largely expended, and Hurricane Florence. The amount shown indicates the total awarded for Florence.
CDBG-MIT	Public – federal	Acquisition Public Infrastructure	0	0	162,188,000	162,188,000	0	CDBG-MIT funding was received for Hazard Mitigation, including a second round of \$4,598,000 in 2021. The amount shown indicates the total awarded to South Carolina.
RHP	Public – federal	TBRA	0	0	\$823,245	\$823,245	0	RHP funding was received for recovery housing activities for 2022. Funding may be used for a variety of recovery housing activities but will be used for recovery housing rental assistance.
HOME ARP	Public – federal	Production or Preservation of Affordable Housing	0	0	26,687,296	26,687,296	0	HOME ARP funds were allocated to the State to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations.

**Table 5 - Expected Resources – Priority Table**

## **AP-15 Expected Resources**

### **Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

A number of other resources, including other federal, private, non-profit, local and state programs, can be used to address housing, community development and special needs. Much of the funding for housing and community development programs in particular originates from federal sources. Programs including HOME, NHTF, CDBG, Low Income Housing Tax Credits (LIHTCs), Section 8 rental assistance programs and Low Income Home Energy Assistance (LIHEAP), are allocated to states based on formulas. Other federal programs are available on a demonstration basis or through a competitive process on a national or regional level, and as such are more difficult to obtain and less secure as a long-term funding source.

State resources for housing include the various programs and the State Housing Trust Fund administered by SC Housing, which are described below. In addition, HUD requires the State to provide matching funds for the CDBG, HOME, and ESG Program allocations, as described below. The HOPWA nor NHTF programs do not require a match from the State of South Carolina for their allocation.

#### **CDBG-DR**

CDBG-DR funds allocated to assist with the aftermath of the 2015 Severe Storm (October Flood) and Hurricane Matthew were prioritized for housing rehab and housing replacement for eligible affected individuals. One hundred percent of funds remaining from these CDBG-DR allocations are allocated to this activity. Action Plans for these programs can be found on the SC Disaster Recovery Office (SDRO) website.

In April 2018, HUD announced an allocation of \$157.6 million in CDBG Mitigation (CDBG-MIT) funds to South Carolina. During 2021, the State received an additional MIT allocation of \$4,598,000 bringing total MIT funding for South Carolina to \$16,188,000. The State's CDBG-MIT Action Plan, as amended for the additional funding, is posted on the SC Disaster Recovery Office (SCDRO) website at <https://admin.sc.gov/SCDRO>. These funds will be used for acquisition and public infrastructure improvements needed to improve resiliency and reduce the future impacts of natural disasters.

CDBG-DR funding to assist with the aftermath of Hurricane Florence was announced in May 2019. South Carolina will receive \$72 million and the State's CDBG-DR Hurricane Florence Action Plan is posted on the SC Disaster Recovery Office website at <https://admin.sc.gov/SCDRO>. Funds will be used for acquisition and single and multifamily rehabilitation.

#### **RHP**

The Recovery Housing Program (RHP) provides funding to provide stable, transitional housing for individuals in recovery from a substance use disorder. The funding covers a period of not more than two years or until the individual secures permanent housing, whichever is earlier. The SC Department of Alcohol and Other Drug Abuse Services (DAODAS) will administer these funds, and there are separate planning and reporting requirements for this program. Just under \$850,000 was received for FY 2021-2022.

## **AP-15 Expected Resources**

### **HOME ARP**

The American Rescue Plan (ARP) provides funding to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. South Carolina was allocated \$26,687,296 in ARP funds in 2021, and a separate Allocation Plan will be required for these funds. The SC HOME-ARP Allocation Plan will be an amendment to the State's 2021 Annual Action Plan, which was submitted in combination with the State's 2021-2025 Consolidated Plan. The ARP Allocation Plan is due by March 2023, and only funding and summary information is included in this 2023 Plan.

### **HOME**

The HOME program requires a 25 percent (25%) match. HOME program matching funds are provided by SC Housing through the State Housing Trust Fund. The SC HTF is a state-funded program created in 1992 to assist low-income households in all 46 counties. The fund receives a small portion of all documentary stamp taxes collected.

### **ESG**

The ESG Program requires a dollar-for-dollar match in non-ESG funds from the State for their allocation. To meet this requirement, the ESG Program requires that applicants provide a dollar-for-dollar match if they are awarded a grant. Match can be either in the form of a cash contribution or in other donated/in-kind resources such as the value of buildings, equipment, and volunteer services. The State is allowed to waive the match requirement for up to the first \$100,000 of its allocation for applicants who are least capable of leveraging local resources to meet the match.

### **HOPWA**

HOPWA does not require matching funds, but HOPWA funds awarded each year are the source of substantial leveraging. All DHEC HOPWA service providers, or sponsors, are also Ryan White service providers or collaborate closely with Ryan White service providers. Ryan White CARE Act resources are used for case management across the state, including housing service planning. HOPWA is also used to leverage the resources of non-profit organizations that receive HOPWA funding. Current Ryan White leveraged funding is estimated at \$1.9 million plus the base Ryan White Part B formula award of \$10.3 million.

### **If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The State does not own any land or property that may be used to address the needs identified in the plan.

### **Discussion**

## AP-15 Expected Resources

## AP-20 Annual Goals & Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

#### Goals Summary Information

Goal #r	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Estimated 2023 Funding	Proposed 2023 Goal & IDIS Outcome Measure
1a	New Affordable Rental Housing	2021	2025	Affordable Housing		Affordable Housing	HOME: \$11,732,735 Housing Trust Fund: \$5,182,494	Rental units constructed: 75 Household Housing Unit
1b	Preserve Existing Affordable Housing	2021	2025	Affordable Housing		Preservation of Existing Affordable Housing	HOME: \$3,910,912 NHTF: \$1,727,498	Rental units rehabilitated: 12 Household Housing Unit
2	Operating Funds for Facility-Based Housing Units	2021	2025	Affordable Housing Non-Homeless Special Needs		Transitional and Supportive Housing	HOPWA: \$190,000	HIV/AIDS Housing Operations: 10 Household Housing Unit
3	Tenant-based Rental Assistance for Special Needs Households	2021	2025	Affordable Housing Non-Homeless Special Needs		Rental Assistance	HOPWA: \$875,000	Tenant-based rental assistance / Rapid Rehousing: 126 Households Assisted
4	Short-Term Rental Assistance (HOME Rental Assistance & HOPWA STRMU - Short Term Rent, Mortgage & Utility Assistance)	2021	2025	Affordable Housing Non-Homeless Special Needs		Rental Assistance	HOPWA: \$562,675  HOME: \$200,000	Tenant-based rental assistance / Rapid Rehousing: 456 (256 HOPWA & 200 HOME) Households Assisted
5	Homeless Prevention & Rapid Re-Housing	2021	2025	Homeless		Homeless Prevention and Rapid Re-Housing	ESG: \$856,674	Tenant-based rental assistance / Rapid Rehousing: 100 Households Assisted Homelessness Prevention: 175 Persons Assisted



## AP-20 Annual Goals & Objectives

Goal #r	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Estimated 2023 Funding	Proposed 2023 Goal & IDIS Outcome Measure
6	Homeless Shelter, Services & Outreach	2021	2025	Homeless		Homeless Services and Outreach to Unsheltered Homeless	ESG: \$1,285,010	Homeless Person Overnight Shelter: 1,000 Persons Assisted Other -Outreach: 1,000 Other (Persons)
7	Supportive Services for People with HIV/AIDs	2021	2025	Non-Homeless Special Needs		Supportive Services for People Living with HIV/AIDS (including Permanent Housing Placement)	HOPWA: \$1,252,798	Other - Supportive Services: 1,502 Other (Persons Assisted)
8	Public Infrastructure, Facilities & Services	2021	2025	Non-Housing Community Development		Community Infrastructure, Facilities & Services	CDBG: \$11,548,629	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 10,000 Persons Assisted
9	Neighborhood Revitalization	2021	2025	Non-Housing Community Development		Community Infrastructure, Facilities & Services Community Revitalization	CDBG: \$1,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 500 Persons Assisted
10	Community Sustainability and Opportunity	2021	2025	Non-Housing Community Development		Community Infrastructure, Facilities & Services Community Revitalization Economic Opportunity & Sustainability	CDBG: \$4,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 8,000 Persons Assisted
11	New or Jobs Retention of Existing Jobs	2021	2025	Economic Opportunity		Economic Opportunity & Sustainability	CDBG: \$2,000,000	Jobs created/retained: 25 Jobs

## AP-20 Annual Goals & Objectives

Goal #r	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Estimated 2023 Funding	Proposed 2023 Goal & IDIS Outcome Measure
12	Community and Regional Planning	2021	2025	Non-Housing Community Development		Community Infrastructure, Facilities & Services Community Revitalization Economic Opportunity & Sustainability	CDBG: \$500,000	Other: 40 Other
13	CDBG-DR Housing Rehabilitation	2021	TBD	Disaster Response		Preservation of Existing Affordable Housing Disaster Response & Hazard Mitigation	CDBG-DR: \$72,075,000	Household Housing Unit Homeowner units rehabilitated: 305 Household Housing Unit Rental units rehabilitated: 15 Household Housing Unit Other: Acquisition 39
14	CDBG-MIT Mitigation	2021	TBD	Hazard Mitigation and Resiliency		Community Infrastructure, Facilities & Services Disaster Response & Hazard Mitigation	CDBG-MIT \$157,590,000	Other: 128 Other (Plans, FEMA Match, Acquisition and Public Facilities Projects)
15	HOME ARP Homeless Assistance	2022	TBD	Homeless Assistance			HOME ARP \$26,687,296	Other: TBD

**Table 6 – Goals Summary**

## AP-20 Annual Goals & Objectives

### Goal Descriptions

1a	<b>Goal Name</b>	New Affordable Rental Housing
	<b>Goal Description</b>	Increase the supply of affordable rental units for extremely low- to moderately low-income households.
1b	<b>Goal Name</b>	Preserve Existing Affordable Housing
	<b>Goal Description</b>	Increase the supply of affordable rental units for extremely low- to moderately low-income households, through projects involving rehabilitation. Or make existing affordable housing more sustainable and preserve affordable housing stock. NHTF funds are allocated for this goal for 2021, but CDBG neighborhood revitalization projects can include this activity, as can water/sewer infrastructure projects. Rehabilitation Standards for NHTF are included in this Plan. Also, though not included in this plan, CDBG-DR anticipates continued expenditure of CDBG-DR funding for owner-occupied rehab.
2	<b>Goal Name</b>	Operating Funds for Facility-Based Housing Units
	<b>Goal Description</b>	Support transitional and supportive housing facilities for people with special needs.
3	<b>Goal Name</b>	Tenant-based Rental Assistance for Special Needs Households
	<b>Goal Description</b>	Provision of tenant-based rental assistance to make housing more affordable for those living with HIV/AIDS and for other low income households with other special needs. Funding for this activity is provided by HOPWA.
4	<b>Goal Name</b>	Short Term Rental Assistance (HOPWA STRMU -Short-Term Rent, Mortgage & Utility Assistance)
	<b>Goal Description</b>	Address short-term housing instability by providing emergency assistance for people living with HIV/AIDS (HOPWA) or short-term rental assistance in the form of security deposit assistance through the SC Housing Rental Division (HOME).
5	<b>Goal Name</b>	Homeless Prevention & Rapid Re-Housing
	<b>Goal Description</b>	Prevent homelessness and/or assist with rapid re-housing or transition to permanent housing.
6	<b>Goal Name</b>	Homeless Shelter, Services & Outreach
	<b>Goal Description</b>	Support organizations that provide emergency shelter or essential supportive services to homeless individuals and families, both sheltered and unsheltered, and/or that provide outreach to unsheltered homeless.
7	<b>Goal Name</b>	Supportive Services for People with HIV/AIDS (including Permanent Housing Placement)
	<b>Goal Description</b>	Provide supportive services and permanent housing placement services to persons with special needs to promote independent living.
8	<b>Goal Name</b>	Public Infrastructure, Facilities and Services
	<b>Goal Description</b>	Contribute to the creation of healthy and sustainable residential communities by providing funding for new or upgraded infrastructure, facilities or services, including water, sewer, roads, drainage or other activities that address health concerns or resiliency, help meet required quality standards and ensure community sustainability, contribute to a more viable regional infrastructure solution, provide new access to services where needed to support business or community needs where it is cost effective to do so.

## AP-20 Annual Goals & Objectives

9	<b>Goal Name</b>	Neighborhood Revitalization
	<b>Goal Description</b>	Develop sustainable communities through revitalization of residential neighborhoods using comprehensive strategies for linking commercial revitalization successes with improvements to community neighborhoods. This typically involves multiple activities prioritized to address basic infrastructure and safety first and, where feasible, geographically concentrated in order to achieve the greatest impact. Eligible activities include infrastructure, public facilities, housing infrastructure or other activities to support workforce housing, demolition and clearance, and public services.
10	<b>Goal Name</b>	Community Sustainability and Opportunity
	<b>Goal Description</b>	Help create more viable communities that can compete more effectively for new business development opportunities, provide more supportive environments for existing businesses to grow and thrive, and thereby create communities that are more sustainable and offer local residents greater quality of life and individual economic opportunity. The CDBG Community Enrichment Program is the primary tool for accomplishing this by funding public facilities, services and other activities that strengthen existing communities and support a higher quality of life.
11	<b>Goal Name</b>	New Jobs or Retention of Existing Jobs
	<b>Goal Description</b>	Support the creation or retention of jobs as a means of providing or expanding economic opportunity in the form of jobs to primarily low- and moderate-income individuals. The CDBG Business Development Program is the primary tool for accomplishing this by providing financial resources for local governments to pursue opportunities that create new jobs, retain existing employment, stimulate private investment, and revitalize or facilitate the competitiveness of the local economy.
12	<b>Goal Name</b>	Community and Regional Planning
	<b>Goal Description</b>	Assist local governments in developing plans and building local community development capacity to build the capacity to effectively determine community needs, establish both long-term goals and short-term objectives, and develop plans for carrying out effective strategies to address community needs. Accomplishments are measured in terms of the number of communities assisted.
13	<b>Goal Description</b>	CDBG-DR Disaster Response Housing Rehabilitation
		CDBG-DR Hurricane Florence activities include single family, owner-occupied housing rehabilitation, acquisition of single family housing, and rental housing repair. Activities specifically include Repair/Rehabilitation of existing housing units, replacement of damaged Manufactured Housing Units (MHUs) deemed unrepairable through a feasibility review, reconstruction of disaster-damaged stick-built homes, consideration of limited relocation assistance on a case by case basis, minor rehabilitation of affordable rental housing to effect repairs, acquisition of existing residential units, and inclusion, during the execution of these activities, as needed and appropriate, identification of opportunities for mitigation enhancement measures, improvement of resilience, and ancillary improvements such as elevation and access ramps.
14	<b>Goal Description</b>	CDBG-MIT Hazard Mitigation

## AP-20 Annual Goals & Objectives

		<p>CDBG-MIT activities will include: a) various types of infrastructure improvements and related planning to improve resiliency and reduce flood risk, b) matching funds for FEMA assistance, and c) acquisition of contiguous residential parcels of land for uses compatible with open space, recreational, natural floodplain functions, wetlands management practices, or ecosystem restoration. The acquired property will be subject to a permanent covenant on its continued use to preserve the floodplain. The term “buyout” refers to the acquisition of properties with the intent to reduce risk from future flooding.</p> <p>For infrastructure projects, Phase 1 will include planning funds to assist jurisdictions without “shovel-ready” projects in the development of flood-reduction studies with the intent of identifying appropriate projects for execution during Phase 2. Phase 2 will commence at the start of year 3.</p>
15	<b>Goal Description</b>	<p>HOME ARP</p> <p>HOME ARP activities will be described in the SC HOME ARP Allocation Plan which will be an amendment to the 2021 Annual Action Plan. ARP eligible activities are: Production or Preservation of Affordable Housing, Tenant-Based Rental Assistance (TBRA), Supportive Services, Homeless Prevention Services, and Housing Counseling, and Purchase and Development of Non-Congregate Shelter. However, the needs assessment has indicated priority for production of affordable rental housing. Goals will be determined in conjunction with the Allocation Plan for the SC HOME ARP Program.</p>

**Estimate the number of extremely low-income, low-income and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)**

Extremely Low-Income - 100 households  
 Low-Income - 130  
 Moderately Low-Income - 275

## AP-25 Allocation Priorities

### AP-25 Allocation Priorities – 91.320(d)

#### Introduction:

Each Program has identified various programs or activities that will be funded during 2023, and that will directly contribute toward achieving the goals defined in this plan. Funding for each of these programs or activities are described in program-specific sections of AP-30, Method of Distribution. Each program's Method of Distribution section also describes other, allowable set-asides for program administration and other activities related to program delivery, and demonstrates compliance with the program caps for these activities. Such activities include program administration, technical assistance (CDBG), CHDOs (HOME), sponsor administration (HOPWA), and administration and HMIS (ESG).

The percentages below reflect the relative share of estimated 2023 funding for each program or activity to be funded in 2023. Note that these percentages are calculated *after* allowable set-asides have been deducted from the total estimated allocation. These total 100%, indicating that, after allowable set-asides, all 2023 funding will be awarded to help achieve one of the program goals identified in this Annual Action Plan. Once actual 2023 allocations are announced, funding for programs and activities will be adjusted as described in each program's Method of Distribution and the table below will be revised accordingly.

The set-aside activities are not included in the table below, which is automatically generated by IDIS and which cannot be modified by the State other than the percentages for the IDIS-generated columns and rows. These activities are, however, described in AP-30, Method of Distribution. All comply with pertinent program regulations and caps, as described in AP-30.

CDBG-DR and CDBG-MIT are not included in the tables below. Please see the CDBG-DR Hurricane Florence Action Plan and the CDBG-MIT Action Plan. Both can be found on the SC Disaster Recovery Office website at [www.admin.sc.gov/SCDRO](http://www.admin.sc.gov/SCDRO). HOME ARP is included in the table below, but program planning is underway and specific allocation of ARP funding to eligible program activities has not yet been identified.

## Funding Allocation Priorities

	New Affordable Rental Housing (%)	Operating Funds for Facility-Based Housing Units (%)	Preserve Existing Affordable Housing (%)	Tenant-based Rental Assistance (%)	Short-Term Rental Assistance & HOPWA STRMU (%)	Homeless Prevention & Rapid Re-Housing (%)	Homeless Shelter, Services & Outreach (%)	Supportive Services for People with HIV/AIDs (%)	Public Infrastructure, Facilities & Services (%)	Neighborhood Revitalization (%)	Community Sustainability & Opportunity (%)	New Jobs or Retention of Existing Jobs (%)	Community and Regional Planning (%)	Total (%)
CDBG	0	0	0	0	0	0	0	0	61	5	21	10	3	<b>100</b>
HOME	74	0	25	0	1	0	0	0	0	0	0	0	0	<b>100</b>
HOPWA	0	7	0	30	20	0	0	43	0	0	0	0	0	<b>100</b>
ESG	0	0	0	0	0	40	60	0	0	0	0	0	0	<b>100</b>
HTF	75	0	25	0	0	0	0	0	0	0	0	0	0	<b>100</b>

**Table 7 – Funding Allocation Priorities**

	Housing Rehabilitation	Public Improvements	Homeless Assistance	Total (%)
CDBG-DR	100			<b>100</b>
CDBG-MIT		100		<b>100</b>
RHP			<b>100</b>	<b>100</b>
HOME ARP			<b>100</b>	<b>100</b>

## **AP-25 Allocation Priorities**

### **Reason for Allocation Priorities**

The CDBG, HOME and NHTF, and ESG programs for 2023 are designed to address the three priority needs, Decent Housing, Suitable Living Environment, and Economic Opportunity. Allocation priorities are based on expected funding and program evaluation of relative need amongst the related objectives identified in the Plan.

### **CDBG-DR**

A CDBG-DR allocation was announced in 2019 for Hurricane Florence, as well as a CDBG Disaster Mitigation (CDBG-MIT) allocation. The State's CDBG-DR Hurricane Florence and CDBG-MIT Mitigation Action Plans are posted on the SC Disaster Recovery Office (SCDRO) website. Please see the SC Disaster Recovery Office website at <https://admin.sc.gov/SCDRO> for additional information and pertinent details regarding the methodology and needs assessment underlying the allocation priorities and for all CDBG-DR allocations and activities.

### **HOME ARP**

American Rescue Plan funding requires a separate Allocation Plan which is due by March 2023 and an amendment to the 2021 Annual Action Plan. The State received \$26.7 million which can be used for ARP eligible activities to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability. Eligible activities may include Production or Preservation of Affordable Housing, Tenant-Based Rental Assistance (TBRA), Supportive Services, Homeless Prevention Services, and Housing Counseling, and Purchase and Development of Non-Congregate Shelter. However, the allocation priority for South Carolina, based on the needs assessment conducted, is the development of affordable rental housing.

### **HOME**

HOME funding will be made available for new construction and rehabilitation of rental developments. Both HOME and NHTF dollars will be made available in the Authority's Small Rental Development Program (SRDP). This Method of Distribution will directly impact priority needs and help accomplish goals and objectives.

### **HOPWA**

DHEC allocates funding for TBRA, Facility based Supportive Housing, STMRU, PHP, and Supportive Housing. Each of these are successful in preventing homelessness of persons with HIV.



## **AP-25 Allocation Priorities**

### **How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?**

#### **CDBG**

Each year, the State establishes programs under which CDBG funds for the year will be distributed, generally through a competitive funding process. The programs, and the project types and activities eligible under each program, are those that reflect eligible uses of CDBG funding and that will help address priority needs and specific objectives described in the Consolidated Plan. However, as required by the State's method of distribution, CDBG funds are actually distributed to local governments through competitive funding rounds for most programs, and these local governments, if successful in receiving funding, then actually carry out the activities identified in the Consolidated Plan, in accordance with applicable program requirements. In this way, the State makes CDBG funds available for priority activities identified in the Consolidated Plan that will directly impact priority needs and help accomplish goals and objectives.

Specific activities to be undertaken, however, are determined by the application process and the specific projects and activities proposed by the highest scoring applicants for CDBG funding. Applications received and projects awarded funding each year are described in the Consolidated Annual Performance and Accomplishment Report or CAPER. For more detailed information on the types of eligible activities, as well as the method of distribution for each program, refer to the program documents on the CDBG website at [www.cdbgSC.com](http://www.cdbgSC.com).

#### **HOME and NHTF**

SC Housing develops annual applications in support of providers who conduct activities to address the priority needs and specific objectives as described in this plan. HOME and NHTF funds are distributed to local governments, nonprofit organizations and other entities to carry out the activities identified in the Consolidated Plan, in accordance with applicable program requirements. Each year, funds are made available for some or all of the priority activities identified in the Strategic Plan, as indicated in the HOME and NHTF Method of Distribution sections and program documents that be found on the State Housing website at [www.schousing.com](http://www.schousing.com). Specific activities to be undertaken by HOME and/or NHTF recipients of funds are subject to the projects represented by applications received and program funding award decisions.

#### **ESG**

The Emergency Solutions Grant Program plans to distribute its funds, after program admin and HMIS, as follows: Shelter/Street Outreach 60%, Homeless Prevention/Rapid Rehousing 40%. Program admin is 7.5% of the total and HMIS is 10%. Actual amounts may differ once all applications are received and scored, but shelter will not exceed 60%.

## **AP-25 Allocation Priorities**

### **HOPWA**

DHEC serves all areas of the state except the two areas that are HOPWA entitlement communities (Columbia, Charleston and Greenville) and the counties that fall in North Carolina and Georgia HOPWA entitlement communities. DHEC distributes the funds to regional Ryan White Care Providers and/or eligible non-profit organizations that assist persons living with HIV/AIDS. Housing assistance through STRMU, PHP, and TBRA increases client's housing stability. Increasing use of supportive services in order to assist individuals in maintaining housing stability are critical and includes case management and transportation.

## **AP-30 Methods of Distribution**

### **AP-30 Methods of Distribution – 91.320(d)&(k)**

#### **Introduction:**

Method of distribution refers to the means by which the state will distribute funds expected to be received by the five formula grant programs, CDBG, HOME, NHTF, ESG and HOPWA, each year. For CDBG-DR, CDBG-MIT and RHP, please see the appropriate Annual Action Plan for these programs. For HOME American Rescue Plan (ARP), the Allocation Plan is due by March 2023 and will amend the 2021 Action Plan.

Each program distributes funds to local governments, nonprofit organizations and other entities to carry out the activities identified in the Consolidated Plan, in accordance with applicable program requirements. Funds are made available as described below, for priority activities identified in the Strategic Plan that will directly impact priority needs and help accomplish goals and objectives described in this Annual Plan. Program regulations also allow for a specified amount, typically a percentage of the total allocation, to be set aside for state or local recipient administration and other eligible activities, such as ESG HMIS administration, that do not directly contribute to accomplishments that will be reported in the performance report, but rather facilitate program delivery and accomplishment of goals. Compliance with applicable program caps and regulations is also addressed in the sections below.

- CDBG, HOME, and NHTF have established programs for 2023 designed to address the three priority needs, Decent Housing, Suitable Living Environment and Economic Opportunity, and related objectives identified in this Annual Plan. Programs and funding levels are provided under the Federal Resources section of this plan. Strategies, or specific activities and project types that potential funding recipients may propose, are described in each program's Method of Distribution and annual plan, along with scoring criteria applicable to the competitive programs and any other criteria used to select projects for funding. Both HOME and NHTF funding will be available for new construction and rehab of existing affordable rental housing units under the Authority's Small Rental Development Program (SRDP).
- ESG makes funds available through one competitive funding round each year and will do so again this year to distribute the 2023 allocation. Eligible nonprofits in the state may operate homeless shelters, transitional housing, homeless services programs, street outreach programs, or homeless prevention and re-housing programs and may request funds for any eligible activity defined in the program annual plan. These activities correspond to priority activities identified in this Annual Plan, and to the requirements and regulations governing the Emergency Solutions Program. Funding decisions are based on prior performance, applicant capacity, financial capacity, the proposed project, and other factors, as described in the ESG Method of Distribution and program documents that can be downloaded from the program's website.
- DHEC allocates HOPWA funding for TBRA, Facility Based Supportive Housing, STRMU, PHP, and Supportive Services. Each of these are successful in preventing homelessness of persons with HIV, as described in the program's annual plan.

## **AP-30 Methods of Distribution**

Activities to be undertaken by recipients of funds are subject to the specific applications received and program funding awards. For more detailed information on the types of eligible activities, as well as the method of distribution for each program, refer to the program documents on each Program's website.

CDBG-DR, CDBG-MIT, RHP and HOME ARP methods of distribution are not included in this Plan. Please see the appropriate individual and separate plans for these programs.

**AP-30 Methods of Distribution**

Table 4 - Distribution Methods by State Program- CDBG

**State Program Name: Community Development Block Grant**

<b>State Program Name:</b>	<b>Community Development Block Grant Program</b>
<b>Funding Sources:</b>	CDBG
<b>Describe the state program addressed by the Method of Distribution.</b>	<p>The South Carolina Community Development Block Grant (CDBG) Program is designed to provide assistance to units of general local government in improving economic opportunities and meeting community revitalization needs, particularly for persons of low and moderate income. The CDBG program has been funded through the State since 1982 by the U.S. Department of Housing and Urban Development (HUD) under the Housing and Community Development Act of 1974, as amended (Title I).</p> <p>The CDBG program is governed by Title I of the Housing and Community Development Act of 1974, as amended, and its implementing regulations for the State Program at 24 CFR Part 570, Subpart I. All CDBG activities must be carried out in accordance with the requirements of Title I, Subpart I, the State Consolidated Plan and this Program Description.</p> <p>The SC Department of Commerce, Division of Grants Administration, administers the annual allocation from HUD for the CDBG program.</p>
<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>For most Community Development Programs, the State scores applications against other applications submitted for the same program, using the following criteria: level of community distress, severity of the problem to be addressed using grant funds awarded, citizen participation, level of effort or return on CDBG investment, feasibility of the project, readiness of the project to proceed if funds are awarded, CDBG cost/benefit ratio, number and LMI percentage of project beneficiaries, project outcomes to be achieved and impact, sustainability of the project, degree to which the project reflects state priorities, and capacity of the potential recipient to administer a CDBG project. Some criteria are scored independently based on scoring criteria outlined in the CDBG Program Description, and others are ranked and scored accordingly in logical increments.</p> <p>The Selection Criteria are rated and assigned a score from 1 to 3 where 3 = the best response, 2 = average, and 1 = less than satisfactory. Zero points may be awarded to a criterion if minimum program requirements are not addressed. The ranked scores are calculated and also assigned 1 to 3 points, where 3 is the best. The point assignment is multiplied by the weight of each criterion to obtain a score. There is a maximum score of 300 points.</p> <p>Bonus points are added to the total score, where appropriate. For 2023, projects located in an Opportunity Zone will receive 10 bonus points.</p>

**AP-30 Methods of Distribution**

Table 4 - Distribution Methods by State Program- CDBG

**State Program Name: Community Development Block Grant**

<p><b>State Program Name:</b></p>	<p><b>Community Development Block Grant Program</b></p>
	<p>The State may utilize the expertise of other appropriate State agencies in making a determination regarding the above factors, and the State may request additional information from the applicant or other sources as necessary to evaluate the application and proposed project. The State reserves the right to negotiate or require changes in activities or funding in order to achieve program objectives. For water and sewer projects, the State may require that rates be adjusted to appropriate levels to ensure adequate funding for operation and maintenance or to facilitate borrowing a portion of project costs if such rate increases are reasonable and appropriate.</p> <p>In the event of a tie where there are more applications under consideration for funding than there are funds available, preference will be given first to those applications addressing the highest state priorities and second, to those with the highest Outcome score. If there continues to be a tie the one that benefits the most LMI persons will be funded. The highest scoring projects determined to be fundable will be recommended to the Secretary of the SC Department of Commerce, or his designee, for funding based on the amount of funds available. Projects generally should score at least 175 points to be considered for funding but such projects are not guaranteed funding. The Secretary, or his designee, will make final funding determinations based on a review of the projects utilizing the selection criteria and that best meet Department objectives.</p> <p>The State may make commitments for funding from future rounds, or any additional allocations, reallocations, recaptured or remaining funds, to projects from this program year which are determined by the Secretary, or his designee, to meet Department objectives. The State may also make a commitment to a project and/or partially fund a project (i.e., for ERR, acquisition, engineering) that scores sufficiently but is not ready due to design, environmental or funding issues. Funding may come from this program year, reallocated or recaptured funds, or be contingent on future years' funding.</p> <p><u>Community Development Ready to Go Program</u></p> <p>For the Ready to Go Program, all required project activities leading up to bidding must be complete prior to submission of an application including but not limited to: project design, environmental review, acquisition and permits. Applications are considered for award once all application documentation has been received, and projects are reviewed using the non-comparative scoring factors listed above for the competitive Community Development Programs. The project must obtain a minimum score of 150 points to be considered eligible for funding. In the event there are more eligible applications submitted during the same time than funds available, the highest scoring eligible projects will be funded.</p>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- CDBG

### State Program Name: Community Development Block Grant

<b>State Program Name:</b>	<b>Community Development Block Grant Program</b>
	<p><u>Business Development Program</u></p> <p>Applications for Business Development grants may be requested at any time, and Grants Administration may issue commitments at any time for project funding contingent upon receipt of an acceptable written commitment from the business (if job creation or retention is involved), acceptable application information, compliance with CDBG program guidelines and HUD regulations, and availability of program funding. Applications are considered for award once all application documentation has been received and are reviewed for completeness and compliance with Program requirements and applicable HUD regulations. The following factors are also considered in making a funding decision: Market conditions or need for the project, economic impact, leveraging, and viability and level of public risk.</p>
<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG Only)</b>	<p>Each year, the SC Department of Commerce Grants Administration Division updates its annual plan or CDBG Program Description and applicant guidance documents and posts them on the <a href="https://www.cdbgSC.com">https://www.cdbgSC.com</a> website. These include the CDBG Program Description, CDBG Application Guidelines and CDBG Implementation Manual, as well as other information helpful to potential applicants. Application request forms can also be found on the website.</p> <p>Note that both the CDBG Program Description and Application Guidelines define and describe all scoring criteria and provide a more in-depth discussion of application requirements and how each type of CDBG application will be reviewed.</p>
<b>Describe how resources will be allocated among funding categories.</b>	<p>The State’s 2023 CDBG allocation is estimated at \$19,740,854, level with 2022. The State plans the following distribution:</p> <ul style="list-style-type: none"> <li>• Spring Funding Round:             <ul style="list-style-type: none"> <li>• Community Infrastructure - \$10,948,629** (note that funds remaining after the Spring funding round will become available for the Fall funding round)</li> </ul> </li> <li>• Fall Funding Round:             <ul style="list-style-type: none"> <li>• Community Enrichment - \$3,000,000**</li> <li>• Neighborhood Revitalization - \$1,000,000**</li> <li>• Local Priorities - \$1,000,000**</li> </ul> </li> <li>• Ready to Go - \$600,000</li> <li>• Business Development - \$2,000,000</li> </ul>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- CDBG

### State Program Name: Community Development Block Grant

<b>State Program Name:</b>	<p style="text-align: center;"><b>Community Development Block Grant Program</b></p> <ul style="list-style-type: none"> <li>• Regional Planning - \$500,000</li> <li>• State Administration - \$494,817*</li> <li>• State Technical Assistance - \$197,408*</li> </ul> <p>Note that for AP-20 Goals funding and AP-25 Allocation Priorities percentage calculations, Local Priorities &amp; Public Services and Ready to Go have been included with Public Infrastructure, Facilities &amp; Services.</p> <p>* The amount for State Administration is equal to the allowable amount, or 2% of the annual allocation plus \$100,000, and all but the additional \$100,000 will be matched by state funds. The amount for Technical Assistance is also equal to the allowable amount, or 1% of the annual allocation.</p> <p>** <i>If the actual 2023 allocation is less than estimated, funds will be taken from Community Infrastructure. If funds are greater than expected, funds will be added to the Fall Funding Round programs (Community Enrichment, Neighborhood Revitalization and Local Priorities) on a prorata basis.</i></p>
<b>Describe threshold factors and grant size limits.</b>	<p><b><u>Grant Maximums:</u></b></p> <p>CDBG grant maximums and minimums have been established for each Program:</p> <ul style="list-style-type: none"> <li>• Community Infrastructure - \$1,000,000* maximum, \$50,000 minimum</li> <li>• Community Enrichment - \$750,000** maximum, \$50,000 minimum</li> <li>• Neighborhood Revitalization - \$750,000 maximum, \$50,000 minimum</li> <li>• Local Priorities - \$300,000** maximum and \$50,000 minimum</li> <li>• Ready to Go - \$500,000 maximum*, \$50,000 minimum</li> <li>• Economic Development - \$10,000 per job maximum and \$50,000 minimum</li> <li>• Regional Planning - \$50,000</li> </ul> <p>* Waivers of the grant maximum for the Community Infrastructure Program will be considered based on whether the project addresses an urgent and compelling need or proposes a regional solution or system-wide improvements (i.e., treatment plant), as well as the extent of leveraging and a reasonable CDBG cost (generally \$15,000 per household or less). A written request explaining the rationale for a waiver of the grant maximum must be submitted for consideration along with the application.</p> <p>** Due to federal caps on public services/equipment, the number and amount of grants for public services out of Community Enrichment and Special Projects &amp; Public Services may be limited. Also, Community Enrichment Program planning grants are</p>



**AP-30 Methods of Distribution**

Table 4 - Distribution Methods by State Program- CDBG

**State Program Name: Community Development Block Grant**

<p><b>State Program Name:</b></p>	<p><b>Community Development Block Grant Program</b></p>
	<p>subject to a \$25,000 maximum with a potential waiver for infrastructure studies with adequate documentation. Waivers of the grant maximum may also be considered for large scale brownfield cleanup and building projects with significant number of beneficiaries (i.e. a county-wide health department or DSS facility). A written waiver request explaining the rationale must be submitted for consideration with the application request.</p> <p>The grant award limits for all categories may be waived at the discretion of Grants Administration in order to provide the level of assistance required where other resources are not reasonably available to the unit of local government to address the need in a timely manner or where Grants Administration determines the amount is necessary and appropriate to achieve the State's CDBG Program objectives.</p> <p><b><u>Threshold</u></b></p> <p>As a performance-based incentive, a unit of local government can apply for an additional Community Development grant if it has no more than two open CDBG grants (excluding Business Development or Regional Planning grants). However, the open grants must not have exceeded a 30 month grant period.</p> <p>Additionally, a grantee may only have one open Neighborhood Revitalization or streetscape project.</p> <p>For threshold purposes, a grant is considered open if it is not programmatically closed at the time of application submission. The applicant must submit a request for waiver prior to or with the application request. At the discretion of Grants Administration, a performance threshold waiver may be considered only for the following reasons:</p> <ul style="list-style-type: none"> <li>• There is an urgent or compelling need for immediate assistance, such as an imminent health threat to the public, or</li> <li>• It is determined that lack of performance on an open grant is due to unavoidable circumstances or conditions beyond the control of the local government. If problems are determined to be administrative, the local government may be allowed to apply if a different grant administrator is responsible for the new application/project.</li> </ul> <p>A unit of local government may not apply for Community Development funds if it has any open grant which has not been programmatically closed due to the local government's lack of compliance with significant programmatic or financial requirements of the program. A grant may not be awarded to a local government which has a serious, outstanding audit or monitoring finding involving the potential for</p>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- CDBG

### State Program Name: Community Development Block Grant

<b>State Program Name:</b>	<b>Community Development Block Grant Program</b>
	significant monetary restitution or non-responsiveness on any previously funded CDBG grant.
<b>What are the outcome measures expected as a result of the method of distribution?</b>	All projects are required to propose a level of benefit and performance outcomes they expect the project will achieve as a result of the use of CDBG funds. Projects are evaluated on this basis, along with all other scoring criteria, and projects must demonstrate that they have achieved performance goals once all project funds have been expended, as part of the grant closeout process. Accomplishments are reported annually in the State's Consolidated Performance and Evaluation Report, or CAPER.

#### Questions not applicable to CDBG, and thus without responses in the CDBG Method of Distribution section:

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- HOME

<b>State Program Name:</b>	<b>HOME Investment Partnerships Program</b>
<b>Funding Sources:</b>	HOME
<b>Describe the state program addressed by the Method of Distribution.</b>	HOME funding will be made available through a competitive process by which the highest scoring applications submitted during an annual funding cycle will be awarded. South Carolina will not distribute HOME Investment Partnerships Program funds through subgrantees.
<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.  (continued)</b>	<p>Points will be awarded as outlined in the HOME Attachments. Both positive and negative points may be assessed for things such as performance issues, site characteristics, local affordable housing market conditions, project characteristics such as energy efficiency, sustainable building practices and planned mixed income units, leveraging, and local community factors such as revitalization and other pertinent local plans.</p> <p>In total, new construction projects are eligible to receive a total of 100 points.</p> <p><b><u>Evaluation of Rehabilitation Applications</u></b></p> <p>The Authority will also evaluate rehabilitation applications comparatively based on the criteria outlined in the HOME Attachments including elements such as prevention of conversion of affordable units to market rate/loss of government housing resources, extent of physical distress, local revitalization planning and contribution to economic empowerment of low income households.</p> <p>Applications proposing rehabilitation will be scored out of a total of one hundred (100) possible points, to be allocated as described in the HOME Attachments.</p>
<b>Describe how resources will be allocated among funding categories.</b>	<p>For 2023, the Authority estimates it will receive HOME HUD funding level with 2022 or 7,381,305, plus \$10,107,667 in accrued program income and carryover from 2022. The total of \$17,488,972 will be allocated into funding categories as follows:</p> <ul style="list-style-type: none"> <li>• Allowable set aside of ten percent (10%) for the administration of the program. Administrative funds of \$738,130.50 will be used for the planning, administration, allocation of indirect costs and monitoring of the program. Funds will also be used to conduct workshops to assist participants in applying for and implementing HOME funded projects.</li> <li>• The required CHDO set-aside allocation is fifteen percent (15%) which is estimated to be \$1,107,195.75 of the Authority’s total HOME allocation. CHDOs wanting to request funding must apply in the 2023 Small Rental Development Program funding cycle. The CHDO set-aside amount is included in the total amount set-aside for the rental competition.</li> <li>• \$200,000 will be set-aside for SC Housing’s Tenant Based Rental Assistance security deposit program.</li> </ul>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- HOME

<b>State Program Name:</b>	<b>HOME Investment Partnerships Program</b>
	<ul style="list-style-type: none"> <li>• The balance of \$15,443,647 will be set aside for the SRDP Program, out of which 75% of \$11,582,735 will be set-aside new construction and 25% or \$3,860,912 will be set-aside for rehabilitation.</li> <li>• All remaining HOME funds, including any rehabilitation not awarded, will be used for rental activities. **</li> </ul> <p><b>** Note that, when actual allocations are announced, any increase or decrease will be reflected in funding available for rental activities in the Small Rental Development Program.</b></p>
<b>Describe threshold factors and grant size limits.</b>	<p><b>Projects that do not meet threshold requirements will be excluded from further review.</b> Threshold requirements are described fully in the HOME Attachments but include financial capacity, good standing with all Authority and SC Housing Corporation administered programs, experience and capacity to develop an eligible SRDP project, site control and environmental review, participation and performance of previous funding recipients and having met required deadlines, proper zoning, compliance with the Uniform Relocation Act, and compliance with requirements to physical needs assessment, lead-based paint, asbestos, and safe drinking water.</p> <p>Applicants that are related entities, principals, and/or individuals and are applying for funds are only eligible to apply for two (2) SRDP awards and may only be allocated one (1) SRDP award. More details can be found in the HOME Attachments.</p>
<b>What are the outcome measures expected as a result of the method of distribution?</b>	<p>All projects are subject to HOME/NHTF/SC HTF compliance monitoring requirements. At a minimum, the owners of projects are responsible for conducting the following annually:</p> <ul style="list-style-type: none"> <li>• Maximum rent and utility allowances must be reviewed and recalculated annually upon the anniversary of the lease renewal date. Updated HOME/NHTF rents are published annually by HUD and are provided on the Authority’s website. Updated SC HTF rent allowances are updated annually by SC Housing.</li> <li>• The HOME Final Rule and the NHTF Interim Rule requires approval of all rents on an annual basis for developments with such units. The approval process will be handled by the Compliance Monitoring Department. Annual Rent Approval Form M-66 will be submitted to Compliance Monitoring staff to begin the approval process.</li> <li>• HUD Utility Schedule Model. All utility allowance calculations on the Excel Spreadsheets as part of the HUD Utility Schedule Model must be provided. The Authority reserves the right to review all backup data used for calculations. HUD link: <a href="http://www.huduser.org/portal/resources/utlmodel.html">http://www.huduser.org/portal/resources/utlmodel.html</a>.</li> <li>• The annual income for all tenants must be reviewed and verified each year. Updated HOME/NHTF incomes are published annually by HUD and are provided on the Authority’s website. Updated SC HTF income limits are updated annually</li> </ul>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- HOME

<b>State Program Name:</b>	<b>HOME Investment Partnerships Program</b>
	<p>by SC Housing and also provided on the website. The annual income definition found at 24 CFR Part 5: income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12 month period.</p> <ul style="list-style-type: none"> <li>• On-site inspections for compliance with the Uniform Physical Conditions Standards (UPCS) should be conducted by the owners: <ul style="list-style-type: none"> <li>○ The Authority conducts periodic on-site compliance reviews throughout the affordability period to ensure compliance with HOME/NHTF/SC HTF rental program requirements. These reviews include, but are not limited to, occupancy requirements and property standards. Refer to the SRDP Compliance Manual located on the Authority’s website for further compliance monitoring requirements.</li> <li>○ Rental projects with 10 or more HOME units will be required to submit financial statements annually to determine the financial health of the project. Specifics will be determined upon release of guidance from HUD.</li> </ul> </li> </ul>

**Questions not applicable to HOME, and thus without responses in the HOME Method of Distribution section:**

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- NHTF

<b>State Program Name:</b>	<b>National Housing Trust Fund</b>
<b>Funding Sources:</b>	Housing Trust Fund
<b>Describe the state program addressed by the Method of Distribution.</b>	A portion of SC Housing’s NHTF funding will be made available through a competitive process by which the highest scoring applications submitted during an annual funding cycle will be awarded. South Carolina will not distribute National Housing Trust Funds through subgrantees.
<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>Points will be awarded as outlined in the NHTF Attachments. Both positive and negative points may be assessed for things such as performance issues, site characteristics, local affordable housing market conditions, project characteristics such as energy efficiency, sustainable building practices and planned mixed income units, leveraging, and local community factors such as revitalization and other pertinent local plans.</p> <p>In total, new construction projects are eligible to receive a total of 100 points.</p> <p><b><u>Evaluation of Rehabilitation Applications</u></b></p> <p>The Authority will also evaluate rehabilitation applications comparatively based on the criteria outlined in the HOME Attachments including elements such as prevention of conversion of affordable units to market rate/loss of government housing resources, extent of physical distress, local revitalization planning and contribution to economic empowerment of low income households.</p> <p>Applications proposing rehabilitation will be scored out of a total of one hundred (100) possible points, to be allocated as described in the HOME Attachments.</p> <p>Points will be awarded as outlined in this section. Both positive and negative points may be assessed</p>
<b>Describe how resources will be allocated among funding categories.</b>	<p>The Authority estimates a total of \$3,000,000 for distribution. That figure includes only the 2023 allocation and \$4,659,992 carried forward from 2022. NHTF will be used as outlined below:</p> <ul style="list-style-type: none"> <li>• Allowable set aside of ten percent (10%) for the administration of the program. Administrative funds will be used for the planning, administration, allocation of indirect costs and monitoring of the program. Funds will also be used to conduct workshops to assist participants in applying for and implementing NHTF funded projects.</li> <li>• The amount of \$7,359,992 will be set aside for the 2023 Small Rental Development Program to fund affordable rental housing developments. **</li> </ul>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- NHTF

<b>State Program Name:</b>	<b>National Housing Trust Fund</b>
	<b>** Note that, when actual allocations are announced, any increase or decrease will be reflected in funding available for rental activities.</b>
<b>Describe threshold factors and grant size limits.</b>	<p><b>Applications that do not meet threshold requirements will be excluded from further review.</b> Threshold requirements are described fully in the NHTF Attachments but include financial capacity, good standing with all Authority and SC Housing Corporation administered programs, experience and capacity to develop an eligible SRDP project, site control and environmental review, participation and performance of previous funding recipients and having met required deadlines, proper zoning, compliance with the Uniform Relocation Act, and compliance with requirements to physical needs assessment, lead-based paint, asbestos, and safe drinking water.</p> <p>Applicants that are related entities, principals, and/or individuals and are applying for funds are only eligible to apply for two (2) SRDP awards and may only be allocated one (1) SRDP award. More details can be found in the HOME Attachments.</p>
<b>What are the outcome measures expected as a result of the method of distribution?</b>	<p>All projects are subject to HOME/NHTF/SC HTF compliance monitoring requirements. At a minimum, the owners of projects are responsible for conducting the following annually:</p> <ul style="list-style-type: none"> <li>• Maximum rent and utility allowances must be reviewed and recalculated annually upon the anniversary of the lease renewal date. Updated HOME/NHTF rents are published annually by HUD and are provided on the Authority’s website. Updated SC HTF rent allowances are updated annually by SC Housing.</li> <li>• The HOME Final Rule and the NHTF Interim Rule requires approval of all rents on an annual basis for developments with such units. The approval process will be handled by the Compliance Monitoring Department. Annual Rent Approval Form M-66 will be submitted to Compliance Monitoring staff to begin the approval process.</li> <li>• HUD Utility Schedule Model. All utility allowance calculations on the Excel Spreadsheets as part of the HUD Utility Schedule Model must be provided. The Authority reserves the right to review all backup data used for calculations. HUD link: <a href="http://www.huduser.org/portal/resources/utilmodel.html">http://www.huduser.org/portal/resources/utilmodel.html</a>.</li> <li>• The annual income for all tenants must be reviewed and verified each year. Updated HOME/NHTF incomes are published annually by HUD and are provided on the Authority’s website. Updated SC HTF income limits are updated annually by SC Housing. and also provided on the website. The annual income definition found at 24 CFR Part 5: income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12 month period.</li> <li>• On-site inspections for compliance with the Uniform Physical Conditions Standards (UPCS) should be conducted by the owners:</li> </ul>

**AP-30 Methods of Distribution**

Table 4 - Distribution Methods by State Program- NHTF

<b>State Program Name:</b>	<b>National Housing Trust Fund</b>
	<ul style="list-style-type: none"> <li>○ The Authority conducts periodic on-site compliance reviews throughout the affordability period to ensure compliance with HOME/NHTF/SC HTF rental program requirements. These reviews include, but are not limited to, occupancy requirements and property standards. Refer to the SRDP Compliance Manual located on the Authority’s website for further compliance monitoring requirements.</li> <li>○ Rental projects with 10 or more HOME units will be required to submit financial statements annually to determine the financial health of the project. Specifics will be determined upon release of guidance from HUD.</li> </ul>

**Questions not applicable to NHTF, and thus without responses in the NHTF Method of Distribution section:**

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)



## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- ESG

<b>State Program Name:</b>	<b>Emergency Solutions Grant Program</b>
<b>Funding Sources:</b>	ESG
<b>Describe the state program addressed by the Method of Distribution.</b>	The Emergency Solutions Grant program provides funding to: engage homeless individuals and families living on the street, improve the number and quality of emergency shelters for homeless individuals and families and provide funding to help operate these shelters, provide essential services to shelter residents and outreach to unsheltered homeless, rapidly rehouse homeless individuals and families, and prevent families/individuals from becoming homeless.
<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>The Emergency Solutions Grant Program can award a total of 230 total points to applicants, for a variety of criteria including prior performance, applicant capacity, financial capacity, the proposed project, and other factors. Points will be awarded as follows:</p> <ul style="list-style-type: none"> <li>• Up to 80 points based on the applicant’s prior year performance</li> <li>• Up to 40 points based on applicant capacity</li> <li>• Up to 60 points based on financial capacity</li> <li>• Up to 40 points for the proposed project</li> <li>• Up to 10 points for other factors*</li> </ul> <p>* Other factors are unique to each project</p>
<b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b>	<p>Although states can award ESG Program funding to various recipients types, including non-profits and local governments. the South Carolina ESG Program has opted to award funding only to non-profit organizations. All 501(c)3 non-profits registered in the state of South Carolina are eligible to apply.</p> <p>ESG holds an annual Request for Application Workshop to discuss the new year’s funding opportunities. Past recipients are invited to attend, along with new organizations that have expressed interest in the program throughout the year. The purpose of the Workshop is to introduce potential applications to the ESG Program, explain the basic rules and requirements of the Program, and provide information on how to apply and the deadline for doing so. After applications are received in April, a panel of three Program staff review all applications received and score them on a scale of 0 to 230. Since 2018, applications are also ranked against applications received from other organizations within the local Continuum of Care region, and then funding decisions are made by the Program Management (currently the Director of the Office of Economic Opportunity, which administers the ESG Program). This is a change over prior years, when applications received were ranked as a whole, rather than by region.</p>

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- ESG

<b>State Program Name:</b>	<b>Emergency Solutions Grant Program</b>
<b>Describe how resources will be allocated among funding categories.</b>	<p>ESG estimates it will receive a 2023 allocation level with 2022, or \$2,595,979. No supplemental funding is expected from additional sources, such as Continuum 501. ESG plans percentage allocations, after program admin and HMIS, as follows: Shelter/Street Outreach 60%, Homeless Prevention/Rapid Rehousing 40%. Program admin is 7.5% of the total and HMIS is 10%. Actual percentages may differ once all applications are received and scored, but shelter will not exceed 60%.</p> <p>Using these percentages, 2023 funding will be distributed this way:</p> <ul style="list-style-type: none"> <li>• Shelter, Services &amp; Outreach - 60% or \$1,285,010</li> <li>• Homeless Prevention and Rapid Re-housing – 40% or \$856,674 (Homeless prevention – 20% or \$428,337, Re-housing – 20% or \$428,337)</li> <li>• HMIS – 10% or \$259,597</li> <li>• State Program Admin (7.5% of the total allocation) - \$194,698</li> </ul> <p><b>** Note that the above percentages will remain the same, but when actual allocations are announced the resulting activity funding amounts will be recalculated accordingly.</b></p>
<b>Describe threshold factors and grant size limits.</b>	<p>There are no threshold factors for the Emergency Solutions Grant Program.</p> <p>The maximum award amount is \$350,000, but in recent years, funding limitations have prevented the Program from issuing maximum awards. Instead, ESG strives to fund as many recipients as possible and to distribute funding throughout the state.</p>
<b>What are the outcome measures expected as a result of the method of distribution?</b>	<p>Applicants for ESG funds identify measures of success and expected outcomes in their application. These must help achieve one or more ESG objectives, including street outreach to unsheltered homeless individuals and families, providing emergency shelter or essential services for individuals and families who have become homeless, rapidly rehousing individuals and families to shorten their episode of homelessness, and preventing homelessness for families and individuals at risk of becoming homeless.</p> <p>Actual proposed outcomes are refined after awards are announced, to reflect funds that will actually be available as a result of the amount awarded.</p>

**Questions not applicable to ESG, and thus without responses in the ESG Method of Distribution section:**

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

## **AP-30 Methods of Distribution**

Table 4 - Distribution Methods by State Program- ESG

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)

## AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- HOPWA

<b>State Program Name:</b>	<b>Housing Opportunities for Persons with HIV/AIDS (HOPWA)</b>
<b>Funding Sources:</b>	HOPWA
<b>Describe the state program addressed by the Method of Distribution.</b>	Dependent on availability of funding, the SC Department of Health & Environmental Control (DHEC) allocates HOPWA funds to TBRA and Supportive Housing Facility operating costs necessary to continue current operations. Remaining funds are allocated through a formula based on prevalence by county and allocated to Project Sponsors providing STRMU, PHP, and Supportive Services. The allocation for each of these services is determined by the Project Sponsor annually based on local needs. Estimates are initially provided. Then, once the final funding is known, if funding is reduced, all services are eligible for a proportional decrease. If funding is increased, TBRA, STRMU, PHP, and Supportive Services are eligible for a proportional increase.
<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>Project Sponsors are awarded through a competitive Request for Grant Application (RFGA) process. All HOPWA RFGAs are scored on the following criteria: Program Description, Organization History, Experience, and Qualifications, Community Assessment, and Reports and Evaluation. Within the application process, applicants must describe how they will serve all counties in their service area with STRMU, PHP, Supportive Services, Transitional Housing and referral to TBRA. All counties in the service area must be covered, ensuring that clients in every county of the state’s jurisdiction have access to HOPWA funds.</p> <p>RFGAs are also used to award the TBRA and Facility Based Housing contracts. The TBRA provider must provide TBRA to all counties within DHEC’s HOPWA jurisdiction. The Facility Based Supportive Housing provider must be available to taking clients statewide.</p>
<b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b>	<p>DHEC distributes HOPWA funds to Project Sponsors, which are typically regional Ryan White Part B Service Providers, eligible non-profit organizations and/or local health departments that assist persons with HIV/AIDS. Grass-roots faith based organizations and other community-based organizations are eligible to apply.</p> <p>Project Sponsors for STRMU, PHP, Supportive Services, Transitional Housing and referral to TBRA are awarded through a competitive Request for Grant Application (RFGA) process. The RFGA process is also used to award the statewide TBRA and Facility Based Housing contracts.</p> <p>All RFGAs are advertised on the DHEC website and in the South Carolina Business Opportunities (SCBO) newsletter in the fall, preceding the March 31st end of the contract period. All providers known by DHEC to be serving people living with HIV/AIDS are contacted regarding the release of the RFGA.</p> <p>HOPWA RFGA Award Notification is posted on the DHEC website. Emails with the link to the Award Notification are sent to all applicants. After the dispute period, grant</p>

### AP-30 Methods of Distribution

Table 4 - Distribution Methods by State Program- HOPWA

	<p>agreements are made with the awarded entity. These contracts typically run for 3 years.</p>
<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>DHEC allocates funding for TBRA based on current utilization of the program and availability of funding.</p> <p>Operating costs for Facility Based Supportive Housing are established by DHEC based on the reasonable needs of the program and historical costs to operate the facility.</p> <p>Remaining funds are allocated through a formula based on HIV prevalence rates by county, to Project Sponsors that provide STRMU, PHP, Transitional Housing and Supportive Services. The allocation for each of these services is determined by the Project Sponsor annually based on local needs. Estimates are initially provided. Then, once the final funding is known, if funding is reduced, all services are eligible for a proportional decrease. If funding is increased, TBRA, STRMU, PHP, Transitional Housing and Supportive Services are eligible for a proportional increase.</p> <p>For Program Year 2023, HOPWA estimates it will be awarded funding level with 2022 or \$2,696,404. In PY 23-24, DHEC will allocate funds to Project Sponsors based on HIV prevalence in the counties served. Project Sponsors will allocate based on projected local needs as estimated:</p> <ul style="list-style-type: none"> <li>• Operating Costs for Facility Based Housing - \$190,000</li> <li>• TBRA - \$875,000*</li> <li>• STRMU - \$562,675</li> <li>• Supportive Services (including Permanent Housing Placement) - \$1,252,798</li> <li>• Sponsor Admin - \$139,134</li> <li>• State Program Admin - \$120,271</li> </ul> <p>* Note that previous year funding of \$400,000 is also included in the distribution above and Total Expected Funds on AP-15. These funds will be allocated to TBRA.</p> <p>** Note that, when actual allocations are received, the Project Sponsor allocations will be recalculated based on HIV prevalence and Project Sponsors will then revise their allocations.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The TBRA Project Sponsor maximum annual award is \$875,000.</p> <p>The maximum annual award for Facility Based Supportive Services Operating costs is \$190,000.</p> <p>Project Sponsor awards are dependent upon the HOPWA award amount, but range from \$28,000 to \$433,000. The award is based on the prevalence of HIV/AIDS in the Project Sponsor service area.</p>

**AP-30 Methods of Distribution**

Table 4 - Distribution Methods by State Program- HOPWA

<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The primary objective of DHEC’s statewide HOPWA program is to keep People Living with HIV/AIDS (PLWHA) from becoming homeless and promote stable housing. HOPWA enables eligible persons with HIV/AIDS and their families to secure and sustain decent, safe and sanitary housing.</p> <p>HOPWA measures outcomes in terms of the numbers of clients served with TBRA, households provided with permanent housing placement, households provided with supportive services such as case management, employment assistance, transportation, and alcohol and drug abuse services, and the number of households residing in units supported with HOPWA operating funds.</p> <p>Other outcome measures for TBRA and STRMU services are housing stability and temporary stability with reduced risk of homelessness. For supportive services, HOPWA measures the percentage of clients served who receive support for stable housing, as well as the percentage that have access to support, access to health care, and who have a source of income.</p>
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**Questions not applicable to HOPWA, and thus without responses in the HOPWA Method of Distribution section:**

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)

**Discussion:**

## AP-35 Projects

### AP-35 Projects – (Optional)

#### Introduction:

The five Consolidated Plan Programs, CDBG, HOME, NHTF, ESG and HOPWA, have each developed a plan for how they will distribute HUD funding for 2023. These plans are described more completely in the program and application documents available for download from each Program's website, as well as in AP-25 Allocation Priorities and AP-30 Method of Distribution. Because funds are generally distributed through programs of competitive funding, specific projects are not known in advance of completion of the program year, receipt of all applications for funding and completion of all funding decisions. HOME ARP is a new program requiring a separate Allocation Plan, which is due by March 2023.

#	Project Name

Table 8 – Project Information

#### Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Each Program has identified various programs or activities that will be funded during 2023, and that will directly contribute toward achieving the goals defined in this plan. Funding for each of these programs or activities are described in program-specific sections of AP-30, Method of Distribution and the HOME and NHTF Attachments to this Plan. But in general, the CDBG, HOME and NHTF, and ESG programs for 2023 are designed to address the three priority needs, Decent Housing, Suitable Living Environment, and Economic Opportunity. Allocation priorities are based on expected funding and program evaluation of relative need amongst the related objectives identified in the Plan. For HOPWA, DHEC allocates funding for TBRA, Facility based Supportive Housing, STMRU, PHP, Transitional Housing and Supportive Housing, as each of these are successful in preventing homelessness of persons with HIV. CDBG-DR, which is not included in the Consolidated Plan and has its own, separate Action Plans, has been prioritized exclusively for housing rehab and replacement for eligible individuals affected by the 2015 Severe Storm and Hurricane Matthew. The Action Plan for CDBG Mitigation funds announced in 2019 and additional MIT funds awarded in 2021 is available on the SCDRO website, as is the Action Plan for the Hurricane Florence CDBG-DR allocation. The HOME ARP Allocation Plan is currently being developed and will be included in the Consolidated Plan as an amendment to the 2021 Annual Action Plan.

Please see AP-25, Allocation Priorities for more details on how the methods of distribution for each Consolidated Plan program will address priority needs.

Regarding obstacles to meeting underserved housing and community development needs, the primary obstacle in South Carolina is funding. Many local governments in this state have very limited local resources, making funding from other sources particularly important, and existing resources continue to shrink. Demand for assistance, on the other hand, is growing as the number of lower income individuals, families, and neighborhoods in need, coupled with the complexity of issues they face, is driving a steady

## **AP-35 Projects**

increase in the scale and cost of needed assistance. The combination of these factors places substantial new burdens on an already strained housing and community development delivery system.

Capacity and resource coordination are also significant obstacles. Infrastructure deficiencies are persistent impediments to the State's ability to address long-standing community needs. Insufficient expertise, funding, and planning plague a disproportionate number of South Carolina's rural areas. Capacity limitations as well as inadequate resource coordination are barriers to undertaking crucial quality of life improvements. Consequently, much needed new development or upgrades in housing, infrastructure, and community facilities are not made. Prolonged periods of disinvestment and decline have resulted in some economic and social decline in many communities across the state.



## **AP-38 Project Summary**

### **AP-38 Project Summary**

#### **Project Summary Information**

The five regular Consolidated Plan Programs - CDBG, HOME, NHTF, ESG and HOPWA, have each developed a plan for how they will distribute HUD funding for 2023. These plans are described more completely in the program and application documents available for download from each Program's website, as well as in AP-25 Allocation Priorities and AP-30 Method of Distribution. Because funds are generally distributed through programs of competitive funding, specific projects are not known in advance of completion of the program year, receipt of all applications for funding, and completion of all funding decisions.

HOME ARP is a new program for which the separate HOME ARP Allocation Plan is due by March 2023.

## **AP-40 Section 108 Loan Guarantee**

### **AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

No

#### **Available Grant Amounts**

Not applicable.

#### **Acceptance process of applications**

Not applicable.

## **AP-45 Community Revitalization Strategies**

### **AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

No

#### **State's Process and Criteria for approving local government revitalization strategies**

The State does not use Community Development Strategy Areas within its CDBG Program.

## AP-50 Geographic Distribution

### AP-50 Geographic Distribution – 91.320(f)

#### Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

The five HUD programs included in this Consolidated Plan generally do not allocate funding availability by region. Instead, CDBG, HOME, and NHTF allocate funding availability by program, with each year's programs designed to address the various objectives and priority needs described in this plan.

ESG makes funding available through one competition, with no regional targeting of funds but with a goal of distributing funds throughout the state. To that end, ESG's scoring process ranks applicants against others from the same Continuum of Care region.

HOME and NHTF funding will give preference to projects located in areas of the state that have the highest shortage of affordable housing, are located in census tracts that score the highest on the Palmetto Opportunity Index, and are located in counties that have not been awarded funds within the last 5 years.

HOPWA serves all areas of the state except the three areas that are HOPWA entitlement communities (Columbia, Charleston and Greenville) and the counties that fall in North Carolina and Georgia HOPWA entitlement communities. The amount of HOPWA assistance is based on HIV prevalence rates.

#### Geographic Distribution

Target Area	Percentage of Funds

Table 9 - Geographic Distribution

#### Rationale for the priorities for allocating investments geographically

For non-statewide services, HOPWA funds are allocated to Project Sponsors by county based on HIV/AIDS prevalence rates.

#### Discussion

## AP-55 Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction:

This section provides the State's estimate of the number of households that will receive affordable housing, based on the goals set forth in AP-20, Annual Goals and Objectives. HUD specifies that the number of households estimated in the tables below should not include those expected to benefit from emergency shelter, transitional shelter or social services. Also, the totals by household type (top table) and program or activity type (bottom table) must match. Related AP-20 goals include new affordable rental housing, preservation of existing housing (rehab), homeownership & rental assistance (including only TBRA rental assistance for non-special needs households for 2023), and the special needs TBRA goal for people living with HIV/AIDS.

Note that NHTF Rehabilitation Standards were included in the 2020 Annual Action Plan and approved by HUD. For this 2023 Annual Plan, NHTF funding will be available for rehab, unless actual 2023 NHTF funding is less than anticipated. In this case, the Authority may make HOME funding available.

CDBG-DR goals include goals for buyouts (acquisition), single family housing rehabilitation and rental repairs (rehabilitation). CDBG-MIT goals for acquisition are related to public facilities (green space etc. to be used for flood hazard mitigation and are not included below.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	287
Special-Needs	<u>126</u>
Total (from total by activity, table below)	413

**Table 10 - One Year Goals for Affordable Housing by Support Requirement**

One Year Goals for the Number of Households Supported Through	
Rental Assistance	326
Production of New Units	75
Rehab of Existing Units	12
Acquisition of Existing Units	<u>0</u>
Total	413

**Table 11 - One Year Goals for Affordable Housing by Support Type**

#### Discussion:

HOME ARP goals will be determined once program activities are identified. Eligible activities may include:

- Production or Preservation of Affordable Housing
- Tenant-Based Rental Assistance (TBRA)
- Supportive Services, Homeless Prevention Services, and Housing Counseling

## AP-55 Affordable Housing

- Purchase and Development of Non-Congregate Shelter

Depending on the activities identified for the SC HOME ARP Program and HUD guidance regarding the ARP program and whether it is to be included in the tables above, SC ARP may have housing goals that may increase the number of households to be supported.

Goals shown on AP-20 were used to arrive at the totals above, according to HUD guidance, as follows:

### Table 8 - Household Types to be Supported:

- Homeless - Per HUD, this estimate should be the annual goal for housing assistance for units reserved for homeless individuals and households. None are estimated, as none of the programs specifically reserve housing units for homeless individuals. Further, although ESG applicants may request funding for a variety of activities related to homeless shelter, outreach services, preventive services for those at risk of becoming homeless, and transitional housing, according to HUD none of these activities should be included in the Table 8 homeless category.
- Non-Homeless - Per HUD, this estimate should be the total goal for all housing units NOT reserved for homeless individuals, and not specifically for special needs households. While HOME and NHTF may assist special needs households through its regular rental assistance programs, no 2023 HOME or NHTF funds will be aimed specifically at assisting special needs households. This figure is therefore the total of the goals for other housing activities including new rental units and preservation of existing affordable housing.
- Special Needs - This is the goal for assisting households that are not homeless but require specialized housing or supportive service, such as HOPWA TBRA.

### Table 9 - Households Supported through Activities:

- Rental Assistance – This is the HOPWA special needs TBRA goal, plus the HOME short-term rental assistance for security deposits goal.
- New units – The HOME and NHTF new rental units goal.
- Rehab of Existing Units – The HOME and NHTF goal for preservation of existing affordable housing, and the CDBG-DR goal for single-family rehabilitation and rental repair. (Accomplishments, although there is no specific goal, may include limited rehabilitation of existing affordable housing units in conjunction with CDBG neighborhood revitalization or public infrastructure projects.)
- Acquisition of Existing Units - No homeownership goal is proposed for 2023. Includes only the CDBG-DR buyout goal.

## **AP-60 Public Housing**

### **AP-60 Public Housing - 24 CFR 91.320(j)**

#### **Introduction:**

SC Housing serves as the Local Housing Authority in the administration and delivery of rental assistance under HUD's Section 8 programs, does not operate, own, or manage any public housing units. Instead, community based Public Housing Authorities (PHAs) located in the states larger suburban and metropolitan areas own and manage public housing developments. SC Housing supports the local PHAs with financing and/or technical assistance and thereby helps the PHAs achieve the federal program objectives of encouraging homeownership, self-sufficiency, and youth development, but the state does not undertake public housing resident management or ownership initiatives.

During the development of the Consolidated Plan, the State reviewed the plans of public housing authorities in South Carolina. These plans indicate a general trend toward concepts of family self-sufficiency, individual development accounts, and homeownership programs.

To the State's knowledge, there are no outstanding court orders, consent decrees, or HUD sanctions that would either prevent or negatively impact the delivery of affordable housing to low income persons and families or impede implementation of the Consolidated Plan.

#### **Actions planned during the next year to address the needs to public housing**

Not applicable.

#### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

Not applicable.

#### **If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Not applicable.

#### **Discussion:**

## **AP-65 Homeless & Other Special Needs**

### **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

#### **Introduction**

The Emergency Solutions Grant Program is targeted at homeless activities, as described below. The HOME American Rescue Plan (ARP) Program will also be targeted at homeless and homeless prevention activities. These are new funds allocated to the State which require a separate Allocation Plan due by March 2023 and an amendment to the 2021 Action Plan. Needs assessment and program planning are complete, and eligible activities will be development of affordable rental housing only.

#### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:**

##### **A) Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

The Emergency Solutions Grant Program has placed greater emphasis on Street Outreach over the last several years, and accomplishments to date in 2022 reflect this.

Street Outreach involves identifying places in the community where unsheltered homeless have been typically found, by law enforcement, community service workers or homeless count volunteers. Then a street outreach worker will physically go to those places, in an attempt to locate unsheltered homeless persons, engage them, identify needs and connect them with emergency shelter, housing or critical services, or provide them with urgent, non-facility based care. Since homeless individuals are often distrustful and uneasy sharing personal information, this process takes time and effort. Initial efforts focus on small engagements like providing hygiene kits, and providers use that initial interaction to build trust. This in turn allows greater efforts at identifying specific needs and connecting individuals with services that can benefit them. Street outreach activities can include case management, emergency health and mental health services, transportation and services for special populations.

##### **B) Addressing the emergency shelter and transitional housing needs of homeless persons**

The Emergency Solutions Grant Program addresses the need for emergency shelter and transitional housing by allocating up to 60% of total funding each year for Emergency Shelter operations and services. However, because of a HUD ruling, transitional housing is no longer an eligible cost. HOME ARP funds will also be available in 2023 and will provide assistance to individuals who are homeless or transitioning out of homelessness. Based on the needs assessment completed, funding will be targeted at the area of greatest identified need, or the development of affordable rental housing.

##### **C) Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that**



## **AP-65 Homeless & Other Special Needs**

**individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

The Emergency Solutions Grant Program provides funding for services that specifically address the needs identified above, to help homeless individuals and families transition to permanent housing and to prevent the recurrence of homelessness. The goal is to use housing relocation, stabilization services or short-term rental assistance to “re-house” individuals and families living in shelters or unsheltered situations. This involves assistance to help move them, as quickly as possible, out of homelessness into a more stable housing situation and to set them up for future success. Providers can use ESG funds to assist with short-term rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, moving costs, and a range of services including housing search and placement, case management, tenant legal services, landlord-tenant mediation and credit repair.

HOME ARP funds will also be available and may be targeted toward assisting individuals who are in danger of homelessness and/or transitioning out of homelessness. Based on needs assessment completed, funding will be targeted at the area of greatest need, or development of affordable rental housing.

**D) Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

The Emergency Solutions Grant Program has funds available for preventive services, to help eligible individuals and families avoid homelessness. Although the ESG Program has a prohibition against discharge planning that prevents the use of ESG funds to facilitate discharge, a person discharged from an institution can still benefit from the services ESG recipients can provide. Funds are available for housing relocation, stabilization services and short term rental assistance, as necessary to prevent the individual or family from moving to an emergency shelter, onto the streets or into other places not meant for human habitation. Recipients may use ESG to funding to assist with short-term rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, moving costs, and a range of services including housing search and placement, case management, tenant legal services, landlord-tenant mediation and credit repair. The goal is to prevent an individual or family from moving to an emergency shelter or into an unsheltered situation and to achieve housing stability.

HOME ARP funds will also be available and may be targeted toward assisting individuals who are in danger of homelessness and/or transitioning out of homelessness. Based on needs assessment completed, funding will be targeted at the area of greatest need, or development of affordable rental housing.

## **AP-65 Homeless & Other Special Needs**

### **Discussion**

## AP-70 HOPWA Goals

### AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	256
Tenant-based rental assistance	126
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	10
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	359

HOPWA Goals are also outlined in AP-90 Program Specific Requirements, HOPWA.

## **AP-75 Barriers to Affordable Housing**

### **AP-75 Barriers to affordable housing – 91.320(i)**

#### **Introduction:**

Affordable housing development can be impeded by a variety of factors including zoning and land use policy, administrative and processing procedures involved in review, permitting and approval of housing development, property taxes, exactions and fees, local building codes, transportation, development and infrastructure costs and neighborhood opposition to local affordable housing development, or an attitude known as NIMBY, or “Not In My Backyard.”

#### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

- For 2023, SC Housing will continue the SC Mortgage Tax Credit Program to help homebuyers make their mortgages more affordable. It is a Mortgage Credit Certificate Program administered by SC Housing which provides a federal income tax credit to qualified homebuyers for every year they occupy the home as their primary residence. This program was begun in 2012.
- SC Housing's Palmetto Heroes Program will continue to assist local “heroes” to become homeowners. Eligible homebuyer “heroes” include law enforcement officers, teachers, veterans, fire fighters, nurses, correctional workers and EMS personnel. The program provides a reduced mortgage interest rate and down payment assistance.
- SC Housing will hold Lender Partner and SC State Housing Authority Certified Real Estate Professional training classes at locations throughout the state. The Lender Partner training covers program requirements such as home price limits, income limits, and the SC Housing loan process. Certified Real Estate Professional training covers SC Housing programs availability and eligibility and requirements for SC Housing loans. Legal and Real Estate continuing education sessions were also included in the Palmetto Affordable Housing Forum. The overall purpose is to increase awareness of housing programs and resources to expand the supply of affordable housing and increase homeownership opportunities in the state.
- SC Housing will maintain its expanded social media presence as a means of communicating information to housing partners, homeowners and renters and others interested in housing in the state. The agency uses Twitter and Facebook and other innovative electronic tools and technologies has allowed it to operate more efficiently and communicate in a more dynamic and timely way.
- SC Housing will award funds for construction or to facilitate construction of new affordable rental housing units. HOME, NHTF, and other SC Housing administered funds in these projects directly lower the cost of the unit and thereby make rental units more affordable. SC Housing will provide other funds (not HOME) for down payment and closing cost assistance and below market interest rate financing to make homeownership more affordable and financing simpler and more available.

## **AP-75 Barriers to Affordable Housing**

- Authority staff will spend time meeting with Senators and Representatives on an ongoing basis to educate them on the various affordable housing programs the Authority administers as well as to review several annual reports with them: Accountability Report, Affordable Housing Statewide Impact Report, Investment Report, and HTF Annual Report. This interaction enables the Senators and Representatives to understand the need for, as well as the impact of, affordable housing in their areas, and this in turn helps them discuss the positives of affordable housing when their constituents call with NIMBY issues and concerns.

### **Discussion:**

## **AP-85 Other Actions**

### **AP-85 Other Actions – 91.320(j)**

#### **Introduction:**

The Consolidated Plan regulations require the State to address other actions to meet specific initiatives identified by HUD. These actions are summarized below.

#### **Actions planned to address obstacles to meeting underserved needs**

The primary obstacle to meeting underserved housing and community development needs of the state is funding; and existing resources continue to shrink. Demand for assistance, on the other hand, is growing as a result of recent economic conditions and typically exceeds the supply of available resources. The number of lower income individuals, families, and neighborhoods in need, coupled with the complexity of issues they face is steadily increasing in both scale and cost. The combination of these factors places substantial new burdens on an already strained housing and community development delivery system.

Capacity and resource coordination are also significant obstacles. Infrastructure deficiencies are persistent impediments to the State's ability to address long-standing community needs. Insufficient expertise, funding, and planning plague a disproportionate number of South Carolina's rural areas. Capacity limitations as well as inadequate resource coordination are barriers to undertaking crucial quality of life improvements. Consequently, much needed new development or upgrades in housing, infrastructure, and community facilities are not made. Prolonged periods of disinvestment and decline have resulted in some economic and social decline in many communities across the state.

The State's strategy to overcome existing deficiencies in its housing and community development efforts is based on collaboration, education, outreach, and comprehensive planning. Consumers, providers, funders, policy makers, advocates and communities can benefit from increased communication, training and technical assistance to establish meaningful solutions to the housing and community development needs and improved quality of life among lower income populations.

A greater emphasis is being placed on collaboration among partners as the most effective means to reach community and economic development goals. South Carolina is poised to turn a corner in its economic structure, and utilizing our resources along with others will be the only way to make positive change. CDBG is making specific efforts to help make communities more economically competitive.

The CDBG program recognizes obstacles concerning funding and underserved needs. To address limited funding, the CDBG program requires that recipients generally provide a match for most types of projects and encourages leveraging of financial and other resources. This financial vested interest on the part of the recipient encourages the timely and successful completion of projects as well as the careful selection of projects that best meet the needs of the community.

## AP-85 Other Actions

### Actions planned to foster and maintain affordable housing

The primary resources for addressing affordable housing in South Carolina are administered by the SC Housing, which administers the HOME and NHTF Programs and is developing and will administer the HOM ARP Program, along with the programs described below:

- South Carolina Housing Trust Fund - established in 1992 using funding from a dedicated portion of the deed stamp tax. Funding is available to eligible non-profit and for profit housing development sponsors in all 46 counties. Funds are awarded on a quarterly basis and can be used to finance the development of affordable group homes for the disabled, emergency shelters, single room occupancy units for working homeless and disabled veterans, multifamily rental units low-income, individuals, families, the elderly, and etc., and owner-occupied rehabilitation for homeowners that are at 80% or below the area median income for the county in which they live.
- Multifamily Tax Exempt Bond Program - provides permanent real estate financing for property being developed for multifamily rental use through the sale of tax-exempt revenue bonds. Financing is available to non-profit and for-profit sponsors, or developers, who agree to set aside: a) at least 20% of the units for households with annual gross incomes at or below 50% of the area median income, or b) 40% or more of the units for households whose annual gross income is at or below 60% of the area median.
- Low Income Housing Tax Credit Program - a federal program that provides an incentive to owners developing affordable multifamily rental housing. Allocations of credits are used to leverage public, private and other funds in order to keep rents affordable. Developments that may qualify for credits include new construction, acquisition with rehabilitation, and rehabilitation and adaptive re-use. Developers who are awarded tax credits must agree to keep apartments affordable and available to lower income tenants for at least 30 years. Annually, SC Housing establishes priorities and needs in its QAP, or Qualified Tax Credit Allocation Plan. Ten percent of the State's annual LIHTC allocation is reserved for the exclusive use of joint venture projects that involve the substantive participation of qualified non-profit organizations.
- Section 8 - State-administered and includes Housing Choice Vouchers, Moderate Rehabilitation, and Homeownership Vouchers. The Voucher Program provides rental assistance in the private rental market to very low income individuals and families in Cherokee, Clarendon, Colleton, Dillon, Dorchester, Fairfield, Kershaw, Lee, Lexington, Spartanburg and Williamsburg Counties.
- SC Stay Plus Program - The SC Stay Plus Program is a rental and utility assistance program funded by the U.S. Department of Treasury. The Program launched in May 2021 to assist those who are experiencing financial hardships and housing challenges as a result of the COVID-19 pandemic. The program can help impacted households get back on track by providing up to 12 months of rental and utility assistance dating back to March 13, 2020; up to three months of future rent to stabilize those with housing insecurity; and cover other housing costs (including moving expenses, motel/hotel stays, storage costs and security deposits) for those who have been displaced because of the pandemic. Assistance is available for households in which one or more individuals meet the

## **AP-85 Other Actions**

following criteria: Qualifies for unemployment or has experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due to COVID-19; demonstrates a risk of experiencing homelessness or housing instability; and has a household income at or below 80% of county median income adjusted by family size. Based upon federal requirements, priority will be given to households with an income at or below 50% of the median income and those with an individual who has been unemployed for more than 90 days.

Actions planned to foster and maintain affordable housing are continued in "Discussion" section below.

### **Actions planned to reduce lead-based paint hazards**

The following are strategies and possible resources available to the State to combat the danger that lead based paint hazards present to children. Typically, Federal programs are limited in scope and are targeted to only certain population or housing sectors. Moreover, they often do not fully address testing children for elevated blood levels or abating lead from all housing, schools or childcare facilities. Attention should be focused first on units posing the greatest hazard and on strategies designed to meet the special needs of those populations feared most at risk. South Carolina's resources to reduce the lead-based paint (LBP) hazard include:

- Lead hazard abatement is an eligible activity under the HOME, Neighborhood Stabilization Program (NSP), NHTF and CDBG programs for projects involving repair, rehabilitation, or demolition of housing. All programs provide guidance regarding required steps to evaluate, address and/or abate lead, safe work practices, and notification procedures.
- Lead hazard requirements/guidelines consist of written notification via brochure notifying tenants and potential homebuyers of dangers of lead-based paint poisoning. All beneficiaries must read and sign the documentation prior to occupying the unit.
- SC Housing's Low Income Housing Tax Credit, Homeownership, Mortgage Assistance and Housing Trust Fund Programs require compliance, disclosure and/or testing in accordance with federal requirements.
- Recipients of HOME, NHTF and CDBG funds are encouraged to identify additional sources of funding to assist with lead hazard activities related to projects where rehabilitation is not funded. Examples include HUD Lead Safe Homes and other grant programs and private sector resources that may be available.

The SC Department of Health and Environmental participates in the Environmental Health Public Tracking System (EHPT) of the US Centers for Disease Control and Prevention. To facilitate its participation, DHEC had to streamline its own lead database so that it could provide required EHPT data and incorporate data from the Adult Blood Lead Epidemiology and Surveillance Program.

Note that South Carolina law requires physicians to report conditions, including suspected lead poisoning, on the DHEC List of Reportable Conditions to their local public health department, and laboratories are



## AP-85 Other Actions

required to report all blood lead values in children less than six years of age. As a result, DHEC now provides several data resources for the number and percent of children tested for lead by age group and children tested for lead with Elevated Blood Lead Levels (EBLL).

The state will also continue to take the following actions in addressing lead-based paint hazards in pre-1978 housing:

- Provide information and guidance related to lead-based paint hazard reduction to recipients of CDBG, HOME, NSP, and NHTF, including training as necessary.
- Continue to require notification of residents and owners of all houses receiving CDBG, HOME, NSP, and NHTF assistance regarding the hazards of lead-based paint.
- Incorporate lead hazard reduction strategies, in accordance with HUD requirements, in all HUD assisted housing rehabilitation and provide technical assistance on an as needed basis to ensure compliance with program policies and procedures and HUD notification requirements.

### Actions planned to reduce the number of poverty-level families

Poverty in South Carolina is a challenge, despite continuous efforts to combat it and despite improvement over in the last five years in South Carolina, the region and the nation. The primary source for data at the county level in the US is the Census Bureau's Small Area Income and Poverty Estimates (SAIPE), and as of December 2022, the most recent data available is for 2020 updated as of June 2022. In 2020 South Carolina had a poverty rate of 13.8%, down from 15.2% in 2018 and representing 703,004 people living below poverty. This compares with 11.9% for the nation as a whole, 9.2% in Virginia, 12.4% in Florida, 12.9% in North Carolina and 14.0% in Georgia. South Carolina ranks 11<sup>th</sup> highest in the nation, after states like Mississippi (18.9%), Louisiana (17.8%), New Mexico (16.8%), West Virginia (15.8%), Arkansas (15.2%), District of Columbia (15.0%), Alabama (14.9%), Kentucky (14.9%), and Oklahoma (14.3%). Eleven other states have poverty rates higher than the nation.

#### South Carolina and Neighboring States 2020 Small Area Income and Poverty Estimates

State	2014	2016	2018	2020
SC	17.9	15.3	15.2	13.8
TN	18.2	15.8	15.2	13.6
GA	18.4	16.1	14.5	14.0
NC	17.2	15.4	14.1	12.9
FL	16.6	14.8	13.7	12.4
US	15.5	14.0	13.1	11.9

South Carolina is eleventh highest in the nation at 13.8% poverty, but 35 of the state's 46 counties have rates higher than the state. Allendale County (31.6%) has a rate more than twice that of the state, and nine

## AP-85 Other Actions

other counties have poverty rates higher than 20%. Notably, most of these counties consistently have high poverty rates and were also above 20% poverty in 2018. Two – Fairfield (17.6%) and Union (14.9%) - have improved considerably and are no longer in the top 10 in terms of poverty. Five others have improved but are still above 18% poverty and two – Sumter County (20.5%) and Colleton County (20.1%) – have substantially higher rates than 2018.

### South Carolina Counties 2020 Small Area Income and Poverty Estimates Counties with Highest Poverty Rates

County	2018 Poverty Rate	2020 Poverty Rate
Allendale County	37.3	31.6
Marlboro County	30.0	26.0
Williamsburg County	26.0	25.4
Lee County	28.1	23.0
Dillon County	32.1	22.2
Marion County	25.5	21.8
Barnwell County	22.4	21.6
Bamberg County	26.7	21.0
Sumter County	18.7	20.5
Colleton County	20.0	20.1
Chesterfield County	20.9	19.7
Hampton County	25.8	19.6
Orangeburg County	25.9	19.1
Darlington County	23.5	18.9
Clarendon County	26.4	18.4
Jasper County	19.0	18.4
Laurens County	19.7	18.4
Chester County	18.2	18.3
Fairfield County	23.7	17.6
Saluda County	14.9	17.4
Florence County	18.0	17.1
McCormick County	18.6	17.0

Addressing the poverty issue falls within the purview of numerous state agencies, including the Department of Social Services, the Department of Employment and Workforce, the Department of Health and Human Services, the Department of Education, the Commission on Minority Affairs and the Department of Commerce. Each of these agencies has a mission and undertakes planning activities (such as TANF plans) which encompass one or more of the factors shown to cause poverty: insufficient education, lack of economic opportunity, health and social problems and lack of self-sufficiency. The key means with which a state can combat poverty in the short-term is to create economic opportunity and provide opportunities for working age adults to improve skill levels and successfully compete for new and better paying jobs as these opportunities become available. Over the longer term, K-12 education and programs to combat health and

## **AP-85 Other Actions**

social problems and address disparities in access to services and support are also important. The latter, however, are beyond the scope of the agencies involved in this Consolidated Plan.

What is within the scope of the Consolidated Plan is the expansion of economic opportunity, by addressing issues which are obstacles to economic opportunity. More than \$60 million was appropriated for Rural Development, to focus on issues and funding in the state's most rural and distressed areas. This funding is being managed, along with CDBG, by the Department of Commerce. Program planning is continuing in conjunction with development of the CDBG 2023 plan. CDBG funds for 2023 will continue to be used to help achieve the economic opportunity objective by making funding available for projects that will help address low workforce skills, absence or inadequacy of basic public infrastructure and services needed to support economic growth, and downtown and commercial centers that lack vitality and are not conducive to small local business growth, residential growth or a large and thriving employer base. For those areas which can support business and industrial growth, CDBG funds can also be used, where appropriate and feasible, to help facilitate job creation by new or existing expanding businesses. The CDBG Program Description describes programs of CDBG funding that can assist with expanding economic opportunity and business development or job creation/retention for the 2023 Program Year.

### **Actions planned to develop institutional structure**

The State's strategy to enhance its housing and community development institutional structure centers around improved education, outreach, comprehensive planning and coordination. Consumers, providers, financiers, policy makers, advocates and communities benefit from increased cross-sector communication (dialogue) and education in understanding that economic factors are inextricably linked with meaningful solutions to housing needs and improved quality of life among lower income populations.

Both public and private sector agencies, organizations and institutions contribute to the State's delivery infrastructure for affordable housing and community development. These agencies and organizations are important development partners in South Carolina. Some have established histories as partners with the State; many more are new and emerging collaborators. All are tremendously vital resources in South Carolina's continuing challenge to address the affordable housing and improved community and economic development needs of lower income households.

In terms of housing development in particular, coordination is facilitated by combining the administration of HOME and most other federal and state programs for housing in one agency: SC Housing. Community and economic development are the mission of the SC Department of Commerce, which manages CDBG as well as other state resources that can be used for these two purposes, notably including Appalachian Regional Commission funding and the State Rural Infrastructure Fund. The Secretary of the SC Department of Commerce also heads the board of the State Rural Infrastructure Authority. Finally, the SC Department of Commerce and Rural Infrastructure Authority routinely meet with other sources of infrastructure funding, such as the SC Department of Health and Environmental Control and USDA, to discuss projects, needs and priorities in an effort to better coordinate the delivery system.

## **AP-85 Other Actions**

Together, agencies and organizations in the state contribute significant financial and technical resources to benefit low and moderate income individuals and families of the State. These contributions help capitalize outreach, education and development initiatives. Private and local funds are leveraged with Federal and State funds in order to implement affordable housing and community development initiatives Statewide. Each entity, public or private, pass-through or direct provider, offers services to low income persons and is considered a critical component of South Carolina's housing and community development delivery system.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

The SC State Finance and Development Authority does not own or operate any public housing. However, private developers that receive Authority funds are encouraged to communicate with other housing providers within a project's community as part of the project development process.

#### **Discussion:**

- SFHDA also administers SC Help aimed at maintaining homeownership and making it more affordable and sustainable by providing direct assistance to homeowners potentially facing foreclosure. This program is also winding down.
- Mortgage Revenue Bond Program - the State's primary tool for expanding homeownership opportunities for low and moderate income families in South Carolina. The sale of tax exempt bonds to investors provides the bulk of the funding available to qualified, first-time homebuyers. Banks and mortgage companies originate mortgage loans on the agency's behalf and offer them at reduced interest rates. This below market rate financing provides the edge needed to make homeownership affordable for many of the State's lower income residents. Maximum purchase price and borrower income limits apply and typically vary by county.

## AP 90 Program Specific Requirements

### AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

#### Introduction:

#### Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>0</b>

#### Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	80.00%

## **AP 90 Program Specific Requirements**

### **HOME Investment Partnerships Reference 24 CFR 91.320(k)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

No other forms of investment are anticipated being used.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

There are no plans to finance homeownership activities.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

There are no plans to finance homeownership activities.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

There are no plans to refinance debt.

## **AP 90 Program Specific Requirements**

### **Emergency Solutions Grant Program Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

In order to receive ESG assistance, an individual or family must fit one of the HUD definitions of homeless, chronically homeless or at risk of homelessness. These definitions are included at the bottom of this section.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

All four CoC's have established a basic CES system. Right now State ESG staff, as well as a HUD representative, participate in the policy and procedures standards committee. Currently, highest ranking of VI-SPADAT + location and other various attributes will get an individual served first in CES.

3. Identify the process for making sub-awards and describe how the ESG allocation is available to private nonprofit organizations (including community and faith-based organizations).

Awards will be made through an application and scoring process. Applications received from agencies in one Continuum of Care region will be compared to other applications from other agencies within their continuum as opposed to all applications from all areas of the State. This was new beginning in 2018, at which time State ESG staff also began consulting with each continuum to help identify specific needs in each continuum.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

Homeless participation is a requirement of the application. Failure to demonstrate this in an application means the application is incomplete and therefore not eligible.

5. Describe performance standards for evaluating ESG.

Subrecipients are evaluated based on planned expenditures vs actual expenditures. While this is the most important aspect, ESG staff also look at planned number of people served vs actual people served and take into account accurate and timely submission of all requested reports and information.

**AP 90 Program Specific Requirements  
National Housing Trust Fund**

Reference 24 CFR 91.320(k)(5)

**1. How will the grantee distribute its HTF funds? Select all that apply:**

Applications submitted by eligible recipients

**2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".**

N/A

**3. If distributing HTF funds by selecting applications submitted by eligible recipients,**

**a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".**

Eligible Recipient: An organization, agency, or other entity (including a public housing agency, a for profit or a nonprofit entity) that receives assistance as an owner or developer to carry out an affordable housing project. An eligible recipient must:

1. Make acceptable assurances to the Authority that it will comply with the requirements of all applicable federal and state housing programs during the entire period that begins upon selection of the recipient to receive funding, and ending upon the conclusion of all funded activities;



2023

SMALL RENTAL  
DEVELOPMENT PROGRAM



South Carolina State Housing  
Finance and Development Authority

Small Rental Development Program  
Application Manual

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## SRDP FUNDING SOURCES

The Small Rental Development Program (SRDP) for 2023 will offer multiple funding sources, both federal and state, for new construction and rehabilitation projects. The intent of the program is to integrate small numbers of affordable housing units into neighborhoods and communities. There are three funding sources available, which are described below:

- ▶ The HOME Investment Partnerships Program (HOME) is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. The HOME Program regulations are located at 24 CFR Part 92. The South Carolina State Housing Finance and Development Authority's (SC Housing) HOME Program is designed to promote partnerships among the U.S. Department of Housing and Urban Development (HUD), various federal agencies, state and local governments, and those in the non-profit and for-profit sectors. The goal of the HOME program is to create affordable housing for low-income households.
- ▶ The National Housing Trust Fund (NHTF) was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289). The NHTF regulations are located at 24 CFR Part 93. This affordable housing production program is designed to complement existing federal, state and local efforts to increase the supply of safe, decent and affordable housing, primarily rental housing, for extremely low-income (ELI) households, including homeless families.
- ▶ The South Carolina Housing Trust Fund (HTF) was established by the SC Legislature in 1992 through the Housing Trust Fund Act. The regulations are located in Title 31, Chapter 13, Article 4 of the Code of Laws of South Carolina, as amended. HTF provides financial assistance for the development of affordable housing for low-income and very-low-income households.

## DEFINITIONS

**Applicant or Applicant Entity:** Any eligible entity (public or private, for profit or nonprofit), proposing to develop affordable housing and adhere to all federal and state regulations. Also may include entities or persons of whom the Applicant Entity is comprised, including consultants hired by the Applicant Entity to provide services to assist with the preparation of the application, application documents, and or assist with the administration of the development of the project from inception through placed-in-service.

**Application Package:** The manual, application, forms, exhibits, appendices, tabs and instructions provided by SC Housing.

**Audit:** Complete and current financial statements that have been audited by a Certified Public Accountant (CPA) licensed by the South Carolina Board of Accountancy. A current audit is considered to be one that is no more than twelve (12) months from the date the audit was performed. Non-Federal entities that expend \$750,000 or more of Federal Funds in a year are required to have an audit conducted to include the audit specifications and requirements described in 2 CFR Part 200, Subpart F (aka Super Circular).

**Commitment:** A legally binding agreement executed and dated by an eligible recipient for a site-specific eligible project that commits the federal funding to the project. These are referred to as the Written Agreement(s).

**Community Housing Development Organizations (CHDOs):** Private nonprofit entities that are organized pursuant to the definition in HUD HOME Regulations at 24 CFR 92.300. A SC Housing approved CHDO is a CHDO that has been certified by SC Housing as meeting HUD's CHDO requirements. SC Housing's CHDO Certification Manual and application can be accessed on the SC Housing website at <https://www.schousing.com/Home/Community-Housing-Development-Organizations>

**Conditional Commitment:** A reservation of funds issued after acceptance of award, which must be executed and dated by the Owner for the site-specific project.

**Contact Person:** The person listed in the application that has decision-making power for the Applicant with whom SC Housing will correspond.

**Contiguous:** Pieces of real estate that are adjoined or adjacent to each other. Contiguous lots share a common boundary. For purposes of this manual parcels of land separated only by a neighborhood street will be considered contiguous.

**Conversion:** The rehabilitation of an existing structure, not currently being used for housing, converted into affordable housing.

**Cost Allocation** – Process of identifying and assigning costs to a specific funding program and/or rental unit.

**Development Costs:** The total costs incurred in the development of a project that are considered customary, reasonable and necessary.

**Developer:** Any individual, association, corporation, joint venture, or partnership, which possesses the capacity to successfully produce affordable multifamily and/or single-family rental housing.

**Disabled Household:** A household composed of one or more persons, at least one of which has a disability.

**Disabled Person:** means a household composed of one or more persons, at least one of whom is an adult, who has a disability.

- (1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that:
  - (i) Is expected to be of long-continued and indefinite duration;
  - (ii) Substantially impedes his or her ability to live independently; and
  - (iii) Is of such a nature that such ability could be improved by more suitable housing conditions.
- (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that:
  - (i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - (ii) Is manifested before the person attains age 22;
  - (iii) Is likely to continue indefinitely;
  - (iv) Results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and
  - (v) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated. Notwithstanding the preceding provisions of this definition, the term "person with disabilities" includes two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important to their care or well-being, and the surviving member or members of any household described in the first sentence of this definition who were living, in a unit assisted with HOME funds, with the deceased member of the household at the time of his or her death.

**Development Division:** The Housing Development Division of the South Carolina State Housing Finance and Development Authority.

**Draw:** The disbursement of funds to a project.

**Elderly:** A person sixty-two (62) years of age or older.

**Eligible Person or Household:** One or more persons, or a family, determined by SC Housing to be of low, extremely low or very low-income, regardless of race, creed, color, national origin, sex, disability or the familial status.

**Eligible Recipient:** An organization, agency, or other entity (including a public housing agency, a for-profit or a nonprofit entity) that receives assistance as an owner or developer to carry out an affordable housing project. An eligible recipient must:

1. Make acceptable assurances to SC Housing that it will comply with the requirements of all applicable federal and state housing programs during the entire period that begins upon selection of the recipient to receive funding, and ending upon the conclusion of all funded activities;
2. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity(ies);
3. Demonstrate its familiarity with the requirements of other federal, state, or local housing programs that may be used to ensure compliance with all applicable requirements and regulations of such programs; and
4. Have demonstrated experience and capacity to conduct an eligible activity(ies) as evidenced by its ability to own, construct, manage and operate an affordable rental housing development.

**Extremely Low-Income:** Persons with income at or below thirty percent (30%) of the median income for the area, as determined by HUD, with adjustments for family size, or those with income at or below the federal poverty line, whichever is greater.

**Family or Family Household:** A household composed of one or more persons.

**Financial Commitment:** An executed letter, contract, or agreement from a funding source verifying that the Applicant has a commitment of funds for the project. The commitment letter must include: (a) the amount of funds being provided; (b) any conditions for receiving the funds; (c) expiration of the funds or a timeframe in which the funds must be spent; (d) whether the funds are being provided as a loan or grant; and (e) the term and interest rate, if applicable, for the funds. Lines of credit and letters of credit are temporary funding and are not considered permanent commitments. **All final financial commitments must be in place before the commitment of SC Housing funds.**

**Financial Statements:** Statements that have been audited,, reviewed, or compiled by an independent CPA licensed by the South Carolina Board of Accountancy. Financial statements must include an Income Statement (Statement of Activities for nonprofit Applicants) documenting one full year of activities and a Balance Sheet (Statement of Financial Position for nonprofit Applicants) dated on or after December 31, 2021. All financial statements must include notes and any footnotes to the financial statements. If an Applicant Entity has been in existence for less than one year, the Income Statement submitted should cover the period since the inception of the organization and monthly bank statements from each month the organization has been in existence must also be provided.

**Forgivable Loan:** A loan in which all payment of principal and interest is deferred until maturity, at which time the outstanding balance may be considered paid in full so long as the borrower does not default on the Funding Agreement or the Promissory Note and Mortgage and Security Agreement.

**General Contractor:** An individual or company, properly licensed by the State of South Carolina as a 1) General Contractor with a classification of Building (BD, LB, UB); OR 2) Residential Builder, that undertakes a contract to provide materials and/or labor to perform a service or do a construction job. Such Contractor must be licensed by the SC Dept. of Labor, Licensing and Regulation with an “active” status, have an effective \$1 million general liability insurance policy, a workers’ compensation policy, builder’s risk policy, and meet the contractor credential requirements as described in the SRDP Implementation Manual.

**Group Home:** Housing that is occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit, and (except in the case of shared one-bedroom units) separate private space for each family. It also includes group housing for elderly or disabled persons. Supportive services may be provided. These structures are usually single-family homes that are being used for this purpose.

**HOME or HOME Program:** The HOME Investment Partnerships Program pursuant to the HUD Regulations 24 CFR Part 92, as amended.

**HOME-Assisted Unit:** The specific unit(s) in a project that is subsidized with HOME funds.

**Homeless:** An individual who lacks a fixed, regular, and adequate nighttime residence; an individual who has a primary nighttime residence that is a supervised publicly or privately-operated shelter designated to provide temporary living accommodations; an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings.

**HOME Regulations:** The regulations of HUD in 24 CFR Part 92 (1991) issued under the authority of Title II of the National Affordable Housing Act of 1990, as may be amended.

**HUD:** United States Department of Housing and Urban Development.

**Income Verification:** Third party confirmation that all households receiving assistance are income eligible according to the appropriate HUD income limits that are published annually. Third party income verification may not be dated more than six (6) months prior to move-in eligibility. Verification also involves the review and evaluation of all types of income that can be counted and not counted. Please see SC Housing’s *Determining Income Manual* located online at:

<http://www.schousing.com/library/Monitoring/DetermineIncomeManual.pdf>

**Individual (related persons):** Any individuals considered related to each other having any of the following direct relationships: parent, child, spouse, son-in-law, daughter-in-law, father-in-law, including any such direct relationship created by marriage, remarriage, adoption, or any other legally recognized status, or if one individual is an employer, by common law or otherwise, of the other.

**Initiation of Negotiations (ION):** For the purposes of providing the appropriate notice and determining whether a person displaced from a dwelling qualifies for a replacement housing payment, the Initiation of Negotiations is defined as the following:

- For projects involving acquisition, the ION will be the date the sales contract or option is executed.

- For projects not involving acquisition, the ION will be the date the Applicant submits the SRDP application to SC Housing requesting federal assistance.

**Local Government or Unit of Local Government:** Any county, city, town or municipality in the State of South Carolina.

**Low-Income:** Person with income that is above fifty percent (50%) but below eighty percent (80%) of the median income for the area, as determined by HUD, with adjustments for family size.

**Marketing Plan:** A document that provides information on how the Applicant will attract eligible persons from all racial, ethnic, age, and gender groups to the available housing being provided in the particular market area.

**Market Study:** An independent third-party report prepared to review the market conditions in a specified area. It includes a study of the economic forces of supply and demand and their impact on real estate returns, risks, and values.

**Market Needs Assessment Report:** An independent third-party report prepared to review the market conditions in a specified area. Specific guidelines are included in **Appendix A**.

**National Housing Trust Fund (NHTF):** An affordable housing production program pursuant to the HUD Regulations 24 CFR Part 91 and 93, and currently operating under a 2015 Interim Rule.

**Nonprofit:** A corporation exempt from income tax under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended.

**Participant/Awardee/Recipient:** An Applicant that has been awarded funds through the Small Rental Development Program.

**Principal:** Any Applicant, owner, developer, guarantor, financial guarantor, or any other person, corporation, partnership, joint venture, or other entity, including any affiliate thereof, or any other person, firm, corporation, or entity of any kind whatsoever that either directly or indirectly receives an award or receives a portion of the development fee (whether or not deferred) for development services and/or receives any compensation with respect to such development. Note: Consultants are not considered Principals.

**Project Completion:** Occurs when all necessary title transfer requirements have been finalized; loan closing documents have been recorded and returned to SC Housing; one hundred percent (100%) of the construction has been completed; a certificate of occupancy (CO) has been issued; a placed in service application has been submitted; the final draw down of funds has been disbursed for the project; the project completion reports have been submitted and the project activity has been closed-out in HUD's Integrated Disbursement and Information System (IDIS).

**Related Parties:** Applicants will be deemed to be related if any Principal of an Applicant is also a Principal to any other Applicant. Regardless of the percentage of participation a Principal has in a development, one hundred percent (100%) of the development's awards will count towards the limitation per Principal.

**Scattered site project:** means a project where not all buildings are located on contiguous parcels.

**Single-Room-Occupancy (SRO):** means housing (consisting of single - room dwelling units) that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities (and may contain both) if the project consists of new construction, conversion of nonresidential space, or reconstruction. For acquisition or rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.

**South Carolina Housing Trust Fund (SC HTF):** The South Carolina Housing Trust Fund is the trust fund created by Title 31, Chapter 13, Article 4 of the Code of Laws of South Carolina, as amended and as administered by the South Carolina State Housing Finance and Development Authority.

**Stabilized Occupancy:** Occurs when at least 93% of a rental development's units are physically occupied by qualified tenants.

**Supportive Housing:** The combination of housing and voluntary support services to address the needs of special needs populations, which include any subset of the population that has been identified as having specific needs. Supportive services may include but are

not limited to: outreach, case management, childcare, job training/placement, health care, and transportation. To be considered permanent supportive housing, the application must include a narrative explaining how the units will be affordable to the population identified and how the services will be provided for the duration of the affordability period. Owners cannot give a preference based on disability type (actual or perceived) or being a client of a particular service provider (absent approval from SC Housing). Neither the owner's partners/members nor the property management company may engage in medical, therapeutic, or other activities regulated by the U.S. Centers for Medicare & Medicaid Services with respect to the residents. The owner will:

- Expressly include reasonable accommodation in the application for tenancy;
- Not ask applicants/residents for medical or other protected information unless and only to the extent legally necessary (e.g., processing reasonable accommodations requests);
- Use standard leases with the same rights available to, and responsibilities expected of, all households, including duration of tenancy (i.e., cannot be transitional); and
- Ensure participation in any supportive services is entirely voluntary (not formal or implied condition of occupancy).

**Temporary Relocation:** Occurs when a residential household that has not been permanently displaced is required to vacate their unit while rehabilitation is underway. Examples of temporary relocation include the following:

1. Household is required to move from the development to an off-site rental unit while the rehabilitation is underway.
2. Household is required to move to another unit in the development while the rehabilitation is underway.
3. Household is not required to move from their unit, but is required to vacate the unit during daytime hours while the rehabilitation is underway.

**Transitional Housing:**

1. Is designed to provide housing and appropriate supportive services to persons, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children; and
2. Has as its purpose facilitating the movement of individuals and families to independent living within a specific time period that is set by the project owner before occupancy.

**Vacant Properties:** Include both vacant structures (residential or commercial) and vacant land that are unoccupied and not in use.

**Vertical Construction:** SC Housing will consider vertical construction to be underway when an SC Housing inspector approves the development's footing inspection.

**Very Low-Income:** Persons with income at or below fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size.

## ELIGIBLE APPLICANTS

Eligible Applicant Entities:

1. Units of Local Government (cities, counties and towns)
2. Regional Councils of Government (COGs)
3. Public Housing Authorities (PHAs)
4. Community Housing Development Organizations (CHDOs)
5. Nonprofit Entities
6. For-profit Entities

Eligible Applicants must demonstrate that they meet the Threshold Requirements as described in bullets 1-4, beginning on Page 20 of this manual by submitting an **Intent to Apply Package**. Threshold participation criteria is related to financial capacity, good standing, HOME program income/CHDO proceeds, experience and capacity, previous performance, and related entities, principals and/or individuals. Experience requirements are specific to the type of development being proposed in the application. All Applicants must have a designated Program Administrator on staff that will be responsible for the coordination of the project (i.e. project implementation through project completion). Applicants may utilize the services of a consultant to serve as the Project Administrator;

however, reimbursement for consultant fees will be paid for from Developer fees. Consultants may not be involved with more than two (2) open awards at a time and must disclose all open projects they are providing consulting services for using the **SRDP Application Exhibit 5 – Consultant Certification Form**. In addition, consultants must be in compliance with conflict of interest requirements and are required to certify to such by providing an **SRDP Application Exhibit 6 – Conflict of Interest Form**. Applicants must complete and include the following items related to applicant eligibility and submit them with the **Intent to Apply Package**:

1. **SRDP Application Exhibit 2 – Staff Information**
2. **SRDP Application Exhibit 3 – Board of Directors Information**
3. **SRDP Application Exhibit 4 – Experience Certification**
4. **SRDP Application Exhibit 5 – Consultant Certification Form with a copy of the consultant contract**
5. **SRDP Application Exhibit 6 – Conflict of Interest Certification Form**
6. **SRDP Application Exhibit 7 – Previous Participation Certification Form**
7. **SRDP Application Exhibit 8 – Debarment Certification Form.**
8. **Narrative describing the Applicant’s successful experience with affordable rental housing programs**
9. Copies of staff member’s resumes’ or bios describing specific experience with the development and management of rental properties
10. For non-profit applicants a copy of their IRS 501(c)(3) Status Letter
11. Financial Statements dated on or after December 31, 2021 which must include an Income Statement and Balance Sheet
12. **SRDP Application Exhibit 22 – Audit Requirements Certification**
13. If applicable, copy of most recent audit required by 2 CFR Part 200, Subpart F

The CHDO Certification Manual and Application are available on the SC Housing website at <https://www.schousing.com/Home/Community-Housing-Development-Organizations>. Applicants applying for HOME CHDO set-aside funds must complete and include the following CHDO Certification Application documents with the **Intent to Apply Application**:

1. **CHDO Certification Application**
2. **CHDO Certification Application Checklist**
3. **CHDO Certification Attachment A – Debarment Certification**
4. **CHDO Certification Attachment B – Board of Directors Information**
5. **CHDO Certification Attachment C – Board of Directors Representation**
6. **CHDO Certification Attachment D – Organization Staff Roster**
7. **CHDO Certification Attachment E – Consultant Disclosure**
8. **CHDO Certification Attachment F – Standards for Financial Management Systems**

## PROGRAM SCHEDULE

Application Workshop:	<b>February 23, 2023</b>
Intent to Apply Deadline	<b>March 31, 2023</b>
Intent to Apply Determinations :	<b>April 28, 2023</b>
Application Submission Deadline:	<b>July 31, 2023</b>
Missing Document Notification/Final Point Scores:	<b>August 2023</b>
Conditional Commitment Letters Issued:	<b>September 30, 2023</b>
Submission of Final Plans/Specifications and NEPA Deadline:	<b>December 29, 2023</b>
Award Agreements Issued & Implementation Trainings	<b>Spring 2024</b>

## APPLICATION SET-ASIDES

Up to **\$24,443,175** of funding will be available. Applications will be placed in one of the three (3) set-asides below:



1. **General New Construction** – \$12,223,087 50% of available funds. This set-aside will include new construction applications that contain 8-39 units.
2. **Micro New Construction** – \$6,111,544, 25% of available funds. This set-aside will include new construction applications that contain 4 units submitted by non-profit applicants.
3. **Rehabilitation** – \$6,111,544, 25% of available funds. This set-aside will include rehabilitation applications that contain 8-24 units.

## ELIGIBLE PROJECTS & ACTIVITIES

Rental projects may include single family dwellings (buildings containing 1-4 units) and/or multifamily dwellings (building containing 5+ units) and must meet the following requirements:

1. Projects must be site-specific. Proposed site(s) cannot be changed or substituted, under any circumstances, from the initial site(s) proposed in the application. Applications proposing scattered site projects may at the discretion of SC Housing remove a proposed site from the application if it is determined that the site is not suitable as long as the remaining site(s) in the proposed application are able to accommodate the minimum number of units as described in this section;
2. Projects in the General New Construction Set-Aside must contain 8 - 39 affordable units;
3. Projects in the Micro New Construction Set-Aside must be owned by non-profits and contain 4 affordable units;
4. Projects in the Rehabilitation Set-Aside must contain 8-24 affordable units;
5. All sites in a scattered site project must be located within a one (1) mile radius;
6. Ensure all affordable units are comparable in size and design features;
7. The project must comply with all mandatory development design criteria, unless a waiver has been submitted with the application submission and approved in writing by SC Housing. No additional waiver requests will be approved after application submission unless the request is due to changed circumstances and includes evidence satisfactory to SC Housing that the waiver is necessary and could not have been presented with the application submission.

In general, the below items are eligible SRDP activities. SC Housing underwriting staff will determine based on the project type and proposed scope of work which funding sources will be allocated to awarded projects dependent upon regulatory requirements of the various sources of funds allocated to the program.

1. **Acquisition of vacant land** on which construction must begin within twelve (12) months of the execution of the written agreement(s); projects not meeting the twelve (12) month benchmark that are awarded federal dollars may have all funds rescinded. Land banking is prohibited.
2. **Demolition** of vacant blighted buildings, which must be completed and construction underway within twelve (12) months of execution of the written agreement(s); projects not meeting the twelve (12) month benchmark that are awarded federal dollars may have all funds rescinded;
3. **New Construction** of any type which must begin within twelve (12) months of the execution of Commitment(s) for all SC Housing funding sources; projects not meeting the twelve (12) month benchmark may have all funds rescinded;
4. **Acquisition with Rehabilitation** of residential buildings requiring a minimum expenditure of \$25,000 per unit in hard construction which must begin within twelve (12) months of the execution of Commitment(s) for all SC Housing funding sources; projects not meeting the twelve (12) month benchmark may have all funds rescinded.
5. **Site Improvements including on-site utility costs;** and
6. **Operating Reserves - for NHTF-assisted units only.** Operating reserve funds are not available for projects using project-based rental assistance (PBRA).

In general, the following types of rental projects are eligible for SRDP funding. SC Housing underwriting staff will determine based on the project type and proposed scope of work which funding sources will be allocated to awarded projects dependent upon regulatory requirements of the various sources of funds allocated to the program.

1. Permanent Rental Housing
2. Permanent Supportive Housing
3. Transitional Housing (note: transitional housing developments are not eligible for NHTF dollars.)

## INELIGIBLE PROJECTS & ACTIVITIES

The following project types and sites are **not** eligible for SRDP funding.

1. Public Housing Units are not eligible unless using NHTF for a RAD project
2. Projects assisted under Title VI of NAHA (*prepayment of mortgages issued by HUD*)
3. Commercial Properties (*except when converted to residential rental units*)
4. Homeless Shelters
5. Facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, halfway houses, etc.
6. Manufactured Housing
7. Properties previously assisted with other restricted funds that are still under an affordability period.
8. Student Housing
9. Scattered site projects that do not meet the following criteria are ineligible: all sites must be located within the same county and market area, all buildings must be under the ownership of one entity and developed under one plan of financing, and all units must be managed by one management entity.
10. Proposing two separate projects in the same application year for the same target population using any source of SC Housing funding where the projects will be located adjacent to, in proximity to, or directly across the street from each other.
11. New construction within three hundred (300) feet of an active railroad track.
12. Sites in close proximity to explosive storage facilities, above ground commercial bulk storage facilities, or distribution facilities for propane/butane gas, hazardous chemical or petroleum/gasoline that require extensive mitigation such as the construction of a blast wall.
13. Sites located within Runway Clearzones or Protection Zones (civil and military airports) or Accident Potential Zones (military airports).
14. Sites that require the execution of voluntary or involuntary cleanup agreements with the Department of Health and Environmental Control or any other third-party organizations as noted in a Phase I or II environmental assessment report.
15. Sites located in a FEMA or local designated flood zone (100 year and 500 year). This provision is not applicable in the following counties so long as the site is no less than 80% buildable and the flood zone(s) will not be impacted: Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Horry and Jasper. Percentage of buildability may require confirmation by a qualified independent third-party consultant. If SC Housing determines confirmation is needed, costs of such consultant will be the responsibility of the Applicant.
16. Properties containing any hazardous materials as defined in 49 CFR 172.101 (other than lead-based paint and/or asbestos) found on, within, or adjacent to the proposed site(s).
17. Wetlands – No activities, structures, or facilities associated with the project can adversely impact a wetland. No draining, dredging, channelizing, filling, diking, impounding or related grading activities are to be performed in wetlands. Sites that are less than 80% buildable are not eligible. Applicants with project sites containing wetlands will be required to enter into an agreement as to restrictive covenants that will prohibit those areas from being disturbed and/or impacted in anyway by the development of the project.
18. Sites listed on or within ¼ mile of a site listed on the National Priority List under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund; or otherwise reported to Federal, State, or local authorities as contaminated will not be permitted unless evidence satisfactory to SC Housing is presented that there is no longer a hazard posed that could affect the health and safety of the occupants or conflict with the intended use of the property.
19. Noise - Sites with exterior noise levels of 65 decibels or higher are not eligible for funding. A noise study must be conducted in accordance with 24 CFR 51(b) for all proposed projects using the process outlined in “The Noise Guidebook” (<https://www.hudexchange.info/resource/313/hud-noise-guidebook>) and the Day/Night Noise Level Electronic Assessment Tool found at <https://www.hudexchange.info/programs/environmental-review/daynight-noise-level-electronic-assessment-tool/>. Noise studies must be completed by a consultant that is listed on SC Housing’s approved environmental consultants list and be submitted with the Application.
20. Projects that include the development of homeownership units on the proposed SRDP project site.
21. Projects may not be submitted in both the 9% LIHTC and SRDP application rounds in the same year.
22. Projects proposing additional phases to projects when any of the previous phases are not 100% complete.

## FINANCIAL TERMS & CONDITIONS

SC Housing will reserve the below funding sources for the 2023 SRDP program year. These amounts; however, are subject to change based on final allocation for 2023 HOME and NHTF grant amounts as determined by HUD and the determination of the available amount of HOME program income on hand at the time of award determinations.

- Approximately \$6,443,175 in HOME funds
  - Including up to \$1,107,195.75 in HOME funds will be set-aside for use by Community Housing Development Organizations (CHDOs).
- Approximately \$3,000,000 in NHTF funds
- Approximately \$15,000,000 in SC HTF funds

Final determinations on funding sources and whether an Applicant will receive repayable loans, forgivable loans, or a combination of both will be determined during the underwriting analyses conducted during the application review and the placed-in-service application review. Repayable loans will have an interest rate ranging from zero percent (0%) to three percent (3%) and loan terms will typically be dependent on the funding program's affordability period. SC Housing reserves the right to reduce or increase funding sources during the underwriting process in order to allocate program funds to their best use.

### **Terms for nonprofit entities, for-profit entities and Public Housing Authorities (PHAs)**

#### **HOME Funds:**

1. Funds will be awarded as either a twenty (20) or thirty (30) year repayable loan, forgivable loan or a combination of both.
2. The amount of HOME funds available to an individual rental unit will be based on the per unit subsidy limits allowed by HUD and determined during the underwriting analysis.
3. Repayable loans will be amortized between zero percent (0%) to three percent (3%). The interest rate will be determined during underwriting.
4. There will be a minimum term and amortization period of twenty (20) years or a period that does not exceed thirty (30) years.
5. Authority HOME funds cannot be combined with another PJs HOME funds.
6. The required affordability period will be enforced through a recorded Agreement as to Restrictive Covenant and/or amendments, as needed.
7. Funds will be secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage. In the event the property is sold, all loans, both repayable and forgivable, become due and payable at (as per the mortgage and security agreement "Due on Sale" clause).
8. All applications will be underwritten such that they will be able to reach \$900 per unit in annual cash flow.
9. All HOME loans will be underwritten to ensure there will be cash flow sufficient to cover debt service.
10. The HOME loan will be in a mortgage position relative to the funding amount as compared to other funding sources committed to the development.
11. HOME loans will be deferred for ninety (90) days following project completion.
12. Interest will NOT be charged on the HOME loan during the construction phase of the project.

#### **NHTF Funds:**

1. Funds will be awarded as either a twenty (20) or thirty (30) year repayable loan, forgivable loan or a combination of both.
2. The amount of NHTF funds available to an individual rental unit will be based on the per unit subsidy limits allowed by HUD and determined during underwriting analysis.
3. Repayable loans will be amortizing with an interest rate of zero percent (0%) to three percent (3%) for a minimum term and amortization period of twenty (20) years or a period that does not exceed thirty (30) years.
4. The required thirty (30) year affordability period will be enforced through a recorded Agreement as to Restrictive Covenant and/or amendments, as needed.
5. Funds will be secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage. In the event the property is sold, all loans, both repayable and forgivable, become due and payable (as per the mortgage and security agreement "Due on Sale" clause).
6. All applications will be underwritten such that they will be able to reach \$900 per unit in annual cash flow.
7. All applications will be underwritten to ensure there will be cash flow sufficient to cover debt service.

8. The NHTF loan will be in a mortgage position relative to the amount funded as compared to other funding sources committed to the development
9. NHTF loans will be deferred for ninety (90) days following project completion.
10. Interest will NOT be charged on a NHTF loan during the construction phase of the project.
11. All projects with six (6) or more units that are eligible for a NHTF award will be required to have at least 25% of the units in the project designated as NHTF units.
12. Rehabilitation projects that propose extending any portion of a building beyond the original footprint of the building may not be assisted with NHTF dollars.
13. Farmland - Sites determined to be unique, prime or statewide or locally significant agricultural property cannot be assisted with NHTFs. A map from the Web Soil Survey showing the project site is not unique, prime or statewide or locally significant agricultural property must be provided with the Application. <https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm>

#### **SC HTF Funds:**

1. Funds will be awarded as either a twenty (20) year repayable loan, forgivable loan or a combination of both.
2. Repayable loans will be amortizing with an interest rate of zero percent (0%) to three percent (3%) for a minimum term and amortization period of twenty (20) years or a period that does not exceed thirty (30) years.
3. The required twenty (20) year affordability period will be enforced through a recorded Agreement as to Restrictive Covenant and/or amendments, as needed.
4. Funds will be secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage. In the event the property is sold, all loans, both repayable and forgivable, become due and payable (as per the mortgage and security agreement "Due on Sale" clause).
5. All applications will be underwritten such that they produce a Debt Coverage Ratio (DCR) of 1.30. If a 1.30 per unit debt coverage ratio produces cash flow per unit less than \$900, the underwriting will be adjusted such that the proposal will be able to reach \$900 per unit in annual cash flow.
6. All applications will be underwritten to ensure there will be cash flow sufficient to cover debt service.
7. The SC HTF loan will be subordinate to permanent conventional financing and the HOME and/or NHTF mortgages.
8. HTF loans will be deferred for ninety (90) days following project completion.
9. Interest will NOT be charged on the SC HTF loan during the construction phase of the project.

#### **Terms for Units of Local Government**

Funds provided to units of local governments will ONLY be provided as repayable loans with an interest rate between zero percent (0%) to three percent (3%). The interest rate will be determined during underwriting.

#### **Geographic Distribution**

It is SC Housing's intent to promote fair and objective administration of the SRDP Program funds by ensuring that no single county receives an excessive share of the available program funds in any one application cycle. In making awards of SC HTF funds, SC Housing will ensure that no county receives more than 20% of the current year's available SC HTF funds.

#### **Construction Draws for SC Housing Funding Sources**

1. Participants may choose to request funds as construction draws or to draw funds at project completion.
2. A payment and performance bond, or Letter of Credit (LOC) in an amount equal to the construction contract must be provided by Applicants electing to draw funds during construction.
3. SC Housing will only release funds for completed work in place that has been inspected and approved by an SC Housing inspector.
4. Unless otherwise directed by SC Housing, funding sources will be drawn proportionately.
5. Disbursements for soft costs are not allowed until vertical construction has started.
6. An ***SRDP Application Exhibit 9 – Election to Draw Funds*** must be submitted with the Application.

# PROJECT FEASIBILITY & UNDERWRITING GUIDELINES

All applications are subject to financial review by SC Housing. The underwriting will consist of, but is not limited to, the following areas (line numbers refer to the “Development Costs” tab of the application):

**Development Costs:** All costs are subject to review for justification of acceptable, reasonable costs. Development costs are evaluated for necessity and reasonableness at the time of application review as well as when a project is placed in service. A review of the development and site plans, *SRDP Application Exhibit 10 - Construction Costs Addendum*, and *SRDP Application Exhibit 11 - Construction Design Certification* will be conducted to determine reasonableness of the proposed development costs. Any proposed recommendations or required changes will be provided to the applicant. Proposals with costs exceeding recommendations must submit an explanation for the higher costs and will be required to revise costs accordingly. SC Housing reserves the right to determine whether final costs are appropriate and acceptable at both application and at placed in service.

SC Housing may use any third-party resources it deems necessary to adequately perform a cost analysis of the application. If necessary, any costs related to the hiring or acquisition of a secondary third-party resource will be covered by the applicant. SC Housing will reject all applications where costs exceed reasonable amounts and/or costs are not substantiated and deemed to be valid. SC Housing has sole discretion in determining cost reasonableness.

**Developer Fees, Developer Overhead, and Consultant Fees (Fees):** Fees are limited based on development costs or project units count. Fees are calculated as the total of Developer Fees (line 36) plus Consultant Fees (line 16) from Development Costs in the application. Fees will be the lesser of \$25,000 per affordable unit or 15% of adjusted development costs. The formula is:

$$\frac{\text{Developer Fees (line 36) + Consultant Fees (line 16)}}{\text{Adjusted Development Costs}}$$

“Adjusted Development Costs” is calculated as follows:

Total Development Costs	(line 38)
Less Acquisition Costs	(lines 1-3)
Less Consultant Fees	(line 16)
Less Developer Fees	(line 36)

**Exhibit 10 Construction Costs Addendum:** This form is required as part of a complete application. All costs detailed on the **Exhibit 10** must tie to costs presented on page 9 of the application in the appropriate cost category.

**Minimum Hard Costs:** Minimum hard costs must be no less than **sixty-five percent (65%)** of total development costs. **Hard costs** include the following line items:

Land	(line 1)
Existing Structures	(line 2)
Other (Acquisition Costs)	(line 3)
Demolition	(line 4)
On-Site Improvements	(line 5)
New Building	(line 6)
Rehabilitation	(line 7)
Contractor Contingency	(line 10)

**Contractor Costs:** The combined total of general requirements and contractor profit & overhead may not exceed **fourteen percent (14%)** of hard construction costs. The structure of these fees is limited to the following:

General requirements (line 8)	may not exceed	6% of hard construction costs
Contractor profit & overhead (line 9)	may not exceed	8% of hard construction costs
Total contractor fees	may not exceed	14% of hard construction costs

**Hard Construction Costs:** Include the following line items from the development costs schedule:

Demolition	(line 4)
On-Site Improvements	(line 5)
New Building	(line 6)

**Operating Costs:** Projected operating expenses, for all developments, must be \$3,750 per unit, per year, excluding reserves, property taxes, and annual compliance monitoring fees. If underwriting staff considers property tax estimations to be unusually high or low, documentation may be required to justify the estimate.

**Vacancy Rate:** The application must utilize a vacancy rate of not less than seven percent (7%). The vacancy rate must be applied to both rental income and other income since the other income is to be derived from the rental income.

**Debt Coverage Ratio (DCR):**

- The DCR is calculated as Net Operating Income (NOI) divided by the annual debt service. For this purpose, NOI is the income remaining after subtracting Total Annual Expenses and Annual Replacement Reserves from the Effective Gross Income (EGI).
- All proposals will be underwritten such that they produce \$900 per unit in annual cash flow.

**Annual Rent and Expense Trends and Cash Flow:**

- Development rents will be trended upward at a two percent (2%) annual increase.
- Operating expenses will be trended upward at a three percent (3%) annual increase.
- The Proforma Income Statement must demonstrate that the project will maintain a positive cash flow for the entire 30 year affordability period. The project must demonstrate a positive cash flow for a period of 30 years using the same rent and expense trending criteria referenced above.

**Replacement Reserves:**

Applicants are required to establish and make annual contributions to replacement reserves. The minimum replacement reserves are three hundred dollars (\$300) per unit, per year for all development types.

Annual contributions are made from operating cash flow and are cumulative. The account must be replenished, when used, through annual contributions as stated above. Annual contributions should begin as soon as the development achieves stabilized occupancy and continue until the expiration of the affordability period.

**Operating Reserves:**

Operating reserves are funded initially from development costs and replenished, when used, from operating cash flow. Operating reserves must be maintained at the required level throughout the affordability period, as follows:

- **Less than ten (10) units:** Three (3) months of projected operating expenses, including replacement reserves, property taxes, annual compliance monitoring fees, and annual debt service.
- **Ten (10) or more units:** Six (6) months of projected operating expenses, including replacement reserves, property taxes, annual compliance monitoring fees, and annual debt service.

**Cost Overruns:**

The **Exhibit 10 - Construction Cost Addendum** submitted with the application will include a contingency to cover cost overruns in an amount equal to 10% of total hard construction costs for rehabilitation and new construction projects. The Authority at its discretion may require adjustments to the amounts budgeted for contingency. Any amounts which exceed this contingency are to be covered first by a reduction in the developer fee and then by the developer's liquid assets as confirmed by financial statements which are submitted at initial application. For more information see Threshold Requirements below.

**Market Study Requirements:**

A Market Study Needs Assessment Report, as required by § 92.250(b)(2), prepared by an SC Housing approved third party market study provider must be submitted with the application to ensure there is adequate demand for the proposed project. If a Market Needs Assessment is available that is older than six (6) months and was prepared by an SC Housing approved market study provider, an update to the Market Study will be allowed. **Market Study Guidelines are provided as Appendix A.**

**Appraisal Requirements:**

Appraisal requirements: SC Housing requires commercial real estate appraisals at application submission for all development proposals requesting funds for acquisition. Projects not requesting funds for acquisition may submit a broker opinion of value in lieu of an appraisal.

- a. An appraisal, dated no more than six (6) months prior to the date the SRDP application is signed, is required with submission of the application.
- b. Appraisers must be licensed by the South Carolina Real Estate Appraisers Board on a permanent, non-temporary basis. Additionally, appraisers must have a State Certified General Real Property Appraiser's license or State Certified Residential Real Property Appraiser's license, whichever is appropriate for the property being appraised.
- c. Appraisers must identify SC Housing as an authorized user of the appraisal, noting that SC Housing may rely on the representations made therein. Additionally, SC Housing reserves the right to convey a copy of the appraisal to third parties, assigns and pertinent parties involved in the contemplated allocation of SRDP funds.
- d. Appraisals must be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation and with title XI of the Federal Finance Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- e. Appraisals containing only vacant land must use the market data approach. Land should be valued without regard to any improvements/restrictions. This value should be based on similar land sales in the sub-market or the value of the "land only" portion of improved sales in the sub-market.
- f. Comparable properties must be located in the proposal's sub-market. If an appraiser chooses comparable properties outside of the sub-market, the appraiser must also include a detailed description of every comparable located closer to the proposal and a list detailing why each was not chosen as a comparable. Regardless, comparable must be located in the proposal's home county or in extreme instances, an adjacent county. Comparable sales may not include land owned by the applicant or any of its principals or related entities and may not be exclusive to previous LIHTC or SRDP developments.
- g. If the appraisal does not substantiate the purchase price submitted in the SRDP application SC Housing may decrease the amount proposed in the application to match the appraised value. Developments not meeting minimum underwriting requirements or found to be financially infeasible as a result of this reduction will be disqualified.
- h. Detrimental characteristic(s) – any detrimental, harmful, or damaging site, physical feature, or characteristic located adjacent or in close proximity to the development being appraised that would negatively affect the valuation must be disclosed in the appraisal. The appraiser should quantify the valuation loss attributable to that site, physical feature, or characteristic.
- i. If SC Housing deems the appraised value of a proposal to be unusual, excessive or utilized comps that are not acceptable under this section, a separate appraiser will be hired by SC Housing, at the Applicant's expense, to prepare a second appraisal. All questions and concerns regarding the appraisal must be resolved before preliminary point scores are released. An application could be disqualified should a second appraisal not resolve the land value issue.
- j. All applications requiring an appraisal must submit **SRDP Application Exhibit 12 – Primary Appraiser Certification Letter**, signed and certified by the primary appraiser.
- k. Acquisition expenses are only eligible for the portion of a site or sites that are necessary to build the project. For example, if a 10-acre site is submitted in the application and only 2 acres of the site are needed to construct the project, only the costs associated with the 2 acres where the project will be located are eligible. If the entire site is not needed for the project, the portion of the site that will be used must be parceled out by the time of application submission. If a site is being subdivided from a larger parcel the appraisal must be submitted in the application and must include specific information on the value of the portion of the parcel that will be subdivided for the project.

**Broker Opinion of Value Requirements:** The opinion must be prepared by a broker and contain the following:

- a. Identification of the subject property
- b. The date the opinion was prepared (opinion may not be older than six months)
- c. Defined value or price
- d. Any limiting conditions, including statements of purpose(s) and intended user(s)
- e. Any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
- f. Basis for the opinion, including applicable market data (recently sold and currently listed)
- g. Credentials of the broker providing the non-appraisal opinions of value, including full name, license number and expiration.

**Compliance Monitoring Fees:** \$50 per unit annually. Compliance monitoring fees for the first year the development places in service must be paid to the Authority with the Placed In-Service Application and on or before the first day of February of each succeeding year throughout the remainder of the affordability period. The Authority will assess a ten percent (10%) late fee of the total outstanding balance for payments received after thirty (30) days from the due date. The minimum late fee will be \$50. The Authority may adjust the amount of the fee at any time. Fees for the first year are eligible expenses that may be included in the development budget and may be drawn down at the completion of construction.

**Placed in Service Application:**

The owner must submit a placed in-service application once construction is one-hundred percent (100%) complete and final certificates of occupancy have been issued. The placed in-service application must be submitted in a three-ring binder and must include the following:

- All unpaid fees or charges owed to SC Housing to include compliance monitoring and/or administrative fees; and
- All supporting documentation required by the ***PIS Application Checklist (Exhibit 13)***.

An ***SRDP 13 – Placed-in- Service Application Checklist*** is available on the SC Housing website at:

[https://www.schousing.com/Home/SmallRentalDevelopmentProgram\\_under\\_the\\_SRDP\\_Implementation\\_Manual\\_and\\_Forms\\_tile](https://www.schousing.com/Home/SmallRentalDevelopmentProgram_under_the_SRDP_Implementation_Manual_and_Forms_tile).

Note, this process is subject to change to comply with additional guidance, notices, or regulations issued by HUD and SC Housing.

**Cost Certification Requirements:** As part of the Placed-in-Service Application for SC Housing funds, the Applicant is required to submit a cost certification acceptable to SC Housing. The cost certification must be in the form outlined in the ***SRDP Application Exhibit 14 – Form of CPA Cost Certification Letter***. The cost certification must be prepared and certified as to accuracy by an independent third-party CPA licensed by the South Carolina Board of Accountancy. It must include a statement that a final copy of all costs incurred has been reviewed and is in accordance with the requirements of the SRDP program. The certification must indicate that after careful review and investigation into the eligible costs, the costs that are not includable have been excluded from SC Housing funds. SC Housing reserves the right to request an additional CPA opinion, at the expense of the Applicant, for costs that are questionable as to their eligibility relating to the program being administered. SC Housing assumes no responsibility for determining which costs are eligible and urges the Applicant and their CPA to perform an independent investigation into the eligibility of all cost items.

***SC Housing, in its sole discretion, reserves the right to waive any of the above financial requirements if the facts and circumstances regarding a project warrant the waiver. Any such waiver will be decided solely by SC Housing staff on a case-by-case basis.***

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## GENERAL INFORMATION

1. Any revisions to the contents of the SRDP Manual by SC Housing will be documented in the form of a bulletin. Bulletins will be posted on SC Housing's website and disseminated to all persons on SC Housing's contact lists via email. It is the Applicant's responsibility to check SC Housing's website for any revisions that may occur.
2. SC Housing reserves the right to:
  - a. Award Applicants less than the amount of funds requested.
  - b. Reject any and all applications received.
  - c. Waive or modify minor irregularities in applications upon notification to the Applicant.
  - d. Adjust or correct any mathematical errors in the application.
  - e. Request and receive clarification from the Applicant to ensure an understanding of the application submitted.
  - f. Adopt or utilize all or any part of the application unless covered by legal protection that the Applicant has notified SC Housing simultaneously with submission.
  - g. Negotiate with the Applicant to serve the best interest of the SC Housing.
3. Awarded Applicants, whose project successfully completes the environmental review process, receives approval for FINAL plans and specifications, and cost reasonableness will receive SRDP Funding Agreements.
  - a. Funding Agreements contain deadlines for completing the project and expending funds as well as deadlines for providing other required documentation.
  - b. SC Housing may exercise its right to terminate any Funding Agreement, at any time prior to the Agreement's end date, due to lack of project productivity and/or non-compliance with program requirements.
4. Each Applicant will be required to submit a Placed In Service application that:
  - a. Is due after the project is one hundred percent (100%) complete and a Certificate of Occupancy (CO) or Certificate Substantial Completion has been issued by the locality;
  - b. Will be reviewed by the underwriting staff to ensure that the project is entitled to the full amount of funds originally awarded. The final disbursement(s) will not be released until the underwriting of the Placed in Service application has been completed.
  - c. Contains all information listed on **SRDP Application Exhibit 13 - Placed in Service Application Checklist**.
  - d. May result in reduced funds, revised loan terms, and/or adjusted rents as determined necessary based on final underwriting by SC Housing staff.
  - e. Contains compliance/ (\$50 per affordable rental unit) for the first year, payable in certified funds.
5. No member, officer, agent, or employee of SC Housing shall be held personally liable concerning any matters arising out of, or in relation to, all Commitment(s) of funds with regard to feasibility or viability of the proposed project.
6. By submitting an application to SC Housing, the Applicant agrees to, hold harmless, and releases any claim or cause of action against SC Housing or its staff related to or arising under the processing or scoring of any application or for the award under this program, and further the Applicant covenants not to sue SC Housing or its staff related to or arising under the processing or scoring of any application under this program. The Applicant further agrees to indemnify SC Housing for any claim or cause of action brought against SC Housing related to or arising under the Applicant's application.
14. All final Financial Commitments from any funding sources other than SC Housing must be submitted in the Application. The revised HOME Final Rule and NHTF Interim Final Rule require that all other sources of financing for a project be committed to the project prior to committing federal funds. Therefore, SC Housing cannot accept any proposed or anticipated funding sources as part of the project's financial structure. **All final financial commitments must be in place before the commitment of SC Housing funds.**

## SUSPENSION & DEBARMENT

1. Any of the following actions may result in suspension from participating in all SC Housing administered programs. SC Housing has sole discretion in determining the appropriate time frame of the suspension. This list is not all inclusive:
  - a. Failure to receive approval of the final plans and specifications from SC Housing staff within nine (9) months of the issuance of conditional commitments.
  - b. Failure to begin construction within the deadline established in the SRDP Funding Agreements.
  - c. Failure to complete a project within three (3) years of the date of the SRDP Funding Agreements.
  - d. Failure to complete a project by the completion deadline specified in the SRDP Funding Agreements and Implementation Schedule, which may be extended for good cause as determined by SC Housing in its sole and absolute discretion.
  - e. Failure to complete or comply with the environmental review requirements as specified by 24 CFR Parts 50 and 58, as amended.
  - f. Failure to provide a legally executed **SRDP Application Exhibit 11- Construction Design Certification** or providing a false or inaccurate certification that a project meets the standards and requirements as stated in the body of the certification when, in fact, it does not, will result in the disqualification of the developer and the architect. SC Housing may also file a complaint against the architect with the S.C. Department of Labor, Licensing and Regulation.
  - g. Failure to comply with program requirements.
2. Any of the following actions may result in the permanent debarment from participating in all SC Housing administered programs. This list is not all inclusive:
  - a. Any Applicant or consultant who provides false, fraudulent or misleading information to SC Housing, in any capacity whatsoever, regardless of when such false or misleading information is discovered. Any award received on the basis of such false or misleading information may become void.
  - b. An Applicant or consultant who provides agreements, written or otherwise, that attempt to circumvent SC Housing requirements regardless of when the violation is discovered.
  - c. Any Applicant or consultant that omits information material to an application submitted to SC Housing for funding regardless of when such omission is discovered. Any award received on the basis of such omission(s) may become void.
  - d. Failure to complete corrective actions required as a result of any financial and/or compliance monitoring review.
  - e. Any applicant, consultant, and/or contractor who does not complete a project within the HUD four (4) year project deadline.

## SUBMITTING APPLICATIONS

1. Applications may be obtained from SC Housing's website at [www.schousing.com](http://www.schousing.com) or requested in writing at the address below:

South Carolina State Housing Finance and Development Authority  
ATTN: Development Division - SRDP  
300-C Outlet Pointe Blvd.  
Columbia, SC 29210
2. **Intent to Apply Packets** for the 2023 SRDP Rental Application cycle must be submitted to SC Housing by 5:00 p.m. on March 31, 2023. Packets can be submitted during regular business hours of 8:30 a.m. to 5:00 p.m. (EST). **Packets received after the deadline will not be considered for funding and will be returned to the Applicant. Applicants must receive an approval of their Intent to Apply Packet to qualify to submit an application.**
3. Applications for the 2023 SRDP Rental Application cycle must be submitted to SC Housing by 5:00 p.m. on July 31, 2023. Applications can be submitted during regular business hours of 8:30 a.m. to 5:00 p.m. (EST). **Applications received after the deadline will not be considered for funding and will be returned to the Applicant.**

4. Intent to Apply Packets and Applications may be delivered by hand, mail, or other shipping services. Applications will **NOT** be accepted by facsimile and/or e-mail transmission.
5. Each project should have a unique identifiable name that does not contain the Applicant organization's name or proposal's city name.
  - Examples of unacceptable Project Names: City of Greenville 2016, GHF 2016, 2019 Scattered Sites Project, etc.
  - Examples of acceptable Project Names: Meadows Pointe, Garnet Grove, etc.
6. Applicants must submit one (1) original Intent to Apply Packet and one (1) original application package in 3-ring binders appropriately organized and separated with the tabs provided; In addition, one electronic copy of the entire Intent to Apply Packet and Application package must be provided on a thumb drive. Electronic copies by e-mail will NOT be accepted. All electronic copies of the application must be tabbed out in accordance with the tabbing system, meaning each tab with its contents must be saved as in individual file. Hard copies and electronic versions of the Intent to Apply Packet and the Application that are not appropriately organized in accordance with the tabbing system will be considered incomplete.
7. All applications, including copies, must be self-contained and complete. SC Housing will not rely on any previously submitted information, written or verbal, to evaluate applications.
8. Complete Intent to Apply Packet and Applications must include all pages and sections of the application and all items identified on the **SRDP Application Exhibit 1 – Intent to Apply and Application Tab Checklists** along with any supporting documentation. The **SRDP Application Exhibit 10 - Construction Costs Addendum** is required as part of a complete Application.
9. All documentation, unless otherwise stated in this Manual, must not be dated prior to September 1, 2022.
10. There is no fee required to submit an **Intent to Apply Packet**. A nonrefundable \$500 application processing fee must be submitted with the Application. In addition, for scattered site developments a nonrefundable processing fee of \$100 for each additional site must be submitted with the Application. The processing fees must be in the form of a cashier's check and made payable to the South Carolina State Housing Finance and Development Authority. **Applications submitted without processing fees will not be accepted or reviewed and will be returned to the Applicant.** Application fees are not reimbursable and cannot be included as a project expense on the development budget.
11. All costs incurred by the Applicant in the preparation, transmittal, or presentation of the application package are the responsibility of the Applicant.

## APPLICATION REVIEW PROCESS

SC Housing staff will review the rental applications received as outlined below:

1. Evaluation Criteria - Applications will be reviewed for, but not limited to, the following:
  - a. Mandatory threshold criteria
  - b. Compliance with federal and state laws
  - c. Application package completeness
  - d. SRDP program requirements
  - e. An underwriting evaluation to review for financial feasibility
  - f. Construction cost analysis to review for cost reasonableness
  - g. Site suitability
2. Intent to Apply Packets and Applications with the following deficiencies or concerns may be disqualified:
  - a. Application packages with four (4) or more missing and/or incomplete items may be disqualified.
  - b. Applicants with three (3) or less missing and/or incomplete items will have seven (7) business days from the date of notification to provide the information to SC Housing. Failure to meet this requirement may result in the automatic disqualification of the application.
  - c. Applications that cannot be made financially feasible during underwriting will be disqualified.

- d. Sites determined by geotechnical reports to not be well suited for building, requiring cost prohibitive site work that exceeds normal ranges, will prolong the time period of construction, or require additional testing or on-site evaluations due to undetermined soil conditions. Such determinations will be made at the sole discretion of SC Housing.
  - e. Applications with **Exhibit 10 – Construction Cost Addendums** that do not include the costs necessary to complete the project in accordance with the requirements identified in the geotechnical reports.
3. Applications deemed to be financially feasible, and consistent with SRDP policies may be recommended to the Executive Director for funding. Funding allocations will start with the highest scoring application in each set-aside and funding will continue in order until all available funds are depleted. If funding in a set-aside is not fully awarded the remaining funds will be made available to the next highest scoring applications regardless of project type.
  4. If the entire SRDP rental allocation is not exhausted during this funding round, SC Housing may elect to hold a second complete funding round or accept applications on a first come first serve basis.
  5. Proposal acceptance or rejection and utilization of unused funds are at the discretion of SC Housing staff.
  6. Conditional Commitment letter(s) will be offered to awardees. If the Conditional Commitment(s) are accepted, awardees will be required to submit FINAL plans, specifications and environmental review documents approximately three (3) months after the execution of the Conditional Commitment(s). Failure to do so may result in the commitment(s) being rescinded. The following must be submitted:
    - a. Specifications - which include all SRDP development design criteria as well as all sustainable building criteria for which points were awarded. Should submitted specifications not include such design criteria, SC Housing reserves the right to rescind the conditional commitment(s).
    - b. Final Plans for each site – **See Appendix B Development Design Criteria for plan and specification requirements and details of items that need to be submitted with the application.**
    - c. Safe Drinking Water – the architect must certify on the final plans and/or specifications that the project will be constructed using lead-free pipes, solder, and flux. Applications proposing the rehabilitation of structures built 1988 or earlier must have the pipes, solder, and flux tested for lead and include a copy of the report with the Application. Items testing positive for lead must be included in the PNA for replacement.
    - d. Soil borings – To accurately develop a construction budget, soil borings are required to be submitted for each proposed site with the application. The 3<sup>rd</sup> party estimator completing the **SRDP Application Exhibit 10: Construction Cost Addendum** must certify that all recommendations and requirements of the geotechnical reports were incorporated in the site work estimate.
  7. Noise – All projects must have an interior noise level of no more than 45 decibels (dB) in prescriptive with the outside noise level. Plans must identify the STC ratings to achieve HUD’s acceptable interior level of 45 decibels. Sites with exterior noise levels of 65 decibels or higher are not eligible for funding. A noise study must be submitted with the Application.
  8. Once Final plans and specifications have been reviewed and approved, (SC Housing’s plan and specification review does not constitute nor represent the project’s compliance with all applicable laws, codes, or ordinances; the development team members may not rely on SC Housing or its agents for final determination.) and the proposed project has been given environmental review clearance by SC Housing and/or HUD, Funding Agreements will be offered to the Applicant. The agreements will include an Implementation Schedule that must be adhered to until project completion.
  9. The implementation schedule will include specific construction accomplishments that will require an SC Housing inspection. Should SC Housing inspectors not be notified and work continues without SC Housing inspector approval, funds may be immediately rescinded. Following are the minimum construction landmarks requiring an inspection:
    - a. Site Inspection - request when erosion/sediment controls are in place and clearing, grubbing, and rough grading is complete.
    - b. Footing Inspection – provide photographs of dug footings with rebar in place ready for placement of concrete. Photographs must be clear and provide location characteristics. These can be emailed to SC Housing Development Coordinator and Construction Manager.
    - c. Foundation completion – request when foundation is complete, before the slab is poured or floor framing is finished.
    - d. Dried-in inspection – framing complete to include windows and exterior doorways, and exterior wrapped.
    - e. Rough-in inspection – to include electrical, plumbing, HVAC, and insulation
    - f. 75% complete Inspection - when interior doors, trim, kitchen cabinets, etc. are installed, or when building is 75% complete. Whichever occurs first.

- g. 100% completion
  - h. Change Order Review – ALL change orders must be submitted for review.
  - i. Disbursement Inspections – submit as needed.
10. One year from the execution of the written agreement(s), tangible, ongoing, and continuous construction must have started. Projects not meeting this benchmark may be cancelled.

## THRESHOLD REQUIREMENTS

**Applications that do not meet the following minimum threshold requirements will be eliminated from further review.**

1. Financial Capacity: Each Applicant must meet a minimum financial capacity standard based on the total number of affordable rental units to be developed:
  - a. 4 total units – Applicant must have a minimum net worth of \$500,000 and a minimum of \$75,000 in unrestricted liquid assets.
  - b. 8 – 16 total units – Applicant must have a minimum net worth of \$1 million and a minimum of \$150,000 in unrestricted liquid assets.
  - c. 17-24 total units – Applicant must have a minimum net worth of \$1.5 million and a minimum of \$200,000 in unrestricted liquid assets.
  - d. 25-39 total units – Applicant must have a minimum net worth of \$2 million and a minimum of \$250,000 in unrestricted liquid assets.

All organizations must provide audited, reviewed or compiled financial statements. If individuals are required as financial guarantors, reviewed financial statements prepared by an independent CPA will be accepted for those individuals. The Authority reserves the right to perform an independent verification of assets. Financial statements must include a balance sheet dated on or after **December 31, 2021** and are submitted with the **Intent to Apply Packet**. Applicants should refer to the definition of *Financial Statements* provided on page 4, in addition to the information and requirements below:

- i. SC Housing defines liquid assets as cash, cash equivalents, and investments held in the name of the entities and/or persons, including cash in bank accounts, money market funds, U.S. Treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered liquid assets, including, but not limited to: 1) stock held in the Applicant's own company or any closely held entity, 2) investments in retirement accounts, 3) cash or investments pledged as collateral for any liability, and 4) cash in property accounts including reserves.
  - ii. All liquid assets must be identified in the submitted financial statement.
  - iii. If no individual member of an Applicant group meets the minimum financial requirements, then members may combine assets to meet the requirements by including a combined schedule in addition to their individual statements.
  - iv. SC Housing reserves the right to verify information in the financial statements and all financial capacity statements made by Applicants, lenders, accountants, and others. If false statements are found to have been made at any point in time, all entities and/or persons associated with the application will be debarred from all SC Housing programs for three (3) years.
2. Applicants must be in good standing with all Authority and SC Housing Corporation administered programs throughout the entire application process. An **SRDP Application Exhibit 7 – Previous Participation Certification**, signed by SC Housing **prior to** application submission, must be submitted with all applications. ANY organizations, developer(s), general partner(s), or managing member(s) may be deemed not in good standing and automatically disqualified for any of the following:
    - a. Open investigation(s) involving federal and/or state officials alleging fraud, misuse, waste, or abuse of funding;
    - b. Uncorrected non-compliance violations with SC Housing or SC Housing Corporation administered programs, or uncorrected breaches of agreements in conjunction with Authority or SC Housing Corporation administered programs;
    - c. Delinquent payments owed to SC Housing, including but not limited to loan payments and compliance monitoring fees;
    - d. Developments within their affordability periods identified as financially troubled, not financially viable, having operating costs that exceed operating revenue or are at risk of foreclosure.

- e. Debarment or suspension from participation in any federal or state program (i.e. HUD Community Planning and Development Programs, RHS, FHLB, etc.) or any Authority administered programs (i.e. HOME, LIHTC, SC HTF, NHTF, NIP, NSP, etc.); and/or
- f. The Applicant's development and operational history including, but not limited to: commencing construction timely, meeting Authority deadlines without extensions, and meeting other statutory or regulatory completion deadlines. For non-federal entities, this also includes findings relevant to administering or managing housing development programs that appear in the applicant's audit conducted as required by 2 CFR Part 200, Subpart F (a.k.a. Super Circular) which have not been cleared. All Applicants must provide an **SRDP Application Exhibit 22 – Audit Certification Form** with the **Intent to Apply Packet**. Entities subject to 2 CFR Part 200, Subpart F must provide a copy of their most recent audit with the application.

SC Housing has sole discretion in the determination of good standing and this determination is not subject to reconsideration or appeal. Applicants who currently have HOME Program Income or CHDO Program Proceeds earned from SC Housing funded projects are not eligible to apply for additional funds until those funds have been expended on eligible activities or remitted to SC Housing.

- 3. Eligible Applicants must demonstrate experience and capacity to develop an eligible SRDP project as evidenced by the ability to own, construct, or rehabilitate rental housing developments. Applicants must demonstrate the capacity to successfully develop the type of units and type of construction (new construction/ being proposed in the SRDP application. Successfully developing means coordinating the development team in planning, financing and constructing a development through the receipt of Certificates of Occupancy (COs) and reaching stabilized occupancy. Applicants may use the experience of a consultant to meet these requirements. If using a consultant, the consultant must be under contract and the scope of work identified in the contract must specify the consultant's responsibilities related to the administration of the project. The services of the consultant must be utilized for the entire development phase of the project, from application submission to placed-in-service. If using the experience of a consultant the **SRDP Application Exhibit 5 – Consultant Certification** must be completed and submitted with the **Intent to Apply Packet**.

- a. Non-profit Applicants proposing a 4-unit new construction development must meet the following experience requirements:
  - i. If proposing single family rental homes, the applicant must have experience within the last ten years of successfully developing and operating a minimum of two single family rental homes or a minimum of one multi-family development consisting of at least five units.
  - ii. If proposing a multi-family rental development, the applicant must have experience within the last ten years of successfully developing and operating a minimum of one multi-family development consisting of at least five units or a minimum of five single family units.
- b. Applicants proposing 8-39 unit new construction developments must meet the following experience requirements:
  - i. If proposing single family rental homes, the applicant must have experience within the last ten years of successfully developing and operating a minimum of four single family rental homes or one multifamily development consisting of at least five units using at least one federal funding source.
  - ii. If proposing multi-family rental housing, the applicant must have experience within the last ten years of successfully developing and operating a minimum of two multi-family developments of at least five units each or eight single family homes, using at least one federal funding source in each development.
- c. Applicants proposing rehabilitation developments must meet the following experience requirements:
  - i. If proposing the rehabilitation of single-family homes requiring lead and/or asbestos abatement, the applicant must have experience within the last ten years successfully completing the rehabilitation of and operating at least one single family home that required the abatement of lead and/or asbestos.
  - ii. If proposing the rehabilitation of a multi-family development requiring lead and/or asbestos abatement, the applicant must have experience within the last ten years of successfully completing the rehabilitation of and operating at least one multi-family development of at least five units that required the abatement of lead and/or asbestos.
  - iii. If proposing the rehabilitation of single family or multi-family developments that require the permanent relocation of tenants, the applicant must have experience within the last t years of successfully administering the permanent relocation of tenants in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) 49 CFR Part 24 and Section 104(d) 24 CFR Part 42 regulations.

4. Under no circumstances may an awardee and their principals have more than two open SRDP projects at any time. In order to be eligible to participate in the 2023 SRDP application cycle, previous HOME and NHTF awardees and their principals must have met the below deadlines. An **SRDP Application Exhibit 7 – Previous Participation Certification**, must be submitted with the **Intent to Apply Packet**.
  - a. All **2019** and prior projects must be officially closed out (see “project completion” definition) on or before **March 1, 2023**.
  - b. All **2020** projects must have 75% construction completed on or before **March 1, 2023**, as evidenced by a completed SC Housing inspection.
  - c. **2021** projects must have started vertical construction as of **March 1, 2023**, as evidenced by a completed SC Housing inspection.
5. Applicants that are related entities, principals, and/or individuals and are applying for funds are only eligible to apply for two (2) SRDP awards and may only be allocated one (1) SRDP award. For purposes of this section, SC Housing may determine that a person or entity not listed in an application is a related entity, principal and/or individual based on its relationship with the applicant organization in previously awarded projects and other common interests. At the discretion of SC Housing, if funding remains available after each applicant organization has the opportunity to be allocated at least (1) SRDP award for a qualified application, an organization’s second application may be considered for allocation. The allocation of a second award will be determined by the applicant’s developmental and operational history and the geographic distribution of awards.
6. A Phase I Environmental Site Assessment report completed in accordance with ASTM Standard E1527-21 must be submitted for each site with the Application. A combined report may be submitted if the proposal is for a scattered site project. Phase I reports must be completed to assess the entire parcel and any off-site areas of disturbance. If the Phase I indicates that there are environmental issues found on, within, or adjacent to the proposed site(s), which will require a Phase II ESA, then the applicant must also submit a Phase II ESA with the application. HOME and/or NHTF funds will not be awarded to developments which require any type of lengthy mitigation for environmental conditions, other than lead-based paint and/or asbestos. Lengthy mitigation is considered to be mitigation that is expected to take longer than six (6) months.
7. Applicants must have site control of the proposed site(s):
  - a. All Applicants must provide an option, sales contract, or a warranty deed in the name of the Applicant for the proposed project site. Deeds without warranty (special or limited), and quitclaim deeds are not acceptable.
  - b. Applicants are allowed to enter into options or sales contracts for property prior to the completion of the environmental review if, and only if, the option or sales contract is conditional in nature so as not to provide legal claim to any amount of SRDP funds to be used for the specific project or site until the environmental review process is satisfactorily completed.
  - c. For all projects requesting SRDP funds, the following language **must be** included in any purchase option or purchase contract or included as an executed addendum attached to one of these documents. *"Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to HOME funds, the parties agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt of a release of funds notice from the U.S. Dept. of HUD under 24 CFR Part 58. The parties further agree that the provision of any federal funds to the project is conditioned on the determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. If no HUD funds are utilized in regard to this property, this provision shall be considered null and void."*
  - d. An **SRDP Application Exhibit 15 - Notice to Seller** for the Acquisition of Property with Federal Funds is required for all Applicants acquiring property. It must be executed prior to or at the time of the execution of the option or contract and must be submitted with the application.
  - e. Sites may not be added once an application is submitted.
8. Zoning – The Applicant must provide and have in place at the time of Application documentation of proper zoning for the proposed site. The land use requirements for each site on which the development will be located must be zoned for or allow for the type of development being proposed in the application. All special/conditional uses specific to zoning approval must be approved and completed. A letter provided from the City/County official should verify that the proposed development site(s) currently meet the local zoning or land use restrictions.
9. Uniform Relocation Act Requirements – Applicants must provide **ALL** of the following for projects involving temporary or permanent relocation of tenants:
  1. Documentation that an **SRDP Application Exhibit 16A or 16B General Information Notice** was provided to each tenant residing in the development prior to or at the time of the Initiation of Negotiations (refer to definition on page 5).

Acceptable documentation of delivery is a signature of the tenant acknowledging receipt of the General Information Notice or documentation of delivery by shipping service or USPS.

2. A rent role current at the time of the Initiation of Negotiations, certified by the property manager or property owner that clearly identifies which units are occupied and which units are vacant.
  3. An **SRDP Application Exhibit 17 - Tenant Profile Form** completed for each tenant household.
  4. Copies of all **SRDP Application Exhibit 18 - Move-In Notices** provided to prospective and new tenants after the General Information Notices were provided to all occupied units.
  5. A written **Relocation Plan** that addresses how the following relocation requirements will be managed by the Applicant: Timely notifications, advisory services, moving expense calculations and payments, comparable replacement units and payments, written notification requirements, etc.
10. Physical Needs Assessment – A physical needs assessment no older than six (6) months that meets the requirements described in **Appendix C – Rehabilitation Guidelines** must be submitted at the time of the Application for all projects involving rehabilitation. The application must include a narrative explaining any construction costs included in the **SRDP Application Exhibit 10 - Construction Cost Addendum** that are not specified in the PNA.
11. Lead-based Paint Requirements – An **SRDP Application Exhibit 19 - Lead Safe Housing Rule Applicability Form** must be submitted by **ALL** Applicants for each site. This includes Applicants proposing new construction developments. Applicants proposing the rehabilitation or conversion of properties built prior to 1978 must also provide a Lead Based Paint Risk Assessment that is no older than six (6) months. The Risk Assessment must be completed by an EPA certified professional.
12. Safe Drinking Water Requirements – All applicants proposing the rehabilitation or conversion of a building built in 1988 or earlier must have the pipes, solder, and flux tested for lead. A copy of the test results must be provided with the Application.
13. Asbestos Requirements – All applicants proposing the demolition, rehabilitation or conversion of existing structures must provide an Asbestos Inspection Report to determine the presence and location of regulated and non-regulated ACM, and to assess the condition of materials identified as ACM. Asbestos Inspection Reports must be completed by a DHEC licensed asbestos building inspector and may not be more than six (6) months old.
14. All new construction developments and additions or new buildings added to rehabilitation projects must submit a complete geotechnical site-specific soils report and boring site plan with laboratory test results Reports must be no more than six months old at the time of Application and may be no older than one year at the time of the submission of final plans.
- a. The soils report and boring site plan must reflect the results of the laboratory tests conducted on a minimum of:
    - i. One soil test boring with Split-Spoon samples and Standard Penetration Resistance test a minimum of 20 feet deep (borings must extend past all planned excavations and cut depths) per every 3,000 square feet of planned building(s) footprint, at least one boring per building regardless of square footage.
    - ii. One soil test boring with Split-Spoon samples and Standard Penetration Resistance test a minimum of 10 feet deep (borings must extend past all planned excavations and cut depths) per every 300 linear feet of roadway.
    - iii. One soil test boring with Split-Spoon samples and Standard Penetration Resistance test a minimum of 10 feet deep (borings must extend past all planned excavations and cut depths) for every 3,000 square feet of the planned paved parking areas of the development.
- OR:**
- i. One Cone Penetration Test (CPT) a minimum of 20 feet deep (probe/cone must be extended past all planned excavations and cut depths) per every 3,000 square feet of planned building (s) footprint, at least one boring per a building regardless of square footage.
  - ii. One Cone Penetration Test (CPT) a minimum of 10 feet deep (probe/cone must be extended past all planned excavations and cut depths) per every 300 linear foot of road way.
  - iii. One Cone Penetration Test (CPT) a minimum of 10 feet deep (probe/cone must be extended past all planned excavations and cut depths) for every 3,000 square foot of at the planned paved parking areas of the development.
- b. A registered professional engineer or a certified testing agency with a current license to practice in the state of South Carolina must prepare the report.
  - c. All geotechnical recommendations must be incorporated into the plans and **Exhibit 10 Construction Cost Addendum**.



# SCORING CRITERIA

Points will be awarded as outlined in this section. Both positive and negative points may be assessed.

## Performance Issues - SC Housing Programs

Negative points will be assessed on the Applicant's previous performance with any of SC Housing's Programs.

1. Applicant was suspended from participating in any SC Housing program, at any point in time, regardless of whether or not the suspension has been lifted. **-15 Points**
2. Awarded funds were de-obligated or rescinded by SC Housing for lack of progress or an inability to complete the project. Negative points will not be assessed for de-obligated/rescinded funds when issues regarding a project progressing were beyond an awardee's control as determined by SC Housing. **-10 Points**
3. The Applicant received a HOME or NHTF award within the last five years that took more than 42 months to complete. **-10 Points**

## **NEW CONSTRUCTION SCORING CRITERIA**

### **Positive Site Characteristics:**

#### **1. Distance to Amenities**

The driving distance will be the mileage as calculated by Google Maps and must be a drivable route as of the application deadline. The drivable route must be shown in satellite view map format along with written directions. A labeled photo of each amenity must also be provided. The measurement will be at any point of the site's road frontage to or from the amenity entrance and the same site entrance will be used for all measurements. Driveways, access easements, and other distances in excess of 500 feet between the nearest residential building of the proposed development and road shown on Google Maps will be included in the driving distance.

A single establishment may qualify for points under multiple categories.

Maximum Points - 26	Distance in Miles			
	<1	<1.5	<2	<3
Primary Amenities	<1	<1.5	<2	<3
Grocery	12	10	8	6
Shopping	7	6	5	4
Pharmacy	7	6	5	4
Maximum Points - 15	Distance in Miles			
	<1	<1.5	<2	
Secondary Amenities	<1	<1.5	<2	
Other Primary Amenity	5	4	3	
Services	3	2	1	
Healthcare	3	2	1	
Public Facility	3	2	1	
Public Schools	3	2	1	
Senior Center	3	2	1	
Retail	3	2	1	

**Full Service Grocery Store** – must be part of a chain and operate with regular business hours offering a full range and variety of foods, cleaning and paper products. The variety of food must include: 1.) meats, poultry, and fish; 2.) breads and cereals; 3.) fresh vegetables and fruit; and 4.) dairy products.

**Shopping** – a big box store, shopping plaza or mall containing multiple stores stocked with many varieties of goods including all of the following: 1.) clothing; 2.) housewares; 3.) cleaning products; 4.) general over the counter medicine and first aid products; 5.) personal hygiene products.

**Pharmacy** – does not include specialty pharmacies or drug services; or pharmacies or drug stores only available for patients of a designated medical practice or facility.

**Other Primary Amenity** – second Grocery Store, Shopping or Pharmacy meeting the above requirements not used as a Primary Amenity.

**Services** – restaurant, bank/credit union, or gas station with convenience store.

**Healthcare** – hospital, urgent care, general/family practice, or general dentist. Does not include medical specialists.

**Public Facility** – Include the following: 1.) community center with scheduled activities operating by a municipality; 2.) public park owned and maintained by a municipality containing at a minimum commercial playground equipment, and/or walking/bike trails, is listed on a map, website or other official means (greenway or trailhead does not qualify); 3.) library operated by a municipality and open a minimum of five days a week.

**Public Schools** – only eligible for family developments.

**Senior Centers** – only eligible for senior developments.

**Retail** – any grocery store or shopping not listed as a primary or other amenity; any strip shopping center with a minimum of four (4) operating establishments; or any general merchandise establishment. All establishments must be open to the general public and operating as of the application deadline with no announced closing prior to the notification of final point scores.

2. **Employment Opportunities:** Up to **10** points based on the number of jobs paying between \$1,251 and \$3,333 per month in a one-mile radius for Aiken, Anderson, Beaufort, Berkeley, Charleston, Dorchester, Georgetown, Greenville, Horry, Jasper, Lancaster, Lexington, Richland, Spartanburg and York counties and a two-mile radius for Abbeville, Allendale, Bamberg, Barnwell, Calhoun, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Edgefield, Fairfield, Florence, Greenwood, Hampton, Kershaw, Laurens, Lee, Marlboro, Marion, McCormick, Newberry, Oconee, Orangeburg, Pickens, Saluda, Sumter, Union, and Williamsburg counties as displayed on the U.S. Census Bureau's OnTheMap tool for the Longitudinal Employment Household Dynamics database. The Authority will use the most current year available as of the application deadline.

Applications will earn points as follows:

- 10 points for at least 5,000 jobs.
- 8 points for 4,000 to 4,999 jobs.
- 6 points for 3,000 to 3,999 jobs.
- 4 points for 2,000 to 2,999 jobs.
- 2 points for 1,000 to 1,999 jobs.

3. **5** points for being located entirely within a Qualified Opportunity Zone (QOZ).

4. **5** points for not being located in a Racially or Ethnically Concentrated Area of Poverty (R/ECAP) as defined by the U.S. Department of Housing and Urban Development. [Racially or Ethnically Concentrated Areas of Poverty \(R/ECAPs\) | Racially or Ethnically Concentrated Areas of Poverty \(R/ECAPs\) | HUD Open Data Site \(arcgis.com\)](#)

**Negative Site Characteristics:**

For the detrimental characteristics below, the distance is the shortest straight line from the closest site boundary to the closest boundary line of the detrimental characteristic. When a detrimental site characteristic is located on a parcel shared by multiple businesses, the measurement is to the parcel boundary line. The determination is as of the time of the site visit and may include characteristics under construction.

1. **1 point** deducted for each instance of a site within:

- a. five hundred (500) feet of an easement containing an electric substation, whether it is active or inactive
- b. one-half (1/2) mile of an operating commercial beef/hog/chicken/turkey farm or processing plant
- c. one-half (1/2) mile of a treatment, storage, or disposal facility for hazardous wastes, an active or inactive solid waste disposal facility and/or solid waste transfer facility
- d. one-half (1/2) mile of a sewage treatment plant

- e. one-quarter (1/4) mile of any jail, prison, detention center or correctional facility (not including a temporary holding facility).
2. **2 points** deducted where any portion of the site contains or permits any easements for overhead electric power lines and/or such electric power lines encumber the site. The loss of points will not apply if:
  - a. the lines are used for the distribution of electric service for other unrelated properties and located within 25 feet of the perimeter of the site so long as no portion of any building or proposed building is beneath such power lines, or
  - b. the application includes documentation from the utility provider stating all power lines will be underground.
3. **3 points** deducted for each instance of a site within:
  - a. Five hundred (500) feet of any commercial junkyard or salvage yard; trash heap, landfill, dump pile, or other eyesore
  - b. One-half (1/2) mile of an operating industrial facility including but not limited to: steel manufacturers, oil refineries, ports, chemical plants, plastic manufacturers, automotive and engine parts manufacturers and food processing plants.
4. **5 points** for projects proposing a new phase of an existing project. This does not apply to a new phase of a scattered site project.

**Affordable Housing Shortage:**

A total of **5 points** may be awarded based on the local shortage of affordable housing.

1. 5 points for developments located in a county that did **not** receive an SRDP award in the last five years (2018, 2019, 2020, 2021, and 2022).
2. 3 points for developments located in a county that did **not** receive an SRDP award in the last three years (2020, or 2021, or 2022).

**Sustainable Building:**

Applications will earn **5 points** for committing to meet green and energy efficiency sustainable building requirements for one of the following sustainable building certifications:

1. Enterprise’s Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider);
2. US Green Building Council’s LEED for Homes certification program;
3. Home Innovation Research Lab’s National Green Building Standard, meeting Bronze level or higher; or
4. Southface Energy Institute and Greater Atlanta Home Builders Association’s EarthCraft certification programs, based on development type.
5. High Performance Building Council of the BIA of Central SC, Certified High Performance (CHIP) HOME Program.

The application must include an **SRDP Application Exhibit 24 – Sustainable Building Certification** from a responsible green and/or energy professional affiliated with the certifying party selected that the project will meet such requirements. In addition, the credentials of the green and/or energy professional or firm must be provided with the application.

**Leveraging:**

Applications may receive up to **20 points** for leveraging outside funds. The application must include an executed commitment letter(s) to receive points.

1. Applications will earn **1 point** for each percentage point of total development cost funded through a source other than SC Housing, up to a maximum of **10 points**. All outside funds must be provided in the form of a grant, in-kind contribution, or equity investment.
2. Additionally, up to **10 points** will be awarded for documented financial support from a city, county, or other local government. Funding may be appropriated directly by a public entity and/or awarded by a non-profit organization financially supported by a local government, such as a local housing trust fund. In-kind contributions will be evaluated at fair market value. Applications will earn points based on the total amount or value of support committed per unit:
  - **10 points** for \$300,001 or more
  - **8 points** for \$200,001 to \$300,000
  - **6 points** for \$100,001 to \$200,000
  - **4 points** for \$50,001 to \$100,000
  - **2 points** for \$1,000 to \$50,000

**Site and Neighborhood Standards:**

Applications proposing developments that will not be located in area of minority concentration as defined by 24 CFR 983.57(e)(3). will receive **5** points. Refer to pages 29 – 31 for information about Site and Neighborhood Standards requirements.

### **Supportive Housing:**

5 Points for Applicants agreeing to set-aside a minimum of twenty percent (20%) of the units for permanent supportive housing. To qualify for points the supportive housing development must provide a minimum of three (3) supportive services, the development must meet the definition provided on page 5, a narrative must be provided explaining how the units will be affordable to the population identified and explain who will provide the services and how the services will be provided for the duration of the affordability period, and in addition, commitment letters must be provided from the supportive service providers.

**In total, new construction projects are eligible to receive a total of 101 points.**

### **Evaluation of Rehabilitation Applications**

SC Housing will evaluate rehabilitation applications comparatively based on the following criteria, listed in order of importance.

- A. Preventing of the conversion of affordable units to market rate and/or the loss of government housing resources (including federal project-based rent assistance).
- B. The extent of physical distress, particularly with major systems, accessibility, and/or life, health and safety features, as informed by the Physical Needs Assessment and determined by SC Housing. Failure to properly maintain the buildings will not enhance an application's likelihood of award if a member of the current owner's organizational structure or a related party will remain part of the new ownership.
- C. The project is within an area covered by a Concerted Community Revitalization Plan.
- D. The degree to which the project site and its surroundings support the economic empowerment of low-income households.

**Applications proposing rehabilitation will be scored out of a total of one hundred (100) possible points, to be allocated as follows:**

**Criterion A (40 points): Preventing of the conversion of units to market rate and/or the loss of government housing resources (including federal project-based rent assistance).**

**Item 1 (20 points):** Whether the property is or will become financially insolvent on or before December 31, 2025. This determination will be made by SC Housing underwriting and asset management staff. Applications will include pro forma statements and any other evidence and documentation that will support assertions that the investment is necessary. SC Housing staff may request any and all additional materials needed to fully evaluate financial conditions. If the actions of one or more members of the ownership structure, or subsidiaries thereof, are determined by SC Housing staff to have materially contributed to the financial risks facing the property, then the application will receive zero (0) points for this item.

**Item 2 (10 points):** Whether the property has existing rent restrictions due to governmental funding sources that will expire. Applications with the shortest such times will be given highest consideration. If a project has received capital financing from multiple sources, only the longest such period will be considered. If the project did not receive SC Housing funds and is not identified in the National Housing Preservation Database (NHPD), or the affordability period does not match NHPD records, a signed letter must be included from the applicable funding entity (e.g., HUD office, local government, etc.) indicating the nature and duration of rent restrictions.

**Item 3 (10 points):** What is the percentage difference between the existing rents and the rents charged by market rate properties within the primary market area, as determined by the included market study/analysis? Applications with the largest such minimum rent advantages will be given highest consideration. If there is a mix of unit sizes in the property, as determined by the number of bedrooms, rent advantages should be computed separately, then aggregated using a weighted average. For example, if a project consists of eight one-bedroom units that have a minimum 40% rent advantage and twelve two-bedroom units that have a minimum 30% rent advantage, the overall minimum rent advantage would be 34%.

**Criterion B (30 points): The extent of physical distress, particularly with major systems, accessibility, and/or life, health and safety features, as informed by the Physical Needs Assessment and determined by SC Housing. Failure to properly maintain the buildings will not enhance an application's likelihood of award if a member of the current owner's organizational structure or a related party will remain part of the new ownership.**

Note: If the actions of one or more members of the proposed ownership structure, or subsidiaries thereof, are determined by SC Housing staff to have materially contributed to physical deficiencies facing the property, then the application will be ineligible for consideration under this criterion and receive zero (0) points for all items.

**Item 1 (15 points):** What is the likelihood that the property will present a substantial risk to the life, health, safety, and/or well-being of residents on or before December 31, 2026, without the requested capital infusion? This determination will be made by SC Housing construction staff based on the Physical Needs Assessment. SC Housing staff may request any and all additional materials needed to fully evaluate physical conditions.

**Item 2 (10 points):** What is the total replacement cost per unit of all systems and components that have already exceeded their estimated useful life, according to Fannie Mae tables? Applications with the highest such values will be given highest consideration. This determination will be made by SC Housing construction staff based on the Physical Needs Assessment. SC Housing staff may request any and all additional materials needed to fully evaluate physical conditions.

**Item 3 (5 points):** To what extent will the proposed rehabilitation improve the accessibility of the property for persons with mobility and/or sensory impairments? Applicants are encouraged to include narratives that indicate such improvements; SC Housing staff may request any and all additional materials needed to fully evaluate proposed accessibility. Increases in the number of accessible units, improvements in quality of accessibility features in such units, and upgrades in accessibility throughout common areas will be considered.

**Criterion C (20 points): The project is within an area covered by a Concerted Community Revitalization Plan.**

1. An application will receive up to **20** points for the following for the following Concerted Community Revitalization Plan (CCRP) components:
  - a. **4** points for map of the area, that includes the project's location and a thorough description of the community, including:
    - a justification for why the area is neither too large to be a target for concerted investment nor too small to represent a meaningful section of the community;
    - a thorough description of the physical, economic, and demographic characteristics of the community;
    - a comprehensive survey of community amenities that currently exist, including employment, commercial facilities, transportation options, and public amenities; and
    - a record of all residential, commercial, industrial, and/or civic developments that have taken place over the last five years.
  - b. A plan for the next five years of investment in the community, including:
    - **2** points for any planned residential, commercial, retail, industrial, and/or civic developments or as related service improvements and other accomplishments demonstrating broad-based revitalization activity in the area;
    - **2** points for a detailed description of all funding sources committed to community redevelopment;
    - **2** points for a plan to utilize sustainable mixed-income policies to prevent the concentration of poverty;
    - **2** points for an accounting of the potential barriers to success and how to overcome them.
  - c. **4** points for documentation showing the CCRP was developed involving extensive input from the general public, elected officials, and private stakeholders.
  - d. **4** points if at least one building in the development would be located in a Qualified Census Tract (QCT).
2. Alternatively, for **5** points, the application may include a letter detailing measures taken by the local government (city or town if within an incorporated area or the county if not) to increase the quantity of affordable housing and develop a resilient community. Policies include, but are not limited to,
  - accessory dwelling unit legalization,
  - community land trusts,
  - density bonuses,
  - eviction and homelessness diversion programs,
  - housing trust funds,
  - intergovernmental collaboration,
  - sale or lease of publicly owned land for affordable housing,
  - source of income laws,
  - zoning reforms that expand housing choice, and
  - any activities that affirmatively further fair housing.

The application must include documentation, in the form of a local government ordinance or other official publication, to verify all claims.

**Criterion D (10 points): The degree to which the project site and its surroundings support the economic empowerment of low-income households.**

**Item 1 (5 points):** Projects will be evaluated based on the site’s score for the distance to amenities as described in the Positive Site Characteristics section of the SRDP new construction scoring criteria. 1 – 20 = 2 points, 21 – 30 = 3 points, and 31 – 41 = 5 points.

**Item 2 (5 points):** Projects will be evaluated based on local employment opportunities as described in the Employment Opportunities section of the SRDP new construction scoring criteria.

### **Tie Breaker Criteria**

The following factors will be used in the order listed to break a tie.

- A. If two or more projects have the same score, a permanent supportive housing project will receive priority over standard rental housing.
- B. If this does not break the tie, a project in a county that has never received a Small Rental Development Program award will receive priority over one that has.
- C. If this does not break the tie, the project with a higher share of total development cost funded from a source other than SC Housing will receive preference.
- D. If projects remain tied after all above tie breakers have been applied, SC Housing will utilize a lottery.

## **REGULATORY AND PROGRAMMATIC GUIDELINES**

### **1. GUIDELINES**

- a. Applicants must have identified specific site(s) or project and have site control of the property at the time of application submission.
- b. Sites submitted as part of an application must be used exclusively for the proposed project. Sites part of a larger parcel which will be delineated at a later time, must be delineated prior to closing the SC Housing loans. A map of the entire parcel must be provided that clearly indicates where the property lines for the subdivided project site(s) will be located.
- c. All projects are subject to HUD regulations and all other applicable federal and state requirements.
- d. An **SRDP Application Exhibit 1 - Application Tab Checklist** is provided to identify the required documentation and its placement in the SRDP Application Packages.

### **2. PROPERTY STANDARDS**

- a. Applicants must adhere to the written standards and specifications developed by SC Housing as well as to all Federal, State and local standards, codes, ordinances, and zoning requirements in order to use SRDP funds for any activity.
- b. Applicants must adhere to all development design criteria included in this Application Manual as well as all development design criteria chosen for points.
- c. Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g. earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

### **3. SITE & NEIGHBORHOOD STANDARDS**

Housing provided through the SRDP program must promote greater choice of housing opportunities.

- a. All housing must be suitable from the standpoint of facilitating and furthering full compliance with Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d), Title VIII of the Civil Rights Act of 1968, as amended “The Fair Housing Act” (42 U.S.C. 3601) and Equal Opportunity in Housing (Executive Order 11063).

- b. Sites proposed for new construction developments or rehabilitation that includes increasing the number of units in an existing development must:
1. be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
  2. have utilities available and have adequate streets to service the site;
  3. not be located in areas of minority concentration or in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents
- i. Minority concentration, for purposes of this section, shall be defined as census tracts where the percentage of the total minority population and/or the population of any minority group listed below is greater than or equal to twenty percentage points higher than the population of the same group for the State as a whole. Those proposals which are located in a census track where the percentage of the total minority population and/or the population of a minority group is greater than or equal to the percentages listed below are deemed areas of minority concentration:

Minority Group	Statewide	Equal To or Greater Than
Total Minority Population	33.8 %	33.8 + 20 = <b>53.8 %</b>
Black or African American	27.9 %	27.9 + 20 = <b>47.9 %</b>
American Indian and Alaska Native	0.4 %	0.4 + 20 = <b>20.4 %</b>
Asian	1.3 %	1.3 + 20 = <b>21.3 %</b>
Native Hawaiian and Other Pacific Islander	0.1 %	0.1 + 20 = <b>20.1 %</b>
Hispanic or Latino	5.1 %	5.1 + 20 = <b>25.1 %</b>

Source: U.S. Census Bureau, 2010 Census (this is still the most recent data)

To determine whether a project is located in an area of minority concentration, SC Housing will use the 2010 U.S. Census Bureau data for the census track where the project is located:

- Go to <https://www.ffiec.gov/census/default.aspx>
- Scroll down the list of states, select "45- SOUTH CAROLINA (SC)," then click "RETRIEVE BY COUNTY."
- Scroll down the list of counties, select the county in which you're the site is located, then click "GET TRACT LIST."
- Scroll down the list of tracts, select the tract in which the site is located, then click "GET CENSUS DEMOGRAPHIC."
- Under the header labeled "Data Report Links," click on the word "Population."
- Print the report and submit it with the application.

- ii. The two available exceptions to the prohibition against being located in an area of "minority concentration" as defined above are identified in 24 CFR 983.57(e)(3). They include:
1. The project is necessary to meet overriding housing needs that cannot be met in the housing market area. To meet this exception, the overriding housing need must not be caused by the fact that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable. For example, the site is integral to the overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a "revitalizing area.")
  2. Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration. To meet this exception, units may be considered comparable opportunities if they have the same household type (elderly, disabled, family, large family) and occupant type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition. Additionally, there must be an assessment of the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration which must take into account the extent to which the following factors are present, along with

other factors relevant to housing choice:

- a significant number of assisted housing units are available outside areas of minority concentration;
- significant integration of assisted housing projects constructed or rehabilitated in the past 10 years relative to the racial mix of the eligible population;
- whether there are racially integrated neighborhoods in the locality;
- programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration;
- minority families have benefited from local activities (*e.g.*, acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration;
- a significant proportion of minority households have been successful in finding units in non-minority areas under the tenant-based assistance programs; and
- comparable housing opportunities have been made available outside areas of minority concentration through other programs.

Units produced under this exception should produce a reasonable distribution of assisted units each year that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

- iii. Should a proposal be located in an area of minority concentration but is eligible for an exception, the Applicant must provide SC Housing with an opinion letter that adequately addresses which exception applies and why. SC Housing will allow information gained from discussions with city/county officials to be part of the letter if clearly relevant to one of the listed exceptions. Documentation should be attached in support of the letter. For example, if a development is located in a designated "Revitalization Area," documentation evidencing the designation must be included. Opinion letters for exception 1 must be prepared and signed by the locality. Opinion letters for exception 2 must be prepared and signed by the Market Study Analyst. **An SRDP Exhibit 20A – Site and Neighborhood Standards Letter** is provided as sample letter.

4. promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
  5. not be one which is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.
  6. be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents;
  7. except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.
- c. If SC Housing determines any detrimental site characteristics exist on, adjacent to, or within unallowable distances from the site, SC Housing may reject the application.
  - d. Complete and submit an **SRDP Application Exhibit 20B - Site and Neighborhood Standards Certification**.

#### 4. INCOME TARGETING

##### a. HOME Income Targeting

1. **INITIAL OCCUPANCY** - Rental housing will qualify as affordable only if the project meets the following requirements at initial occupancy:
  - i. Four or less HOME-assisted units – all HOME-assisted units occupied by families who have annual incomes that are sixty percent (60%) or less of the area median income, adjusted for family size;
  - ii. Five or more HOME-assisted units:
    - 1) At least twenty percent (20%) of the units occupied by families who have annual incomes that are fifty percent (50%) or less of the area median income, adjusted for family size;
    - 2) The remaining units must be occupied by families who have annual incomes that are sixty percent (60%) or less of the area median income, adjusted for family size;



2. **LONG TERM OCCUPANCY** - Applicants are required to maintain the following occupancy requirements throughout the affordability period:
  - i. Four or less HOME-assisted units - all HOME-assisted units occupied by families who have annual incomes that are eighty percent (80%) or less of the area median income, adjusted for family size;
  - ii. Five or more HOME-assisted units:
    - 1) At least twenty percent (20%) of the units must be occupied by households with incomes at or below fifty percent (50%) of the area median income, adjusted for family size.
    - 2) The remaining HOME-assisted units may be occupied by households with incomes at or below eighty percent (80%) of the area median income, adjusted for family size.
- b. **NHTF Income Targeting** - All NHTF-assisted units are to be rented to extremely low-income tenants. Such tenants are those households with incomes at or below 30% AMI or the federal poverty line, whichever is greater.
- c. **SC HTF Income Targeting** - all HTF assisted units must be occupied by families who have annual incomes that are eighty percent (80%) or less of the area median income, adjusted for family size;
- d. **Determining Annual Income** - An Applicant must determine that each potential tenant (individual or family) is income eligible by determining the family's anticipated annual income as defined in 24 CFR Part 5.
  1. Income must be examined and verified by using third party source documents evidencing annual income (e.g., wage statement, interest statement, and unemployment compensation statement) for the family. In verifying incomes for potential beneficiaries, Applicants should use SC Housing's "Determining Income Manual" which can be downloaded from SC Housing's website by going to this web address: <http://www.schousing.com/library/Monitoring/DetermineIncomeManual.pdf>
  2. Income limits are updated annually by HUD. Current Income limits can also be downloaded from SC Housing's website: <https://www.schousing.com/Home/PartnerIncomeLimits>.

## 5. RENT LEVELS

- a. Rents amounts will be determined on an annual basis by HUD and are restricted for the length of the applicable affordability period.
- b. The HOME Final Rule and NHTF Interim Rule require approval of all rents on an annual basis for developments with HOME or NHTF-assisted units. The approval process will be handled by the Compliance Monitoring Department. Annual Rent Approval Form M-66 will be submitted to Compliance Monitoring staff to begin the approval process.
- c. Current Rent limits can be downloaded from SC Housing's website: <https://www.schousing.com/Home/PartnerIncomeLimits>.
- d. The rents, as listed, include all applicable utilities. Utilities paid by tenants must be subtracted from the rents to determine the maximum allowable rent. Rents may increase or decrease from year to year. Applicants must use the Utility Allowances provided on SC Housing's website ONLY. These utility allowances are based on the HUD Model. The Utility Allowances can be found by going to the following web address: <https://www.schousing.com/Home/UtilityAllowances>
- e. Rents are not necessarily representative of current market conditions for projects. The rents are calculated by HUD annually.

## 6. AFFORDABILITY REQUIREMENTS

- A. HOME assisted new construction units must remain affordable throughout a twenty (20) year affordability period. The required period of affordability for HOME assisted rehabilitation units is determined by the amount of funds invested per unit:
  - a. Under \$15,000 per unit = 5 years
  - b. \$15,000 to \$40,000 per unit = 10 years
  - c. Over \$40,000 per unit – 15 years
- B. All NHTF assisted units must remain affordable throughout a thirty (30) year affordability period.
- C. All SC HTF assisted units must remain affordable throughout a twenty (20) year affordability period.

## 7. FIXED AND FLOATING UNITS

Unless otherwise determined by SC Housing all units will be fixed not floating. Fixed units are specific units that are designated as HOME, NHTF, or SC HTF assisted units and therefore, subject to each program's rent and occupancy requirements. The unit's designation never changes. Applicant's will need to keep this in mind when determining which units will be selected to

meet Section 504 requirements. Units designated for higher income households will provide the project owner with the most opportunities to lease 504 units to disabled income qualified tenants.

## 8. TENANT SELECTION PROCEDURES

There must be a formal written document that contains policies and criteria that are compliant with all fair housing laws and regulations that describes how tenant selections are made. The document must:

- a. Be consistent with the purpose of providing housing for very low and low-income families;
- b. Be reasonable but adhere to Program eligibility and acceptance requirements;
- c. Give consideration to housing needs of families with federal preferences for admission to Section 8 and public housing;
- d. Detail that tenants will be selected in chronological order from a written waiting list;
- e. Establish a policy which ensures prompt written notification will be given should a tenant be rejected and the grounds for such rejection.

## 9. RELOCATION

1. All HOME and NHTF projects are subject to the Uniform Relocation Act (URA).
2. According to Federal Regulations, residential tenants may be eligible for permanent or temporary relocation. Relocation payments and other relocation assistance for both permanently and temporarily relocated tenants, both residential and business, are eligible HOME, NHTF or NSP project costs.
3. All residential tenants in place prior to the submission of an application for rehabilitation must be provided the opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling unit in the building(s) upon completion of the project. Existing tenants can only be evicted for cause. Documentation must be maintained that demonstrates reasons for evictions. Not renewing the lease of an existing tenant due to credit score or criminal background history is considered permanent displacement and is prohibited.
4. If the rehabilitation is such that it will require the tenant to be temporarily relocated, the associated costs (i.e. moving costs, utility transfer fees, etc.) incurred by the tenant are an eligible cost of the project. Tenants that are the legal residents residing in a unit at the project at the time of application submission must be provided certain protections. These include:
  - a. Written notices referred to as "General Information Notices" that inform tenants of their right to remain in the unit or the need to be temporarily or permanently relocated;
  - b. Payments for the cost of temporary relocation;
  - c. Payments to those tenants which are required to move permanently.
5. Units occupied by over-income tenants cannot be designated as affordable units.
6. All Applicants proposing projects involving temporary or permanent relocation must provide the following with the Application:
  - a. A completed **SRDP Application Exhibit 17 - Tenant Profile Form** for all households in occupied units;
  - b. A copy of the General Information Notice (SRDP Application Exhibits 16A or 16B), that was provided to each household AND a copy of the documentation indicating that it was delivered. General Information Notices may be delivered by certified mail, return receipt requested or in-person. Documentation of the method of service, as well as the tenants served, must be submitted as part of the application. Failure to follow these requirements will disqualify the application from funding consideration.
  - c. A certified rent roll current as of the date of the "Initiation of Negotiations" that identifies which units are occupied and which are vacant.
  - d. After all existing tenants have been provided General Information Notices any new tenants or potential tenants must be provided an **SRDP Application Exhibit 18 - Move-In Notice**. The Move-In Notice notifies new or prospective tenants that they are not eligible for relocation benefits. Copies and documentation of receipt of any "Move-In Notices" that have been provided to new tenant and potential tenants seeking to occupy available units in the project must be provided with the Application.
  - e. A written Anti-Displacement and Relocation Plan that addresses the following:
    1. A description of steps that have and will be taken to minimize the displacement of tenants.
    2. A budget for estimated relocation expenses and how payments will be calculated.
    3. Identifies the key staff person that will be responsible for the administration and coordination of relocation processes.
    4. A description of advisory services that have and will be offered.
    5. A schedule that describes the timing of when tenants will be required to move or temporarily vacate their units, when rehabilitation will begin and end, and when tenants not being displaced can reoccupy rehabilitated units.
    6. A description of how required notifications will be provided to tenants within required timeframes.

7. If permanent relocation will occur a description of how replacement units will be identified and inspected.
8. Description of how relocation records will be maintained.
- f. Relocation requirements apply to all occupants of projects funded with HOME, NHTF or NSP, even if less than one hundred percent (100%) of the units will be federally assisted affordable units.
- g. An **SRDP Application Exhibit 15 - Notice to Seller for the Acquisition of Property with Federal Funds** is required. It must be executed **prior to or at the time the option or contract is executed by the seller** and must be submitted with the application.

## 10. DISPLACEMENT

- a. A tenant is considered displaced if they permanently move from the property as a direct result of rehabilitation, demolition, or acquisition of a HOME, NHTF, or NSP assisted project.
- b. A tenant is not considered displaced if:
  1. The tenant is evicted for just cause, assuming the eviction was not carried out to evade the Uniform Relocation Act (URA) obligations. Documentation of all evictions must be maintained and submitted in the Application.
  2. The person has no legal right to occupy the property under State or local law (e.g., squatter);
  3. The tenant moved in after the application was submitted for funding and before commencing occupancy they were provided written notice of the planned project stating construction and the possible impact such construction may have on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and that they would not qualify as a "displaced person" as a result of the project;
  4. Persons temporarily relocated from their dwellings for less than 12 months during rehabilitation or demolition; and
  5. Illegal aliens - the URA prohibits providing relocation assistance to persons not lawfully present in the U.S.

## 11. DISPLACEMENT MAY BE TRIGGERED IN THE FOLLOWING WAYS

- a. Before Application: A tenant moves permanently from the property before the Applicant submits the application for HOME or NHTF assistance and SC Housing or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition of the project (e.g., SC Housing determines that the Applicant displaced tenants in order to propose a vacant building for assistance).
- b. After Application or Approval: A tenant moves permanently from the property after submission of the application because:
  1. The Applicant requires the tenant to move permanently because of the unit size or the unit is eliminated;
  2. The Applicant fails to provide timely required notices to the tenant;
  3. The tenant is required by the Applicant to move temporarily and the Applicant does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable;
  4. The tenant moves permanently from the project because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project. Such tenants are considered economically displaced;
  5. The tenant receives temporary relocation assistance beyond one year; therefore, are considered displaced and are eligible for permanent relocation assistance.
- c. SC Housing HIGHLY ENCOURAGES Applicants to make EVERY effort to not trigger displacement.
  1. Applicants should offer tenants the opportunity to lease an affordable suitable unit within the project if possible.
  2. All Applicants should become familiar with the URA and Section 104(d) of the Housing and Community Development Act (also known as the "Barney Frank Amendments" and any applicable relocation rules).

## 12. TENANT PROTECTIONS

- a. The Tenant Applicant is required to:
  1. Follow the provisions of 24 CFR Part 92.253 of the HOME regulations and 24 CFR Part 93.303 for tenant lease protections;
  2. Execute a lease agreement for a minimum of twelve (12) months, unless by mutual consent, the tenant and owner agree to a lesser term.
- b. An owner may not terminate the tenancy or refuse to renew the lease of a tenant for rental housing assisted with HOME or NHTF funds except for serious or repeated violations of the terms of the lease; for violation of applicable federal, state or local law; or for other good cause.
- c. Any termination or refusal to renew must be preceded by no less than thirty (30) days written notice specifying the grounds for the action.
- d. Owners may not refuse, except for just cause, to lease a HOME, NSP or NHTF-assisted unit to a family, which holds a rental certificate or voucher or a comparable document under the HOME or NHTF Program.
- e. Owners may not refuse to lease to a tenant applicant solely because he or she is a victim of domestic violence, dating violence or stalking. Compliance for units under the Violence Against Women Act (VAWA) went into effect December 16,

2016. Furthermore, Owners may have additional obligations under the VAWA Act to include permitting a tenant to move units, terminate a lease early, etc.

### 13. PROHIBITED LEASE TERMS

- a. Agreement to be sued: Agreement by the tenant to be sued, admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
- b. Treatment of Property: Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law.
- c. Excusing the Owner from Responsibility: Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.
- d. Waiver of Notice: Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.
- e. Waiver of Legal Proceedings: Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant would have the opportunity to present a defense.
- f. Waiver of Legal Trial: Agreement by the tenant to waive any right to a jury trial.
- g. Waiver of Right to Appeal Court Decision: Agreement by the tenant to waive their right to appeal or to otherwise challenge in court a decision in connection with the lease.
- h. Tenant Chargeable with Cost of Legal Actions regardless of Outcome: Agreement by the tenant to pay attorney fees or other legal costs even if the tenant wins the court proceeding by the owner against the tenant. The tenant however, may be obligated to pay costs if the tenant loses.
- i. Requirement for tenants to participate in mandatory services.

### 14. ELIGIBLE PROJECT COSTS

All costs must be "reasonable and necessary," included in the application, and approved as part of the development budget. Costs include the following:

#### a. **Development Hard Costs**

1. Costs to meet the applicable building standards in effect at the time a building permit is obtained from the locality.
2. Costs to make essential improvements including the actual costs of construction. Modular builds/construction is acceptable.
3. Energy-related improvements.
4. Improvements necessary to permit use by handicapped persons.
5. Lead-based paint hazard reduction and asbestos abatement.
6. Costs to demolish existing structures for which construction will begin within twelve (12) months of the Commitment(s).
7. Costs for improvement to the project site (Please note, any site work completed before the application is submitted cannot be included in costs. Any value of site work previously completed must be captured only by the appraised value).
8. Costs of acquiring optioned improved or unimproved land for which construction will begin within twelve (12) months of the Commitment(s).
9. Improved or unimproved land being acquired must be valued at the lesser of the purchase price or the appraised value submitted with application.
10. Projects with 20 or more units may elect to include an office and/or community room. Costs to construct the office and/or community room are eligible; however, the costs to furnish these spaces are not eligible.

#### b. **Related Soft Costs**

- Loan origination fees
- Title report and update fees
- Recordation fees
- Preparation and filing legal document fees
- Appraisals
- Market Study Report fees
- Attorney's fees
- Loan processing fees
- Developer fees
- Architectural fees
- Engineering fees

- Preparation of work write-ups/cost estimate fees
  - Project audit costs (only eligible under certain circumstances)
  - Affirmative marketing and fair housing costs
  - Operating Reserves for NHTF-assisted units ONLY for which project based rental assistance is not provided.
  - Compliance monitoring fees
- c. **Pre-Development Costs** – Pre-development soft costs incurred by the owner up to 24 months before the Commitment(s). Eligible pre-development costs are those necessary to develop and prepare plans, drawings, specifications, or work write-ups, etc. Costs for such must be included in the development budget and documented through invoices and submitted with the application as part of the underwriting process.

**15. PROHIBITED ACTIVITIES/COSTS (24 CFR PART 92.214 & 24 CFR PART 93.204)**

Funds may not be used for:

- a. Limitations on Actions Pending Environmental Clearance. HOME funds may not be used to reimburse a non-governmental entity for project-related costs incurred after the Applicant has submitted an application for HOME funds and before the environmental review process has been completed, approved by HUD and SC Housing in receipt of SC Housing to Use Grant Funds
- b. Delinquent taxes, fees or charges on properties to be assisted with funds
- c. Any cost that is not eligible under § 92.206 through 92.209, and § 93.201 and 93.202.
- d. Off-site infrastructure costs
- e. Playground equipment
- f. Cost of storing materials
- g. Purchase of **construction** equipment or tools
- h. Office furniture and equipment
- i. Exercise Equipment
- j. Swimming pools are prohibited

**16. ARCHITECT REQUIREMENTS**

All projects must contract with a “Turn Key” South Carolina licensed Architect that will complete the following:

1. Architect will provide and manage all plans and specifications for the project. This includes but not limited to the Architectural plans, MEP plans, Civil plans, Landscape plans and Specifications that shall include all Procurement and Contracting Requirements.
2. Architect will manage all of the project’s third-party consultants/engineers this includes but not limited to, the Exhibit 10 Estimator, Geotechnical, ADA, Energy Star, and Sustainable Building Professionals.
3. Architect will prepare and provide the project contract.
4. Architect will prepare and provide bid package and manage the sealed bid process and provide results to SC Housing.
5. Architect will prepare, provide and manage all AIA documentation including architectural onsite project inspections.
6. The signed contract between the Applicant and Architect for providing these services must be provided with the application. The contract must include language stating “All project plans, specifications and documents will be designed and provided to comply with the SC Housing’s 2023 Small Rental Development Manual and Appendices” and that the “contract going forward is subject to the Applicant successfully being awarded funding for the project in the 2023 funding cycle.”

**17. CONSTRUCTION & PROCUREMENT**

- a. All projects must complete the **SRDP Application Exhibit 10 - Construction Cost Addendum** included with the application. The Construction Cost Addendum must be completed by an independent 3<sup>rd</sup> party architect, engineer, general contractor or local government personnel who will not bid on the project. It cannot be completed by the Applicant or a related party of the applicant.
- b. Applicants must ensure that every entity awarded a contract is not on the list of Parties Excluded from Federal Procurement or Non-Procurement Programs as published by the U. S. General Services Administration and HUD Regional and Field Offices' Limited Denials of Participation lists located at SAM.gov.
- c. Applicants must receive notice from SC Housing that an environmental review is complete and an *Authority to Use Grant Funds* notice from HUD (or other certification from SC Housing, if applicable) has been released before executing a construction contract, starting construction, or taking any physical actions on a site.

- d. If the proposed project is already underway, all work must cease immediately once the application for funds has been made. No work or choice limiting actions may occur after the application submission date. Work may only recommence after an environmental review has been completed and an *Authority to Use Grant Funds* notification (or other certification from SC Housing, if applicable) has been received. Projects already underway are only eligible if they were started without the intent of using federal assistance.
- e. **Procurement for construction services must be performed using a competitive sealed bid process.** Applicants must have an established procurement policy that is submitted as part of the application that describes compliance with:
  1. Applicable state, local laws and regulations, along with Federal regulations 24 CFR Part 200.36
  2. Regulations of Section 3, MBE/WBE, Minority Outreach requirements and Federal Labor Standards, if applicable
  3. A successful competitive sealed bid process should produce:
    - i. A minimum of three bids
    - ii. Bids from qualified general contractors who are licensed in the State of South Carolina.
    - iii. Bids submitted with line item costs.
  4. Acceptable bids that are no more than 10% higher or lower than the independent cost analysis or the work write-up approved by SC Housing.
  5. Procurement transactions conducted in a manner to provide, to the maximum extent practical, open and free competition.
  6. Organizational and personal conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade are prohibited.
  7. Solicitations that clearly set forth all requirements that the bidder shall fulfill in order for the bid to be evaluated by the recipient. Bidders must be informed of all the federal requirements the project will be subject to.
  8. It is recommended that bid solicitations are advertised on the South Carolina Business Opportunities (SCBO) website. Information on SCBO can be accessed at <https://scbo.sc.gov/>
  9. Contracts entered into only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.
  10. Award recipients are not allowed to act perform any contractual services on awarded projects.
  11. Any exceptions to procurement and contracting requirements must be approved in writing by SC Housing.

Documentation must be provided to demonstrate that the general contractor meets the following minimum requirements to be awarded construction contracts.

1. Construction companies must have been in business for a minimum of five years and have permanent full-time employees.
  - a. Documentation must be provided that demonstrates the construction company been in business for at least five years of continuous operation, operating under the same business name.
  - b. Documentation that the company is in good standing with the SC Secretary of State.
  - c. Copy of most current license issued by SC Department of Licensing, Labor and Regulations.
  - d. Completed W-9
  - e. Debarment Certification Form
2. Provide a list of similar projects the construction company has successfully completed during the last five years. Include the following information for each project:
  - a. Project Name
  - b. Project Owner
  - c. Project Address
  - d. # of Units and Type (affordable, market rate)
  - e. Construction Start/End dates
  - f. Project Type (New Construction, Rehab, Adaptive Re-Use, Conversion) - Description of Funding Sources
  - g. Color Photo of Completed Projects

In circumstances where and Identity of Interest relationship exists and the Applicant wishes to act as the general contractor, the Applicant must request approval to do so in writing. Requests can be submitted with the application by completing the **SRDP Application Exhibit 25A – Identity of Interest Certification** and the **SRDP Application Exhibit 25B – Request for Identity of Interest**.

## 18. PAYMENT & PERFORMANCE BOND

- a. Applicants drawing funds during construction are required to provide either:
  1. A *Direct Pay Irrevocable Letter of Credit*, or
  2. A *Payment and Performance Bond*.
- b. Acceptable letters of credit must be payable directly to the SC State Housing Finance & Development Authority in an amount equal to the total construction contract.
- c. All letters of credit will be reviewed to limit SC Housing's liability.
- d. A Payment and Performance Bond must be in an amount equal to the total construction contract.
- e. An ***SRDP Application Exhibit 9 – Election to Draw Funds*** must be submitted with the Application.
- f. Applicants electing to draw funds during construction must include anticipated costs for payment and performance bonds/letters of credit in the development budget.

## 19. DAVIS-BACON ACT

- a. All projects containing twelve (12) or more HOME-assisted units shall comply with the Davis-Bacon Act, requiring the payment of not less than the prevailing wages in the locality.
- b. The wage rates are predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act, to all laborers and mechanics employed in the development of any part of the housing ([www.wdol.gov](http://www.wdol.gov)).
- c. The Applicant will be required to enforce labor standards, process weekly payroll forms, and include the Federal Labor Standards Provisions and Wage Rates in all applicable contracts.
- d. SC Housing will randomly conduct on-site inspections for employee interviews.

## 20. ENVIRONMENTAL REVIEW REQUIREMENTS

**Completion of the environmental review process, including HUD approval for use of HOME funds, is mandatory before taking any action on a site, including the purchase of the site, or making a commitment or expenditure of HUD or non-HUD funds for property acquisition, rehabilitation, conversion, lease, repair or construction activities.** In accordance with 24 CFR Part 58 participants, recipients, owners, developers, sponsors or any third-party partners CAN NOT take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and an "Authority to Use Grant Funds" has been received from HUD. **Any violation of the statutory regulation will result in the automatic de-obligation of a Conditional Commitment.**

- a. Applicants will commission environmental consultants to prepare environmental reviews that meet NEPA and NHTF environmental provisions for their applications. Applicants must use an Environmental Consultant/Firm from SC Housing's Approved Environmental Consultant List to complete the environmental review. The consultant/firm completing the environmental review can be a different firm than the one that completed the Phase I environmental report. The environmental review is due three months after a Conditional Commitment is made.
- b. Environmental reviews must be completed to assess the entire parcel and any off-site land that will be disturbed during construction.
- c. Once an awardee's environmental review has been approved, SC Housing will publish a Notice of Intent (NOI) and a Request for Release of Funds (RROF). Local governments are responsible for their own publishing of these notices.
- d. Funds will not be awarded to projects which require any type of lengthy mitigation of any hazardous materials, or any other environmental conditions, found on, within, or adjacent to the proposed site(s), other than lead-based paint and/or asbestos.
- e. For projects involving acquisition, an option agreement on a proposed site or property is allowable prior to the completion of the environmental review **if and only if** the option agreement is conditional in nature so as not to provide legal claim to any amount of HOME funds to be used for the specific project or site until the environmental review process is completed. Language to meet this requirement is provided below:

"Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to HOME funds, the parties agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt of a release of funds notice from the U.S. Department of HUD under 24 CFR Part 58. The parties further agree that the provision of any federal funds to the project is conditioned on the determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. If no HUD funds are utilized in regard to this property, this provision shall be considered null and void."

- f. If the proposed project is already underway **all work must cease immediately** once the application for funds has been made. No work or choice limiting actions may occur after the application date. Work may only recommence after an environmental review has been completed and approval by SC Housing to proceed has been given.
- g. Identification of Wetlands – The application must include a scientifically defensible determination regarding the presence or absence of wetlands, including non-jurisdictional wetlands, in accordance with the 1989 Federal Manual for Identifying and Delineating Jurisdictional Wetlands. National Wetland Inventory Maps must be included in the documentation; however, they will not be accepted as stand-alone documentation for the presence or absence of wetlands. The Applicant must retain a wetland professional (i.e., biologist, soil scientist, professional wetland scientist etc.) to complete an **SRDP Application Exhibit 21 – Wetlands Certification** certifying as to the presence or absence of wetlands and the acreage size of the wetlands.
- h. All Applicants should refer to SC Housing’s Environmental Review Manual for further information. <https://www.schousing.com/Home/Environmental-Review>

## 21. ASBESTOS

Applicants must follow all applicable federal and state regulations and policies in effect regarding asbestos. Applicants that undertake asbestos remediation activities must document proper disposal. All applications that include rehabilitation, conversion, or demolition in the scope of work must provide an asbestos evaluation report with the Application. Projects that will require the abatement of asbestos must include the expected costs asbestos remediation in the **SRDP Application Exhibit 10 - Construction Cost Addendum**. All contractors performing asbestos abatement activities (testing, abatement, air monitoring, etc.) must meet South Carolina Department of Health and Environmental Control (DHEC) certification requirements and provide a copy of the asbestos abatement project license issued by DHEC. Applicants with questions related to compliance with DHEC requirements can access contact information for DHEC Asbestos Section staff at <https://www.scdhec.gov/environment/your-home/asbestos/asbestos/asbestos-contact-us>

## 22. LEAD-BASED PAINT

a. Projects are subject to compliance with Lead-Based Paint Regulations. Effective September 15, 2000, the U.S. Department of Housing and Urban Development (HUD) issued a regulation designed to protect young children from lead-based paint hazards in housing that is financially assisted by the federal government or being sold by the government. The regulation, “Requirements for Notifications, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance,” was published in the Federal Register on September 15, 1999. This regulation appears within title 24 of the Code of Federal Regulations as part 35 24 CFR Part 35. The requirements apply to housing built before 1978; the year lead-based paint was banned nationwide for consumer use. The regulation sets hazard reduction requirements that give a much greater emphasis than previous regulations to reducing lead in house dust. The regulation requires dust testing after paint is disturbed to make sure the home is lead-safe. Specific requirements depend on whether the housing is being disposed of or assisted by the federal government, and also on the type and amount of financial assistance, the age of the structure, and whether the dwelling is rental or owner-occupied. **Appendix D** contains detailed requirements for compliance with lead-based paint regulations.

### 1. Types of Housing Covered:

- i. Federally-owned housing being sold
- ii. Housing receiving a federal subsidy that is associated with the property, rather than with the occupants (project-based assistance)
- iii. Public housing
- iv. Housing occupied by a family (with a young child) receiving tenant-based subsidy (such as a voucher or certificate)
- v. Multifamily housing for which mortgage insurance is being sought
- vi. Housing receiving federal assistance for rehabilitation, reducing homelessness, and other special needs

### 2. Types of Housing Not Covered:

- i. Housing built since January 1, 1978, when lead paint was banned for residential use
- ii. Housing exclusively for the elderly or people with disabilities, unless a child under age 6 is expected to reside there
- iii. Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barrack
- iv. Property that has been found to be free of lead-based paint by a certified lead-based paint inspector
- v. Property where all lead-based paint has been removed



- vi. Unoccupied housing that will remain vacant until it is demolished
  - vii. Non-residential property
  - viii. Any rehabilitation of housing improvement that does not disturb a painted surface
- b. All Applicants proposing projects subject to the Lead-Based Paint requirements must provide a copy of the lead-based paint evaluation and include expected costs for abatement in the **SRDP Exhibit 10 – Construction Cost Addendum**.

### 23. SECTION 504

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities in the operation of programs receiving Federal financial assistance. HUD regulations implementing Section 504 contain accessibility requirements of housing as well as requirements for ensuring that the programs themselves are operated in a manner that is accessible to and usable by persons with disabilities.

New Construction projects with five (5) or more units must have a minimum of five percent (5%) of the units accessible to individuals with mobility impairments **AND** an additional two percent (2%) of the units accessible to individuals with sensory impairments.

Rehabilitation projects with fifteen (15) or more units and rehabilitation costs that will be seventy five percent (75%) or more of replacement of the completed development must have a minimum of five percent (5%) of the units accessible to individuals with mobility impairments **AND** an additional two percent (2%) of the units accessible to individuals with sensory impairments.

### 24. SECTION 3

On November 30, 2020 the Section 3 implementing regulations at 24 CFR Part 75 became effective. The purpose of Section 3, a provision of the U.S. Department of Housing and Urban Development (HUD) Act of 1968, is to help foster local economic development, neighborhood economic improvement, and individual self-sufficiency. It requires that Recipients of certain financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- and very low-income persons in connection with developments and activities in their neighborhoods.

- a. **Applicability** – A Section 3 project means housing rehabilitation, housing construction, and other public construction projects that are assisted under HUD programs which provide housing and community development financial assistance for the project that exceeds the threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C.1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq). Therefore, SC Housing and the entities to which it provides HOME funds (collectively HUD Funds) in excess of \$200,000 must comply with Section 3, as amended. Whether the project is fully or partially assisted under HOME, Section 3 applies to the entire project [24CFR 75.3(a)(2)(iii)]. All Contractors and Subcontractors must be made aware of the need to comply with Section 3 requirements. Section 3 requirements do not apply to material supply contracts [24 CFR 75.3(b)] or “non-construction” professional service jobs that require an advanced degree or professional licensing, including but not limited to contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.
- b. **Reporting** – Annual reporting is no longer required. Section 3 now requires reporting total labor hours during construction rather than new employees and dollar amounts of contracts with Section 3 businesses. The new report captures: a. Total Labor hours during construction b. Total Labor hours during construction for Section 3 Workers c. Total Labor hours during construction for Targeted Section 3 Workers d. Qualitative efforts must be documented if benchmarks are not met. The M-11H – Section 3 Labor Hours Report will be submitted at the end of the project with the Placed-In-Service application rather than annually.
- c. **Benchmarks** – The Section 3 benchmarks established by HUD for all Recipients/Contractors/Subcontractors are:
  - 25% or more of total labor hours of the development construction must be worked by Section 3 Workers, **AND**
  - 5% or more of total labor hours of the development construction must be worked by Targeted Section 3 workers
 If the Recipient’s/Contractor’s/Subcontractor’s reporting indicates the Section 3 benchmarks have not been met, evidence of the qualitative efforts taken to assist low- and very low-income persons with employment and training opportunities must be provided to HUD (See SRDP-12G – Section 3 Qualitative Efforts Report).

### 25. MONITORING & COMPLIANCE

All projects are subject to HOME, NHTF, and SC HTF compliance monitoring requirements. At a minimum, the owners of projects are responsible for conducting the following annually:

- a. Maximum rent and utility allowances must be reviewed and recalculated annually upon the anniversary of the lease renewal date. Updated rents are published annually by HUD and are provided on SC Housing's website.
- b. The HOME and NHTF Rules require approval of all rents on an annual basis for developments with such units regardless if rents are increasing, decreasing, or staying the same. The approval process will be handled by the Compliance Monitoring Department. Annual Rent Approval Form M-66 will be submitted to Compliance Monitoring staff to begin the approval process.
- c. HUD Utility Schedule Model. All utility allowance calculations on the Excel Spreadsheets as part of the HUD Utility Schedule Model must be provided. SC Housing reserves the right to review all backup data used for calculations. HUD link: <http://www.huduser.org/portal/resources/utimodel.html>.
- d. The annual income or annual gross income of tenants must be reviewed and verified each year. Updated incomes are published annually by HUD and are provided on SC Housing's website.
- e. The annual income definition found at 24 CFR Part 5: income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.
- f. On-site inspections for compliance with the Uniform Physical Conditions Standards (UPCS) should be conducted by the owners:
  1. SC Housing conducts periodic on-site compliance reviews throughout the affordability period to ensure compliance with HOME and NHTF rental program requirements. These reviews include, but are not limited to, occupancy requirements and property standards. Refer to the *Compliance Manual* located on SC Housing's website for further compliance monitoring requirements.
  2. Rental projects with 10 or more units will be required to submit financial statements annually to determine the financial health of the project. Specifics will be determined upon release of guidance from HUD.

#### 26. TERMINATED PROJECTS

- a. Any assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and any funds invested in the project must be repaid to SC Housing.
- b. SC Housing allows Applicants ninety (90) days from the date of termination to repay the funds back to SC Housing or risk future eligibility for funding and debarment from SC Housing administered programs.
- c. Any assisted project that is terminated before completion, either voluntarily or otherwise after the HUD commitment deadline for HOME and/ or NHTF dollars has expired that results in the loss of funding from the state, may result in the project owner being suspended or debarred from participating in SC Housing administered programs.

#### 27. STALLED PROJECTS

- a. Projects that do not progress as outlined in the Written Agreements, fail to meet established deadlines and/or require extensions and/or waivers are considered stalled projects that may be de-obligated.
- b. Projects that fail to have their final plans and specifications approved by SC Housing within six (6) months of submission to SC Housing are considered stalled.
- c. One year from the Commitment(s), tangible, ongoing, and continuous construction must have started. Should this benchmark not be met, the project will be considered stalled.
- d. Projects in which construction stops for 14 days or more will be considered stalled, with the exception of those projects stopped by the locality for reasons beyond the owner/recipient's control.
- e. Projects not completed within three years from the date of Commitment(s) may be terminated and all funds invested in the project must be repaid to SC Housing.

28. **AFFIRMATIVE MARKETING PLAN** - steps consisting of actions to provide information and otherwise attract eligible persons in the housing market area to the proposed assisted housing without regard to race, color, national origin, sex, religion, familial status, or disability. The steps must include requirements (use of commercial media, use of community contacts, use of Equal Housing Opportunity Logo or slogan, and display of fair housing poster) and practices each Applicant will take in order to carry out affirmative marketing procedures such as:

- a. Informing and soliciting applications from persons in the housing market who are not likely to apply for the housing without special outreach. Include the special outreach planned for this particular project.
- b. Describe records that will be kept documenting actions taken to affirmatively market the program and units as well as records to assess the results, positive or negative, of the actions taken.

#### 29. ADDITIONAL FEDERAL REQUIREMENTS

Applicants shall comply with all other federal requirements that may not be listed in this manual that are outlined in 24 CFR Part 91, 92, and 93 such as, **but not limited to**;

- a. General Audit Requirements – audits must be conducted in accordance with 2 CFR Part 200, subpart F.
- b. Equal Opportunity, Nondiscrimination, and Fair Housing
- c. Flood Insurance and Executive Order 12372
- d. Affirmatively Furthering Fair Housing Final Rule at 24 C.F.R. §5.162
- e. Conflict of Interest
- f. Debarment and Suspension
- g. Title VI Civil Rights Act - 1964 (Nondiscrimination in Federal Programs)
- h. Age Discrimination Act – 1975
- i. Development Act of 1968
- j. Executive Orders 11625 (MBE), 12432, and 12138 (WBE)

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## APPENDIX A: MARKET STUDY NEEDS ASSESSMENT REPORT GUIDELINES

\*All relevant tables should be placed with corresponding text.

As required by both the HOME Final Rule and National Housing Trust Fund Interim Rule, information must be provided on the **current market demand** in the neighborhood in which the proposed SRDP project is to be located.

Please provide the information in the order and format as outlined below.

### **Market Needs Assessment Report Requirements:**

**A. Project Description** - Give the following information for the proposed subject as provided by the Applicant:

1. Development Location
2. Construction Type
3. Occupancy Type: Family, Elderly, etc.
4. Target Income Group: 30%, 50%, 60%, or 80% AMI; and possibly Market Rate
5. Special Needs Population (if applicable)
6. Number of units by bedroom/bathroom
7. Number of buildings and stories and if there will be an elevator
8. Unit Size(s)
9. Structure Type/Design: Townhouse, Garden Apartment, etc.
10. Proposed Rents and Utility Allowances including energy source (gas, oil, electric), if utility is Tenant or Owner's responsibility, and if using Energy Star
11. Status of Project Based Rental Assistance: None, Existing, Proposed
12. Proposed Development Amenities
13. Proposed Unit Amenities
14. A map showing the proposed site(s).

**B. Proposed Rents** – Considering all information available, give a summary regarding the achievability of the proposed restricted rents for the market area based on market conditions. Such a summary could include absorption and capture rates, as well as plans for on-site management personnel. Analysts should take into consideration that the Authority has the ability to adjust proposed rents slightly up or down during underwriting.

### **C. Market Area**

1. Census tracts that encompass the PMA
2. Provide the most recent statistics on race available for the specific census tract in which the project is located.

**D. Local Economy** - Employment by industry - numbers and percentages (i.e. Manufacturing: 150,000 (20%)).

### **E. Community Demographic Data**

1. Population Trends
  - a. Total Population

- b. Population by age groups
- c. If a special population is proposed for the development (i.e. migrant workers, homeless), provide additional information on population growth patterns specifically related to this population.

2. Household Trends

- a. Total number of households, average household size, and group quarter.
- b. Households by tenure (If appropriate, breakout by elderly and non-elderly).
- c. Households by income. (Elderly proposals should reflect the income distribution of those households only).
- d. Renter households by number of persons in the household.

**E. Project-Specific Demand Analysis**

1. **Income Restrictions:** Take the income restrictions designated in the application into account when estimating demand. The maximum income for the proposed units will be based on 1.5- persons per bedroom (rounded up to the nearest whole person for those that end in 0.5). For elderly developments, the maximum incomes will be capped at the 2-person limits.
2. **Affordability:** Analysts must assume that no family households are able to pay more than 35% of gross income towards gross rent and no elderly households are able to pay more than 40% of their gross income toward gross rent. Any such additional indicators should be calculated separately and be easily added or subtracted from the required demand analysis.
3. **Demand:** The demand analysis should clearly indicate the minimum and maximum income range for each targeted group. Demand should be derived from the following sources using data established from a reputable source:
  - a. **Demand from New Renter Households:** New rental units required in the market area due to projected renter household growth. Determinations must be made using the current base year of 2020 and projecting forward to the anticipated placed-in-service date of 2022. The household projections must be limited to the age and income cohort and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.
    - 1) In instances where a significant number (more than 20%) of proposed rental units are comprised of three-and four-bedroom units, analysts must refine the analysis for those units by factoring in the number of large households (generally 4+ persons). A demand analysis which does not take this into account may overestimate demand.
  - b. **Demand from Existing Households:** The second source of demand should be determined using 2010 census data or **the most current American Community Survey (ACS)** data and projected from:
    - 1) **Rent over-burdened households**, if any, within the age group, income cohort and tenure targeted for the proposed development. In order to achieve consistency in methodology, all analysts should assume that the rent-overburdened analysis includes households paying greater than 35% or in the case of elderly 40% of their gross income toward gross rent rather than some greater percentage. If an analyst feels strongly that the rent-overburdened analysis should focus on a greater percentage, they must give an in-depth explanation why this assumption should be included. Any such additional indicators should be calculated separately and be easily added or subtracted from the required demand analysis.
    - 2) **Households living in substandard rental housing.** Households in substandard housing should

be adjusted for age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would be a realistic source of demand.

- The Market Analyst is encouraged to be conservative in his/her estimate of demand from both households that are rent-overburdened and/or living in substandard housing.

3) **Elderly Homeowners likely to convert to rentership:** The Authority recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly housing. A narrative of the steps taken to arrive at this demand figure should be included.

4) **Other:** Please note, the Authority does not, in general, consider household turnover rates other than those of elderly to be an accurate determination of market demand. However, if an analyst firmly believes that demand exists which is not being captured by the above methods, they may be allowed to consider this information in their analysis. The analyst may also use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under-built or over-built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted from the demand analysis described above.

4. **Method:** The two overall demand components added together (3a and 3b above) represent demand for the project.

**Example of Method:**

	Households at 30% Median Income (min. income to max. income)	Households at 50% Median Income (min. income to max. income)	Households at 60% of Median Income (min. income to max. income)	Households at 80% of Median Income (min. income to max. income)	Project Total (min. income to max. income)
Demand from New Households (age and income appropriate)					
+		+	+		
Demand from Existing Households Rent-Overburdened					
+		+	+		
Demand from Existing Households Renters in Substandard Housing					
+		+	+		
Demand from Existing Households Elderly Homeowner Turnover					
=		=	=		
<b>Total Demand</b>					
-		-	-		
Supply					
=		=	=		
<b>Net Demand</b>					
Proposed Subject Units					
Proposed Subject Units Divided by Net Demand					

Overall Capture Rate by Income Level					
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**F. Signed Statement Requirements**

The signed statement must include the following language:

I certify that there is demand for affordable housing units in the market area described in this market needs assessment. I further certify that I have advised my customer that the proposed unit and income mix is appropriate.

I affirm that I have no financial interest in the project or current business relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written according to the SCSHFDA’s market needs assessment report requirements. The information included is accurate and can be relied upon by SCSHFDA.

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Analyst

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Date

Draft

## **APPENDIX B: DEVELOPMENT DESIGN CRITERIA**

### **National Housing Trust Fund, HOME Investment Partnerships Program, Multi-Family Tax Exempt Bond Program and SC Housing Trust Fund Awarded Developments**

The terms of these mandatory design criteria are the minimum requirements for any project awarded an allocation of HOME Investment Partnerships Program, National Housing Trust Fund Program, Multi-Family Tax Exempt Bond Program, or SC Housing Trust Fund Program awards. Required documents must be prepared by engineers and architects licensed to do business in South Carolina.

Owners must submit full size (24"x 36") plans and specifications in electronic (PDF) versions via email, SC Housing's secure file upload or thumb drive and receive approval before commencing site work or construction. At all times after award, the owner is responsible for promptly informing the Authority of any changes or alterations which deviate from the final plans and specifications approved by the Authority. The owners must not take action on any material change, the site layout, floor plan, elevations or amenities without a completed change order approved by the Authority. This includes changes required by local governments to receive building permits.

Nothing in this Appendix shall be construed to modify or eliminate any legally imposed requirement, including those governing accessibility.

#### **I. DESIGN DOCUMENT STANDARDS**

##### **A. Code Compliance**

Construction must be in compliance with:

1. 2021 International Residential Code with South Carolina Building Code Council Modifications (SCBCCM) or currently adopted code year.
2. 2021 International Building Code with SCBCCM or currently adopted code year.
3. 2021 International Mechanical Code with SCBCCM or currently adopted code year.
4. 2021 International Plumbing Code with SCBCCM or currently adopted code year.
5. 2021 International Fuel Gas Code with SCBCCM or currently adopted code year.
6. 2020 International Electrical Code with SCBCCM or currently adopted code year.
7. 2021 International Fire Code with SCBCCM or currently adopted code year.
8. 2009 International Energy Conservation Code with SCBCCM or currently adopted code year.
9. Current Adopted Edition of the NFPA Codes and Standards.
10. 2012 NFPA 101 Life Safety Code.
11. ANSI 117.1 – 2017 Edition.
12. Americans with Disability Act.
13. Fair Housing Act.
14. Section 504
15. HUD Housing Quality Standards (HQS)
16. HUD Minimum Property Standards (MPS)
17. HUD Uniform Physical Condition Standards (UPCS).

These code standards are not meant to replace Federal, State or local codes.

##### **B. Application Plan Requirements**



1. Plans for each site, home and/or building are to be submitted to the Authority and must be full size (24"x36") electronic (PDF) versions via email, SC Housing's secure file upload or thumb drive.
2. Each home/building/development must have a home/building plan name clearly identified on the plan; Lot 1, Lot 2, etc. is NOT acceptable, the "Townsend," "Carson," etc. are acceptable.
3. All new construction developments and additions or new buildings added in rehabilitation projects must submit a complete site-specific soils report and boring site plan with laboratory test results, not more than six months old at the time of application and not more than one year old with final plans.
  - a. The soils report and boring site plan must reflect the results of laboratory tests conducted on a minimum of:
    - i. One soil test boring with Split-spoon samples and Standard Penetration Resistance test a minimum of 20 feet deep (borings must be extended past all planned excavations and cut depths) per every 3,000 square feet of planned building ('s) footprint, at least one boring per a building regardless of square footage.
    - ii. One soil test boring with Split-spoon samples and Standard Penetration Resistance test a minimum of 10 feet deep (borings must be extended past all planned excavations and cut depths) per every 300 linear foot of road way.
    - iii. One soil test boring with Split-spoon samples and Standard Penetration Resistance test a minimum of 10 feet deep (borings must be extended past all planned excavations and cut depths) for every 3,000 square foot of at the planned paved parking areas of the development.

OR:

    - i. One Cone Penetration Test (CPT) a minimum of 20 feet deep (probe/cone must be extended past all planned excavations and cut depths) per every 3,000 square feet of planned building ('s) footprint, at least one boring per a building regardless of square footage.
    - ii. One Cone Penetration Test (CPT) a minimum of 10 feet deep (probe/cone must be extended past all planned excavations and cut depths) per every 300 linear foot of road way.
    - iii. One Cone Penetration Test (CPT) a minimum of 10 feet deep (probe/cone must be extended past all planned excavations and cut depths) for every 3,000 square foot of at the planned paved parking areas of the development.
  - b. A registered professional engineer or a certified testing agency with a current license to practice in the State of South Carolina must prepare the report.
  - c. All geotechnical recommendations must be incorporated into plans and cost estimates.
4. Site & Civil plans, four pages minimum, using a scale of 1" = 30' or 40' with a north arrow that include:
  - a. Full parcel survey; must include complete adjoining parcel ('s) if functionally dependent.
  - b. Phased site plan.
  - c. Vicinity map.
  - d. Street name(s) where site access is made.
  - e. Site acreage with Tax map #'s.

- f. Adjacent properties with descriptions Tax map #'s
  - g. Flood plains and wetlands.
  - h. Site zoning restriction including setback, utility easements, ingress/egress easements, right of ways and boundary lines.
  - i. Location of any proposed/new utility easements, ingress/egress easements and right of ways.
  - j. Existing topographic elevations and proposed elevations with maximum two (2) foot elevation increments. Grade lines must be clear and numerically labeled/ marked.
  - k. Location of existing and any proposed changes to existing structures, buildings, roadways and parking areas.
  - l. Finished floor elevations for all buildings.
  - m. Building(s) layout with locations of proposed specialty units including but not limited to handicapped and sensory impaired locations.
  - n. Site features such as community building, playground, picnic shelter, gazebo, walking trails, refuse collection area, postal facilities and site entrance signage.
  - o. Planed roads and parking areas with parking spaces clearly depicted.
  - p. Development site lighting plan.
  - q. Retaining walls.
  - r. Planed landscaping.
  - s. Underground utilities; sanitary sewer, water, gas, electric, cable, internet and telephone
  - t. Storm water detention; detention pond, underground detention, storm water/detention easement.
  - u. Fencing, all proposed fencing on site.
5. Architectural plans that include:
- a. Front, rear and side elevations of all building types that provides actual soil elevations not typical and identifies all materials to be used on building (s) exterior using a scale of 1/8" = 1'.
  - b. Building plans using a scale of 1/8" or 1/4" = 1'
  - c. Building plans to include total square footage and heated total square footage.
  - d. Dimensioned floor plans for all unit types using a scale of 1/4" = 1" that include heated square footage, total square footage, individual Primary Bedroom, Bedroom(s), Living Room, Dining Room, Kitchen, Balcony, Sunroom, Patio, Porch and Deck square footage. Plan is to include furniture and equipment layout.
  - e. Plans are to be redlined for projects involving renovation and/or demolition of existing structures, proposed changes to building components and design and also describe removal and new construction methods.
  - f. For projects involving removal of asbestos and/or lead based paint removal, general notes identifying location and procedures for removal.
6. Safe Drinking Water – Applications proposing the rehabilitation of structures built 1988 or earlier must have the pipes, solder, and flux tested for lead and include a copy of the report with the Tier II Application. Items testing positive for lead must be included in the PNA for replacement. See Section II, P, 16 for details.

**C. Final Plan and Specification Requirements**

No later than three (3) months after the Reservation Date, all awarded projects must submit a full set of completed Plans, Specifications and Geotechnical Soil Reports for each site that include all application plan requirements and any changes from the application plan submittal and the following:

1. Plans must include, incorporate and show all Mandatory and Optional Design Criteria on the plans. Pasting the MDC or referencing the MDC in a note on the plan is not acceptable.
2. The Mandatory Design Criteria must be bound with in the project specifications.
3. Accessibility reports as required in Section II, A.
4. Energy Star National Rater Design Review Checklist.
5. Sustainable Building Design Review Checklist, if awarded these points.
6. 911 addresses shall be clearly marked on each plan for each house/building.
7. All plans and specifications must be 100% complete, sealed and marked released for construction by the Architect, Civil Engineer, Structural Engineer and MEP Mechanical Engineers that completed the plan/design and specifications.
8. Geotechnical, Accessibility, Energy Star and Sustainable Building reports and or reviews and check list must be signed and or sealed by the Engineer or Consultant that completed the plan, design, review and or checklist.
9. Geotechnical Soil Report ('s) submitted with application, not more than one year old, must be bound with in the project specifications.
10. If any sections of the plan and specification package submitted does not meet the above requirements 1-9 the entire plan and specification review will be denied and a reinspection fee will be applied.
11. Title Sheet
12. Site, Civil, Architectural and Structural Plans.
  - a. Must incorporate all Geotechnical recommendations included in the soil report(s).
  - b. Must provide Life Safety Plan Page, Accessibility Diagram/Standards Page and Accessible Route Page. These must be provided on separate pages.
  - c. SC Housing prohibits the use of T shaped turning space; designs must utilize the sixty-seven (67) inch turning space.
  - d. Plans must provide maximum accessibility and shortest routes possible.
  - e. Civils must provide complete plans, sections, details and elevations in  $\frac{1}{4}'' = 1'$  for all amenities including but not limited to Swimming Pools, Playgrounds, Playground Equipment, Gazebos, Picnic Shelters, Seating, Picnic Tables, Bicycle Racks, Dumpster Areas, Compactor Areas, Mail Kiosks, Mailbox Area, Parking Spaces, Sidewalks, Retaining Walls, Fencing, Development Signage, Maintenance Buildings and Bus Stops
  - f. Architectural' s must provide completed Schedules for Windows, Doors, Cabinetry, Appliances, Flooring and Room Finishes. Architectural' s must provide complete plans sections, details and elevations in  $\frac{1}{4}'' = 1'$  including but not limited to Foundations, Floor Systems, Exterior and Interior Walls, Roof Systems, Facia, Soffits, Gutter, Exterior Ceilings, Balcony, Sunroom, Patio, Porch, Deck, Breezeways, Exterior Stairways, Kitchens, Bathrooms, Closets, Mechanical Rooms, Laundry Rooms, Interior Stairways, Community Room Kitchen, Computer Room, Exercise Room, Gazebos, Picnic Shelters, Mail Kiosks, Mailbox Area, Development Signage, Maintenance Room/Buildings.
13. Mechanicals (HVAC, Plumbing and Electrical) and Fire Sprinkler must be completed by engineers and sealed.
  - a. Plumbing drawings must include waste and domestic water riser diagrams.
  - b. All MEP Electrical, Plumbing and HVAC fixture and equipment schedules must be complete.

- c. HVAC, manuals J, S & D must be included in the plans.
  - d. Natural air calculations.
  - e. Outside air calculations.
14. Landscaping Plans must be completed by engineers and sealed; and follow any applicable landscape municipal ordinance and include:
- a. Marking of existing trees and shrubs; sites that are densely wooded mark only the trees that are being kept and protected and/or mark sections of the wooded area that will remain as is.
  - b. Existing plantings
  - c. Proposed plantings
  - d. Use of native drought resistance plants.
  - e. Provide list of all plants to be added include both the common and botanical name of the plant.
  - f. Prescriptive to preserve and protect existing trees during construction
  - g. There must be 20' minimum of sod extending out from each exterior building wall. A lesser amount will be permitted if sod extends from building wall to property line or road.
  - h. A permanent designed with drawing's irrigation/sprinkler system serving all landscaped areas. A note or notes on the plans or specifications is not acceptable.
  - i. All disturbed areas not sodded must be seeded.
15. Development Site Lighting plans with representative photometrics shown on plan reflecting an average maintained footcandles of 1.5 for all development parking, sidewalks and exterior common areas.
16. Site and Civil plans using a scale of 1" = 30' or 40'.
17. Building plans using a scale of 1/8" or 1/4" = 1'
18. Floor Plans using a scale of 1/4" = 1' scale.
19. Sections, Details and Elevations using a scale of 1/4" = 1'.
20. Safe Drinking Water – The architect must certify on the final plans and/or specifications that the project will be constructed using lead-free pipes, solder, and flux. See Section II, P, 16 for details.
21. Final plans and specifications should be approved by SC Housing prior to submission to the locality for permitting.

## II. MANDATORY DESIGN CRITERIA

### A. ACCESSIBILITY

Developments must provide maximum accessibility and shortest possible routes, meet all federal, state and local accessibility standards, as well as all Authority accessibility requirements.

SC Housing prohibits the use of T shaped turning space; designs must utilize the sixty-seven (67) inch radius turning space.

All owners must contract with a third party Qualified Accessibility Consultant to conduct the following:

1. A pre-construction plan and specification review to determine that the proposed property will meet all required accessibility requirements, including initial comments from the consultant and all documents related to resolution of identified accessibility issues. The Consultant report must be included with the initial construction documents submitted to the Authority.

2. Provide at least two training sessions to the Architect, General Contractor, Job Superintendent, and a representative of every subcontractor group that will affect accessibility (grading, concrete, framing, electrical, plumbing, sheetrock, and cabinetry) regarding accessibility requirements. One training session must be on site. Maintain a written description of the training sessions and documentation of the events.
3. An inspection of the construction site after framing. The Authority must receive a copy of the consultant's report and documentation that all issues have been resolved.
4. A final inspection of the property after construction completion to determine that the property was constructed in accordance with all accessibility requirements. The Authority must receive a copy of the consultant's report and documentation that all issues were resolved prior to cost certification submission. Developers must contact the qualified accessibility consultant directly, and contract to provide the accessibility compliance services.

*NOTE: The above outlines the minimum Accessibility Consultant work scope requirements. The project team should further discuss the scope of the specific project with the Accessibility Consultant to determine the actual number of site visits/reviews the project will require in order to ensure compliance with all federal, state, and local accessibility standards.*

The Accessibility Consultant must complete Appendix AA, Accessibility Consultant Qualifications Statement. The consultant must:

1. possess the required knowledge to inspect multifamily properties for compliance with all federal, state and agency accessibility requirements and meets the following experience requirements and qualifications;
2. not be a member or have an identity of interest with any member of the Owner/Applicant/Development Team;
3. have no less than five (5) years of experience performing accessibility compliance assessments for affordable rental housing projects; and
4. carry the minimum insurance coverage as required by current industry standards.
5. Appendix AA leads to the following appendixes; Appendix BB, CC, DD , EE and PIS FF.

The Qualified Consultant must arrange enough inspection visits with the Development Team to observe all areas of accessibility and to verify completion of recommended corrections.

**Modification Requirements:**

1. The Authority requires that all accessibility modifications be in place upon completion of new construction and/or completion of substantial rehabilitation, including kitchen and closet shelving, grab bars, and appliances. The ability of the applicant to adapt a unit to the required standard upon request is generally not sufficient to meet this requirement. However, removable or adaptable base cabinets are permitted under kitchen and bathroom sinks and under kitchen work surfaces if written instructions for their removal and adaptation is on file in the leasing office
2. In addition, the following equipment may be stored onsite for installation at the tenant's request:
  - a. Under-sink pipe guards.
  - b. Visual/hearing impaired equipment.
  - c. Tub seats.

Refer to Uniform Federal Accessibility Standards (UFAS) 4.34 for additional unit design standards and consumer information that must be available to the tenant in an accessible unit.

**Required Accessibility Standards:**

**Applies to awards with five (5) or more units.**

1. **Mobility Disabled Units:** Shall be Type A, at least 5% of the total units (but no less than one unit) must be equipped for the mobility disabled, including for wheelchair restricted residents. ADA/ANSI compliant 36" x 60" minimum useable floor space roll-in showers must be incorporated into all of the Type A mobility equipped units. Mobility units with more than one bathroom must provide the primary bedroom bathroom with the roll-in shower.
2. **Hearing and Sight-Impaired Units:** Shall be Type B in multifamily buildings and new developments, Standard units in infill housing, at least an additional 2% of the total units (but no less than one unit) must be equipped for hearing and sight-impaired residents including compliance with ICC/ANSI A117.1 Section 1006, which includes audio and visual notification on fire alarms and at the primary unit entrance.
  - a. The unit(s) must be roughed in to allow for smoke alarms with strobe lights in every bedroom, bathroom, and living area.
  - b. The units must have a receptacle next to telephone jacks in units for future installation of TTY devices.
  - c.
  - d. A hardwired lighted doorbell button connected to an audible and strobe alarm installed in each bathroom, bedroom, and common area is required for each sight and hearing-impaired unit.
3. **5% and 2% requirement:** The same unit(s) cannot be used to satisfy the 5% and 2% requirement.
4. Signage for designated common areas and all units must be in Braille and meet ANSI A117.1, Section 703 standards.

**Older Persons 55+ Developments:**

1. All older persons (55+ years) and elderly developments will be one-story structures, or if greater than one story, all stories will be accessible by an ADA complaint elevator (s).
2. **Elevators:** There must be an ADA complaint elevator to all units above the ground floor.
3. **Furnished Gathering Areas:** Buildings with multi-story construction must have interior conditioned and furnished gathering areas located throughout the complex, including but not limited to areas near elevators.
4. **Accessible and Adaptable:** 100% of the units must be accessible and adaptable (Type B), as defined by the Fair Housing Amendments Act of 1988. ***For rehabilitation projects refer to the Fair Housing Amendment Act of March 13, 1991.***
5. Hallways and Corridors areas must have a minimum width of 42 inches. ***Does not apply to rehabilitation projects.***
6. Corridors in any common areas must have a continuous suitable handrail on both sides mounted 34 to 38 inches above finished floor, and be 1 ¼ inches in diameter.
7. Provide a minimum 18 inch grab bar in all tub/shower units. The grab bar must be installed centered vertically at 48 inches A.F.F. on the wall opposite the controls.
8. Provide solid blocking at all toilets and tub/shower units for grab bar installation.

**Emergency Alert System:**

1. All Mobility and Hearing and Sight-Impaired Units must have a wireless or hard-wired emergency alert system installed, including a pull cord located in every bedroom and bathroom that either triggers an audible and visual notification outside of the dwelling unit or notifies the staff and 911 during work hours, and 911 after work hours. All call for aid devices must be installed beside or below ceiling light switches in bedrooms and bathrooms.
2. If a building fire alarm system is required, the hearing and sight-impaired units are undesignated, and the required equipment is not installed, then all units must be wired into the building fire alarm system.

**B. UNIT SIZE & BASE REQUIREMENTS**

1. All residential units must meet minimum unit size requirements. The square footage measurements below are for heated square feet only, measured interior wall to interior wall, and do not include exterior wall square footage. The area occupied by the stair case may only be counted once. Unheated areas such as patios, decks, porches, stoops, or storage rooms cannot be included.

Studio	500 square feet
1 Bedroom	750 square feet
2 Bedroom	850 square feet
3 Bedroom	1,100 square feet
4 Bedroom	1,250 square feet

*For supportive housing units, the minimum square footage for studio and 1 bedroom units is 350 square feet. The requirements in section (B)(2) below are applicable.*

No more than 20% of the total number of residential units may be Studio units, unless supported by market study, a localities affordable housing plan or a community revitalization plan (CCRP). The 20% requirement does not apply to Supportive or Transitional Housing.

**The above square footage requirement do not apply to rehabilitation projects. Please see Appendix C: Rehabilitation Guidelines for square footage requirements of rehabilitation projects.**

2. Units must also meet the following requirements:
  - a. Studio Apartment: the bedroom, living area and full kitchen may be contained in the same room; must have one full bathroom and laundry room.
  - b. One Bedroom Apartment: at least six rooms including a living room, dining room, full kitchen, one bedroom, one full bathroom and laundry room.
  - c. Two Bedroom Apartment: at least seven rooms including a living room, dining room, full kitchen, two bedrooms, one full bathroom and laundry room.
  - d. Three Bedroom Apartment: at least nine rooms including a living room, dining room, full kitchen, three bedrooms, two full bathrooms and laundry room.
  - e. Four Bedroom Apartment: at least ten rooms including a living room, dining room, full kitchen, four bedrooms, two full bathrooms and laundry room.
3. **Bedroom Size:** The primary bedroom in each unit must be at least 170 square feet. All other bedrooms must be a minimum 120 square feet. The minimum bedroom square footage excludes the closet space. ***Does not apply to rehabilitation projects.***

4. **Living Room Size:** The living room must be at least 150 square feet with a minimum dimension of 11'6". ***Does not apply to rehabilitation projects.***
5. **Bathroom Requirements**
  - a. Full Bathroom: must contain a toilet, vanity with sink and a 32" x 60" one piece fiberglass tub/shower combination.
  - b. Half Bathroom: must contain a toilet and a vanity with sink.
  - c. ADA/ SECTION 504 UNITS: Type A, Any unit that is required to meet ADA/ Section 504 accessibility requirements shall have the accessible primary bedroom and bathroom with one roll-in shower located on the accessible floor.
  - d. Town Homes without a bed and bath on the main floor will be required to have a half bathroom located on the main floor. ***Does not apply to rehabilitation projects unless it's a gut rehab including plumbing.***
  - e. Whirlpool tubs are prohibited.
6. All High Rise multifamily units must have: a balcony, sunroom, or patio.
  - a. A covered / roofed main entryway that must be a minimum of 5'x5' and,
  - b. A patio, deck, or balcony that must be 70 square feet minimum or,
  - c. A sunroom that must be 70 square feet minimum and:
    - i. Contain a minimum of three operable window units.
    - ii. Have distinct architectural separation from the living room.
  - d. Applicants may request a wavier for this requirement before the submission deadline if building zoning or design restrictions prohibit.
  - e. ***Does not apply to rehabilitation projects.***
7. All Single Family, Townhouse and Duplex Developments must have:
  - a. a covered / roofed front main entryway that must be a minimum 5'x5' and
  - b. a porch, patio or deck at a minimum of 70 square feet.
    - i. A front porch on a single family home or stacked duplex is acceptable to meet this requirement and must be a 100 square feet minimum.
8. Hallways, interior:
  - a. 40" minimum width in all family units.
  - b. 42" minimum width in all older persons units.
  - c. ***Does not apply to rehabilitation projects.***
9. Breezeways and Stairways: 48" minimum clear path of travel is required through building breezeways and public/ common use stairways. ***Does not apply to rehabilitation projects although all current egress and accessibility codes and regulation must be met.***
10. Moisture resistant gypsum board must be installed on all ceilings and walls of bathrooms, on all walls of laundry rooms, mechanical closets and exterior storage closets, and behind kitchen sink base and dishwasher.
11. Water-resistant gypsum board or equivalent shall be provided behind any tub/shower unit located on an exterior wall.
12. Fireplaces are prohibited in residential units.



13. Swimming pools are prohibited .

a.

**C. COMMUNITY ROOM(S), SITE AMENITIES & FACILITIES**

***Projects with 20 or more units may elect to include an office, maintenance room and/or community room. Costs to construct the office and/or community room are eligible; however, the costs to furnish these spaces are not eligible.***

Community room(s) and amenities must be consistent with the design and appearance of the residential buildings. Development lighting is required for all amenities. Amenities must be available 24/7 and include occupancy sensor lighting or photocell lighting if an exterior amenity.

A Phased Development with a previously funded phase will not share amenities with a previous phase without the Authority's prior written consent.

1. Community room(s) and site amenities may be incorporated into the resident/ unit buildings therefore eliminating the need for a community building. If a community building is provided, it must be at least 1,200 square feet and include the community multi-purpose room and ADA compliant handicapped toilet facilities. The community building may include a leasing office of 200 square feet minimum, laundry rooms, and storage/ maintenance rooms of 200 square feet minimum. Screened porch(es), sunroom(s), and covered patio(s) may be incorporated into the community building, but their square footage will not be included as part of the 1,200 square foot minimum for the community building. All primary entrance doors in the community building and site amenities must be either half lite or full view glass, unless otherwise noted, to allow residents a view of the outside/inside. This does not include the maintenance or storage room doors. Blinds are prohibited on these doors.

***Does not apply to rehabilitation projects.***

**2. Family developments may elect one or more of the following amenities:**

a. Community multi-purpose room must contain a minimum of 8 square feet for each unit, rounded up, never being less than 250 square feet regardless of developments total units. ***Does not apply to rehabilitation projects.***

b. Kitchenette with a minimum of 6 linear feet of counter top that is equipped with refrigerator, microwave, sink and a 5lb. fire extinguisher. ***Does not apply to rehabilitation projects.***

c. An exercise room. ***Does not apply to rehabilitation projects.***

d. Tenant computer room. Computers must be connected to a high speed internet service. All equipment must be kept current for the entire compliance period. All expenses associated with supplies, updates, internet service and replacement of the computer equipment is the responsibility of the development. ***Does not apply to rehabilitation projects.***

e. Playground. ***Optional and not funded by SRDP.***

i. Equipment must be of commercial design and quality.

ii. All playgrounds must each contain at least four play stations/activities.

iii. Playground must be located away from areas of frequent automobile traffic and situated such that the play area is visible from the office and maximum number of residential units.

- iv. Playground must be accessible to persons with mobility impairments
- v. A bench that is weather resistant, metal or composite, has a back, and be anchored permanently.
- vi. Surface conditions and materials must meet the following guidelines and standards:
  - ASTM F1951 (Specification for Determination of Accessibility of Surface Systems)
  - ASTM F1292 (Specification for Impact Determination)
  - ASTM F1487 (Standard Consumer Safety Performance Specification)
  - ASTM F2020 (Standard Specification for Engineered Wood Fiber.
  - ASTM F2479 (Specification Guide for Products and Installation of Poured-In-Place Surfaces)
- vii. A letter from the playground floor material provider stating the material meets or exceeds the above ASTM requirements is required. A certificate from a third-party firm licensed to perform playground surface testing stating the installation of approved floor coverings was installed per manufacturer’s requirements and that the finished floor surface(s) meet the above ASTM standards is also required.

**3. Older Person 55+ developments may elect one or more of the following amenities:**

- a. Community multi-purpose room must contain a minimum of 6 square feet for each unit, rounded up, never being less than 250 square feet regardless of developments total units. ***Does not apply to rehabilitation projects.***
- b. Kitchenette with a minimum of 6 linear feet of counter top that is equipped with refrigerator, microwave, sink and a 5lb. fire extinguisher. ***Does not apply to rehabilitation projects.***
- c. An exercise room. ***Does not apply to rehabilitation projects.***
- d. Tenant computer room. Computers must be connected to a high speed internet service. All equipment must be kept current for the entire compliance period. All expenses associated with supplies, updates, internet service and replacement of the computer equipment is the responsibility of the development. ***Does not apply to rehabilitation projects.***

**4. Laundry Facilities:**

- a. Laundry facilities are required for all developments not providing washers and dryers in all rental units.
- b. Entry into the laundry facility must be available at all times and days.
- c. The development must provide completed ready for use washer and dryer hookups and space for the number of commercial grade washers and dryers required per development based upon the total units in the development as follows:

0-15 units	2 Washers and 2 Dryers
15-30 units	3 Washers and 3 Dryers
30 -60 units	6 Washers and 6 Dryers
61-100 units	8 Washers and 8 Dryers
101-150 units	10 Washers and 10 Dryers
151-250 units	12 Washers and 12 Dryers
250+ units	15 Washers and 15 Dryers

The development must supply at all times a minimum one washer and one dryer. In addition, the development will supply the number of washer and dryers needed to meet tenant needs and usage.

- d. The entrance must have a minimum roof covering of 20 square feet and have adequate lighting functioning from dusk to dawn.
- e. The primary entrance door to the laundry facilities must be full view/ full length glass to allow residents a view of the outside/inside. Blinds are prohibited.
- f. Contain adequate seating
- g. A working surface for folding cloths must be installed.
  - i. 24" x 48", 8 square feet minimum
  - ii. Must provide working space of 8 square feet per every twelve washer/dryers provided.
- h. One of every twelve washer/dryers provided must be ADA complaint and accessible with one working surface also being ADA complaint and accessible.

**5. Postal Facilities:**

If not located within the building, the postal facility must:

- a. have a roof covering which offers residents ample protection from the rain while gathering mail;
- b. be located adjacent to available parking and sited such that tenants will not obstruct traffic while collecting mail; and
- c. have adequate lighting functioning from dusk to dawn.

Single Family scattered site developments must provide a mail box on a pedestal/post that will be consistent with the design and appearance of the residential home and area.

**6. Office and Maintenance Room:**

**Does not apply to single family scattered site developments.**

- a. Development must have an office on site of 200 square feet minimum.
- b. Development must have a maintenance room of 200 square feet minimum.
- c. The office must contain ADA complaint toilet facilities.
- d. Office must be clearly marked and visible with exterior signage on or close to building

**7. Parking, Roads, Sidewalks & Development Sign:**

- a. Parking and side walk lighting must be provided.
- b. All roads and parking areas are to be asphalt or concrete paved.
- c. Curbing is required for all roads and parking areas throughout the development site.
- d. Parking areas must be located on the development site.
- e. Development sign at all property entrances designed with brick or stone columns with lighting to be consistent with the design and appearance of the residential buildings. Affixed with a Fair Housing logo. Does not apply to single family scattered sites.
- f. All sidewalks, crosswalks and walkways shall be a minimum of 48" in width, must be made of concrete, and must comply with the following requirements:
  - i. Provide access to all parking spaces, front entryway doors, amenities, driveways and leasing office.
  - ii. Sidewalks may not exceed a 2% cross slope regardless of where located. Provide a non-skid finish to all walkways.

- iii. Switchbacks are not permitted from handicap parking spaces or access aisles to building entrance in new construction projects.
- iv. Be accessible and compliant as required within the development with clearly marked ramps, crosswalks, signage, etc. in accordance with all accessibility regulations.
- v. The developments sidewalks must join the local existing sidewalks if they exist.

## 8. Parking Spaces

The Authority requires that developments provide adequate parking spaces as outlined below. If local guidelines mandate parking less than the Authority requirement, the development must receive Authority approval prior to application submittal. If local guidelines mandate more parking than the Authority, the development must follow those mandates:

- a. All developments require a minimum number of parking spaces per unit size as follows:
  - i. One-bedroom units are 1.0 parking spaces per unit.
  - ii. Two-bedroom units are 1.5 parking spaces per unit.
  - iii. Three- and four-bedroom units are 2.0 parking spaces per unit.
- b. There must be at least one handicap parking space for each designated accessible unit, and development amenities such as the community room, postal facilities or refuse collection as required that must be the nearest available parking space to the unit and or the amenity.
  - i. All handicap parking spaces and associated aisles must be concrete.
  - ii. Handicap ramps may not protrude into parking lot.
  - iii. Access aisles cannot be installed through vehicular paths of travel.
- c. All non-handicap parking spaces must be an asphalt or concrete solid surface with a minimum dimension of 8 feet wide and 18 feet deep. Compact parking spaces may be included in addition to those required to meet Agency requirements but will not count towards the minimum required in (a.) (i.) (ii.) (iii.) above.
- d. If tenants are required to pay for parking, those charges must be included in the rental fees and are subject to allowable rent limitations.
- e. Existing properties being submitted for acquisition or rehabilitation are not required to increase existing parking as stated in (a.) (i.) (ii.) (iii.) above.

## 9. Refuse Collection Area (s) & Recycling

- a. Collection area(s) should not be placed at the entrance or exits of the development unless the collection area provides the following:
  - i. A pull off from the main road consisting of a cul-de-sac / turn around.
  - ii. Dumpster drop off or pick up that does not stop or impede the flow of traffic.
  - iii. Tenant use that does not stop or impede the flow of traffic.
- b. Provide an easily-accessible area that serves the entire development for the refuse collection area and recycling area. These can be combined into one area.
- c. Dumpsters / trash compactors and recycling area must be ADA accessible and located on an ADA accessible route with ADA parking near the collection area(s).
- d. Provide a collection and storage area of non-hazardous material for recycling.
  - i. Property management is responsible for prominently displaying a sign stating exactly which materials are and are not accepted for recycling.
  - ii. Property management is responsible for ensuring that these recyclables are actually recycled.

- e. The pad and approach pad to the dumpster must be concrete. The approach pad must be 12" thick minimum. At a minimum, the dumpster pad must include two painted pipe bollards installed behind each dumpster.
- f. Pedestrian paths of accessible travel must be marked/identified (painted in yellow or white) on dumpster pad surfaces.
- g. The dumpster/ trash compactor and recycling pad/ area must be enclosed on at least three sides with materials that will be consistent with the design and appearance of the residential buildings. An enclosure combining masonry, cementitious products or composite products are acceptable enclosures or these products can be used independently. PVC or vinyl fencing is acceptable. Chain link and wood fencing are not acceptable.

#### **D. SITE AND SITE LIGHTING**

1. Utilities (sanitary sewer, water, gas/electric, cable, internet and telephone) are required to be underground throughout the development site. ***Does not apply to rehabilitation projects.***
2. Lots must be graded so as to drain surface water away from foundation walls. The final grade away from foundation walls must fall a minimum of  $\geq 0.5$  inches per foot away from building for  $\geq 10$ ft. according to the National Water Management System Requirements under Energy Star Multifamily New Construction.
3. Provide positive drainage at all driveways, parking areas, ramps, walkways and dumpster pads to prevent standing water.
  - a. Utilize yard drains if needed, piped to storm water system or to daylight.
  - b. No corrugated pipe.
4. All water from roof and gutter system must be discharged no less than 6 feet from building foundation. See gutter requirements.
5. All retention and/or detention ponds must be fenced. The storm water retention/detention basin design, maintenance and management shall be the sole responsibility of the owner/developer and shall be in strict accordance with all applicable federal, state, local and environmental regulations governing storm water retention/detention basins.
6. Site lighting is required for all parking, sidewalks, buildings and site amenities and should be directed down to diminish nuisance light in residential units. Lighting plans to be completed using photometrics software reflecting an average maintained footcandle of 1.5 for all development parking, sidewalks, and exterior common areas.
7. No part of the disturbed site may be left uncovered or un-stabilized once construction is complete.
8. Burying construction waste on-site is prohibited.

#### **E. BUILDING FOUNDATIONS, SLABS AND RADON**

1. Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. Rehabilitation projects must meet the Radon Mitigation Standards. The ANSI/AARST standards are available at <https://standards.aarst.org/> . Check applicable federal, state, and local building codes to see if more stringent codes apply.
2. All units and community buildings must be elevated 24" minimum above the base flood elevation. Base Flood Elevation - The elevation of an area in relation to the mean sea level expected to be reached during a flood. Based on historic data, these figures indicate which areas are most likely to be flooded. This includes all flood years (100, 500, and 1000 year) and both FEMA maps and Local flood hazard areas.

3. Slab constructed buildings/ structures. Slab to be elevated a minimum of 8" above finished grade on all elevations.
4. Slab foundations will consist of a brick or stone veneer at a minimum height of 16" above finished floor elevation on all elevations. **Does not apply to rehabilitation projects.**
5. Crawl space constructed home/structures will have a minimum of 30" clearance from the bottom of the lowest structural floor system framing member to grade. **Does not apply to rehabilitation projects. Rehabilitation projects will be required to meet current code requirements with plans that demonstrate access to the entire crawl space.**
6. Crawl space foundations will consist of brick or stone veneer installed up to the finished floor elevation at a minimum on all elevations.

#### F. BUILDING EXTERIOR

The building exteriors should create a residential image appropriate to the market area. Building design must use different roof planes and contours to break up roof lines. Wide window and door trim should be used to accent siding. If horizontal banding is used between floor levels, use separate color tones for upper and lower levels. If possible, use horizontal and vertical siding applications to add detail to dormers, gables, and extended front facade areas.

All materials must be installed using standard construction methods and means, and result in the issuance of written manufacturer's warranty and guarantees. No exterior wood finishes may be used.

##### Exterior wall finishes

1. Exterior wall faces must have an excess of 30% brick or natural or manufactured stone on each of the exterior wall surfaces, including the front wall face, each side's wall face and the rear wall face of the buildings(not to the interior wall faces of open breezeways). On all exterior walls the brick/stone must extend to all areas of grass, landscaping and other areas of soil or mulch.
  - a. **30% Brick requirement does not apply to single family homes, townhouses or duplexes.**
  - b. **30% brick requirement does not apply to rehabilitation projects.**
2. High quality durable low maintenance materials are required for exterior building coverings on all elevations including all exterior trims, fascia, soffits, ceilings and vents and can consist of:
  - a. **Brick** must be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - b. **Portland Cement Stucco** (No EIFS) must be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - c. **Stone-** natural or manufactured must be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - d. **Fiber Cement Siding & Trims** must be 5/16" thickness or greater and be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - e. **Vinyl Siding** must have a .044" thickness or greater and be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - f. **Vinyl Soffit** must have a .040" thickness or greater and be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - g. **PVC or Vinyl Composite Trim Boards** must be installed per manufacturer's requirements to achieve at least a 30 year warranty.

- h. **PVC Coated Trim Coil** must have a .024" thickness or greater for fascia and freeze boards only- must be installed per manufacturer's requirements to achieve at least a 30 year warranty.

Developments must provide the Authority a written manufacturer warranty confirming a 30 year minimum warranty for all of the above items with the placed in service application.

- 3. Where exterior brick does not extend to an eave line, aluminum flashing shall be installed that extends a minimum of 5" under/behind the above exterior wall surface material and over the outer edge of the brick to prevent water penetration.
- 4. Weep holes must be below finished slab elevation and not covered by finished grade or landscaping.
- 5. Siding applications require all exterior penetrations to be installed in plastic J-boxes.
- 6. Metal z-flashings must be installed behind on top of and below all band boards and be of appropriate size for materials being flashed.
- 7. Metal flashings must be installed behind on top of and below all veneer material changes.
- 8. Metal flashing or 20 mil polyethylene when used in conjunction with a self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.

#### **Exterior Stairs, Railings, Columns & Signage**

- 1. Columns must be sized and loaded properly and consist of fiberglass, polyurethane or aluminum. Must be installed with stand offs, bases, caps and vents per manufacturer's recommendations. 4X4, 4X6, 6X6 etc. treated wood post wrapped with coil stock are prohibited. Steel post and treated post may be utilized if built up with cement trims.
- 2. Exterior steps at porches and patios and porches will be constructed of brick/stone foundation veneers with concrete deck/slab.
- 3. Multi story second, third, or fourth floor elevated porch or patio may be constructed utilizing concrete slabs or 5/4" composite materials for the deck. Be constructed in such a manner that no wood is exposed. Concealment of wood shall be with composite materials such as PVC coated coil stock, vinyl 1x's composite 1x's, and fiber cement trims.
- 4. Hand rails and/or guard rail systems used at steps, porches, and patios shall be code compliant systems made of composite materials such as vinyl, fiberglass, galvanized steel (field painted) or aluminum.
- 5. Public use stairway components, such as stringers, treads, and risers must be constructed from galvanized steel (field painted) and/or concrete. Handrails and pickets must be constructed from galvanized steel (field painted) or aluminum, and be completely under roof cover.
- 6. Buildings and units must be identified using clearly visible signage and numbers. Building and unit identification signage must be well lit from dusk till dawn and meet ANSI A117.1, Section 703 standards.
- 7. For Type A units,
  - a. ADA Handicap ramp components must be constructed from one of the following:
    - i. galvanized steel (field painted) and/or concrete
    - ii. concrete slab with brick ribbon and sidewalls
    - iii. aluminum ramp system.
  - b. Handrails and pickets must be constructed from galvanized steel (field painted) or aluminum.

#### **G. ROOFING AND GUTTERS**

All roofing to be installed in accordance with the current IBC/ IRC Chapter 9 and the Authority standards listed below. Developments are required to provide the Authority a written manufacturer warranty confirming a 30 year minimum warranty has been acquired for the installed roof system. This can be submitted with the placed in service application.

### **Asphalt Shingles**

1. Roof pitch to be a minimum of 4/12.
2. Architectural (dimensional) anti-fungal shingles must be used and:
  - a. Must be high quality and durable.
  - b. Must be installed per manufacturer's requirements to achieve at least a 30 year warranty.
  - c. The following shingle manufactures products must be used underlayment, leak barriers, starter strip shingles and hip & ridge cap shingles. No exceptions.
3. Synthetic underlayment is required and must be of the same brand as the shingle.
4. Leak barriers must be of the same brand as the shingles being installed and be the mineral surfaced type.
  - a. Leak barriers must be installed a minimum of 5" up all side walls.
  - b. Leak barrier must be installed a minimum of 24" around all roof penetration on the roof deck.
  - c. Ice barriers to be installed per IBC/IRC R905.1.2.
5. All flashing are to be installed per manufacturer's recommendations to obtain a minimum 30 year warranty and:
  - a. Step flashing to be 5"x5"x7" minimum
  - b. Be a minimum of 0.019" (0.5 mm) in thickness
  - c. Be factory painted
  - d. Each shingle is to be step flashed. Continuous flashings are not acceptable.
  - e. Drip edge to be installed on all eaves and rakes per IBC/IRC R905.2.8.5 at a minimum.

### **Metal Roofing**

1. Roof pitch to be a minimum of 2/12
2. Standing Seam panels must be used and:
  - a. Be 24 gauge or thicker.
  - b. Have 1 1/2" seam height minimum.
  - c. Have striations or stiffing ribs.
  - d. Have a galvalume coating.
  - e. Must have a 30 year minimum paint warranty.
  - f. Be installed per manufacturer's recommendations.
  - g. Must be installed by certified installers.
3. Synthetic underlayment is required on roof deck.

### **Low Slope Roofing 2% or 1/12 pitch to 2/12 pitch (Flat roofing is prohibited)**

1. All low slope roofing products are to be installed per manufacturer's recommendations to achieve at least a 30 year warranty.
2. Products must be installed by certified installers.
3. Acceptable products are
  - a. Metal panels with a 3" seam height minimum.
  - b. Single- Ply membranes
    - i. PVC or,



- ii. TPO or,
- iii. EPDM
- c. Modified Bitumen must:
  - i. Be a 2 ply system.
  - ii. Be Torch down.
  - iii. Have a ceramic surface.
- 4. All Single Ply membranes and Modified Bitumen low slope roof products to be installed with heavy duty walkway pads:
  - a. Walkway must be a different color.
  - b. Must be from same manufacture as roofing material or approved by manufacture for use.

***For rehabilitation projects the roofing requirements above do not apply if the remaining useful life of the existing roof system is 15 plus years, the existing roof meets code requirements and was correctly installed.***

#### **Gutters**

Seamless 6" minimum gutter and downspout systems are to be installed on all buildings.

1. Downspouts must be installed so as not to drain across pedestrian paths of travel
2. All water from roof and gutter system must be discharged no less than 6 feet from building foundation by:
  - a. Concrete splash blocks with positive sloped drainage away from foundation; or
  - b. Be piped underground to an appropriate location.
3. All one and two story buildings must install a leaf guard system.
  - a. No screen wire leaf guard systems allowed.

#### **H. BUILDING ENVELOPE, INSULATION & SOUND PROOFING**

1. All buildings must be wrapped with an exterior air and water infiltration barrier. All wall penetrations are to be taped for moisture protection.
2. Seal all penetrations to prevent moisture and air leakage.
3. All attics to be vented.
4. Framing must provide/ allow for complete building insulation.
5. Framing of roof and ceiling systems to allow the full depth of ceiling insulation to extend over the top plate of the exterior wall. ***Does not apply to rehabilitation projects.***
6. Exterior walls R-15 insulation. ***Does not apply to rehabilitation projects unless the scope requires opening of the wall.***
7. Attics R-38 insulation.
8. Crawl Space floors R-19 insulation.
9. Unit party walls and floor assemblies require sound proofing (sound batt insulation) to achieve a rating of STC 54.
10. Noise - All projects must have an interior noise level of no more the 45 decibels (db) in prescriptive with the outside noise level. Plans must identify the STC ratings to achieve HUD's acceptable interior level of 45 decibels. Sites with Exterior noise levels of 65 decibels or higher are not eligible for funding.

#### **I. WINDOWS AND DOORS**

All windows and exterior doors must be Energy Star rated for zone south central be of high quality, durability and must be installed per manufacturer's requirements to achieve at least a 10 year

warranty, 1 year warranty for Fire Rated doors. Developments are required to provide the Authority a written manufacturer warranty confirming the warranty has been acquired for the windows and exterior doors. This can be submitted with the placed in service application. An accessible automatic door opener is required for the primary entrance into and out of older person's congregate buildings.

The project Architect is responsible and must confirm that the specified windows and doors including plan call out sizes meet all egress and accessibility requirements. Plans and or specifications that state or call out that being the responsibility of the contractor will be rejected.

1. All interior doors must:
  - a. Be side hinged
  - b. Be hollow core paneled hardboard, paneled solid wood or hollow core flush hardwood doors.
  - c. Bedroom doors must be 3-0. **Does not apply to rehabilitation projects.**
  - d. Bath doors minimum of 2-8. **Does not apply to rehabilitation projects.**
  - e. Closet doors minimum of 2-6. **Does not apply to rehabilitation projects.**
  - f. Pantry doors minimum 2-0. **Does not apply to rehabilitation projects.**
  - g. Hollow core, flush lauan doors are prohibited.
  - h. ADA accessible doors at common areas and Type A units must:
    - i. Have ADA lever hardware.
    - ii. Be 3-0 minimum.
  - i. Have a 3/4" minimum air space at bottom of door measured from finished floor for air circulation.
  - j. Louvered doors at HVAC closet for air handler return are acceptable.
2. All exterior doors must be Energy Star metal-clad or fiberglass doors and must:
  - a. Metal clad steel edge doors and frames are acceptable for use in firewalls only.
  - b. Provided door manufacturers data sheet (s) with plans.
  - c. Be side hinged.
  - d. Be a minimum of 3-0 in width (34" clear width). **For rehabilitation projects 2-10 width doors shall be permitted and shall provide a clear width of not less than 32 inches where measured between the face of the door and the stop, with the door open 90 degrees if door is located in a masonry wall prohibiting increasing the door width.**
  - e. Be paneled.
  - f. Have a rot proof jamb.
  - g. Include a peephole on main entry door.
  - h. Have a thumb latch/ lever style deadbolt lock.
  - i. ADA accessible doors at common areas and Type A units must:
    - i. Have a maximum threshold height of 1/2"
    - ii. Have ADA lever hardware.
    - iii. Include a peephole a maximum of 48" AFF at primary unit entry door only.
    - iv. Have spring hinges at the unit's primary unit entry door only.
  - j. Primary unit entry doors must have a minimum roof covering of 3'w x 5'd with corresponding porch/pad or be located in the breezeway.
  - k. Exterior full glass doors must:
    - i. Have blinds between the glass provided by the door manufacture.
  - l. Exterior half lite doors must:
    - i. Have blinds between the glass provided by the door manufacture.

- m. High quality vinyl sliding glass doors are acceptable for use at the back door to the patio or deck and must:
  - i. Have multi point locking hardware keyed alike.
  - ii. Include costal hardware.
  - iii. Have blinds between the glass provided by the door manufacture.
- 3. Windows must be Energy Star rated for zone south central and must:
  - a. Have blinds for each window installed.
    - i. Type A&B units aluminum blinds are permitted to meet accessibility requirements.
  - b. Metal blinds are prohibited.
  - c. Provide window manufacturers data sheet (s) with plans.
  - d. Be single hung, double hung, casement or awning. Sliding windows are prohibited.
  - e. Be vinyl.
  - f. Have appropriate design for exterior finishes.
    - i. Windows installed in brick or stucco veneer should not have a J-channel.
    - ii. Windows installed in siding veneers should have the correct J-channel width.
    - iii. Windows installed with 1x perimeter trim should have no J-channel.
  - g. Not be installed over bath tub/shower.
  - h. Be continuously caulked behind the flange and taped per the manufactures recommendations.
  - i. Be installed per window manufactures recommendations.
  - j. In ADA Type A units, all windows must meet or exceed all State and Federal accessibility requirements.

**J. KITCHENS**

- 1. All kitchen cabinets shall be constructed with solid wood or plywood stiles, rails, doors and drawer fronts. All cabinets will conform to the performance and fabrication requirements of ANSI/KCMA A161.1-2000 and bear the KCMA Certification Seal.
  - a. Drawers must have dual slide tracks.
  - b. Accessible cabinets with removable fronts must be manufactured to be removable with only a screwdriver.
  - c. Site built cabinets are prohibited.
- 2. Each kitchen must have at the least the following minimum linear footage of clear countertop that are at or below 36 inches in height above finished floor, excluding the sink and range space:
 

Studio	5.0 linear feet minimum
1 Bedroom	8.0 linear feet minimum.
2 Bedroom	10.0 linear feet minimum.
3 Bedroom	12.0 linear feet minimum.
4 Bedroom	13.0 linear feet minimum.

***Countertop linear footage does not apply to rehabilitation projects.***

  - a. Counter tops may be manufactured post form laminate, granite or solid surface.
  - b. Site built tops countertops must be constructed of 3/4" AC plywood. No particle board, press board or fiber board will be allowed.
- 3. All units must have an 18 cubic foot minimum Energy Star rated frost free refrigerator freezer with ice maker and: ***Rehabilitation projects must provide an 14 cubic foot minimum Energy Star rated frost free refrigerator. Ice maker not required in rehabilitation projects if cost prohibitive base on plumbing.***

- a. Doors must open beyond 90 degrees to allow bin removal.
- b. Ice maker box (cold water supply) with shut off must be installed behind the refrigerator.
- 4. All units must have an Energy Star rated dishwasher and be installed beside the kitchen sink. ***Dishwasher not required in rehabilitation projects if cost prohibitive based on plumbing or moving of walls.***
- 5. All units must have a double bowl kitchen sink 8" deep minimum.
- 6. All units must have over the range microwave. With exception of ADA units, see (J)(13)(g) below.
- 7. All units must have a free-standing range that is at least 30 inches wide or a cooktop and wall oven.
  - a. A backsplash panel must be installed behind the cooktop and cover the entire wall behind the cooktop.
  - b. Anti-tip devices must be installed on all kitchen ranges and be securely fastened to the floor.
- 8. All units must have a Fire Stop or comparable extinguishing system over the stove. Alternatively, the range must have SmartBurner elements installed in the range.
- 9. Each unit must be equipped with a 5 lb. ABC rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units. If contained in the cabinet/pantry area must have proper signage, 4"X3" minimum identifying the location.
- 10. A 24" wide pantry cabinet, same manufacture as kitchen cabinets, or a pantry closet with a 24" interior door and a minimum of 24' deep must be provided in the kitchen. ***Pantry cabinet or pantry closet size of 24" does not apply to rehabilitation projects.***
- 11. Fluorescent lighting or LED lighting is required in the kitchen which must provide 30 footcandle minimum on all counter tops.
- 12. The aisle width between cabinets and/or appliances is 42" minimum.
- 13. For Type A units:
  - a. The refrigerator must be ADA compliant.
  - b. Kitchen sinks must be ADA compliant and:
    - i. Be 6 ½" deep maximum.
    - ii. Be rear-draining.
    - iii. Sink bottoms insulated if bottom of sink is at or below 29 inches above finished floor.
  - c. The range / cooktop / wall oven must be ADA compliant.
  - d. Pull-out worktops are prohibited
  - e. Workstations must be installed beside the range with no wall to the left or right of the workstation.
  - f. The wall cabinet mounted over the work station must be 48 inches maximum above finished floor to the top of the bottom shelf.
  - g. Provide cabinet microwave shelf with microwave or counter top microwave.
  - h. Unit must have a 30" range hood.
    - i. The range hood fan and light must have separate remote switches.
  - i. Provide ADA complaint cabinet handles/pulls on cabinet doors and drawers. Knobs are prohibited.

## K. BATHROOMS

1. All bathroom vanities/cabinets shall be constructed with solid wood or plywood stiles, rails, doors and drawer fronts. All cabinets will conform to the performance and fabrication requirements of ANSI/KCMA A161.1-2000 and bear the KCMA Certification Seal and:
  - a. Drawers must have dual slide tracks.
  - b. Accessible cabinets with removable fronts must be manufactured to be removable with only a screwdriver.
  - c. Site built cabinets are prohibited.
2. Vanities cabinets shall be provide in all units and must be 36" minimum. ***Vanities for rehabilitation projects shall be 24" minimum.***
3. All full bathrooms must have:
  - a. Ceiling light and exhaust fan on the same switch and must provide adequate lighting to the tub/shower
  - b. Vanity light must be provided and be on a separate switch.
4. All half bathrooms must have:
  - a. Ceiling light and or vanity light, must provide adequate lighting
  - b. Exhaust fan.
  - c. These can be switch together or separately.
5. Mirror length must extend from the top of vanity backsplash to 6' minimum above finish floor.
  - a. Framed decorative mirrors are excepted if they meet the above requirements.
6. Tub/shower units must be 32" x 60" minimum one piece fiberglass based units with slip resistant floors.
  - a. Shower head to be mounted 80" above finished floor.
7. Toilet must be centered, at a minimum, 18 inches from sidewalls, vanity/lavatories and bath tubs and be clearly marked on the plans. ***Does not apply to rehabilitation projects unless it's a gut rehab including plumbing.***
8. Type A units:
  - a. Must contain a roll in shower and:
    - i. Be one piece fiberglass based unit with slip resistant floor.
    - ii. Be ADA compliant from manufacture.
    - iii. Have factory installed grab bars.
    - iv. Have a 36" x 60" minimum useable floor space.
    - v. Have a collapsible water dam or beveled threshold that meets code
    - vi. Approaches to roll-in showers must be level, not sloped
    - vii. Have adjustable shower rod and weighted curtain installed before occupancy
    - viii. Shower floor may not be used for code required 67" clear floor space in bathrooms.
    - ix. The shower head with wand must be installed on a sliding bar and within code required reach ranges by the seat.
    - x. An additional diverter must be installed to provide water to a shower head on the short shower wall in front of the seat, mounted 80" above finished floor.
  - b. Accessible cabinets with removable fronts must be manufactured to be removable with only a screwdriver.
  - c. All cabinets in designated handicap accessible units must be installed at ADA mounting heights.
  - d. Provide ADA complaint cabinet handles/pulls on cabinet doors and drawers. Knobs are prohibited
  - e. All tub/showers in designated handicap accessible units must come complete with "factory- installed grab bars".

- f. Provide solid blocking at all toilets and tub/shower units for grab bar installation.
- g. If providing a wall hung sink in an ADA unit it must have solid blocking behind the fixture and a recessed medicine cabinet or a storage cabinet must be provided.
- h. A wireless or hard-wired call for aid station is required in all bathrooms

#### L. BEDROOMS, CLOSETS AND STORAGE CLOSETS

1. The primary bedroom must have at least 170 square feet, excluding the closet(s). ***Does not apply to rehabilitation projects.***
2. Secondary bedrooms must have at least 120 square feet, excluding the closet(s). ***Does not apply to rehabilitation projects.***
3. Every bedroom must have a closet at a minimum of 24" deep and contain a 5' long minimum wire shelf and closet rod. ***Closet width of 5' does not apply to rehabs; however a 24" deep closet is required for each bedroom.***
4. All interior and exterior mechanical and storage closets must have finished floor coverings.
  - a. Interior closets must have carpet or resilient flooring.
  - b. Interior mechanical closet must be resilient flooring
  - c. Exterior storage or mechanical closets may have sealed and or painted concrete floors.
5. Newly constructed Single Family, Townhouse and single story Duplex residential units must have an exterior storage closet provided for each individual unit with:
  - a. A minimum of 16 unobstructed square feet.
  - b. The square footage utilized by a water heater or HVAC air handler in the exterior storage closet may not be included in the 16 square foot calculation.
  - c. Storage closets may not have any dimension smaller than 36 inches in width or depth.

#### M. LAUNDRY ROOM

1. All developments must have a washer and dryer hookup in each unit and:
  - a. Have a minimum depth of 36" measured from the back of the door.
  - b. Must accommodate a full sized 30" washer and dryer adjacent to each other.
  - c. ***Rehabilitation projects do not have to provide washer and dryer hookups in each unit unless it is a gut rehab.***
2. Stacked washer/dryers are prohibited.
3. Washer water shutoff valves must be installed right side up with the hose connection below the shutoff handle.
4. Dryer vent connection box must be galvanized metal and be 2 inches maximum above finished floor.
5. In Type A and Type B units,
  - a. Each clothes washer and dryer must be centered for a side approach only. ***Rehabilitation projects can utilize front or side approach.***
  - b. The washer and dryer clear floor space areas may overlap.
  - c. All electrical, plumbing, and venting rough-ins must be centered behind each washer and dryer to allow them to be centered for side approach.

#### N. FLOOR COVERINGS

All materials must be installed to manufacturer's specifications using standard methods and resulting in the issuance of a manufacturer's guarantee / warranty. Manufacturer's written warranties must be provided to the Authority with the placed in service application.

1. Living Areas must have Luxury Vinyl Tile (LVT), Ceramic Tile, Laminate Flooring or Hardwoods.

2. Bedrooms may have carpet.
3. Kitchens, Bathrooms, Laundry room, Mechanical closets, Dining areas, and Foyer/ entrance area must have resilient flooring LVT, Sheet Vinyl, VCT or Ceramic Tile. Shoe molding must be installed in all resilient flooring areas.
4. LVT must have a 12mil wear layer and provide a minimum 15-year residential warranty. LVT installed in kitchens, bathrooms, laundry areas and mechanical closets must be 100% waterproof.
5. Sheet vinyl must be a minimum 0.095 thickness and provide a minimum 20-year residential warranty.
6. VCT must be at minimum 0.080 thickness.
7. Ceramic floor tile shall be minimum 12" x 12" and installed over poured concrete slab or cementitious backing material.
8. Carpeting shall comply with FHA -HUD Use of Materials Bulletin No. 44d.
9. Carpet pad must be installed under all carpeting and shall comply with FHA -HUD Use of Materials Bulletin No. 72a.
10. Carpets used in Type A units must be glue-down type without padding.
11. Carpet tile may be used in common area and must;
  - a. Be rated for severe use with a 3.5 or greater TARR rating
  - b. Be open cell backed, no hard backed tiles.
  - c. Be stain resistant.

#### **O. MECHANICALS**

1. Non-Unit, "development", spaces must have separate HVAC systems. AKA "House System"
  - a. Must have a 15 SEER Energy Star rated HVAC system.
  - b. All refrigeration lines must be insulated.
  - c. Must be located within the developments building space.
2. All units must have individual central heat and air, HVAC
  - a. Manuals J, S & D must be utilized for design requirements HVAC manufactures J, S & D software can be utilized to provide the required manuals as long as that manufacturer's equipment is being installed..
  - b. All units must have a 15 SEER Energy Star rated HVAC system.
  - c. All refrigeration lines must be insulated.
  - d. Traditional air handler, heat pump and ducted HVAC system are acceptable.
  - e. Mini split ducted or ductless systems are acceptable.
3. All HVAC air handlers must be contained within the unit.
4. Bottom of returns must be 12" minimum above FFE.
5. All openings in duct work at registers and grilles must be covered after installation to keep out debris during construction.
6. The use of duct board is prohibited.
7. Connections in duct system must be taped and sealed with mastic and fiberglass mesh.
8. Ductwork located in unconditioned spaces must be insulated with R-8 minimum.
9. Galvanized metal or aluminum must be used for plenums and mixing boxes.
10. Electric mechanical condensate pumps are not allowed.
11. All hub drains serving HVAC condensate lines must be piped to the outside. Piping to the sanitary sewer is not allowed unless a primed p-trap is installed.
12. All bedroom closets, interior storage rooms, coat closets, and laundry rooms/closets must have a 4 inch tall by 8 inch wide minimum pass-thru grille above doors for air circulation in those areas that do not get conditioned.

13. There must be a minimum of ¾ inch air space under all interior doors measured from finished floor for air circulation.
14. All bath exhaust fans shall be rated at 70 CFM minimum vented to the exterior of the building using hard ductwork along the shortest run possible.
  - a. Venting through the roof is prohibited.
15. Dryer vents must be vented to the exterior of the building using hard ductwork along with the shortest run possible: maximum run is 35' including deductions for elbows.
  - a. Vent connection must be centered behind the dryer.
  - b. Venting thru the roof is prohibited.

**P. PLUMBING**

1. Sanitary sewer main lines cannot be located under the slab of a multifamily single story design, single family homes, townhouses and duplex developments. The sanitary sewer main line must run on the front, side or back of the building/ structure and provide a sanitary sewer service tie in for each unit
2. Sub metering, readable, is required for all units in multifamily multi story developments.
3. Individual water meters are required for all units in multifamily single story designs, Single Family homes, Townhouses and Duplex Developments ***Does not apply to rehabilitation projects.***
4. Unit water cut offs are to be placed in an easily accessible area and clearly marked with signage.
5. All domestic water line cut off valves must have metal handles, not plastic.
6. Domestic water lines are not allowed in unconditioned spaces.
7. Offset toilet flanges are prohibited.
8. All shower valves to be anti-scald.
9. Water sense fixtures must be used:
  - a. Toilets 1.28 GPM or less.
  - b. Showerheads, Kitchen faucets and Bath faucets 1.5 GPM or less.
10. Washer/dryer hookups in all units. ***Rehabilitation projects do not have to provide washer and dryer hookups in each unit unless it is a gut rehab.***
11. Toilets to be ADA height in all units.
12. Toilets must be centered, at a minimum, 18 inches from sidewalls, vanity/lavatories and bath tubs and be clearly marked on the plans. ***Does not apply to rehabilitation projects unless UFAS unit or gut rehab including plumbing; however it must meet current code requirements.***
13. Water heater for each unit:
  - a. Electric water heaters to have 0.93 UEF minimum, without blanket.
  - b. Gas water heaters to have 0.68 UEF minimum, without blanket.
  - c. 30 gallon minimum for one and two bedroom units.
  - d. 40 gallon minimum for three and four bedroom units.
  - e. Prohibited to be mounted above equipment or appliances.
  - f. Located in the units insulated envelope.
  - g. Placed in drain pans with drain piping plumbed to disposal point as per the latest approved addition of the International Plumbing Code.
  - h. Pipe all Water Heater Temperature & Pressure (T&P) relief valve discharges to disposal point as per the latest approved edition of the International Plumbing Code.
  - i. Elevated if necessary for proper pan drainage
  - j. Use of gas tank less water heaters is allowed with above requirements.



- k. Use of electric tank less water heaters is allowed with the above requirements and the electrical panel must be rated at 200 amps or greater.
- 14. All hub drains serving HVAC condensate lines and water heater lines must be piped to the outside. Piping to the sanitary sewer is not allowed unless a primed p-trap is installed.
- 15. Frost-proof exterior faucets must be provided on every building with in a high rise development on the "House" water supply. Locations should be maintenance based.
- 16. All single family, Townhouse, Duplex and single story development must supply a frost-proof faucet at the front and rear of each unit on the unit's water supply.
- 17. Safe Drinking Water:
  - a. The architect must certify on the final plans and/or specifications that the project will be constructed using lead-free pipes, solder, and flux.
  - b. Applications proposing the rehabilitation of structures built 1988 or earlier must have the pipes, solder, and flux tested for lead and include a copy of the report with the Tier II Application. Items testing positive for lead must be included in the PNA for replacement.
  - c. Water Testing requirements:
    - i. If the project cannot meet the below 15 ppb EPA Action Level threshold, then the project cannot be funded.
    - ii. The water must sit in the pipes unused for at least 8 hours but not more than 18 hours before a sample is taken.
    - iii. If the building is occupied, resident(s) must be notified, and testing should take place first thing in the morning.
    - iv. Single Family – Within the home both kitchen and bathroom taps must be tested.
    - v. Multifamily – Within all units within a multifamily building, both kitchen and bathroom taps must be tested.
    - vi. All water samples collected should be 1000 mL (1 liter) in volume.
  - d. Visual inspections must be performed on the water pipes, solder, flux and fixtures for the potential risk of lead exposure.

#### **Q. ELECTRICAL**

- 1. Units must have separate electrical systems.
- 2. Non-residential, "development", spaces must have separate electrical systems. AKA "House"
- 3. Hardwired interconnected Smoke Detectors and Carbon monoxide detectors are to be installed as required by all applicable codes and regulations local, state and federal.
- 4. All switches and thermostats to be mounted no more than 48" above the FFE.
- 5. All receptacles, telephone jacks, and cable jacks to be mounted 15" minimum above FFE.
- 6. All lighting fixtures to be Energy Star rated.
- 7. All bulbs to be Energy Star rated.
- 8. All units must have an Energy Star rated ceiling fan and light fixture located in the living room and all bedrooms with the light and fan being wall switched separately.
- 9. Overhead lighting is required in all bedrooms, bathrooms, laundry rooms, closets (other than pantries or coat closets), and storage rooms and to be wall switched.
- 10. Exterior lighting is required at each unit entry door and to be wall switched by door unit. Buildings with conditioned interior corridors with access doors at each end with 24/7 "House" lighting are exempt from this requirement at the unit main entry door only.
- 11. All units pre-wired for high speed Internet hook-up with:
  - a. One centrally located connection port with connection ports in each bedroom,
  - b. Or one centrally located port with wireless internet network provided, per unit.

- c. All internet lines must be toned and tagged properly to each unit.
  - d. Each building must have an internet termination and demarcation box for internet vendor connection
12. All units pre-wired for telephone with jacks installed in the living room and one per bedroom.
    - a. All telephone lines must be toned and tagged properly to each unit.
    - b. Each building must have a telephone termination and demarcation box for telephone vendor connection.
  13. All units pre-wired for cable television with jacks installed in the living room and one per bedroom.
    - a. All cable lines must be toned and tagged properly to each unit.
    - b. Each building must have a cable termination and demarcation box for cable vendor connection.
  14. Development Lighting
    - a. Serviced by the "House" electrical panel.
    - b. Must be located in all common areas, breezeways, corridors, and stairwells and amenities.
    - c. Open areas and amenities must be activated by a photo cell placed on the east or north side of the building.
    - d. Conditioned or closed common areas require 24/7 lighting.
    - e. Interior amenities are required to have occupy sensors to control lighting.
  15. All call for aid devices must be installed beside or below ceiling light switches in bedrooms and bathrooms.

**R. ENERGY STAR**

1. New Construction Multi Family Developments will:
  - a. Be built to meet and receive the Multi Family New Construction Energy Star Certification. This includes all mandatory measures; MFNC Rater Design Review Checklist, MFNC Rater Filed Checklist, MFNC HVAC Functional Testing Checklist, MFNC Water Management System Requirements.
  - b. Developments will use the Energy Star Portfolio Manager and must allow The Authority full access to this data for a minimum of five years. To share a property with The Authority, users should send a connection request to [development@SCHousing.com](mailto:development@SCHousing.com).
2. New Construction Single Family, Townhouses and Duplex Developments will:
  - a. Be built to meet and receive the Version 3.0 Energy Star Certification. This includes all mandatory measures; National Rater Design Review Checklist, National Rater Checklist, National HVAC Design Report, National HVAC Commissioning Checklist, National Water Management System Builder Requirements.
3. Developers must contact the qualified Energy Star consultant directly, and contract to provide the Energy Star compliance services.
4. The application must include an *SRDP Application Exhibit 24 – Sustainable Building Certification* from a responsible green and or/ energy professional affiliated with the certifying party selected.
5. A pre-construction plan and specification review must be completed by the rater to determine that the proposed property will meet all required Energy Star requirements, including initial comments from the consultant and all documents related to resolution of identified issues.

The Consultant report must be included with the initial construction documents submitted to the Authority at final plan submittal.

6. A final inspection of the property after construction completion to determine that the property was constructed in accordance with all Energy Star requirements. The Authority must receive a copy of the consultant's report and documentation that all issues were resolved prior to cost certification submission.
7. All reports must be provided to the Authority with final inspection request.
8. If the development fails to meet the requirements outlined in this section, the Authority may adjust the allowable costs for construction, may reduce the allocation and may suspend the developer and or the architect and or the contractor for a period 5 years.

#### **S. SINGLE FAMILY, TOWNHOUSE AND DUPLEX DEVELOPMENTS**

1. All detached single family homes must contain a minimum of two (2) bedrooms.
2. Duplexes may have one bedroom if mixed development two (2) bedrooms if not mixed.
3. Townhouses must contain:
  - a. a minimum of two (2) bedrooms
  - b. Townhouses without a bed and bath on the main floor will be required to have a half bathroom located on the main floor.
  - c. Townhouse definition: A single family dwelling unit constructed in a row of three or four attached units two or three stories tall in which each unit extends from foundation to roof with a yard or public way in the front and back. Each unit would be on a separate lot (property line between units) with its own separate street address.
4. Must have concrete driveways, curbing at street and front entry walkways. Curbing at street will be waived for scattered site developments.
5. May use "Herbie Curbie" container if the locality provides such and:
  - a. Must provide enclosed storage at each unit for the "Herbie Curbie".
  - b. Must have one for each unit.
  - c. Must provide letter stating this service is available.

**APPENDIX C: REHABILITATION GUIDELINES**  
**National Housing Trust Fund, HOME Investment Partnerships Program, Multi-Family Tax Exempt Bond Program and SC Housing Trust Fund Awarded Developments**

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Applicable Forms:

1. Fannie Mae Physical Needs Assessment Workbook
  - a. Tab 1: Terms of Reference
  - b. Tab 2: (All) Systems and Conditions
  - c. Tab 3: Immediate Physical Needs
  - d. Tab 4: Capital Replacement Reserve Study
  - e. Tab 5: Expected Useful Life Tables
2. 2020 SC Housing Rehabilitation Work Scope Form
3. Pre-Site Visit Questionnaire Form 4099b
4. High Performance Building Report
5. Structural Risk Evaluation Questionnaire

## **1. Introduction**

These Rehabilitation Guidelines are designed to outline the requirements for the rehabilitation of rental housing developments assisted with financing from SC Housing administered HOME Investment Partnership Program, National Housing Trust Fund Program, and the SC Housing Trust Fund Program. These guidelines apply to both single-family and multi-family developments. The goal of these Rehabilitation Guidelines is to standardize SC Housing's expectations for the longevity and marketability of completed rehabilitation of existing rental property. These guidelines are also intended to provide the owner/applicant with guidance and requirements for adhering to SC Housing's processes and procedures for the rehabilitation of affordable rental housing. The requirements mentioned in these guidelines meet the minimum NHTF requirements, as outlined in the HUD requirements for NHTF Rehabilitation standards, additional information can also be found in the appendices of this document.

In accordance with federal requirements established by 24 CFR 92.25 (HOME), and 24 CFR 91 and 93, the National Housing Trust Fund (NHTF), the South Carolina State Housing Finance and Development Authority (SC Housing) has established these Architectural Standards. All projects receiving SC Housing resources for the rehabilitation of existing rental housing, utilizing funding from the South Carolina Housing Trust Fund (SCHTF), HOME Program, Multi-Family Tax Exempt Bond Program and/or, the National Housing Trust Fund Program (NHTF), must meet these Architectural Standards. It is the responsibility of the applicant/owner to ensure compliance with 100% of the requirements as described in these guidelines and SC Housing's mandatory design criteria are met, unless a waiver has been approved by SC Housing in writing.

The Fannie Mae Expected Useful Life Tables are to be used as guide to determine the components and systems that need to be replaced in order to meet the duration of all awarded program obligations. The use of National Housing Trust Fund dollars requires that projects funded under this program meet applicable Federal, State, and local statutory and regulatory requirements for a period of thirty years. These architectural standards are not meant to replace Federal, State or local codes. These standards shall be in addition to the following that are applicable to all properties funded in the program.

Nothing in this Appendix shall be construed to modify or eliminate any legally imposed requirement, including those governing accessibility.

Construction/ Rehabilitation must be in compliance with:

1. 2021 International Residential Code with South Carolina Building Code Council Modifications (SCBCCM) or currently adopted code year.
2. 2021 International Building Code with SCBCCM or currently adopted code year.
3. 2021 International Mechanical Code with SCBCCM or currently adopted code year.
4. 2021 International Plumbing Code with SCBCCM or currently adopted code year.
5. 2021 International Fuel Gas Code with SCBCCM or currently adopted code year.
6. 2020 International Electrical Code with SCBCCM or currently adopted code year.
7. 2021 International Fire Code with SCBCCM or currently adopted code year.
8. 2009 International Energy Conservation Code with SCBCCM or currently adopted code year.
9. Current Adopted Edition of the NFPA Codes and Standards.
10. ANSI 117.1 – 2017 Edition.
11. Americans with Disability Act.
12. Fair Housing Act.

13. Section 504
14. HUD Housing Quality Standards (HQS)
15. HUD Minimum Property Standards (MPS)
16. HUD Uniform Physical Condition Standards (UPCS).

Developments must meet all applicable federal, state and local accessibility standards as well as all SC Housing accessibility requirements. By some measures, SC Housing's Development Design Criteria and accessibility requirements exceed the referenced state and federal requirements.

All new and rehabilitation construction work scopes must give consideration to the property marketability and residential quality of life which includes, but is not limited to, upgraded building exteriors and unit interiors, and improved site conditions and amenities. SC Housing may determine that projects which exceed customary and reasonable construction costs, even if they are within published per unit cost limits, represent a poor utilization of resources and may not meet threshold requirements.

The applicant/owner must notify SC Housing inspection staff of when the pre-construction conference will be scheduled. The pre-construction conference must be scheduled prior to the start of construction. Compliance requirements for all applicable federal and state requirements must be included on the meeting agenda.

An onsite OAC Meeting will be scheduled during the last week of each month. The SC Housing Construction Project Manager will be notified via email of monthly OAC meeting dates and times. SC Housing staff may not attend all onsite OAC meetings.

**All work scopes must propose:**

The length of the affordability or compliance period for HOME rehabilitation projects is 5, 10 or 15 years, depending on level of investment. The length of the affordability or compliance period for National Housing Trust Fund rehabilitation projects is 30 years. Projects that propose rehabilitation must present a scope of work that will position the property to meet the entire extent of its statutory obligations. The Fannie Mae Expected Useful Life Tables will be used as a guide to determine the components and systems that need to be replaced in order to meet the duration of all awarded program obligations. It is expected that all work scopes will propose:

- A. A minimum "dwelling unit" per unit hard cost budget of \$25,000.

Hard costs eligible for this requirement are limited only to improvements within the dwelling unit envelope (windows, entry doors, exterior siding, unit insulation and roofing improvements). No site improvements, common building systems, community building improvements, new construction for community buildings, maintenance facilities, other common use structures or interior and exterior amenities will count towards the per unit hard cost minimum calculation.

- B. A substantial gut rehabilitation (where applicable) where major systems are removed and replaced according to the Fannie Mae Expected Useful Life Table.
- C. The replacement of any component of the building or site with a Remaining Useful Life, according to Fannie Mae Expected Useful Life Table, of less than 15 years.

- D. Corrective action replacements for all deficiencies noted in the Physical Needs Assessment.
- E. The replacement of existing exterior stairs, breezeways, and handrails that have no roof cover.
- F. Entire unit (all rooms and ceilings) including doors and trims must be repainted.
- G. Compliance with the South Carolina State Minimum Standard Codes and Life Safety Code regarding stairs, handrails, guardrails, smoke detectors, fire alarms, and unit fire separation (attic draft stops, fire separation, rated party walls and floor/ceiling components, and caulking of all penetrations in the fire assemblies).
- H. Substantially the same scope of work in all units.
- I. Compliance with SC Housing Appendix B Development Design Criteria, all current South Carolina building codes, SC Housing accessibility requirements, and UPCS, subject to inspection, upon completion of work.

SC Housing will review the type of construction and associated hard construction costs. Applications for the rehabilitation of a substandard property will not be funded if, in the opinion of SC Housing, the rehabilitation will not result in improved, safe and decent long-term housing, the proposed rehabilitation does not meet SC Housing standards, or if new construction would be more appropriate.

SC Housing may determine the need to perform its own Physical Needs Assessment (PNA) or decline any application for rehabilitation if it is determined that the rehabilitation work scope:

- Is inadequate or excessive;
- Does not address the issues of the Physical Needs Assessment;
- Does not address major structural issues, building codes, health, safety, marketing or any other conditions observed on the site;
- Will not result in safe, decent housing.

SC Housing may grant waivers to the Development Design Criteria if there is an overriding public policy need based on the physical needs assessment, a certification from the architect and, where applicable, the appropriately-licensed engineer (civil, structural, mechanical, plumbing, electrical) documenting that the completed project will be viable and meet the SC Housing useful life requirements. All waiver requests must be submitted in writing and be accompanied by the SC Housing Rehabilitation Work Scope Form, Physical Needs Assessment and any other substantiating documentation.

SC Housing may require, as a condition of the waiver, full funding of the capital replacement reserve. The capital replacement reserve must clearly schedule all component/system replacements required according to the **Fannie Mae Expected Useful Life Table**.

Owners may request waivers for some following requirements, if it can be documented that compliance will be cost prohibitive. The burden of proof is on the owner/applicant.

- Architectural Standards

- Central HVAC in a multi-floor building where it can be demonstrated that the existing central system is the most efficient and economical system for conditioning the indoor spaces
- Flat roofs
- Room and unit size, closet and cabinet/counter requirements, number of bathrooms only if documentation of the marketability of existing conditions is provided
- One bedroom units where the bathroom is accessed through the bedroom
- The \$25,000 per unit minimum
- Threshold Section, Required Amenities: Additional Requirements and Amenities for senior projects that requires Fair Housing compliance on all units built BEFORE 1991 only if clear documentation of the burdensome cost to provide accessibility to all units is provided

SC Housing may deny a waiver if the completed rehabilitation will not result in safe and decent housing that is equal to comparable housing in the marketplace. In no case will SC Housing waive:

- Federal, state or local building or accessibility laws or codes;
- State energy conservation codes;
- Health and safety requirements;
- Room layouts that do not meet design criteria standards requirements for
  - Bathrooms that open from areas of food preparation, or
  - A sole passageway to a habitable room or hall unless egress is provided according to applicable fire codes.

The application for funding shall include a PNA and comprehensive SC Housing Rehabilitation Work Scope Form outlined below. Rehabilitation projects selected for funding must submit all pre-construction due diligence documentation outlined in the Architectural Submittals Instructions, including a complete set of plans and specifications produced by an architect licensed in South Carolina. The SC Housing Rehabilitation Work Scope Form submitted at application may not be changed between application submission and Final Allocation without SC Housing's consent. All proposed work approved during the application process must be completed.

## **2. Physical Needs Assessments**

The PNA is required at time of application for all rehabilitation, adaptive reuse, and historic preservation properties applications. The PNA, including an on-site investigation, narrative report, and Fannie Mae forms, must be conducted by a Qualified Consultant, who meets the following experience requirements and qualifications:

- Independent from the Applicant/Owner/Developer and have the capacity to render a report in accordance with Rehabilitation Guidelines.
- Have no less than five (5) years of experience performing physical needs assessments for affordable rental housing projects.
- Not be presently debarred, suspended, proposed for debarment or suspension, declared ineligible or excluded from participation by any state or federal department, agency, or program.
- Agrees to comply with all applicable laws, including, but not, limited to federal, state and local laws, codes, regulations, ordinances, rules and orders, including all laws concerning fair housing and equal opportunity that protect individuals and groups familial status, or sex.
- Agree to comply with the SC Illegal Immigration Reform Act requirements of Title 8, Chapter 14 of



the SC Code Annotated, and any other applicable state or federal immigration laws. Consultant must be registered with and using E-Verify.

- Consultant must comply with Drug Free Workplace requirements.

Developers must contact the qualified consultant directly and contract to provide the PNA services. The report must include a certification that the report was prepared by an individual who meets the above-listed experience requirements and qualifications to be considered a qualified consultant.

The PNA must be no more than six (6) months old at the time the Application is submitted. The report must include a signed statement from the consultant with the following language inserted in the consultant's signature block:

"The investigation has been completed in accordance with SC Housing requirements, is accurate, and can be relied upon by SC Housing as a true evaluation of the existing property conditions."

SC Housing may verify all information contained in the report with an on-site inspection of the property conducted during the application process.

The Consultant shall inspect 100% of the units, community/common areas, maintenance spaces and the entire grounds of the property.

The report is not expected to identify regular maintenance items that are part of the property owner's operating responsibility such as occasional window glazing replacement and/or caulking, minor plumbing repairs, annual HVAC and appliance servicing. However, the consultant must comment on such items if they do not appear to be routinely addressed or in need of immediate repair, as well as report any observed or documented building code violations.

The PNA must include descriptions of the condition of the following items and identification of the Remaining Useful Life in the Fannie Mae forms format of the following items:

#### **SITE SYSTEMS AND CONDITIONS**

- Landscaping
- Irrigation
- Grading/storm water drainage
- Lighting - building mounted
- Lighting - pole mounted
- Parking
- Pedestrian paving (sidewalks)
- Utilities (piping & equipment such as pumps etc.)
  - Water
  - Fire
  - Gas
  - Electrical
  - Sanitary
  - Storm water drainage structures & piping
  - Cable/Phone/Communications
- Mailboxes

- Property sign
- Traffic signage
- Retaining walls
- Fencing
- Exterior stairs
- Exterior railings
- Site amenities

#### **COMMON AREAS/COMMUNITY BUILDING**

- Common area amenities
- Common area doors
  - Interior
  - Exterior
- Common area floors
- Common area ceilings
- Common area walls
- Common area kitchens
  - Countertop
  - Cabinets
  - Sink
  - Appliances
- Common area HVAC
  - Ductwork
  - Equipment
- Common area/public bathrooms
  - Fixtures
  - Hot water heating
  - Water piping
  - Waste/vent piping
  - Bathroom accessories
- Sprinklers
- Electrical
  - Light fixtures
  - Outlets/switches
  - Wiring
  - Equipment (panels/breakers)
- Life safety
  - Smoke alarms
  - Fire alarms

#### **BUILDING ARCHITECTURE**

- Foundations
- Crawl Spaces/Basements
- Framing
  - Wall
  - Floor

- Ceiling/roof
- Exterior wall sheathing
- Exterior cladding
- Roof sheathing
- Roofing
- Gutters & downspouts
- Soffits
- Windows
- Insulation
  - Wall
  - Floor
  - Attic

## **DWELLING UNITS**

- Cabinets
- Countertops
- Interior doors
- Exterior doors
- Floor underlayment
- Floor finishes
- Interior wall sheathing (gypsum wall board)
- Wall finishes
- Ceilings
- Bathroom vanities
- Bathtubs/showers
- Tub/shower surrounds
- HVAC
  - Ductwork
  - Equipment
  - Bath fans & ventilation
- Plumbing
  - Fixtures (faucets, shower valves, toilets, sinks)
  - hot water heating
  - water piping
  - waste/vent piping
    - Wall
    - Under slab
- Appliances
- Elevators
- Sprinklers
- Electrical
  - Light fixtures
  - Outlets/switches
  - Wiring
  - Equipment (panels/breakers)
- Life safety

- Smoke alarms
- Fire alarm system
- Attic draft stop/fire walls

The PNA must also include a discussion of known building code violations and health/life safety violations

The PNA consultant is not expected to assume liability for compliance with accessibility regulations during design of post-rehabilitation. The consultant will identify any potentially costly barriers to the required property accessibility, i.e., changes in grade for accessible routes or parking and unit framing changes for required clearances. The PNA must identify major violations of The Americans with Disabilities Act, The Fair Housing Act, and The Uniform Federal Accessibility Standards (UFAS).

The Capital Replacement Reserve study shall extend for 20 years with no capital replacements within the first five years (apart from regular maintenance and turnkey operations that are part of operation and management). The Capital Replacement Reserve shall reflect the condition of the property “As Improved” by the entire SC Housing Rehabilitation Work Scope proposed by the Owner, not just the needs identified by the Physical Needs consultant.

Any item that is determined to have an Effective Remaining Life of less than 15 years must be replaced as part of the work scope. Applicants may request a waiver where major systems (roofing, HVAC equipment, windows, doors, etc.) have been replaced within the last 5 years. SC Housing may allow for replacement in the 15-year term if the cost is clearly documented in the Capital Replacement Reserve study. Replacement Reserves must exceed the SC Housing’s minimum contributions and the project underwriting shall propose full funding of the Reserve.

The applicant must provide adequate documentation substantiating any differences between the Effective Remaining Life as a calculated difference between Effective Useful Life and Age and the Evaluator’s opinion of the remaining useful life. The report should emphasize all systems/components with no Effective Remaining Life and those with Effective Remaining Life less than SC Housing requirements, all deferred maintenance, and repairs or replacements involving significant expense or outside contracting.

The consultant must note any suspected environmental hazards. Confirmation of suspected environment-related hazards, such as mold, lead-based paint, or asbestos containing materials, must be addressed in a separate environmental engineer’s report. It is recognized that the Expected Useful Life Tables represents one judgment of the expected life of the various components. The Tables provide a useful and consistent standard for all evaluators to use. The Tables avoid debate on what the appropriate expected life is and permit focus on the evaluator’s judgment of the effective remaining life of the actual component.

### **3. SC Housing Rehabilitation Work Scope Form**

The SC Housing Rehabilitation Work Scope form must address future property marketability, durability, and energy efficiency which will add to the residential quality of life.

The SC Housing Rehabilitation Work Scope Form must be compiled by the Applicant/Owner, Architect/Engineer, and Construction Contractor in SC Housing’s required format to include materials, quantities

and unit costs.

The SC Housing Rehabilitation Work Scope Form shall be based on:

- Requirements for the replacement of components with an Effective Remaining Useful Life of less than 15 years, building code and health/safety violations, and immediate needs from the PNA;
- Requirements for the replacement of components in order to comply with SC Housing's Design Criteria Standards and Specific Systems Replacement Guidance;
- All applicable Threshold and Scoring upgrades as indicated in the SC Housing Application including amenities construction;
- All costs that will be incurred in bringing the property into compliance with federal, state, local, and SC Housing accessibility regulations;
- Remediation of all issues identified in the Phase I and II environmental reports and NEPA reviews.

SC Housing must be able to determine that all major issues identified in the PNA and Environmental Reports are addressed in the SC Housing Rehabilitation Work Scope form.

#### **4. Specific Systems Replacement Guidance**

##### Site Utilities

The SC Housing Rehabilitation Work Scope Form must contain a budget line item to investigate (including with remote imaging) and repair or replace all main utility lines on the property, regardless of age. If more than 50% identifies as failed, the entire line must be replaced. Owners must submit a copy of the sewer investigation to SC Housing with the final inspection documentation.

##### Site Utilities - Special Considerations: Polybutylene Piping

The consultant must investigate any polybutylene piping and provide an opinion on whether it should be repaired or replaced. In all cases the last 3'-0" of polybutylene hot water lines must be replaced with copper piping.

##### Landscaping/Storm Water Drainage/Erosion

All areas of washout, exposed dirt, dead trees and overgrown landscaping must be corrected. SC Housing may require, as a condition of funding, that a civil engineer be engaged to address the issue.

##### Site Improvements

Broken or un-useable amenities equipment, non-compliant site stairs and handrails, failed/deteriorated sidewalks, paving, and retaining walls must be corrected. Sidewalks and paving must meet the minimum UPCS and accessibility standards

##### Foundations

All cracking or settling of concrete foundations and masonry must be addressed. SC Housing may require, as a condition of funding, that a structural engineer be engaged to address the issue.

##### Crawlspaces

All crawlspaces must be investigated and assessed for the presence of mold, plumbing leaks, and deteriorating structures. All crawl spaces must meet minimum energy and fire code requirements.

### Rough Carpentry

Deteriorated subfloor, wall sheathing, roof sheathing, and structural framing must be addressed and allowances for the quantity of this work must be substantiated.

### EIFS & Stucco

EIFS (synthetic stucco) may not be repaired but must be replaced by a SC Housing approved material. Hard-coat stucco (cement stucco) must be replaced if more than 25% of the existing material has failed. SC Housing must approve any repair or replacement of hard-coat stucco.

### Acoustical Isolation

The work must meet the Design Criteria Standards for acoustical isolation wherever party and exterior wall structures and ceiling and floor construction are exposed during the course of construction.

### Drywall

The Work Scope must indicate the approximate percentage of drywall to be removed and replaced. Allowances must be substantiated.

### HVAC

Heating, ventilating, and air conditioning systems must be replaced if they do not meet the applicable building codes, do not meet Threshold Section Building Sustainability, or do not have the required Effective Remaining Life. The duct system must be replaced if necessary to meet applicable codes and SC Housing required life expectancy. If ductwork is not replaced, it must be cleaned and sealed in accordance with the South Carolina State Minimum Standard Energy Code.

### Plumbing

Plumbing components must be replaced if they do not meet the requirements of applicable building codes, do not meet Threshold Section Building Sustainability, do not have the required Effective Remaining Life, 50% of the plumbing system needs replacement, or if lead in water testing results exceeds regulated levels. Refer to Appendix B Development Design Criteria Section II, P, 16 for details.

### Electrical

The existing electrical system must be upgraded to meet all applicable codes. If 50% of the system needs replacement, the entire system must be replaced, including all wiring.

### Building Sustainability

Rehabilitation projects will meet the sustainability requirements outlined in the 2021 Small Rental Development Program Application Manual, regardless of local code enforcement.

### Accessibility

All Work Scopes must meet applicable federal, state, local, and SC Housing requirements. SC Housing requires 5% of the units to be fully accessible, 100% of mobility units to have roll-in showers, and an additional 2% equipped for the hearing and sight impaired. SC Housing maintains the same accessibility standard for new construction and rehabilitation.

### Fire and Life Safety

Through strict code compliance, the property design shall provide a safe environment for all tenants.

Compliance with the Life Safety Code for new construction is required for the following regardless of local building authority enforcement: stairs, handrails, guardrails, smoke detectors, carbon monoxide detectors, fire alarms, and unit fire separation (attic draft stops, fire/smoke separations, rated party walls and floor/ceiling components, and caulking of all penetrations in the fire assemblies). Life Safety items that do not meet current codes will not be 'grandfathered' in. Adherence to the most recently adopted editions of the South Carolina State Codes is required. This includes but is not limited to:

- Smoke detectors must be hard-wired and located per code for all construction, either rehabilitation or new. SC Housing will not waive this requirement for rehabilitation proposals. Carbon Monoxide Detectors shall be in accordance with NFPA 101 Life Safety Code and NFPA 720.
- Fire alarms and sprinklers must meet fire department, state and local code requirements.
- Attics must be constructed or rebuilt to meet all current fire and life safety codes, regardless of the requirements of the local building authority. These include draft stop walls, and rated ceiling, floor, and wall assemblies.
- All through-penetrations of smoke walls, draft stops, and rated assemblies must meet current fire codes.
- Existing exterior wooden stair systems may not be repaired. Instead they must be replaced in their entirety with new galvanized steel (field painted) and or concrete stair systems.
- Projects shall comply with all disaster mitigation-related requirements of the latest editions of the applicable mandatory State Minimum Standards as adopted and amended by South Carolina, and with all local ordinances regarding disaster mitigation.

Life Safety items that do not meet current codes will not be 'grandfathered' in. SC Housing may allow an outcome at a standard lower than new construction requirements based on documentation from the authorized local code enforcement official(s).

**5. Specific Square Footage Requirements**

Developments that have units, by bedroom size, smaller than the following square footages are considered to be obsolete developments and are not eligible for funding:

<u>Bedrooms per Unit</u>	<u>Minimum Heated Sq. Ft. per Unit</u>
Studio	400
One	500
Two	700
Three	850
Four	1,000

**6. Historic Rehabilitation**

Applicants must follow the *Secretary of the Interior's Standards for Rehabilitation* (36 CFR Part 68) to rehabilitate the property's interior and exterior features and complete SC Housing's environmental requirements, including the testing and abatement of lead and asbestos. These exterior and interior guidelines can be found at <http://www.nps.gov/tps/standards/rehabilitation.htm>.

Summary

If a Preservation Professional, as defined in the Environmental Manual, determines that the proposed project has an adverse effect or is a contributing structure which is either listed in the National Register or

is eligible for listing in the National Register (or a lot within such a listed or eligible district) and South Carolina State Historic Preservation Office (SHPO) has cleared the proposed activities to proceed, the general rehabilitation standards may not apply. However, SC Housing still requires that the completed rehabilitation results in housing that will meet the duration of all awarded program obligations.

The Applicant must submit to SC Housing a detailed scope of work that sets forth the proposed rehabilitation or new construction activity in accordance with recommended practices as set forth in *The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings*

Review the Historical Significance of the Property

Applicants must review documentation on file with the National Register of Historic Places or local preservation commissions and supplemented with a physical investigation to identify which character defining features and spaces must be protected.

Reconstruction (demolition and replacement) of Historic Properties

Applicants must consult with a Preservation Professional to develop a set of historically compatible model replacement building plans and construction drawings (including elevations) in advance of any planned reconstruction activities, which must then be approved by the SHPO before beginning construction.

**Any modifications of the historic rehabilitation work scope must be approved in writing by SC Housing in advance of the project start-up.**

Draft



## **Exhibit I**

### **Fannie Mae Physical Needs Assessment Guidelines**

Below is a reproduction of the directions for completing the Fannie Mae forms. SC Housing may have detailed specific guidance above which overrides these boiler-plate directions.

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The standard format forms are to help the consultant conduct a comprehensive and accurate assessment. However, the forms should not constrain the consultant from fully addressing other findings and may be supplemented as necessary to create a thorough record of the property's physical needs. The forms may be altered to serve the consultants' needs if the basic format is maintained and the same information is presented.

#### **SPECIFIC GUIDANCE TO THE PROPERTY EVALUATOR**

##### Purpose

The purpose of the Physical Needs Assessment is to identify and provide cost estimates for the following key items:

Immediate Physical Needs - repairs, replacements and significant maintenance items which should be done immediately.

Physical Needs Over the Term - repairs, replacements and significant maintenance items which will be needed over the term of the mortgage and two years beyond. As part of the process, instances of deferred maintenance are also identified. The assessment is based on the evaluator's judgment of the actual condition of the improvements and the expected useful life of those improvements. It is understood that the conclusions presented are based upon the evaluator's professional judgment and that the actual performance of individual components may vary from a reasonably expected standard and will be affected by circumstances which occur after the date of the evaluation.

This package explains how to use the set of forms provided by Fannie Mae. It is important to recognize that the forms are intended to help the evaluator conduct a comprehensive and accurate assessment. They also present the results of that assessment in a relatively standard format which will be useful in making underwriting decisions.

The forms however, should not constrain the evaluator from fully presenting concerns and findings. The forms should be used and supplemented in ways which facilitate the preparation and presentation of information useful regarding the physical needs of the property.

The Systems and Conditions forms may be altered and/or computerized to serve the evaluators' needs so long as information is provided on the condition and Effective Remaining Life of all components and the Effective Remaining Life is compared to the standard Expected Useful Life (EUL). The Summary forms may also be extended or computerized so long as the basic format is maintained.

### Terms of Reference Form

The Applicant /Owner must provide this form for the evaluator as part of the needs assessment form. It serves as a reference point for the assessment and provides the evaluator with basic information about the property and the expected term of the loan(s). Four additional topics are covered:

1. Sampling Expectations - Expectations about the number and/or percentage of dwelling units, buildings and specialized systems to evaluate may be stated. If there is no stated expectation, the evaluator should inspect sufficient units, buildings, and numbers of specialized systems to state with confidence the present and probable future condition of each system at the property. The evaluator should provide a separate statement indicating the sampling systems used to ensure a determination of conditions and costs with acceptable accuracy.

If a Sampling Expectation is provided by the applicant/owner is not adequate to achieve the requisite level of confidence, the evaluator should so advise the owner/applicant. Considerations in determining an adequate sample size are age and number of buildings (especially if the property was developed in phases), total number of units, and variations in size, type and occupancy of units.

Effective sampling is based on observing a sufficient number of each significant category. Using the above criteria, categories could include buildings by age of each building (e.g. inspect buildings in the 8-year-old phase and in the 11-year-old phase), buildings by type (e.g. row house, L-shaped row house, walkup, elevator) and/or buildings by construction materials (e.g. inspect the garden/flat roof/brick walls section and the garden/pitched roof/clapboard walls section).

Dwelling units are separate categories from buildings. At a minimum, sampling is by unit size (0/1/2/3/4 bedrooms). There may be further categories if units are differently configured or equipped, or have different occupants (especially family or elderly). Systems which are not unit specific, such as boilers, compactors, elevators and roofs, will often have a 100% sample.

The objective is to see enough of each unit type and system to determine the present and probably future condition.

2. Market Issues - In certain instances, market conditions may necessitate action on certain systems. Examples are early appliance replacement or re-carpeting, new entry paving, special plantings, and redecorated lobbies. If the owner or lender has identified such an action, the evaluator should include cost estimation for such action and indicate what, if any, other costs would be eliminated by such action.
3. Work in Progress - In some instances, work may be underway (which can be observed) or under contract. When known by the lender, this will be noted. For purposes of the report, such work should be assumed to be complete, unless observed to be unacceptable in quality or scope.
4. Management-Reported Replacements - In some instances, the property ownership or management will provide the lender with information about prior repairs or replacements which have been completed in recent years. The applicant/owner may provide this information to the evaluator to assist in the assessment of these components. The evaluator should include enough units, buildings, or systems in the sample to reasonably verify the reported repairs or replacements.

### Systems and Conditions Forms

It is the responsibility of the evaluator to assess the condition of every system which is present at a property. All conditions, except as noted below, requiring action during the life of the loan must be addressed regardless of whether the action anticipated is a capital or operating expense.

To assist evaluators in reviewing all systems at a property, four Systems and Conditions Forms are provided. Each lists a group of systems typically related by trade and/or location. The four forms are Site, Architectural, Mechanical and Electrical, and Dwelling Units. While the forms have several columns in which information may be recorded, in many instances only the first three columns will be completed. If the condition of a system is acceptable, the Effective Remaining Life exceeds the term of the mortgage by two years, and no action is required, no other columns need to be completed.

The report is not expected to identify minor, inexpensive repairs or other maintenance items which are clearly part of the property owner's current operating pattern and budget so long as these items appear to be taken care of on a regular basis. Examples of such minor operating items are occasional window glazing replacement and/or caulking, modest plumbing repairs, and annual boiler servicing, however, the evaluator should comment on such items in the report if they do not appear to be routinely addressed or are in need of immediate repair.

The report is expected to address infrequently occurring "big ticket" maintenance items, such as exterior painting, all deferred maintenance of any kind, and repairs or replacements which normally involve significant expense or outside contracting. While the evaluator should note any environmental hazards seen in the course of the inspection, environment-related actions, such as removal of lead-based paint, will be addressed in a separate report prepared by an environmental consultant.

### **USING THE SYSTEMS AND CONDITIONS FORMS**

#### Purpose

The forms can be used both to record actual observations at a specific location and for an overall summary. For example, the Architectural form can be used for a specific building (or group or identical buildings) as well as for summarizing all information for buildings at a property. The same is true for the Dwelling Unit form. An unlabeled form is included which can be used as a second page for any of the Systems and Conditions Forms.

In some instances, the evaluator will note components which, while they may continue to be functional, may reduce marketability of the property. For example, single-door refrigerators or appliances in outdated colors may have such an impact in some properties. The evaluator should note these items, discuss them with the lender, and provide separate estimates of the cost to replace such items if requested.

Each of the four forms has a number of frequently-occurring systems and components listed. This list represents only the most frequently observed and is not meant to be all inclusive. Every system present at the property must be observed and recorded. Any system not listed on the form may be included in the spaces labeled "Other".

Note that the assessment includes the systems and components in both residential and non-residential

structures. Thus, garages, community buildings, management and maintenance offices, cabanas, pools, commercial space, and other non-residential buildings and areas are included.

#### Items (EUL)

The Expected Useful Life (EUL) figure which appears in parentheses after the Item is taken from the Expected Useful Life Table provided. This table provides standard useful lives of many components typically found in apartment complexes. Where the parentheses do not contain a number, it is because there are various types of similar components with differing economic lives.

The evaluator should turn to the Expected Useful Life Table and select, and insert, the appropriate Expected Useful Life (EUL) number. If the Expected Useful Life (EUL) will, without question, far exceed the term of the mortgage plus two years, the Expected Useful Life (EUL) number need not be inserted.

The Expected Useful Life Tables represents only one possible judgment of the expected life of the various components. If we receive substantial material to the effect that one or more of the estimates are inappropriate, we will make adjustments. Until such changes are made, the Tables provide a useful and consistent standard for all evaluators to use. They avoid debate on what the appropriate expected life is and permit focus on the evaluator's judgment of the effective remaining life of the actual component in place, as discussed below.

#### Age

The evaluator should insert the actual Age of the component or may insert "OR" for original. If the actual age is unknown, an estimate is acceptable. If there is a range in Age (for example, components replaced over time), the evaluator may note the range (i.e., 5-7 years) or may use several lines for the same system, putting a different Age of that system on each line.

#### Condition

This space is provided to indicate the Condition of the component, generally excellent, good, fair, or poor, or a similar and consistent qualitative evaluation.

#### Effective Remaining Life

This space is provided for the evaluator to indicate the remaining life of the component as is. For standard components with standard maintenance, the Expected Useful Life Table provided by the Lender could be used to determine Effective Remaining Life by deducting the Age from Expected Useful Life (EUL). However, this should not be done automatically. A component with unusually good original quality or exceptional maintenance could have a longer life.

On the other hand, if the component has been poorly maintained or was of below standard original quality, the useful life could be shorter than expected. The evaluator applies professional judgment in making a determination of the Effective Remaining Life. If the Effective Remaining Life is longer than the term of the loan plus two years, no deferred maintenance exists, and no action needs to be taken during the life of the loan, no other columns need to be filled out.

The only exception may be Diff? (Difference), as discussed below. This should be noted when the evaluator's estimate of the Effective Remaining Life varies by more than two years from the standard estimate.

### (Difference)

The Age of the component should be deducted from the Expected Useful Life (EUL) in parentheses and the answer compared to the Effective Remaining Life estimated by the evaluator. Where there is a difference of over two years, the evaluator should insert a footnote number in the Diff? (Difference) column and supply in an attached list of footnotes a brief statement of why, in the evaluator's judgment, the Effective Remaining Life of the component varies from the standard estimate. This approach provides consistency among evaluators while making best of the evaluators' professional judgment.

### Action

If any Action is required - immediately, over the life of the loan, or within two years thereafter the Action should be recorded as repair, replace, or maintain. Repair is used when only a part of an item requires action, such as the hydraulics and/or controls of a compactor.

Replace is used when the entire item is replaced. Maintain is used where special, non-routine maintenance is required, such as the sandblasting of a swimming pool. In cases where a repair or maintenance may be needed now, and replacement or further maintenance may be needed later, separate lines may be used to identify the separate actions and timing.

### Now?

If the item involves a threat to the immediate health and safety of the residents, clearly affects curb appeal, will result in more serious problems if not corrected, or should otherwise be accomplished as part of an immediate repair, maintenance or replacement program, this space should be checked. Replacements which may be needed in year one, but do not require immediate attention, need not be checked.

### DM (Deferred Maintenance)

The DM (Deferred Maintenance) space is marked in any instances where current management practice is clearly inadequate and the owner's attention should be called to the item, even if no major expenditure or significant labor may be required.

### Quantity

For items requiring action, the evaluator should note the Quantity of the system, with the applicable unit of measure entered (each, unit, square feet, square yards, linear feet, lump sum, etc.).

### Field Notes

This space, as well as attachments may be used to record the type of component (16cf, frost. free, Hotpoint), the problem (valves leaking) or other information (consider replacement for marketing purposes, replace 30% per year, work in progress, etc.) that the evaluator will need to complete the Evaluator's Summary.

### Sample Form

The following example from the Dwelling Unit Systems and Conditions form illustrates how this form is properly used. The example presumes an 11 story building containing 1 and 2 bedroom units. There are 100 units. The age of the building is 9 years. The term of the proposed loan is 7 years.

Countertop/sinks are 9 years old. (The entry could also be "OR"). Condition is excellent, with an Effective Remaining Life of 10 years. This is significantly different from the anticipated Effective Remaining Life of

1 (a EUL of 10 years minus an Age of 9 years). Therefore, there is a footnote entry “1” in the “DF” column. The footnote will indicate that this item is made of an exceptionally durable material, along with a top quality stainless steel sink.

The evaluator’s estimate of an Effective Remaining Life of 10 years + is beyond the term of +2. No capital need would be reported.

Refrigerators are also original, reported as Hotpoint 16 cf frost free. Replacement is expected around the Effective Remaining Life, noted as 20% annually and beginning in the 5th year of the loan when the refrigerators are 14 years old. Disposals range from new to original (Age = 0-9). 20% per year replacements will be needed starting in year 1. The evaluator notes that disposals appear to be replaced as part of the project’s normal operations.

Bath fixtures are original, and in good condition. No replacement is expected to be required during the term +2 years. The note indicates that they are “dated looking,” which may prompt a market consideration for replacement.

Ceiling is a special entry. The “04” stack of units has experienced water damage to ceilings from a major plumbing leak. This is noted for repair NOW. As this apparently occurs in all 10 units in this stack, and therefore is likely to have more than a modest cost, this action would be reported on the Immediate Physical Needs summary form.

#### Evaluator’s Summary Forms

Two separate forms are used to summarize the evaluator’s conclusions from the Systems and Conditions Forms. One summarizes Immediate Physical Needs and the other summarizes the Physical Needs over the Term +2 years.

#### Evaluator’s Summary: Immediate Physical Needs

All of the items for which Now? are checked are transferred to this form. This form provides for the listing of Items, Quantity, Unit Cost and Total Cost of each. The Item and Quantity are transferred directly from the Systems and Conditions Form.

Unit Cost: This is the cost per unit (sf, ea, lf, etc.) in current dollars to implement the required action. The source of the cost estimate should be listed in a separate attachment. The sources may include a third-party estimation service (e.g., R.S. Means: Repair and Remodeling Cost Data), actual bid or contract prices for the property, estimates from contractors or vendors, the evaluator’s own cost files, or published supplier sources.

Total Cost: This is the result of multiplying the quantity times the unit cost. It is expressed in current year dollars.

DM (Deferred Maintenance): If the item evidences deferred maintenance, this column is checked.

Comments: the comments column, or an attachment, should clearly provide information on the location and the nature of problem being addressed for each item. The information should be adequate for the owner to begin to implement the action.

### Evaluator's Summary: Physical Needs Over the Term

Those items not listed on the Immediate Physical Needs form, but for which action is anticipated during the term of the loan plus two years, are listed on the form. The item and Quantity are transferred directly from the Systems and Conditions Form. The Unit Cost is calculated in the same manner as on the Immediate Physical Needs Form.

An attachment should be provided which gives any necessary information on the location of action items and the problem being addressed for each item. The information should be adequate for the owner to begin to implement the action.

Cost by Year: the result of multiplying the quantity times the unit cost, in current dollars, is inserted in the column for the year in which the action is expected to take place. Generally, the Effective Remaining Life estimate provided by the evaluator on the Systems and Conditions will indicate the action year. For example, if the evaluator has indicated that the Effective Remaining Life of the parking lot paving is 4 years, the cost, in current dollars, is inserted in Year 4.

If the items are likely to be done over a number of years, the costs, in current dollars should be spread over the appropriate period. For example, if the Effective Remaining Life of the Refrigerators is estimated to be 4 years, or 3-5 years, one third of the cost of replacing the refrigerators may appear in each of Years 3, 4, and 5.

Total Un-inflated: After inserting all of the appropriate action items, the evaluator should total the items for each year.

Total Inflated: The evaluator should multiply the Total Un-inflated times the factor provided to produce the Total Inflated.

Total Inflated All Pages: On the last sheet, the evaluator should include the Total Inflated Dollars for that page and all prior pages.

Cumulative Total All Pages: On the last sheet, the evaluator should insert the Total Inflated Dollars of that year and all prior years.

### Special Repair and Replacement Requirements

While performing a property inspection, the evaluator must be aware that certain building materials and construction practices may cause properties to experience (or to develop in a short time period) problems that can be corrected only with major repairs or replacements.

The following identifies some specific construction related problems; however, the evaluator must be aware that other construction related problems may be found in any property and should be identified. If any of the following requirements are not met or if the evaluator determines that the following conditions or others are present, the evaluator must contact the lender immediately to discuss the timing as well as the cost of the repairs or replacements. The evaluator should ensure that any of these conditions are thoroughly addressed in the Physical Needs Assessment.

- A. Minimum Electrical Capacity:** Each apartment unit must have sufficient electrical capacity (amperage) to handle the number of electrical circuits and their use within an apartment.

Therefore, the evaluator must determine, based on referencing the National Electric Code as well as local building codes, what is the minimum electrical service needed. In any event, that service must not be less than **100 amperes** (**This specific requirement is a SC Housing amendment to this section of the Fannie Mae Guidelines.**)

**B. Electrical Circuit Overload Protection** - All apartment unit circuits, as well as electrical circuits elsewhere in an apartment complex, must have circuit breakers as opposed to fuses as circuit overload protection.

**C. Aluminum Branch Wiring**

All PCA Reports must indicate the type of branch wiring at the property as observed (i.e., visually verified and photographed) by the PCA Consultant. If the PCA Consultant identifies aluminum wiring at the Property, the PCA Report must also indicate whether a retrofit, such as the installation of CO/ALR devices, is already in place. The primary concern with aluminum branch wiring is that, as a result of current flow, heated aluminum expands approximately 40% faster than copper. The unequal expansion rates between the aluminum wire and the copper, steel or brass switch or outlet connection point subjects the heated aluminum wire to a rapidly rising compressive stress (compressed wire expands). When the current is turned off, the termination cools causing the wire to contract, which in turn causes the connection to become loose. A loose electrical connection will accelerate the heating of the wire due to the restricted current flow (because the connection point is not snug); subsequently, the wire will heat up like a burner on a stove. An overheated connection could potentially lead to a fire. Appropriate recommendations regarding retrofit procedures should be noted.

**Remediation:** A electrical survey must be performed to determine actual electrical wiring condition in order to fully evaluate this issue.

**Recommended Remediation: Complete re wire of unit /building.**

The CPSC's Publication 516, July 2011 (Repairing Aluminum Wiring), recommends a permanent repair using one of the following three methods:

- Complete rewiring of the building;
- Copper pig-tailing at the receptacles using COPALUM crimp connectors; or
- Copper pig-tailing at the receptacles using AlumiConn connectors.

**D. Federal Pacific Stab Lok Breakers.**

NOTE: The following only applies to Federal Pacific Stab-Lok panels. Federal Pacific panels that are not Stab-Lok models are not problematic. The words "Stab-Lok" will generally be stamped on the face of the panel behind the door, or on the door itself. Field and lab testing on Federal Pacific Electric (FPE) "Stab-Lok" panels established that the panels and breakers have a significant failure rate. Failure to trip properly with overload and short-circuiting are the basic safety defects of this type of panel. In over one-third of the panels tested, breakers would not trip when overloaded. Historical performance that breakers never trip cannot be relied upon in the future. If the breaker does not operate or trip properly, the potential of fire increases. Stab-Lok panels may also have interconnection problems that can lead to a higher risk of overheating.

**Remediation;** Replacement of electrical panel.



**E. ABS Sanitary Lines**

There are five manufacturers who produced ABS pipe from 1984 to 1990 that may crack circumferentially at the joint. The manufacturers are Apache, Polaris, Centaur, Phoenix, and Gable. These manufacturers apparently used non-virgin materials that may eventually crack at the location where it comes in contact with the plumbers glue – typically circumferentially at the joints. If ABS piping is identified as being installed as the primary sanitary piping within the buildings (i.e., the material is not limited to the stub out from the wall to the fixture), the current condition and manufacturer must be verified.

**Remediation:** If the Property contains ABS pipe manufactured by one of the five problematic manufacturers, a plumbing survey performed by a qualified plumbing expert must be performed in order to ascertain the current condition and potential short and long-term repair or replacement costs.

**Recommended Remediation:** Complete re plumb of the unit /building.

**F. Polybutylene Water Distribution Lines**

Polybutylene (“PB”) is a form of plastic resin that was used extensively in the manufacture of water supply piping from 1979 until about 1995. Due to the low cost of the material and ease of installation, PB piping was used as a substitute for traditional copper piping. It is believed that oxidants in public water supplies (such as chlorine) react with the PB piping and fittings, causing it to scale and flake and become brittle. Micro-fractures of the piping result, and the basic structural integrity of the pipe is reduced. The pipe becomes weak, and is susceptible to sudden failure. Other factors may also contribute to the failure of PB systems, such as improper installation. Most problematic installation situations involve the use of PB fittings (connections between sections of piping such as elbows). The crimping process utilized during installation, if not done correctly, can compromise the performance of the piping at that connection. PB piping which has been installed with copper fittings has historically performed better with regard to fittings installation, but this has no bearing on the pipe’s ability to withstand chemical breakdown. Historical and current conditions must be noted, potential issues with content of local water supply noted.

**Remediation:** A plumbing survey must be performed to determine actual piping condition in order to fully evaluate this issue.

**Recommended Remediation:** Complete re plumb of the unit /building.

**G. Galvanized Steel Water Distribution Lines**

Galvanized pipe is defined as a steel pipe or wrought-iron pipe of standard dimensions, which has been galvanized by coating it with a thin layer of zinc. Galvanized piping has been utilized as a water supply system throughout the country, and is not limited to certain dates of construction. Galvanized piping systems typically exhibit corrosion more quickly than other plumbing systems, which can ultimately require the complete replacement of the piping system. Corrosion is a chemical or electrochemical process in which the metals commonly used in plumbing systems deteriorate and ultimately fail. Rates of corrosion produced by different waters vary widely, depending upon a number of factors (including acidity, electrical conductivity, temperature, oxygen concentration and the presence of sulfate and chlorides). Current and historical condition and any management reported replacements should be noted. Cost estimates of the replacement of a

galvanized steel water distribution system should be carefully evaluated, as costs can vary significantly. Vertical water lines are generally more expensive to replace than the horizontal lines, as the vertical water lines are typically less accessible.

**Remediation:** A plumbing survey must be performed to determine actual piping condition in order to fully evaluate this issue.

**Recommended Remediation:** Complete re plumb of the unit/building.

**H. Omega Brand Fire Sprinkler Heads**

All Omega sprinklers contain one, two or three small circular discs at the base of the sprinkler. The discs are very flat and thin and are spaced closely together. They may be white, chrome, or brass depending upon the finish of the sprinkler. If the sprinklers at the Property do not contain these discs, they are not Omegas. If they do have these discs, they may be Omegas. All Omega sprinklers contain the word "Central" or "CSC" somewhere on the daisy-like device. Approximately 8.4 million Omega brand sprinkler heads are part of a nationwide recall program. All Omega sprinkler models are being recalled, including those Omegas manufactured after May 1, 1996. In a release dated October 14, 1998, the CPSC alleges that, on average, between 30 and 40 percent of Omegas removed from various locations around the country for testing, failed to activate as they should.

**Recommended Remediation:** All Omega brand sprinkler heads should be evaluated to determine whether the sprinkler head is included in the recall and should be replaced if recalled.

**I. Central Brand Fire Sprinkler Heads**

Central manufactured 33 million "wet" sprinklers with O-rings from 1989 until 2000 that are covered by a recall program. Central also manufactured 2 million "dry" sprinklers with O-rings from the mid-1970's to June 2001 that are covered by this program. The program also covers 167,000 sprinklers with O-rings manufactured by Gem Sprinkler Co. and Star Sprinkler Inc. from 1995 to 2001. A listing of all the models covered under this voluntary replacement program is available on-line at the CSPC website. Central initiated this recall because it discovered the performance of these O-ring sprinklers can degrade over time. These sprinkler heads can corrode or minerals, salts and other contaminants in water can affect the rubber O-ring seals. These factors could cause the sprinkler heads not to activate in a fire. The fire sprinkler heads have the words "CENTRAL" or "STAR", the letters "CSC", the letter "G" in triangle, or a star-shaped symbol stamped on either the metal sprinkler frame or on the deflector. The model designation and date may also be stamped on the frame or deflector. The deflector is the flower, or gear-shaped metal piece at one end of the sprinkler head.

**Recommended Remediation:** All Central Brand sprinkler heads should be evaluated to determine whether the sprinkler head is included in the recall and should be replaced if recalled.

**J. Cadet Brand Electric In-wall Heaters**

Cadet Manufacturing produced in-wall electric heaters under the brand names Cadet and Encore that were sold and installed in single- family and multi- family residential projects from 1982

through 1999. The units were primarily distributed in Oregon, Washington, California, Idaho, Montana, and Wyoming. The heater models that were recalled are as follows: FW, FX, LX, TK, ZA, Z, RA, RK, RLX, RX and ZC. The CPSC alleges that these particular models of heater are defective, and can overheat or catch fire. Flames, sparks or molten particles can spew through the front grill cover of the heater into the living area, putting residents at risk from fires. The heaters can also become energized creating a risk of electric shock.

**Recommended Remediation:** Any Cadet brand heater on the recall list should be replaced immediately. Repairs to these units, such as limit switch replacement, are no longer considered an acceptable remediation method by the CPSC.

**K. Appliance and Equipment**

Any appliances or equipment identified by the CPSC as subject to recall must be identified. The PCA Consultant should be aware of recalled appliances and equipment, and make recommendations for replacement or repair consistent with the CPSC guidelines. Any costs for the necessary repair or replacement of recalled equipment should be included in the Cost Estimate Schedules.

- L. Fire Retardant Treated Plywood:** While performing the roof inspection, the evaluator should investigate whether there is any indication that fire-retardant treated plywood was used in the construction of the roof (primarily roof sheathing). This inspection should focus on sections of the roof that are subjected to the greatest amount of heat (e.g., areas that are not shaded or that are poorly ventilated) and, if possible, to inspect the attic for signs of deteriorating fire-retardant treated plywood or plywood that is stamped with a fire rating.

**M. Compressed Wood or Composite Board Siding**

Composite siding is a man-made board that is manufactured from various combinations of wood fibers, fillers, binders and glue, to form exterior siding commonly referred to as T1-11 siding. An embossed layer is often added to simulate the look of natural wood. The products take the form of either lap siding or panel siding. The primary concern related to this product is its tendency to absorb water at locations where the “compressed wood” is exposed. This includes areas where nails have been over-driven, unfinished joints, or improperly sealed penetrations through the material. Evidence of deterioration includes edge swell, delamination of the finish, warping, and fungus growth.

**Recommended Remediation:** Current condition, quality of installation, and replacement recommendations should be considered by the PCA Consultant, where appropriate.

**N. Exterior Insulation Finish Systems (EIFS)**

Exterior insulation finish systems (EIFS) are a multi-layered exterior wall system consisting of a finish coat, a base coat, reinforcing mesh, adhesive and insulation board all of which are secured to some form of substrate. EIFS systems are also referred to as synthetic stucco or Dryvit. EIFS systems are designed to be “barrier” systems, meaning that they prevent water penetration from the outside. However, this also means that these systems do not “breathe” the way a traditional stucco system would. The problems associated with EIFS stemmed from water leaking behind the EIFS cladding and becoming trapped inside the walls, producing mildew and rot in the sheathing and framing. The most common areas for this type of damage have been at penetrations such as windows, doors,

and roof penetrations (chimneys, vents, and drainage components). The problem has resulted from the areas around the penetrations not being properly flashed or sealed thereby allowing water intrusion, rather than from the exterior system itself allowing water infiltration.

**Recommended Remediation:** The PCA Consultant should consider a full exterior façade inspection if concerns regarding the installation or current condition of the exterior insulation finish systems (EIFS) are noted.

**Recommended Remediation:** Complete removal and replacement.

**O. Problem Drywall (aka “Chinese Drywall”)**

Problem drywall refers to a specific drywall in which initial studies found a strong association between the presence of problem drywall and corrosion of metal in residential housing with potential health safety issues. The problem drywall was primarily used from approximately 2001 to 2007, however problem drywall has also been found in properties of all ages. Problem drywall contains extraneous metals and minerals, such as sulfur, strontium and iron. Under certain environmental conditions (typically warm, humid climates), the drywall will emit sulfur gasses. These gases create a noxious odor and corrode copper and other metal surfaces, which can damage HVAC Systems, electrical wiring, copper plumbing, appliances and electronics. Problem drywall can also cause adverse health effects, which are primarily irritant and temporary in nature. Long term health effects are unknown. Problem drywall may also be referred to as “Chinese Drywall” and is often found in properties with untainted drywall as well, which is why owners should not assume that the property is free of problem drywall based on the year built or if they know the source of the drywall. In some cases, U.S. drywall was manufactured in China and rebranded in the US, identifying problem drywall as U.S. drywall.

**Recommended Remediation:** If problem drywall is suspected, according to the Consumer Products Safety Commission (CPSC) Identification Guidance for Problem Drywall dated March 18, 2011, a “threshold inspection” should be performed (i) for blackening of copper electrical wiring or air conditioning evaporator coils, and (ii) to determine if the installation of the drywall occurred between 2001 and 2009. If BOTH criteria are affirmed, then “corroborating evidence” must be obtained through the use of professional evaluation and analytical sampling, including at least two of these additional symptoms:

- Elemental sulfur levels of drywall core samples;
- Use of test strips to identify copper sulfide which indicates corrosive conditions;
- Confirmed marking of Chinese origin by stamping on panels;
- Elevated levels of hydrogen sulfide, carbonyl sulfide and/or carbon disulfide emitted from drywall samples when tested via ASTM D5504-08; or
- Corrosion of copper metal to form copper sulfide when copper is placed in test chambers with drywall samples taken from the home.

If the corroborating evidence for the presence of problem drywall is affirmed through an analyses performed by a qualified laboratory, a general contractor should be hired to ascertain (i) the scope of remediation in accordance with the CPSC Guidance, and (ii) all associated costs of remediation. The contractor cost estimates should be provided for review and included in the Immediate Repair Cost Estimate Schedules in the PCA Report as a “Critical Item”.

The CPSC Remediation Guidance for Homes from Problem Drywall dated March 15, 2013, calls for the replacement of all:

1. Possible problem drywall (as identified in the CPSC and HUD Identification Guidance);
2. Smoke alarms and carbon monoxide alarms;
3. Electrical distribution components (including receptacles, switches, and circuit breakers, but not necessarily wiring); and
4. Fusible-type fire sprinkler heads.

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## **APPENDIX D: LEAD BASED PAINT REQUIREMENTS**

### **National Housing Trust Fund, HOME Investment Partnerships Program, Multi-Family Tax Exempt Bond Program and SC Housing Trust Fund Awarded Developments**

When Federal funds, such as HOME, NHTF, and NSP are used to assist housing built prior to 1978, HUD requires that steps are taken to address lead hazards. The requirements listed below must be followed for projects to be compliant. The regulations apply to all housing assisted with HOME, NHTF, and NSP funds, including single and multi-family units, whether privately or publicly owned. The requirements differ, depending in the amount of assistance and the type of activity being undertaken, rehabilitation or acquisition.

All units in projects assisted with HOME, NHTF, and NSP funds must comply with the following Lead-Based Paint regulations:

- 24 CFR 92.355
- Lead-Based Paint Poisoning Prevention Act of 1971 – 42 U.S.C. 4821 et. Seq.
- 24 CFR 982.401(i) (except paragraph 982.401(j)(1)(i))
- EPA’s Renovation, Repair, and Painting Rule – 40 CFR Part 745
- 24 CFR Part 35 - The regulation is divided into subparts, of which the following apply:
  - Subpart A: Disclosure
  - Subpart B: General Requirements and Definitions
  - Subpart J: Rehabilitation
  - Subpart K: Acquisition, Leasing, Support Services, and Operations
  - Subpart R: Methods and Standards for Lead-Based Paint Hazard Evaluation and Reduction

#### **Types of Housing Subject to LBP Regulations:**

All units constructed prior to January 1, 1978 to be acquired, rehabilitated, or converted that do not meet any of the exemption criteria listed below.

#### **Types of Housing Exempt from LBP Regulations:**

- Housing built on or after January 1, 1978, when lead paint was banned for residential use.
- Housing exclusively for the elderly or people with disabilities, unless a child under age 6 is expected to reside there for prolonged periods of time.
- Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks.
- Property that has been found to be free of lead-based paint by a certified lead-based paint inspector.
- Property where all lead-based paint has been removed and clearance has been achieved.
- Unoccupied housing that will remain vacant until it is demolished.
- Non-residential property
- Any rehabilitation or housing improvement that does not disturb a painted surface.

#### **Requirements for Rehabilitation Projects:**

When federal funds are used to rehabilitate properties constructed prior to 1978, the Lead Safe Housing Rule applies. The requirements differ based on the amount of assistance provided to the property. Provided below is a description of how to calculate the level of assistance to determine what projects are required to follow based on the level of assistance.

### **Calculating the Level of Assistance:**

The lead hazard evaluation and reduction activities required for rehabilitation projects depend on the level of rehabilitation assistance received by the project. This level of assistance is determined by taking the lower of:

- Per unit rehabilitation hard costs (regardless of source of funds); or
- Per unit Federal assistance (regardless of the use of the funds).

To make this determination, it helps to understand several terms:

- **Rehabilitation Hard Costs:** The rehabilitation costs are calculated using only hard costs. They do not include soft costs or the costs of lead hazard evaluation and reduction, as described below.
- **Lead Hazard Evaluation and Reduction Costs:** Lead hazard evaluation and reduction costs include costs associated with site preparation, occupant protection, relocation, interim controls, abatement, clearance, and waste handling attributable to lead-based paint hazard reduction.
- **Federal Assistance:** Federal assistance includes all Federal funds provided to the rehabilitation project, regardless of whether the funds are used for acquisition, construction, soft costs or other purposes. This also includes funds from program income, but excludes low-income housing tax credit funds (LIHTC), Department of Energy Weatherization Program funds, or non-Federal funds.

### **Requirements for Rehabilitation Projects Receiving over \$25,000 per Unit:**

Projects where the level of rehabilitation assistance is over \$25,000 per unit must meet the following requirements.

**The goal is to “identify and eliminate lead hazards:”** A risk assessment is required to identify hazards and any identified hazards must be abated by an EPA certified abatement professional.

**Lead Hazard Evaluation Requirements:** A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation or grantees may assume that lead-based paint hazards exist.

**Lead Hazard Reduction Requirements:** To address hazards identified, abatement must be conducted to reduce all identified lead-based paint hazards except those described below. Abatement must be conducted by an EPA certified abatement contractor. If lead-based paint hazards are detected during the risk assessment on the exterior surfaces that are not to be disturbed by rehabilitation, interim controls may be completed instead of abatement to reduce these hazards. Clearance is required when lead hazard reduction activities are complete.

**Options** There are two options, as follows:

1. The recipient is permitted to presume that lead-based paint hazards exist. In such cases, a risk assessment is not required. The recipient must abate all applicable painted surfaces that will be disturbed during rehabilitation and all presumed lead hazards.
2. The recipient is permitted to conduct a lead hazard screen instead of a risk assessment. The lead hazard screen has more stringent requirements and is only recommended in units in good condition. If the lead hazard screen indicates that there is no lead contamination, no

lead hazard reduction is required. If the lead hazard screen indicates the presence of lead hazards, the recipient must then conduct a risk assessment. (Note: Passing a lead hazard screen, or a risk assessment, does not eliminate the requirement to perform abatement on lead-based paint hazards created as a result of the rehabilitation work.)

**Clearance Requirements:** Clearance is required by an EPA certified clearance examiner.

**Notification Requirements:** The following notices must be provided to owners and tenants:

- The Lead Hazard Information pamphlet;
- The Notice of Evaluation (if a risk assessment is conducted) or Notice of Presumption (if a risk assessment is not conducted); and
- The Notice of Lead Hazard Reduction

In short, compliance with the Lead Safe Housing Rule for such rehabilitation projects will affect the project planning, timeline, scope of work, contracting, and budget. In particular, it involves the engagement of a certified abatement contractor.

**Required Qualifications for Hazard Evaluation Professionals:**

Paint inspectors and risk assessors must be certified by the EPA to conduct evaluations. Rehabilitation specialists and other program staff may have the experience and educational qualifications needed to pursue lead-based paint inspector or risk assessor training and certification. The following specific certification requirements apply to these evaluators (from 40 CFR 745.226):

**Certified paint inspectors must:**

- Successfully complete an EPA or state-accredited training program;
- Pass the exam required by the certifying authority; and
- Apply for and be certified by the state or EPA.

**Risk assessors must:**

- Successfully complete an EPA or state-accredited training program;
  - Pass the exam required by the certifying authority; and
  - Apply for and be certified by the state or EPA;
- or**
- Be certified as an industrial hygienist, engineer, architect, or related field;
- or**
- Have a high school diploma and at least three years' experience with lead, asbestos, environmental remediation work, or construction.

**Clearance must be performed by the following:**

- Certified risk assessor;
  - Certified lead-based paint inspector; or
  - Certified lead sampling technician (called a clearance technician in the HUD regulation).
- Sampling technicians are currently not authorized by EPA to perform clearance examinations after abatement, but HUD regulations permit them to perform clearance after interim controls or maintenance or renovation activities.



## **Required Qualifications for Lead Hazard Reduction Contractors:**

### **Qualifications for Abatement Contractors**

Abatement contractors consist of:

- Trained and EPA-certified abatement supervisor(s); and
- Workers who have successfully completed accredited lead abatement worker training.

### **Qualifications to Perform Interim Controls or Standard Treatments**

To perform interim controls or standard treatments, a worker must be supervised by an EPA certified abatement supervisor or have successfully completed one of the following courses:

- An accredited lead-based paint abatement supervisor course;
- An accredited lead-based paint worker course;
- The lead-based paint course: “Work Smart, Work Wet, and Work Clean,” prepared by the National Environmental Training Association for the EPA and HUD;
- The Remodeler’s and Renovator’s Lead-Based Paint Training Program prepared by HUD and the National Association of the Remodeling Industry (NARI); or
- A similar course recognized by HUD and EPA. (See HUD’s website, [www.hud.gov/offices/lead](http://www.hud.gov/offices/lead), for list of approved courses.)

### **Qualifications for Safe Work Practices**

There are no specific qualifications for safe work practices, however, the following courses are useful general courses for all workers who want to work safely with lead.

- Remodeler’s and Renovator’s Lead-Based Paint Training Program developed by HUD and the National Association for the Remodeling Industry (NARI); and
- Lead-Based Paint Maintenance Training Program developed by HUD/EPA and the National Educational Training Association (NETA).
- The booklet, “Lead Paint Safety: A Field Guide for Painting, Home Maintenance, and Renovation Work,” is an excellent illustrated guide. Available on [www.hud.gov/offices/lead](http://www.hud.gov/offices/lead) or from the National Lead Information Center at 1-800-424-LEAD or [www.epa.gov/lead/pubs/nlic.htm](http://www.epa.gov/lead/pubs/nlic.htm).

## **Lead-Based Paint Definitions and Terms:**

**Abatement** means any set of measures designed to permanently eliminate lead-based paint or lead-based paint hazards. Permanent means an expected design life of at least 20 years.

Abatement includes:

- The removal of lead-based paint and dust-lead hazards, the permanent enclosure or encapsulation of lead-based paint, the replacement of components or fixtures painted with lead-based paint, and the removal or permanent covering of soil-lead hazards; and
- All preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.

**Certified** means licensed or certified to perform such activities as risk assessment, lead-based inspection, or abatement supervision by the State with a lead-based paint certification program authorized by the Environmental Protection Agency (EPA).

**Clearance Examination** means an activity conducted following lead-based paint hazard reduction activities to determine that the hazard reduction activities are complete and that no soil-lead hazards or settled dust-lead hazards exist in the dwelling unit or worksite. The clearance process includes a visual assessment and collection and analysis of environmental samples. Dust-lead standards for clearance are found at 35.1320.

**Containment** means the physical measures taken to ensure that dust and debris created or released during lead-based paint hazard reduction are not spread, blown or tracked from inside to outside of the worksite.

**Deteriorated Paint** means any interior or exterior paint or other coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate.

**Dust-Lead Hazard** means surface dust that contains a dust-lead loading (area concentration of lead) at or exceeding the levels promulgated by the EPA pursuant to section 403 of the Toxic Substances Control Act or the standards in 35.1320.

**Encapsulation** means the application of a covering or coating that acts as a barrier between the lead-based paint and the environment and that relies for its durability on adhesion between the encapsulant and the painted surface, and on the integrity of the existing bonds between paint layers and between the paint and the substrate. Encapsulation may be used as a method of abatement if it is designated and performed so as to be permanent.

**Enclosure** means the use of rigid, durable construction materials that are mechanically fastened to the substrate in order to act as a barrier between lead-based paint and the environment. Enclosure may be used as a method of abatement if it is designated to be permanent.

**Evaluation** means a risk assessment, a lead hazard screen, a lead-based paint inspection, paint testing, or a combination of these to determine the presence of lead-based paint hazards or lead-based paint.

**Hazard Reduction** means measures designed to reduce or eliminate human exposure to lead-based paint hazards through methods including interim controls or abatement or a combination of the two.

**Interim Controls** means a set of measures designated to reduce temporarily human exposure or likely exposure to lead-based paint hazards. Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing lead-based paint maintenance activities, and the establishment and operation of management and resident education programs.

**Lead-Based Paint Hazard** means any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.

**Lead-Based Paint Inspection** means a surface-by-surface investigation to determine the presence of lead-based paint and the provision of a report explaining the results of the investigation.

**Paint Stabilization** means repairing any physical defect in the substrate of a painted surface that is causing paint deterioration, removing loose paint and other material from the surface to be treated, and applying a new protective coating or paint.

**Painted Surface to be Disturbed** means a paint surface that is to be scraped, sanded, cut, penetrated or otherwise affected by rehabilitation work in a manner that could potentially create a lead-based paint hazard by generating dust, fumes, or paint chips.

**Risk Assessment means:**

- An on-site investigation to determine the existence, nature, severity, and location of lead-based paint hazards; and
- The provision of a report by the individual or firm conducting the risk assessment explaining the results of the investigation and options for reducing lead-based paint hazards.

**Safe Work Practices** means hazard reduction using approved methods of paint stabilization, occupant protection and specialized cleaning.

**Standard Treatments** means a series of hazard reduction measures designed to reduce all lead-based paint hazards in a dwelling unit without the benefit of a risk assessment or other evaluation.

**Visual Assessment** means looking for, as applicable:

- Deteriorated paint
- Visible surface dust, debris and residue as part of a risk assessment or clearance examination; or
- The completion or failure of a hazard reduction measure.