



Small Rental Development Program (SRDP)

Implementation Manual

South Carolina State Housing Finance and Development Authority (SC Housing)
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Getting Started

IMPLEMENTATION SCHEDULE

The Implementation Schedule is provided as Exhibit A to both the HOME and NHTF Written Agreements. The implementation schedule is the same in both Exhibits and contains document submission deadlines and construction completion benchmarks that must be met. Recipients must adhere to the implementation schedule as required by the written agreements. Following the schedule and meeting the deadlines is imperative to meeting Federal requirements and expenditure deadlines.

NOTE: Developments that do not start construction within one year of executing the written agreements are considered stalled and may have all funds de-obligated.

STAFF CONTACT INFORMATION

Contact information for SRDP is listed below.

Staff Name:	Phone:	Email:
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CHOICE-LIMITING ACTIONS PENDING ENVIRONMENTAL CLEARANCE

In accordance with 24 CFR Part 58, the Recipient acknowledges and agrees that **NO funds, HUD or non-HUD, may be committed to physical or choice-limiting actions and no physical or choice-limiting actions may be undertaken with respect to the development prior to the environmental clearance, including, but not limited to, the following:**

1. Property Acquisition;
2. Demolition;
3. Notice of Award;
4. Procurement, Execution of Construction Contract; and/or
5. Rehabilitation/Construction

In addition, if at any time it is determined that the area of land disturbance will exceed the parameters of the site for which the environmental review was completed the developer must notify SC Housing immediately. An increase in the area of land disturbance will require the scope of the environmental review to be expanded to include the additional land that will be disturbed during construction.

Violation of this provision before the environmental review process has been completed and the Authority has received HUD form 7015.16, "Authority to Use Grant Funds," may result in the automatic termination of the conditional commitment of HOME funds. If questions arise on what actions are or are not choice-limiting, call Authority Development staff for guidance.

AWARD REVISIONS

The Authority must approve any changes or amendments to the SRDP application that result in changes to the development's funding or structure. All requests for award revisions must be submitted in writing to your assigned Program Coordinator.

PUBLIC DISCLOSURE REQUIREMENTS

HOME and NHTF regulations require that award Recipients disclose publically the receipt of their federal funding and any opportunities that may result from the funding. Sample disclosure language is provided in the *SRDP-1 Notice of Awards* form. The notice must be published in the legal section of a local newspaper that is distributed where the project is located for at least **one day**. A copy of the published notice and an affidavit of publication must be submitted to the Authority no later than the date identified in the Implementation Schedule. The purpose of publishing the notice is to ensure that the community and potential beneficiaries are informed of opportunities that may arise from the federal HOME and NHTF funds awarded to the development. The notice **must include** the Equal Housing Opportunity Logo and encourage the participation of women and minority businesses. Developments subject to Section 3 requirements must also encourage the participation of Section 3 businesses and workers.

A link to the Equal Housing Opportunity Logo can be found at the Authorities website at:
<https://www.hud.gov/library/bookshelf11/hudgraphics>.

FINANCIAL COMMITMENTS

Final financial commitments must be in place prior to awarding HOME and NHTF funds. If the terms and conditions of the financial structure of the project that were approved by SC Housing underwriting staff are revised for any reason, Development staff must be notified promptly. Changes to the financial structure of a project may require a secondary evaluation to determine if the financial structure still meets the Authority's underwriting criteria. **Regardless of stage of project completion, Recipients must notify their Program Coordinator immediately of any changes to the project's financial structure.**

LOAN CLOSING REQUIREMENTS

All HOME, NHTF, and HTF monies are awarded in the form of a loan. Upon the receipt of a completed *SRDP-2 Loan Closing Request Form*, the Authority will prepare a loan closing package, which will be sent to your chosen attorney for closing. The loan closing package will include instructions for executing the Promissory Notes, Mortgages, and Restrictive Covenants. The *SRDP-2 Loan Closing Request Form* must be completed by the closing attorney and submitted to your assigned Program Coordinator. A copy of the deed, legal description, tax map number and numbered street address of the subject property must be submitted along with the form. Each mortgage must be insured by a policy of mortgage title

insurance on the subject property. The Authority requires that a Commitment for Title Insurance be provided for review prior to loan closing. The closings cannot be scheduled until the Authority's staff has reviewed and approved the Commitment for Title Insurance. The loan agreements will address state and federal regulations, along with other terms and conditions, which consist of guidelines, laws, and requirements under which the loans are to be administered. The loan documents for the HOME, NHTF, and SC HTF loans will be prepared simultaneously. If the SRDP funding is to be subordinated to conventional financing, a draft copy of the subordination agreement should be included with the loan closing documents. *To begin the loan process, you must submit all necessary documentation to your assigned Program Coordinator at least 30 days prior to the day in which you anticipate closing the SRDP loans.*

FINANCIAL MANAGEMENT & AUDIT REQUIREMENTS

Financial Accountability

Financial Management requirements must be provided to the appropriate finance staff of the SRDP award Recipient. Recipients must maintain complete and accurate financial records for all transactions performed under the HOME, NHTF and SC HTF agreements. Audited financial statements must be submitted annually and throughout the duration of the affordability period. Financial statements must be compiled, reviewed or audited by an independent CPA licensed by the State of South Carolina Board of Accountancy. Financial Statements must include an Income Statement and Balance Sheet.

Each SRDP Recipient's financial management systems must have a budget control system that makes it possible to compare actual expenditures with budgeted amounts for the development. Recipients must have a cash management procedure in place that minimizes the elapsed time between receipt and expenditure of SRDP funds. Recipients must monitor the cash management to ensure that systems are in compliance with requirements. Financial management systems must also have sound internal control procedures that cover cash, real property, and other assets. The internal control system must safeguard all SRDP funded property and ensure that such property is used solely for authorized purposes.

Financial Records

Separate accounting records must be maintained for HOME, NHTF and SC HTF monies. The co-mingling of funds is not permitted. SRDP funds must be kept in a non-interest bearing account. Not only will separate records serve to meet required recordkeeping requirements, but it will also eliminate potential conflicts with the Recipient's usual recordkeeping systems, which may reflect a different local fiscal year or accounting functions by department rather than by property and activity. In addition, separation of accounts reduces conflicts with other funds. All records and correspondence pertaining to SRDP funds must reflect the award numbers. At the time of a financial review, whether it is during the oversight period of the program or during the affordability period, the ledger and journals listed below must be available for review. The ledger and journals should be able to demonstrate that a budget control system exists in the accounting record system.

Financial records must be fully supported with source documentation. Examples of source documentation include: contracts, canceled checks, wire transfers, paid bills, invoices, draw request documents, deposit slips or other original documents supporting income or expenditures. This documentation must be on hand at the time disbursements are made and must be kept in one central location.

Recipients are required to establish procedures for recording SRDP-related transactions and establishing the appropriate checks and balances for accounting transparency:

a. General Ledger

This ledger must be maintained to summarize cash receipts and disbursements on a per-property basis. Entries to the General Ledger must be made from the Cash Receipts and Cash Disbursements Journal and must be kept separately for each activity.

b. Cash Receipts Journal

This journal must be maintained to record the receipt of all funds (local, state and federal) used for program activities. The journal must include the date funds were received, the amount of funds received, the source of funds and the properties for which the funds were received.

c. Cash Disbursements Journal

This journal must be maintained to record checks issued for payment of program costs. It must include the date of payment, the payee, check number, disbursement amount and the property for which the disbursement was made against.

d. Development Summary Journal

This journal is required for SRDP developments which have multiple activities. This journal contains entries for each receipt and disbursement related to a particular activity or development. It also contains reference numbers to the Cash Receipts and Cash Disbursement Journals. A cash balance column is used to keep a running balance of the differences between receipts and disbursements.

e. General Journal

This journal may be maintained to enter all non-cash transactions. These entries must include a long-line statement to explain the origin or reason for the amount. The amount is then entered into the General Ledger.

Questions related to financial management should be directed to Jessica Donald, Development Auditor at 803-896-9253 or jessica.donald@schousing.com.

OMB A-133 Audit Requirements

Audit Requirements for non-profits and governmental entities are annual requirements that remain in effect from award inception until the affordability periods of the project have expired. Each year at end of the entity's fiscal year, a determination must be made as to whether or not the entity is exempt for the fiscal year or if audit requirements have been triggered and an audit will need to be submitted. ***Non-Profit and government entities are required to submit an SRDP-3 Audit Requirements Certification Form annually no later than 30 days from the end of their fiscal year.***

SRDP award Recipients that are non-profits and governmental entities that **expend \$750,00.00 or more in total federal financial assistance** within any one fiscal year are required to obtain an independent audit in accordance with OMB Circular A-133 as referenced at **2 CRF Part 200, Subpart F**. The computation of the total of such assistance includes **all federal funds expended by the entity** and not just the amount of HOME and NHTF dollars. For purposes of determining the amount of federal assistance expended, all federal assistance shall be considered, including that which is received directly from federal agency, passed through a state or local government, passed through a non-profit organization or any combination thereof.

For those required to submit an audit, the annual due date is no later than nine months from the end of the entity's fiscal year that triggered the audit. Award Recipients that expended less than \$750,000.00 during their fiscal year, in federal financial assistance, are exempt from federal audit requirements. However, the Recipient must still have financial records available for review by the Authority.

The costs incurred to complete audits cannot be paid for with SRDP project funds. In addition, non-federal entities cannot charge the following to a federal award:

- The cost of any audit completed under the Single Audit Act Amendments of 1996, not conducted in accordance with 2 CRF Part 200, Subpart F.
- The costs of auditing non-federal entities which are exempt from 2 CRF Part 200, Subpart F.

Cost Certification and Project Financial Statements

As part of the Placed-in-Service Application, each Recipient is required to submit to the Authority a cost certification performed by a certified public accountant for each project assisted with SRDP funds. The cost certification must be prepared and certified as to its 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 SRDP. The certification must indicate that after careful review and investigation into the eligible costs, the costs that are not includable have been excluded from Authority funds. The Authority reserves the right to request an additional CPA opinion, at the expense of the Recipient, for costs that are questionable as to their eligibility relating to the program being administered. The Authority assumes no responsibility for determining which costs are eligible and urges the Recipient and their CPA to perform an independent investigation into the eligibility of all cost items.

Additionally, each Recipient is required to submit annual financial statements for each project assisted with SRDP funds, beginning the first year following the cost certification and with the final submission of financial statements occurring the last year of the affordability period.

For questions regarding audit requirements, contact Jessica Donald, Development Auditor at (803) 896-9253 or jessica.donald@schousing.com.

CONFLICT OF INTEREST REQUIREMENTS

Recipients must maintain in their procurement and beneficiary selection procedures a written code of conduct to govern the performance of its officers, employees or agents in contracting with and expending SRDP funds. SRDP Recipients are required to comply with the conflict of interest regulations found at 2 CFR Part 200. In all cases not governed by 200.112 and 200.318, the provisions of 24 CFR Part 92.356 and 93.353 will apply. Written procurement and selection procedures should contain the following regarding conflicts of interest:

1. **Applicability:** In the procurement of property and services by the Recipient, the provisions of this section apply.
2. **Conflicts prohibited:** No persons described in this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with SRDP funds, or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a SRDP-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
3. **Persons covered:** The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official, owner, developer or sponsor of a development assisted with SRDP funds (or officer, employee, agent or consultant of the owner, developer or sponsor).
4. **Exceptions:** Upon the written request of the Authority, an exception may be awarded from HUD with regard to the provisions of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME and/or NHTF Programs and the effective and efficient administration of the Authority's program or development. An exception may be considered only after the Recipient has provided the following:
 - a) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - b) An opinion of the Recipient's attorney that the interest for which the exception is sought would not violate State or local law.

5. **Factors to be considered for exceptions:** In determining whether to award a requested exception after the Recipient has satisfactorily met the requirements, the Authority will consider the following:
 - a) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or development which would otherwise not be available;
 - b) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - c) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
 - d) Whether the interest or benefit was present before the affected person was in a position as described in number three of this section;
 - e) Whether undue hardship will result either to the Recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
 - f) Any other relevant considerations.
6. **Owners and Developers:** No owner, developer or sponsor of a development assisted with SRDP funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for-profit or non-profit, may occupy a SRDP-assisted housing unit in a development. This provision does not apply to an employee or agent of the owner or developer of a rental housing development who occupies a housing unit as the property manager or maintenance worker.

Recipients are required include the ***SRDP-10 Conflict of Interest Certification Form*** in all bid packages. Each contractor or firm awarded a contract to be paid for with SRDP funds must complete the certification form. Recipients must notify the Authority when a conflict of interest arises. Recipients that choose to request an exception from HUD must contact their Program Coordinator for the specific requirements for submitting an exception application package.

RECORD KEEPING REQUIREMENTS

SRDP Recipients must establish and maintain sufficient records that clearly and satisfactorily demonstrate that program requirements are being met. All records must be retained for the period as described in the funding agreements. Records with respect to any questioned costs, audit disallowances, litigation or dispute between the Recipient and SC Housing shall be maintained for the time needed for the resolution of said question. In the event of early termination of the funding agreement, or if for any reason SC Housing shall require a review of the records related to SRDP, Recipients shall, at their own cost and expense, segregate all such records related to SRDP from its other records of operation.

Recipients must provide citizens, public agencies and other interested parties with reasonable access to records, consistent with applicable state and local laws regarding privacy and obligations of confidentiality. SC Housing, the U.S. Department of Housing and Urban Development, the Inspector General, and any of their representatives, will have the right of access to any pertinent books, documents, papers or other records of the Recipients, in order to make audits, examinations, excerpts and transcripts.

The period of retention for HOME and NHTF rental developments is five years after development completion for development related records. The records of individual tenant income verifications, development rents and inspections must be retained for the most recent five year period, until five years after the termination of the affordability periods. Retention periods for other federal requirements are provided in the Funding Agreements.

SECTION 3 PROJECT APPLICABILITY

A **SRDP-4 Section 3 Applicability Form** must be submitted not later than the date identified in the Program Implementation Schedule. This form is used to determine whether or not your development will have to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 [24 CFR Part 75] which is HUD's legislative directive for providing preference to low- and very low-income residents of the local community (regardless of race or gender), and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded developments. Additional information about the requirements of Section 3 is found on Page 23.

Pre-Construction Requirements

INDEPENDENT COST ANALYSIS, FINAL PLANS & SPECIFICATIONS

The **SRDP- Exhibit 10 Construction Cost Addendum** (independent cost analysis), development budget, and preliminary plans and specifications are reviewed during the application review process. Prior to the issuance of the HOME and NHTF Award Agreements the final plans and specifications must be approved by SC Housing. If at any point in time during the development there are revisions to the approved final plans or specifications, a change order must be submitted and approved by SC Housing inspection staff prior to those changes being made. Refer to Page 17 for additional information on change orders.

Final Plans and Specifications for SRDP projects are due to SC Housing approximately 3 months after the conditional commitment letters are issued. You may submit the final plans and specifications at any time prior to this deadline to start the review process. All development plans and specifications will be reviewed for compliance with the SRDP Mandatory Design Criteria, code requirements, and accessibility compliance. The plans and specifications must also include all design and amenity items which were chosen for points. Procurement and contracting activities may not begin until both of the following conditions have been met:

1. The Authority's Inspection Manager, John Thompson, has reviewed and approved the final plans and specifications and a memorandum is issued from the Authority indicating such; and
2. The NEPA environmental review process has been completed and approved by the Authority and a memorandum is issued from the Authority indicating such.

The project architect must be provided a copy of the mandatory design criteria outlined in the SRDP Application Manual. Recipients are also responsible for providing the architect information on the amenity and design criteria included for points. The final plans submitted must be sealed by the architect indicating they are ready to be released for construction. They do not, at the time of submission, need to be approved by the locality. A copy of the accessibility consultant's certification Appendix AA, report and related accessibility documents must be provided with the final plans and specifications.

SRDP funds are awarded to "fixed" units, meaning each of the funding sources allocated a specific dollar amount to a specific number of units/bedroom sizes. The **SRDP-14 Unit Designation Form** is used to identify which specific units are designated to the specific fund type, bedroom size, household income served, and to identify Section 504 units. The **SRDP-14 Unit Designation Form** must be submitted with the final plans and specifications so inspection staff can determine which units are the designated Section 504 units.

Instructions for Submitting Plans and Specifications: Plans and specifications must be submitted electronically in pdf format. A completed **SRDP-5 Inspection Request Form** must be included with the submission. Contact John Thompson, Inspection Manager for specific instructions on how to submit the documents electronically.

All developments are subject the minimum inspection requirements described on the **SRDP-5 Inspection Request Form**. The architect and construction superintendent must be provided a copy of this form so that they are aware of the construction inspection review process. Recipients must have an architect under contract for the duration of the project.

Please contact John Thompson, Inspection Manager if you have any questions at (803) 394-4671 or john.tompson@schousing.com.

PROCUREMENT REQUIREMENTS

General Information

Recipients must follow procurement procedures that are in compliance with 2 CFR Part 200, and all applicable state and local laws and regulations. This section describes the policies and procedures that must be followed when entering into contractual agreements with other entities when SRDP funds are being used. Such entities may include governmental agencies, professional services firms, consultants, construction contractors, providers of goods and services, and others. The primary purpose of these requirements is to assure free and open competition is achieved. Any exception to the Authority's procurement requirements must be approved in writing by the Authority.

Procurement policies or bid selection procedures must comply with the regulations of Section 3, MBE/WBE outreach requirements, and federal labor standards when applicable. Developments subject to Section 3 regulations must include the **SRDP-12A Section 3 Recipients/Contractors/Subcontractors Packet** and the **SRDP-12C Section 3 Business Concern Certification** in all bid packages as applicable.

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The Recipient shall be alert to prohibited conflicts of interest, as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Solicitations shall 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. Contracts shall be 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.

Examples of what is considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business
- Non-competitive practices between firms
- Conflicts of interest
- Unnecessary experience and bonding requirements

A minimum of three bids is preferred. The bids shall be from general contractors or residential builders who are licensed in the State of South Carolina. All bids shall be submitted with line item costs. The acceptable bid for a general contractor shall be no more than 10% higher or lower than the independent cost analysis or the work write-up approved by the Authority. **Any exception to the above items must be approved by the Authority.** If there are no bids received that fall within the 10% limitation, contact your Program Coordinator for guidance.

Contractor Credential Requirements

Selected general contractors must meet the following minimum requirements to be awarded SRDP construction contracts. Documentation that the contractor meets these requirements must be included in the bid package and submitted proposals.

1. Construction companies must have been in business for a minimum of five years and have permanent full-time employees.

Final plans and specifications must be approved by the Authority prior to bidding out developments. Failure to follow this procedure may result in project delays and disallowed costs.

- 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.
 - Documentation that the company is in good standing with the SC Secretary of State
 - Copy of most current license issued by SC Department of Licensing, Labor and Regulations
 - Completed W-9
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:
 - Project Name
 - Project Owner
 - Project Address
 - # of Units and Type (affordable, market rate)
 - Construction Start/End dates
 - Project Type (New Construction, Rehab, Adaptive Re-Use, Conversion) - Description of Funding Sources
 - Color Photo of Completed Projects
 3. Provide the construction company's organizational chart (including employee names and titles) and employee roster. The construction company must have full-time permanent employees, including full-time on-site job superintendents/project managers. Provide the following information for each employee:
 - Employee Name
 - Job Title
 - Resumes of all key staff members and principals
 - Description of responsibilities and job duties
 - Type (i.e. full-time/part-time)
 4. Contracts cannot be awarded to contractors that are working on other Authority funded projects that have fallen behind schedule. Behind schedule refers to the project's Implementation Schedule and/or the construction completion schedule or completion requirements identified in the construction contract. Any exception to the Authority's contractor requirements must be approved in writing by the Authority.

Method of Procurement

The appropriate procurement method to use for soliciting construction services is the competitive sealed bid method. The current Simplified Acquisition Threshold is \$150,000. **Drafts of all bid packages must be provided to SC Housing for review prior to commencing the bid solicitation process.**

PROCUREMENT METHOD: COMPETITIVE SEALED BID

The competitive sealed bid method is required when procuring for **ALL construction contracts and for all goods and services costing more than \$150,000.**

During the competitive sealed bid process, bids are publicly solicited and a firm, fixed-price contract is awarded to the most responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. In order for sealed bidding to be feasible, the following conditions should be present:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two or more responsible bidders are willing and able to compete effectively for the business; and
3. The procurement lends itself to a firm, fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.

When sealed bids are used, the following requirements apply:

1. Publication Period: The invitation for bids will be publicly advertised for **a minimum of 7 days** and bids shall be solicited from an adequate number of known suppliers, providing them **at least 21 days to submit a bid**, the advertisement should also indicate the date set for opening the bids;
2. Federal Funding Advertised: The advertisement should indicate that the project is being funded with HOME and NHTF funds and that federal requirements will apply to the contracts;
3. Clear Definition: The invitation of bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
4. Itemized Costs: Bids must show the quantity and cost of each line item. Lump sum bids and/or bid items that are not specifically identified or are generally grouped as miscellaneous or contingency are not allowed;
5. Public Opening: All bids will be publicly opened at the time and place prescribed in the invitation for bids;
6. Selection and Contracting: A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder; and
7. Rejection of Bids: Any or all bids may be rejected if there is a sound documented reason.

Negotiations after Unsuccessful Competitive Sealed Bidding: Recipients must notify the Authority upon realization that the bid procedure was unsuccessful. Bid processes are deemed unsuccessful when an insufficient number of proposals are submitted or proposals received are not within 10% of the cost estimate approved by the Authority. The Authority, at its discretion, based on the circumstances, may allow a bid to be awarded, permit negotiations or require the project be re-bid.

Preparing a Bid Package for Construction Services

Step 1: What should be included?

An architect or engineer will typically prepare the technical bid specifications for new construction and Recipients will typically prepare the necessary work write-up for rehabilitation. The information concerning both of these types of activities should provide a complete and accurate description of the work to be completed, specifications for materials, products, and services to be provided or performed. In addition, Recipients must ensure that the bid package includes SRDP mandatory design criteria, design and amenity criteria included for points, required federal and State provisions and clauses, such as compliance with minimum standards for accessibility by the physically handicapped (Section 504), Davis-Bacon, Section 3, and Lead-Based Paint regulations when applicable.

Bid and contract documents should include, but are not limited to the following:

- Technical specifications
- Local, State and Federal requirements
- Equal opportunity requirements including **SRDP-12B**, Section 3 Clause, **SRDP-12A**, and **SRDP-12C Section 3 documents**
- Labor standards requirements (if applicable)
- General contract terms and conditions such as termination clauses, access to and retention of records, etc.
- Timeframe for contract completion
- General industry conditions
- Itemized cost and pricing information by line item
- All bids for any project shall include costs of permits, licenses and fees applicable to work. All bids for material and/or equipment shall include all transportation and freight cost to the job
- If required for fabrication, installation or if required by General contractor, all subcontractors and suppliers will be required to furnish shop drawings, certificates, tests and/or samples for approval

- Each bidder performing work on any project will be required to remove completely from the job site his own construction debris, trash, etc. and to leave his work in a neat and workmanlike manner
- Method of payment and amount of contract
- Advertisement for Bid
- A request that all bidders return bids even if they are not going to bid. Have them mark the bid "No Bid." A "No Bid" is considered a bid.
- **Insurance and bonding requirements, SRDP-7 Contract Provisions, SRDP-8 Debarment Certification, SRDP-9 SC Illegal Immigration Reform Act Certification, SRDP-10 Conflict of Interest Certification, and SRDP-11 Byrd Anti-Lobbying Certification**

Step 2: Reviewing the bid package prior to soliciting bids:

Prior to bidding the project, Recipients should review the bid documents to ensure that the scope of work is consistent with the approved SRDP project.

Step 3: What method to use when soliciting bids:

Construction bids must be publicly solicited using sealed bids.

Step 4: Handling corrections to bid package:

If any amendments are made to the bid documents, they must be sent to all bidders who were sent or who obtained bid documents. A log should be maintained of all bidders who were sent or obtained bid documents. All bids received during the bidding period should be logged with the name and address of the bidder and the date and time of receipt.

Step 5: Confirm Davis-Bacon Wage Decision (if applicable)

Wage decision must be confirmed no later than ten days prior to bid opening.

Step 6: Conduct a public bid opening

All bids should be read aloud during this meeting and minutes kept.

Step 7: Review Bids

- Determine if bids are legally and technically responsive and fall within 10% of the approved cost estimate.
- Check with the State's Licensing Board for General Contractors to verify contractor's business license number and type, and the types of work the contractor is permitted to bid on or perform.
- Evaluate the contractor's capacity.
- Check to make sure the contractor has not been debarred from participating in federally funded developments (SAM.gov).
- Notify the Authority if an insufficient amount of bids are received.
- Submit contractor credentials, documentation of procurement and a draft of the contract to SC Housing for review.
- Prepare and mail a notice of intent to award to the selected bidder after procurement and contract credentials have been approved by SC Housing.

BEST PRACTICES TO FOLLOW WHEN PROCURING

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. This description must not, in the case of competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, set forth minimum essential characteristics and standards to which it must conform to be satisfactory. Clearly set forth all requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals.

- Awards shall be made only to responsive and responsible contractors who possess the ability or have access to resources to perform successfully under the terms and conditions of a proposed procurement. Consideration must be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- Proposed procurement actions must be reviewed by the Recipient to avoid purchasing unnecessary or duplicative items.
- The Cost Plus a Percentage of Cost Method of contracting shall not be used.
- Contracts with other public agencies will only allow actual costs to be paid. No profit is allowable when contracting with other public agencies.
- Recipients must maintain sufficient records detailing the significant history of the procurement. These records must include, but are not necessarily limited to:
 1. Information pertinent to the rationale for the method of procurement
 2. Selection of contract type
 3. Contractor selection or rejection
 4. The basis for the cost or price
 5. Copy of the advertisement for bids
 6. Copy of the bid package that was provided to bidders
 7. Bid tabulation of all bids received
 8. Copies of all bids received, including “no bids”
- Recipients must maintain a contract administration system that ensures contractors perform in accordance with the terms, conditions and specifications of their contract.
- It is recommended that development owners require a bid guarantee from each bidder equal to 5% of the bid price. If utilized, the bid guarantee should consist of a bid bond, certified check, or other negotiable instrument accompanying the bid.

Submitting Procurement Documentation

SRDP Recipients may not award contracts until documentation of procurement and the contractor’s credentials have been approved by SC Housing. The following documentation must be submitted for review:

1. ***SRDP-6 Contract Submittal Form*** with required forms, contractor documents and documentation of credential requirements;
2. Copy of the Bid Advertisement
3. Copy of the Bid Package provided to bidders
4. Copy of all bids received, including “no bids”
5. Bid Tabulation that identifies which contractor the Recipient would prefer to select
6. Draft of Contract
7. Draft Construction Schedule

Identity of Interest Relationships

In circumstances where the SRDP award recipient is also the owner, and wishes to have a related entity perform the general contracting services, the recipient must request approval by submitting a completed ***SRDP-25, Request for Identity of Interest, and an SRDP-25A, Identity of Interest Certification Form***.

Contract Approval

Drafts of the contract along with an **SRDP-6 Contract Submittal Form** and applicable contractor credential documents must be submitted for approval. **All contracts must be approved by the Authority prior to execution.** Once approved, the executed contract needs to be submitted with a construction schedule that has been signed off on by the architect, contractor and the owner. SRDP Recipients must execute construction contracts that are in-line with approved cost estimates (+/- 10% threshold) and include the federal provisions provided in **SRDP-7 Contract Provisions** as an addendum to the contract. Failure to include the contract addendum will result in the return of the contract and cause delay of contract approval. All construction contracts to be paid for with SRDP funds must be properly procured, determined to be cost reasonable, and include required provisions.

10% Threshold Requirement

Contracts must only be awarded to the lowest most responsive and responsible bidder. Eligible proposals must fall within 10% above or below the approved independent cost analysis or work write-up. If there are no proposals received that fall within the allowable range, contact your Program Coordinator. The Authority, at its discretion based on the circumstances, may allow a bid to be accepted outside of the 10% range, permit negotiations or require the service to be re-bid.

SRDP Contract Provisions

All contracts are required to contain federal and state provisions pertaining to equal opportunity, labor standards, and general terms and conditions. The Authority has provided a standard set of these provisions, provided as **SRDP-7 Contract Provisions** for use in construction contracts.

Pre-Construction Conferences

Recipients should notify their assigned Program Coordinator at least two weeks prior to the date of the pre-construction conference. A representative of the Authority may elect to attend the pre-construction conference.

Bonding & Insurance Requirements

A payment and performance bond or letter of credit is required for **ALL** SRDP projects drawing funds during construction, regardless of the amount of the contract. In addition, all SRDP projects are required to follow local procedures relating to bonding and insurance. Recipients should consult their engineers in order to protect their interests. For projects drawing during construction, the minimum bonding and insurance requirements are as follows:

- A payment and performance bond or Letter of Credit from contractors for 100% of the contract shall be executed in connection with each construction contract that the SRDP Recipient elects to draw funds for during construction. Irrevocable Direct Pay Letters of Credit are acceptable in place of payment and performance bonds but must be payable directly to SC State Housing Finance & Development Authority, for an amount equal to the contract amount to ensure payment in full for all completed work in place. All Letters of Credit will be reviewed to limit the Authority's liability.
- SRDP Recipients must require adequate liability/hazard, automobile, and workers' compensation insurance from contractors. Builder's Risk insurance coverage amounts at a minimum must be equal to the entire contract amount.

Building Permits

A copy of the building permits must be submitted to the Authority once pulled.

INSPECTION REQUIREMENTS

Inspections are required at certain phases of completion during construction. It is the responsibility of the SRDP Recipient to submit inspection requests as the development reaches each of the phases of construction completion, as listed below. An **SRDP-5 Inspection Request Form** must be submitted to your assigned Program Coordinator to request required inspections.

- **Final Plans and Specification Approval** – refer to page 3 of Appendix B of the SRDP Application Manual.
- **Site Inspection** – Request when erosion/sediment controls are in place AND clearing, grubbing, and rough grading is complete.
- **Footing Inspection** – Email pictures to the Inspection Manager and Program Coordinator of dug footings with rebar in place, ready for placement of concrete. Pictures must be clear and provide location characteristics.
- **Foundation Completion** – Request when foundation is complete, **before** slab is poured or floor framing is finished.
- **Dried-in inspection** – Request when framing is complete, to include windows and doorways with exterior wrapped.
- **Rough-in inspection** – Request when electrical, plumbing, HVAC and insulation are complete.
- **75% completion** – Request when interior doors, trim, kitchen cabinets, etc., are installed or when building is 75% complete, whichever comes first. The **SRDP-14 Unit Designation Form** must be re-submitted when construction is approximately 75%, prior to the execution of lease agreements.
- **Pre-100% completion inspection** – To be completed when punch list work is underway.
- **Final Inspection** – Request at 100% completion – refer to checklist on page 2 of the inspection request form
- **Change Order Review** – All change orders must be submitted for review.
- **Disbursement Inspections** – submit with required inspections or as needed when drawing SRDP funds during construction.

Developments Drawing SRDP Funds During Construction

Recipients electing to draw down funds during construction may submit requests for payment in conjunction with the above listed required inspections, or, if necessary, additional inspection requests may be submitted as needed for disbursements. All requests for payment for construction expenses must be submitted with an **SRDP-5 Inspection Request Form**. An Authority inspector will inspect for work in place as identified in the AIA Application for Payment documents, which must be signed off on by the project architect. The inspection and disbursement requests must be submitted with directions from the Authority to the project site and the appropriate AIA Application for Payment, demonstrating the completed work in place for which funds are being requested. Disbursement requests will not be processed if the work in place being inspected is not approved.

Change Orders

Change orders are necessary when changes arise to the scope of work, costs or timing identified in executed construction contracts. Change orders should be kept to an absolute minimum and are for unforeseen problems or issues that arise during construction. Change orders will not be used to correct bidding computation errors. Any change orders should be agreed upon, signed by the owner and contractor and submitted to the Authority for review and approval. Change orders will be evaluated for cost reasonableness and necessity. Change orders will also be reviewed to determine whether or not the change in cost or scope of work will affect the approved development budget, lead-based paint exemption status or calculated levels of assistance. To request approval for a change order, the change order must be submitted to your Program Coordinator along with a **SRDP-5 Inspection Request Form** and a **SRDP-13 Change Order Request Form**.

All change orders must be approved by the Authority before the work is undertaken. Failure to follow this requirement may result in disallowed costs. In situations where the change order is extremely time sensitive, notify your Program

Coordinator for guidance on how to proceed. All change orders must be submitted and reviewed by SC Housing inspection staff prior to submitting a request for final inspection.

Processing Inspection Requests

Upon receipt of a complete ***SRDP-5 Inspection Request Form***, an email notification will be sent from your assigned Program Coordinator stating that the inspection request has been provided to inspection staff for scheduling. You will be contacted by an inspector to schedule the inspection within 7 business days from the date of the email. Be aware that delays may occur during the holidays or during severe weather conditions. When completing the ***SRDP-5 Inspection Request Form***, provide the contact information for the staff person you want the inspection staff to contact to schedule the inspection. The SRDP Recipient must be present at the project site during the inspection.

Submitting Final Inspection Requests

When submitting final inspection requests, include the following: Certificates of Occupancy, final AIA Application for Payment, and AHRI's. In addition, depending on the scope of the project, other documentation may be required to be submitted with final inspection request. Required documentation is based on the specific scope of work being undertaken by the Recipient and may vary from project to project. Developments requiring LBP hazard reduction work must submit a copy of the clearance report, and developments funded to construct Energy Star Certified properties must submit documentation of the Energy Star Certification. If unsure, contact your Program Coordinator for the requirements specific to your project.

DISBURSEMENT REQUESTS

General Information

Recipients were required to elect to draw funds during construction or at the completion of construction when the conditional commitments were sent. Disbursements are requested using the ***SRDP-15 Disbursement Request Form***.

In general, the following requirements must be met before a request for payment can be processed:

- Final plans, specifications, and contracts must be approved;
- The HOME/NHTF/HTF loans must be closed;
- If funds are being drawn during construction, a payment & performance bond or letter of credit must be submitted;
- If requesting payment for construction costs, the work must be approved by an Authority Inspector; and
- If requesting payment for soft costs, vertical construction must be underway; and
- For Final Disbursements, the Placed-in-Service Application, Cost Certification and Final Inspection must be submitted and approved by Authority staff.

The Authority, at its discretion, reserves the right to withhold payments for any issues related to compliance with federal or state requirements. The Authority may elect to stop payment of SRDP funds for reasons including, but not limited to, the following:

- Required reports are not received
- Audit reports not received
- Additional required documentation is not received
- Recipient is not in compliance with Davis-Bacon, Section 3 or other program requirements

Vendor Number Registration

To receive payments all SRDP awardees are required to register the ownership entity through the below vendor registration website to receive a vendor number. Once an entity is registered it is not necessary to re-register if the awardee receives an additional award. Once you have received your vendor # please provide a screen print copy of the vendor number to your program coordinator.

To register click here- <https://procurement.sc.gov/doing-biz/registration>

Registration instructions are provided on the SCEIS website.

To check vendor registration status, click here- <http://webprod.cio.sc.gov/SCVendorSearch/vendorSearch.do>

Drawing Funds During Construction

Requesting Funds for Acquisition Expenses

Recipients that were awarded funds for acquisition costs must submit disbursement request forms along with a fully executed copy of the Closing Disclosure Statement, a recorded copy of the deed, and invoices for any legal fees paid outside of closing. Acquisition funds must be part of the approved development budget to be an eligible expense. Disbursements for acquisition expenses will not be processed until vertical construction is underway.

NOTE: If using HOME or NHTF for acquisition expenses, federal regulations require that construction start within 12 months of acquisition. Not meeting this requirement will result in the SRDP award being de-obligated. Developments that have budgeted NHTF funds for acquisition expenses must close and hold title to the property within 6 months of executing the NHTF written agreement. Not meeting the 6 month deadline will render the use of NHTF funds ineligible for acquisition expenses. HOME and NHTF dollars cannot be used to reimburse acquisition expenses incurred for acquiring project sites prior to the submission of the SRDP application. SC HTF may be requested to reimburse acquisition expenses incurred within 24 months prior to the submission of the SRDP application.

Requesting Funds for Soft Costs

Recipients that were awarded funds for soft costs must submit disbursement request forms along with invoices for all expenses being requested. The expenses must be part of the approved development budget to be an eligible expense. Pre-award costs incurred 24 months prior to the execution of the HOME and NHTF written agreements are eligible, as long as they were included in the development budget submitted in the application and are determined to be cost reasonable and necessary. Disbursements for soft costs will not be processed until vertical construction is underway.

Requesting Funds for Construction Expenses

To request funds for construction expenses, disbursement request forms along with an ***SRDP-5 Inspection Request Form*** must be submitted to your Program Coordinator. AIA Applications for Payment signed by the project architect must be provided with the disbursement and inspection request forms. Disbursements will not be processed until the disbursement forms, documentation, and inspection are approved. Once these items are approved, payment can be expected to be received within 21 calendar days. The funds requested must be for amounts necessary to meet current disbursement needs. Current disbursement needs are for completed work in place. Payment cannot be disbursed for stored materials. Recipients should do everything feasible to disburse funds in excess of \$5,000 to vendors within 3 business days of deposit. In situations where payment takes longer than 3 business days, written justification should be maintained in the file as to the reason for the delay of disbursement.

Submitting incomplete or incorrect draw paperwork will delay payment. Any request for payment that is not completed properly or accompanied by the applicable documentation will be denied. Common reasons a request for payment may be denied include, but are not limited to the following:

- Funds requested exceed invoice or approved budget amounts;
- Payee's name is not written on form exactly as it is recognized by the IRS (*must match name exactly as it appears on your W-9*);
- The Federal Tax Identification number provided does not match your organization;
- Budget amounts, amounts previously drawn, and/or total expenditures to date on the disbursement forms are not correct; and/or
- Disbursement request forms are not signed.

Drawing Funds at Project Completion

Owners electing to draw funds at the completion of construction may submit a disbursement request for construction expenses upon approval of the final inspection. The final disbursement requests for each funding source to request the remaining funds for developer fees, reserves, etc. are submitted with the Placed-in-Service Application after the final inspection has been approved. To request the final disbursements, the Placed-in-Service Application must be submitted to your Program Coordinator. Disbursements will not be processed until the disbursement forms, documentation, Placed-in Service Application and final inspection are approved. Once these items are approved payment can be expected to be received within 21 calendar days. Recipients should do everything feasible to disburse funds in excess of \$5,000 to vendors within 3 business days of deposit. In situations where payment takes longer than 3 business days, written justification should be maintained in the file as to the reason for the delay of disbursement. Due to HUD expenditure deadlines an election to draw funds at project completion may not always be an option SC Housing is able to allow. In instances where an expenditure deadline will prevent SC Housing from approving an election to draw funds at project completion the applicant will be notified during the application review process.

NOTE: If the final inspection and/or Placed-in-Service Application review requires award reductions, revisions to financial terms in the loan agreements, alterations to the unit designations, and/or adjustments to rents, the final draw requests and/or legal documents will need to be revised accordingly.

Additional Federal & State Requirements

HOME and NHTF developments are subject to several federal regulations. Recipients are responsible for knowing which of those federal requirements their developments must comply with. This section discusses those various regulations and their applicability.

FEDERAL DEBARMENT CERTIFICATION

SRDP funded projects may not employ any contractors that have been debarred or suspended from participating in federally funded programs. A listing of debarred contractors can be found on the **System for Award Management (SAM)** website at sam.gov. SRDP Recipients are responsible for checking the website to verify a contractor's status prior to executing contracts. All contractors awarded contracts must sign the **SRDP-8 Debarment Certification Form** certifying that they are not included on the Excluded Parties Listing System and are eligible to participate in federally assisted programs. An **SRDP-8 Debarment Certification Form** must be submitted along with each contract awarded **with a copy of the search results from sam.gov**. Separate searches must be conducted on sam.gov for the firm name and owner name(s).

FAIR LABOR STANDARDS ACT

The Fair Labor Standards Act (FLSA) contains federal minimum wage rates and overtime (O/T) and child labor requirements. These requirements generally apply to any labor performed and may be pre-empted by other federal standards, such as the Davis Bacon Act, related prevailing wage requirements, and the Contract Work Hours and Safety Standards Act. Only the Department of Labor has the authority to administer and enforce FLSA. HUD will refer to the DOL any possible FLSA violations that are found on HUD developments.

BYRD ANTI-LOBBYING CERTIFICATION

Contractors who apply or bid for awards in excess of \$100,000 must provide the required certification. Each tier certifies to the tier above that it will not and has not used federal funds to pay any person or organization influencing, or attempting to influence, an officer/employee of any agency, a member of Congress, officer/employee of Congress or an employee of a member of Congress in connection with obtaining any federal contract, award or any other award covered by 31 USC 1352. Each tier should disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier up to the Recipient. A **SRDP-11 Byrd Anti-Lobbying Certification Form** must be completed by the contractor and the SRDP Recipient.

SC ILLEGAL IMMIGRATION REFORM ACT

Effective July 1, 2009, South Carolina businesses that employ 100 or more workers must verify the legal status of new employees and remove from their payrolls any worker who is not legally in the United States and authorized to work. These requirements are a part of the South Carolina Illegal Immigration Reform Act that became effective on June 2, 2008.

Beginning July 1, 2009, all businesses in South Carolina are issued a South Carolina employment license which permits an employer to hire employees. The employment license remains in effect as long as the business abides by the law. Employers who employ less than 100 workers had until July 1, 2010 to fully comply with the law. The South Carolina Department of Labor, Licensing and Regulation will investigate complaints and conduct audits of employers to assure

compliance with the law. An **SRDP-9 SC Illegal Immigration Reform Act Certification Form** must be submitted along with each contract awarded.

Verification Requirements:

In addition to completing and maintaining the federal employment eligibility verification form, more commonly known as the Form I-9, all South Carolina employers must, within five days after employing a new employee, verify the following:

1. The employee's work authorization through the E-Verify federal work authorization program administered by the U.S. Department of Homeland Security; or
2. The employee possesses a valid South Carolina driver's license or identification card issued by the South Carolina Department of Motor Vehicles; is eligible to obtain a South Carolina driver's license or identification card; or possesses a valid driver's license or identification card from another state whose qualification requirements are as strict as those of the state of South Carolina.

For information on E-Verify, and to register for the program, go to the **E-Verify** website at: <https://www.e-verify.gov/>

Compliance Dates:

Compliance with verification requirements begins July 1, 2009 for private employers who employ 100 or more employees. For private employers who employ less than 100 employees, the compliance date is July 1, 2010.

Enforcement and Penalties:

The South Carolina Department of Labor, Licensing and Regulation is responsible for:

- Notifying the United States Immigration and Customs Enforcement of suspected unauthorized aliens employed by a private employer;
- Notifying state and local law enforcement agencies responsible for enforcing state immigration laws, and;
- Assessing penalties for violations of the Act.

For violations of the procedures for verifying worker eligibility, a private employer can be assessed a civil penalty of not less than \$100 and not more than \$1,000 for each violation. Upon the first violation, the employer can avoid assessment of a penalty if, within 72 hours of notification of a violation, the employer complies with the verification provisions. An employer who knowingly or intentionally hires an unauthorized alien faces suspension or revocation of the employer's imputed license. During the time that the license is suspended or revoked, the employer cannot employ any employees.

SECTION 3 REGULATIONS

Each year the U.S. Department of Housing and Urban Development invests billions of federal dollars into distressed communities for developments designed to build and rehabilitate housing, improve roads, develop community centers and otherwise assist families to achieve the American Dream. The Section 3 regulation recognizes that HUD funding typically results in developments/activities that generate new employment, training and contracting opportunities. These economic opportunities not only provide "bricks and mortar", but can also positively impact the lives of local residents who live in the neighborhoods being redeveloped.

Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 75] is HUD's legislative directive for providing preference to low- and very low-income residents of the local community (regardless of race or gender), and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded developments. Further, as a condition of receiving HUD Community Planning and Development assistance, Recipients certify that they will comply with the requirements of Section 3. Accordingly, HUD has the legal responsibility to monitor Recipients for compliance and can impose penalties upon those that fail to meet these obligations.

Applicability of Section 3 to SRDP Developments

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, NHTF and NSP 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 HUD CPD programs, 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.

Section 3 Covered Community Planning and Development Funding:

The following federal programs are subject to the requirements of Section 3:

- Community Development Block Awards (CDBG)
- Home Investment Partnership Assistance (HOME)
- Housing Opportunities for Persons with Aids (HOPWA)
- Economic Development Initiative (EDI)
- Brownfield Economic Development Initiative (BEDI)
- Emergency Shelter Awards (ESG)
- Homeless Assistance
- University Partnership Awards
- Neighborhood Stabilization Program (NSP)
- Certain Awards Awarded Under HUD Notices of Funding Availability (NOFAs)
- National Housing Trust Fund (HTF)

Section 3 Reporting Requirements

All contractors and subcontractors are required to submit an ***SRDP – 12F-G Contractors/Subcontractors Total Labor Hours Report***, along with supporting documentation, if applicable to the Award Recipient upon completion of their construction contract. Award Recipients are required to submit an ***SRDP-12H Master Award Recipient Total Labor Hours Report along with all collected Section contractor and subcontractor documentation and reports to SC Housing with the Placed-in-Service Application***. The following labor hours data will be reported for each construction and contract and subcontract awarded to the project:

- 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 that were taken if benchmarks are not met. Documentation of these efforts is submitted with the reports.

Section 3 Benchmarks

The Section 3 benchmarks established by HUD for all Award 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 Award Recipient's/Contractor's/Subcontractor's reporting indicates the Section 3 benchmarks have not been met, qualitative efforts must be included in the SRDP-12G Qualitative Efforts Report and evidence must be provided indicating that, to the greatest extent feasible, low- and very low-income persons were given employment and training opportunities.

Qualitative Efforts include but are not limited to:

- Outreach efforts to generate job applicants who are Public Housing Targeted Workers
- Outreach efforts to generate job applicants who are Other Funded Targeted Workers
- Direct, on-the-job training (including apprenticeships)
- Indirect training such as arranging for, contracting for, or paying tuition for off-site training
- Technical training such as arranging for, contracting for, or paying for tuition for off-site training
- Outreach efforts to identify and secure bids from Section 3 Business Concerns
- Technical assistance to help Section 3 business concerns understand and bid on contracts
- Division of contracts into smaller jobs to facilitate participation by Section 3 Business Concerns
- Provided or connected residents with assistance in seeking employment, including drafting resumes, preparing for interviews, finding job opportunities, connecting resident to job placement services
- Held one or more job fairs
- Provided or connected residents with supportive services that can provide direct services or referrals
- Provided or connected residents with supportive services that provide one or more of the following: work readiness, health screenings, interview clothing, uniforms, test fees, transportation
- Assisted residents with finding childcare
- Assisted residents to apply for or attend community college or a four-year educational institution
- Assisted residents to apply for or attend vocational/technical training
- Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns
- Provided or connected residents with training on computer use or online technologies

Award Recipients, Contractors and Subcontractors will be considered compliant if they meet both benchmarks for total hours worked for Section 3 workers and Targeted Section 3 workers as stated above.

If Award Recipients, Contractors or Subcontractors did not meet the benchmarks, but can provide evidence that they made qualitative efforts to provide low- and very low-income persons with employment and training opportunities, they will be considered compliant with Section 3. Documentation of qualitative efforts must be provided along with the **SRDP-12G – Section 3 Qualitative Efforts Report**.

Section 3 Clause

In accordance with 24 CFR Part 75.27, all Section 3 covered contracts shall include the following clause **VERBATIM** (referred to as the Section 3 clause):

Section 3 Clause:

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section3), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by HUD financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who receive HUD financial assistance for housing and those residing in communities where the financial assistance is expended.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The contractor agrees to include this Section 3 Clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 Clause, upon finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.
- D. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD-assisted contracts.

Award Recipients, Contractors, and Subcontractors must retain all records pertaining to Section 3 for a period of five (5) years after project completion.

Refer to the **SRDP-12A - Section 3 Packet for Award Recipients/Contractors/Subcontractors** for additional information on compliance with Section 3 regulatory requirements. Anyone with questions about Section 3 requirements should Jennifer Cogan at (803) 896-9824 or email at jennifer.cogan@schousing.com.

SMALL & MINORITY BUSINESS INVOLVEMENT

When procuring goods and services, HUD requires that Recipients encourage and support the involvement of small, minority and female-owned business firms in HOME and NHTF funded developments. HUD has placed the following requirements with regard to the HOME and NHTF programs to ensure the following minimum affirmative steps are taken to afford MBE/WBE owned businesses every opportunity to participate in SRDP generated contracts:

- Placing minorities and women on solicitation lists;
- Assuring that MBE and WBE firms are solicited whenever they are potential sources;
- Dividing the total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business enterprises and women business enterprises;
- Where the requirement permits, establishing delivery schedules that encourage participation by small and minority business enterprises, and women business enterprises;
- Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring the prime contractor, if subcontractors are to be let, to take all the same affirmative steps listed here.

Additional guidance can be found at:

<https://www.hudexchange.info/resource/248/guidance-on-minority-business-enterprise-and-womens-business-enterprise-outreach/>.

The **South Carolina Minority Business Directory** is a valuable resource for attracting services from minority owned businesses located in South Carolina. A link to download the directory can be accessed at <https://osmba.sc.gov/directory.html>.

If a contractor cannot demonstrate an ability to comply with federal requirements, such as Section 3 and minority outreach requirements, it should not be selected to perform work in connection with any SRDP funded developments. It is important to effectively communicate up front all applicable SRDP requirements related to HUD generated economic opportunities by clearly stating what is required in all contract solicitations. All SRDP Recipients are required to submit the **SRDP-17 MBE/WBE Annual Report (HUD 2516)**, not later than **September 30th** of each year.

Anyone with questions about MBE/WBE requirements should email **CommunityDevelopmentPrograms@schousing.com**

VIOLENCE AGAINST WOMEN ACT (VAWA)

HOME and NHTF funds are subject to the Violence Against Women Act (VAWA) Final Rule issued by HUD, in an effort to support victims of crimes covered by VAWA. The final rule went into effect on December 16, 2016, and the regulations can be found at 24 CFR Part 5. The rule states that applicants and tenants may not be denied assistance or have assistance terminated on the basis, or as a direct result of having been a victim of domestic violence, dating violence, sexual assault, or stalking and allows Recipients to establish a preference for tenants who have been victims of those crimes, and provides guidance on protecting victims from further crimes by establishing emergency transfer plans. The final rule also establishes confidentiality measures put in place to further protect victims, and lease bifurcation regulations in order to protect members of a household when another household member has presented as an actual and imminent threat to them. VAWA Protections are not limited to women and are available to all, without regard to sex, gender identity, or sexual orientation.

Reporting Requirements

QUARTERLY REPORTS

Included in this packet is a copy of the **SRDP-18 Quarterly Report**. This report is mandatory and is submitted quarterly until development close-out and is due not later than the following dates listed below:

Quarter	Reporting Period	Due
First Quarter	January 1– March 31	April 15th
Second Quarter	April 1– June 30	July 15th
Third Quarter	July 1– September 30	October 15th
Fourth Quarter	October 1– December 31	January 15th

NOTE: Reports must be submitted quarterly until award is 100% completed. If completion benchmarks are not met as identified in the Implementation Schedules, monthly reports may be required until progress has improved. Developments that are drawing funds at project completion must include a copy of the most recent certified AIA Application for Payment with the Quarterly Report once construction begins.

FEDERAL REPORTING REQUIREMENTS

Federal Reports are due annually until development is 100% completed, all funds have been drawn, the **SRDP-20 Project Completion Report** is submitted and the SRDP Recipient has received their Award close out letter.

SRDP-17 MBE/WBE Annual Report (HUD 2516)

Recipients are required to submit a **2516 report** annually to the Authority **no later than September 30th**. This annual report collects data on contracts awarded in conjunction with your SRDP development. The report must include **all contracts** executed during the report period of October 1 – September 30 that are for \$10,000 or more. The Authority will email SRDP Recipients a reminder annually to submit their 2516 report by the required deadline. Anyone with questions about the report should contact Jennifer Cogan at (803) 896-9824 or email at jennifer.cogan@schousing.com.

Award Close-Out Requirements

INITIAL LEASE-UP APPROVAL

The **SRDP-14 Unit Designation Form** must be re-submitted when construction is approximately 75%, prior to the execution of lease agreements. SC Housing will review the proposed initial rents, tenant AMI, and unit designations to verify compliance with funding source requirements. SRDP units are awarded as fixed units and the unit designations will remain in place throughout the duration of the affordability periods of each funding source. SRDP units cannot be occupied until an SC Housing inspector has approved the final inspection.

FINAL INSPECTION REQUIREMENTS

Recipients must receive a notification from the Authority that the development has passed a final inspection prior to allowing tenants to occupy units. SRDP developments must follow the inspection requirements and processes as described in the **SRDP-5A 100% Inspection Checklist** found at: <https://schousing.com/library/SRDP/Implementation-Manual-and-Forms/SRDP-5A%20100%25%20Inspection%20Checklist.pdf>

PLACED-IN-SERVICE APPLICATION

Placed-in-Service Applications must be submitted and approved prior to the release of the final disbursement request. PIS Applications are located on the Authority's website and must be submitted along with the **SRDP-19 Placed-in-Service Application Checklist** and the appropriate documentation. Final payments will not be released until the final inspection and Placed-in-Service Application are approved. The submission of complete and accurate Placed-in-Service documentation is necessary to prevent delays for the release of the final payment. Please contact Leanne Johnson in our Financial Management Division at (803) 896-9384 or leanne.johnson@schousing.com with any questions regarding the **Placed-in-Service Application**. **NOTE: The Placed-in-Service Application review cannot be completed until the final inspection is approved.**

AWARD CLOSE-OUT MANUAL

Within approximately two weeks of receiving your final payment for your SRDP award, the Authority will provide you with an SRDP **Award Close-Out Packet**. This packet provides a deadline to submit your **SRDP-20 Rental Project Completion Report** and contains information on the requirements that you must comply with throughout the affordability periods, along with what you need to know to be prepared for your initial monitoring visit from our Compliance Monitoring staff.

PROJECT COMPLETION REPORT

SRDP-20 Rental Project Completion Report must be submitted within 60 days of receiving the final payment for your SRDP award. This report is necessary for Authority staff to input close-out data in HUD's IDIS system for HOME and NHTF reporting requirements. The date the project completion data is entered into the IDIS system is the date that officially begins the affordability periods identified in the HOME and NHTF restrictive covenants.

HUD requires that all initial occupancy data is entered into the IDIS system. If your development has vacant units at the time the project completion report is submitted, the Authority will follow up with you to provide the occupancy data for vacant units until the information for all units is collected. The Authority will email a **Vacant Unit Status Memo** to collect the tenant data until data for each HOME and HTF unit has been provided. All initial tenant data for HOME units must be

entered into the IDIS system within eighteen months of the date of project completion. If any HOME unit has not yet been rented to an income eligible tenant, HUD requires that the SRDP Recipient repay HOME funds invested in the unoccupied unit.

RESTRICTIVE COVENANT AMENDMENT

HOME and NHTF affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership and are imposed by restrictive covenants that run with the land as required by HUD. To ensure that HOME and NHTF assisted units meet affordability requirements for the duration of the affordability periods, the Authority requires that restrictive covenants are recorded and returned to the Authority within 60 days of receipt. The Authority will prepare and send out amendments to the HOME and NHTF restrictive covenants upon receipt of the **SRDP-20 Project Completion Report**. The amendments are issued to identify the starting and ending dates of the HOME and NHTF affordability periods. HUD requires that the affordability periods begin on the date the project completion data is entered in the HUD IDIS system.

Compliance Periods

MONITORING REVIEWS

Types of Reviews

HUD requires that the Authority addresses the following components when monitoring its HOME and NHTF Award Recipients. To meet these requirements, the Authority conducts reviews that are conducted by different divisions of Authority Staff.

- Programmatic Reviews – *conducted by Program Management Staff*
- Rental Development On-Site Reviews – *conducted by Compliance Monitoring Staff*
- Financial Management Reviews – *conducted by the Development Auditor*

ANNUAL FINANCIAL OVERSIGHT

A requirement imposed by the 2013 HOME Final Rule (24 CFR Part 92) and 24 CFR Part 91 and 93 for HTF, requires that the Authority annually examine the financial condition of rental developments with ten (10) or more HOME-assisted units and/or ten (10) or more HTF-assisted units to determine the continued financial viability of the development. Likewise, 24 CFR Part 91 and 93 for HTF the same annual examination of the financial condition of rental developments with ten (10) or more. The annual review is required throughout the duration of the development's affordability period.

The Owner shall provide the Authority an annual financial operating statement as to the Development containing a balance sheet and a statement of income and expenses. The financial statements must be provided in the manner prescribed by the Authority and may include electronic document submission.

For questions regarding annual financial reporting requirements, contact Demian Carpenter, Development Fiscal Portfolio Analyst at (803) 896-8741 or demian.carpenter@schousing.com.

MULTIPLE PROGRAMS COMPLIANCE GUIDE

The **Multiple Programs Compliance Guide** can be accessed on the Authority's website at <https://www.schousing.com/library/Monitoring/Multiple%20Program%20Compliance%20Guidebook%20-%20FINAL%2007.01.2022.pdf>. This Manual is prepared by the Authority's Compliance Monitoring staff and contains information needed to prepare for On-Site Compliance Reviews which are conducted throughout the affordability period for rental developments. These reviews focus primarily on occupancy requirements, property standards, and reserve requirements.

Contact ComplianceDepartment@schousing.com with questions.

Other Information

The information provided in this manual is intended to provide basic guidelines for the Recipient to follow and should not be construed as inclusive of every conceivable action that should be taken. Furthermore, this guide should not be used as a substitute for the federal guidance governing the HOME Program as set forth in 24 CFR Part 92, the National Housing Trust Fund Program as set forth in 24 CFR Parts 91 and 93, or the state requirements for SC Housing Trust Fund set forth in the SC Code of Laws Section 31-13-400. Please read your regulations carefully. Recipients that have questions concerning compliance with regulations should contact their assigned Program Coordinator immediately.

The Authority reserves the right to revise directives and policies as needed. Recipients will be notified of any changes to program policies and procedures as they are implemented.

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The forms provided in this manual are available on the Authority’s website, located at the link below. Contact your assigned Program Coordinator if you have any questions or technical issues with the forms.

<https://www.schousing.com/Home/SmallRentalDevelopmentProgram>