

HOME-ARP Application Workshop

December 12, 2024

SOUTH CAROLINA STATE HOUSING
FINANCE AND DEVELOPMENT AUTHORITY



SCHousing.com

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SC Housing Community Development



Presenters & Staff:

Jennifer Cogan, Director of Community Development

Chris McMillan, Multi-Family Finance Director

John Thompson, Inspections Manager

Jeff Lauffer, Environmental Specialist

HOME-ARP Overview

- **American Rescue Plan Act of 2021** appropriated **\$5 billion** in funding to communities across the US through HOME Program PJs.
- State of SC received **\$26,687,296**
- Administrative & Planning **\$4,003,094** - 15%
- Rental Developments **\$22,687,296**
- **SC Housing Trust Fund** Leveraging **\$20 Million**
- Total Funding Available **\$42,687,296**

HOME-ARP Overview

The purpose of the program is to provide housing assistance to the four HUD defined **Qualifying Populations** (full definitions pages 7-10 of Manual):

1. **Homeless**, as defined by McKinney-Vento Homeless Assistance Act
2. **Those At Risk of Homelessness**, as defined in section 401 of McKinney-Vento
3. **Those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking**
4. **Other populations** where providing supportive services would prevent homelessness

* And in addition, Veterans and their families that meet any of 1-4 above.

Eligible Applicants

Eligible Applicants must meet Experience and Financial Capacity Requirements. Types of entities that can apply:

- Local Governments
- Regional Councils of Governments (COGs)
- Continuums of Care (CoCs)
- Public Housing Authorities (PHAs)
- Community Housing Development Organizations (CHDOs) – *no set-aside*
- Nonprofit Entities
- For-profit Entities

HOME-ARP Program Schedule

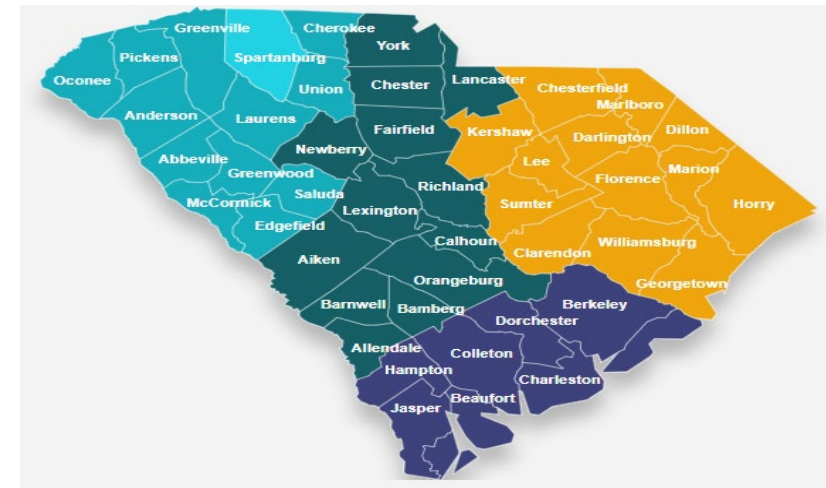
Application Workshop	December 12, 2024
Exhibit 7 – Previous Participation Certification	March 3, 2025
Application Submission Deadline	April 1, 2025
Application Review/Scoring	May/June 2025
Conditional Commitments Issued	June/July 2025
Submission Final Plans/Environmental Review	October 2025
Award Agreements/Implementation Training	May/June 2026
Federal Expenditure Deadline	September 30, 2030

Regional Set-Asides

	Total Population	% of Population	Set-Aside Amount
Upstate CoC	1,565,950	31%	\$13,058,963
Midlands Area Consortium for the Homeless	1,488,294	29%	\$12,411,365
Total Care for the Homeless	991,472	19%	\$8,268,206
Lowcountry CoC	1,072,709	21%	\$8,945,667

Regions determined using 2020 Census data to aggregate counties based on population size. <https://www.census.gov/library/stories/state-by-state/south-carolina-population-change-between-census-decade.html>

- Regions represent the four CoC territories
- Funding determined by % of population
- Awards for 2 highest scoring apps in each set-aside
- Remaining funds awarded to next highest scoring applications regardless of region



Eligible Projects & Activities

- Permanent Rental Housing
- Permanent Supportive Rental Housing
- Transitional Supportive Rental Housing
- Single-Family (1-4 units per bldg.) or Multi-Family (5+ units per bldg.)
- One site or Scattered Sites
- Acquisition, New Construction, Rehabilitation, Conversion, Demolition

Eligible Projects & Activities

Proposed HOME-ARP developments must meet the following:

- Must be site specific and have site control at time of application.
- Proposed site(s) must be appropriately zoned at the time of application.
- Contain **8 – 24** Affordable Units.
- If scattered sites, they all must be located within a one mile radius.
- Must comply with all mandatory development design criteria – **Appendix B: Development Design Criteria**

Eligible Projects & Activities

- **Acquisition** – Costs of acquiring improved or unimproved property. Eligible amount is the lesser of the appraised value or purchase price
- **Rehabilitation** – minimum per unit investment of **\$25,000**
- **Conversion** – costs to convert non-residential buildings into residential use
- **Development Hard Costs:**
 - Costs to meet NC/Rehab construction standards
 - For Manufactured Housing Units (MHU), the costs to purchase and set-up MHUs
 - Site improvements (on-site roads, sewer and water lines)
 - Cost for laundry & community facilities located in the same buildings as the residential units
 - Costs to make utility connections

Eligible Projects & Activities

Related Soft Costs (not all inclusive):

- Architectural, engineering, and other related professional fees
- Financing and legal fees
- Costs to prepare appraisals, environmental reports, market studies, cost estimates, geotechnical reports, etc.
- Cost for perform a 3rd party cost certification at project completion
- Costs to fund a initial operating deficit, year 1 compliance monitoring fees
- Relocation Expenses
- Capitalization of an Operating Reserve Account - *for HOME-ARP QP units only*

Eligible Projects & Activities

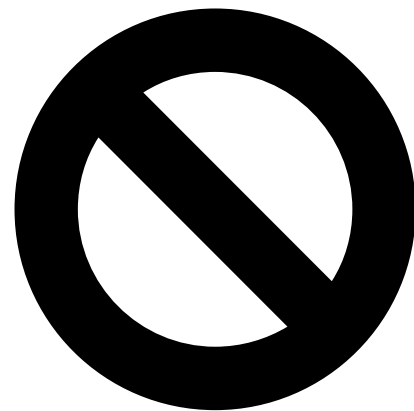
Related Soft Costs (not all inclusive):

Predevelopment Expenses: Soft costs incurred by the **OWNER** up to 24 months before the execution of the HOME-ARP written agreement. Eligible costs are those necessary to develop and prepare plans, drawings, specifications, or work write-ups, such as the cost of an independent cost analysis, hazardous material testing, architectural and engineering expenses, etc. Costs for predevelopment expenses **MUST BE** included in the Development Budget on pg. 8 of the Application and be documented with invoices behind **Tab 15**.

NOTE: **This is a common application deficiency.** i.e., an invoice is included as a predevelopment expense under Tab 15, but the expense is not included in the Development Budget on pg. 8 of the Application.

Ineligible Projects, Activities, Sites

- Read pages 17 and 18 of HOME-ARP Application Manual THOROUGHLY!
- Lists out 25 items related to the site, project, or activity that are not eligible for HOME-ARP funds.
- **READ THESE 25 ITEMS CAREFULLY BEFORE SELECTING A SITE!**



Financial Terms & Conditions

- All HOME-ARP funding, including SC HTF will be awarded as a loan (repayable, forgivable, combination of both)
- Final determination of funding sources, amounts, terms and conditions are determined by SC Housing's underwriting staff.
- External debt service is not permitted.
- Award amounts and terms at initial award and placed-in-service may not be the same.
- **Total Development Costs** (Page 8 of Application) - The HOME-ARP column is where you let us know how much funding is needed.

Financial Terms & Conditions

HOME-ARP Funds:

- Forgivable Loans = terms equal to length of affordability period.
- Affordability period = 15 years or the length of PBRA contract, whichever is longer.
- Can't combine SC Housing's HOME-ARP funds with another PJ's HOME-ARP funds – *exception for HOME-ARP TBRA Funds only*
- All Applications will be underwritten to produce the lesser of a 1.30 DCR or \$1,100 per unit in annual cash flow.
- All HOME-ARP loans will be underwritten to ensure there is sufficient cash flow to cover debt service and operating costs.

Financial Terms & Conditions

HOME-ARP Funds:

- HOME-ARP loans will be deferred **90 days** from project completion.
- 0% interest charged when drawing HOME-ARP funds during construction.
- Minimum amount of HOME-ARP invested per unit is **\$1,000**.
- At a minimum, **100%** of HOME-ARP QP units must be leased to households based on their status as a QP.
- **All** HOME-ARP units are HOME-ARP QP units – *SC Housing's policy is more restrictive*

Financial Terms & Conditions

HOME-ARP Funds:

HOME-ARP funding is secured for the duration of the affordability period and the loan period through a Land Use Restriction Agreement and a note and mortgage.



Financial Terms & Conditions

SC HTF Funds:

- Funds will be awarded as a 20 year forgivable loan.
- The affordability period for SC HTF is 20 years.
- SC HTF funding is secured for the duration of the affordability period and the loan period through a Land Use Restriction Agreement and a note and mortgage.
- SC HTF loans will be deferred **90 days** from project completion.
- 0% interest charged when drawing SC HTF funds during construction.
- All Applications will be underwritten to produce the lesser of a 1.30 DCR or \$1,100 per unit in annual cash flow.
- All SC HTF loans will be underwritten to ensure there is sufficient cash flow to cover debt service and operating costs.

Financial Terms & Conditions

SC HTF Funds:

- **Funding Limitation:** No more than 20% of available SC HTF program funds can be awarded to any one county during the fiscal year.
- In the event there is not a sufficient amount of SC HTF dollars available to finance an otherwise viable HOME-ARP project, SC Housing may elect to allow a minimum of 70% of the HOME-ARP units to be reserved for QPs and the remaining 30% of the HOME-ARP units to be reserved for HOME-ARP low-income individuals/households at or below 80% AMI.

Financial Terms & Conditions

Construction Draws:

- Applicants must elect to draw HOME-ARP funding during construction or at construction completion. **Exhibit 9 – Election to Draw Funds.**
- Drawing during construction requires a payment & performance bond or letter of credit. Estimated costs must be included in the Development Budget (pg. 8 of application). **NOTE: This is a common application deficiency.**
- Funds for construction can only be released for construction expenses for completed work in place approved by an SC Housing inspector.
- Funds are not released for soft costs until the environmental is complete, loans are closed, and vertical construction is underway – *approval of the footing inspection*

Project Feasibility & Underwriting Guidelines

- In general, SC Housing will use its existing SRDP underwriting standards as the foundation for underwriting HOME-ARP proposals; however, specific requirements for HOME-ARP units are being implemented to ensure compliance with program HOME-ARP requirements.
- SC Housing's underwriting team will evaluate:
 - Sources & Uses
 - Projected Operating Income & Expenses
 - Long-term Financial Viability of the Project
 - Costs are Reasonable **and** Necessary
 - Assessment of the Market Demand for the Project
 - Evaluation of Financial Commitments
 - Evaluation of the Operating Budget, Operating Income, changes in Revenue & Expenses
 - Determine need for a capitalized **Operating Cost Assistance Account**

Project Feasibility & Underwriting Guidelines

Development Costs – Pg. 8 of the HOME-ARP Application:

Application Name-From Page 1		NOTE: Budgeted amounts for site improvement and construction costs should match costs itemized in the Exhibit 10, Construction Cost Addendum.															
Total Development Costs:		All pre-development expenses incurred by the owner must be included in the Development Budget to be															
Total Units	Total Projected Cost	HOME-ARP Funding	Non-Authority Source 1 from Pg 7	Non-Authority Source 2 from Pg 7	Non-Authority Source 3 from Pg 7	Non-Authority Source 4 from Pg 7	Non-Authority Source 5 from Pg 7										
Cost per Unit																	
Election to Draw Funds:																	
PROPERTY ACQUISITION																	
1 Land and Existing Structures	-							19 f. Geotechnical Oversight	-								
Subtotal:	-							20 Construction Loan Interest	-								
SITE IMPROVEMENTS																	
2 Site Work & Utilities	-							21 Title/Recording/Legal Fees (Construction Loan)	-								
3 On-Site Improvements	-							22 SCOther1:	-								
4 SIOther:	-							23 SCOther2:	-								
Subtotal:	-							Subtotal:	-								
HARD CONSTRUCTION																	
5 New Construction	-							FINANCING FEES AND EXPENSES									
6 Rehabilitation	-							24 Credit Report	-								
7 General Requirements	-							25 Loan Origination/Closing	-								
8 Contractor Profit & Overhead	-							26 Title/Recording/Legal Fees	-								
9 Construction Contingency (10% Hard Construction Costs from Exhibit 10)	-							27 FFOther:	-								
10 HCOther:	-							Subtotal:	-								
Subtotal:	-							PROFESSIONAL FEES									
SOFT CONSTRUCTION																	
1 Architect	-							28 Appraisal	-								
2 Engineer	-							29 Market Study	-								
3 Surveyor	-							30 Environmental Review	-								
4 Consultant	-							31 Soil Testing	-								
5 a. For Developer Experience	-							32 Accountant/Cost Certification	-								
6 b. Accessibility	-							33 Attorney	-								
7 c. Energy Star Certification	-							34 Relocation Expenses	-								
8 d. Sustainable Building	-							35 PFOther1:	-								
9 e. Regulatory Oversight	-							36 PFOther2:	-								
10 f. GeoTechnical Oversight	-							Subtotal:	-								
11 Construction Loan Interest	-							DEVELOPMENT RESERVES									
12 Title/Recording/Legal Fees (Construction Loan)	-							37 Rent-up Reserves	-								
23 SCOther1:	-							38 Operating Reserve	-								
23 SCOther2:	-							39 Compliance Monitoring Fees	-								
Subtotal:	-							Developer Fees (#Units x \$30,000 minus Line 14)	-								
								40 DROther:	-								
								Subtotal:	-								
								42 Total Development Cost:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Hard Cost Percentage

Project Feasibility & Underwriting Guidelines

Development Costs – Pg. 8 of the HOME-ARP Application

Common application deficiencies:

- Estimated construction expenses on the **Exhibit 10 – Construction Cost Addendum** do not match up with amounts in the **Development Budget** on pg. 8.
- **Predevelopment Expenses** – only eligible if incurred by the owner within 2 years of project commitment **AND** have been included in the development budget. A common deficiency is not including predevelopment expenses in the budget.
- **Under estimation/Omission of Expenses** – i.e., including expenses in the budget for environmental expenses necessary to prepare the application, but not including environmental expenses necessary if awarded to complete the full environmental assessment or also not including the costs of any potential or known environmental mitigations, such as noise mitigation.
- **Sources and Uses** – Amounts itemized in the **Development Budget** on page 8 don't equal the funding and sources identified on page 7 of the Application.
- **Firm Financial Commitments** – not providing firm commitments for non-SC Housing funding, including written commitments from Applicants. Commitment amounts don't match amounts being provided by sources on pages 7 and 8 of the application.

Project Feasibility & Underwriting Guidelines

Development Costs – Pg. 8 of the HOME-ARP Application:

- SC Housing at its sole discretion will review all costs to determine if they are reasonable and necessary.
- SC Housing’s inspection and underwriting staff will evaluate the **Exhibit 11 – Construction Design Certification Form** completed by the architect to determine if the proposed project’s units are comparable to determine which of HUD’s cost allocation methods will be used to underwrite the project.
- SC Housing reserves the right to determine whether final costs and financing terms are appropriate and acceptable at both initial application submission and submission of the Placed-in-Service Application.
- SC Housing will reject applications where costs are determined to exceed reasonable amounts or costs are not substantiated or validated.

Project Feasibility & Underwriting Guidelines

Development Costs – Pg. 8 of the HOME-ARP Application:

- Developer Fees - **\$30,000** per affordable unit. **Note:** If an Applicant uses the services of a consultant to meet experience requirements, and includes the costs of that consultant in the HOME-ARP budget, the costs to pay for the consultant are deducted from the developer fee.
- Exhibit 10 – Construction Cost Addendum – The **Exhibit 10** is an independent cost analysis of the costs expected to construct the project. The **Exhibit 10** **MUST** be completed by an Estimator, Contractor, or Engineer that is an unrelated 3rd party that will not be bidding on the project if awarded. **NOTE: These are common application deficiencies:**
 - Not including the credentials of the estimator or the estimator is not an independent 3rd party.
 - Limitations for General Requirements (6% HCC) and Profit & Overhead (8% HCC) exceed 14%.
 - The Estimator did not factor in costs related to geotechnical recommendations, accessibility, sustainable building selection, etc.
 - Turnkey pricing provided instead of required itemization.
 - Costs itemized in the **Exhibit 10** are included in the **Development Budget** on pg. 8 in duplication.

Project Feasibility & Underwriting Guidelines

Annual Operating Expenses:

- Projected operating expenses of **\$5,000** per unit per year excluding reserves, property taxes, property insurance, and annual compliance monitoring fees.
- SC Housing will consider waivers if special circumstances apply.
- Placed-in-Service (PIS) applications may use the annual operating expense requirements represented in SC Housing's SRDP Application Manual that are current at the time the HOME-ARP PIS application is being submitted to SC Housing.

Project Feasibility & Underwriting Guidelines

Operating Cost Assistance Reserve:

The expectation is that most if not all QPs occupying HOME-ARP units will not have the financial resources necessary to pay rents in amounts necessary to cover operating costs or debt service. To ensure financial viability during the HOME-ARP affordability period, SC Housing will be awarding funding when determined necessary to fund operating cost assistance reserves. Funding for **Operating Cost Assistance** will:

- Be drawn at project completion. The amount drawn to establish the account will be determined by SC Housing's underwriting team based on an evaluation of projected income deficits.
- Can only be used for HOME-ARP QP units that **DO NOT** have PBRA contract.
- The account must be held by the project owner in a separate interest bearing account.
- **All** account withdrawals must be approved by SC Housing in writing.
- **All** requests for withdrawals must be supported by documentation.

Project Feasibility & Underwriting Guidelines

Operating Cost Assistance Reserve:

- Operating costs as defined by HUD in **CPD Notice 21-10** include costs for administrative expenses, property management fees, insurance, utilities, property taxes, and maintenance of HOME-ARP designated units. Project administrative expenses include payroll costs, which are gross salaries and wages paid to employees assigned to the property, including payroll taxes, employee compensation, and employee benefits; employee education, training, and travel; advertising; and general administrative costs which are costs for goods and services required for the administration of the housing, including rental or purchase of equipment, supplies, legal charges, bank charges, utilities, phone/internet services, insurance, and other administrative costs that are reasonable and customary for the general administration of a HOME-ARP rental unit occupied by a QP.
- HOME-ARP allows the pro-rated staffing costs of a **Resident Services Coordinator** to be included in the operating costs allocated to all HOME-ARP units if such costs are not being paid for with another source.
- **NOTE:** Net operating income resulting from HOME-ARP operating cost assistance is **NOT PERMITTED.**

Project Feasibility & Underwriting Guidelines

Operating Reserves: Funded initially from the Development Budget (pg.8) and replenished with cash flow as used. Operating reserve account balances must meet the following requirements during the affordability period:

- **Less than 10 units:** 3 months of projected operating expenses, including replacement reserves, property taxes, annual compliance monitoring fees, property insurance, and annual debt service.
- **10 – 24 Units:** 6 months of projected operating expenses, including replacement reserves, property taxes, annual compliance monitoring fees, property insurance, and annual debt service

Project Feasibility & Underwriting Guidelines

Replacement Reserves: Must be based on the useful of each major system and their expected replacement costs. Applicants are required to establish replacement reserve accounts and make annual contributions to the account.

- Minimum payments to the account are **\$300** per unit per year.
- Contributions are made from cash flow and are cumulative.
- The account must be replenished when used through annual contributions.
- Annual contributions must begin as soon as the development reached stabilized occupancy and continue through the entire affordability period.
- If required by a non-SC Housing funding source, additional contributions may be allowed up to **\$450** per unit per year.
- Replacement Reserves must be itemized in the development's annual audited financial statements.
- Pre-funded replacement reserves are **NOT** allowed.

Project Feasibility & Underwriting Guidelines

- **Vacancy Rate**: no less than **7%**.
- All proposals will be underwritten to achieve the lesser of a DCR of 1.30 or annual cash flow per unit of \$1,100.
- **DCR** = Net Operating Income (NOI) divided by annual debt service.
- **NOI** = income remaining after deducting Total Annual Expenses and Annual Replacement Reserves from the Effective Gross Income (EGI).
- Rents will trend upward at a **2%** annual increase.
- Operating Expenses will trend upward at a **3%** annual increase.
- A proforma must demonstrate the project will maintain a positive cash flow for the entire affordability period using the rent & expense trending criteria above.
- **Construction Contingency**: **10%** of the amounts estimated for construction costs in the **Exhibit 10 – Construction Cost Addendum**.

Project Feasibility & Underwriting Guidelines

Market Study Requirements:

Low-Income Units: A **Market Study Needs Assessment Report** must demonstrate a need for the LI units. Applicants **MUST** use an approved 3rd party market study analyst. A list of approved Market Study providers is located on SC Housing's website.

HOME-ARP QP Units: The demand for HOME-ARP QP units does **NOT** need to be addressed in the Market Study Needs Assessment; however, the demand does need to be documented in the application. Applicants must provide data demonstrating there is an unmet need in the proposed project area for the type of housing being proposed in the application for QPs. Applicants can provide a gap analysis, CoC data, public and other affordable housing waitlists, point-in-time surveys, provide housing inventory counts, or other relevant data that demonstrates the housing needs of QPs.

Project Feasibility & Underwriting Guidelines)

Appraisal Requirements:

- Must be submitted with the application.
- Must not be older than 6 months from date of application.
- A Broker opinion of value is acceptable **ONLY IF** not requesting funds for acquisition.
- A complete list of appraisal requirements found on Pages 24-25.
- **Exhibit 12 – Appraiser Certification** provided with the appraisal.

Acquisition Expenses: are only eligible for the portion of the site or sites that are necessary for the development of the HOME-ARP project. For example, if a 10 acre site is submitted in the application and only 2 of the 10 acres are necessary to develop the project, the expenses associated with the 2 acres are the eligible acquisition expenses that can be considered for the project budget. If the project site will be sub-divided from a larger parcel, the appraisal must include the specific value of the portion of the site that will be used for the proposed HOME-ARP project.

NOTE: If the entire site will not be used, the portion of the site that will be used MAY need to be parceled out prior to closing the HOME-ARP loans.

Project Feasibility & Underwriting Guidelines)

Compliance Monitoring Fees:

- \$50 per affordable unit, annually
- 1st year due with Place-in-Service Application
- 1st year is reimbursable **only if** the expense is included in the Development Budget (pg. 8) **NOTE: This is a common application deficiency.**
- SC Housing may adjust the fee amount at any time
- After first year due annually every February 1st.

Project Feasibility & Underwriting Guidelines)

Placed-in-Service Application (PIS):

- Initial Application = Estimated Costs vs. Placed-in-Service Application = Actual Costs
- PIS Applications are due 60 days from final inspection approval.
- **HOME-ARP Exhibit 19 - Placed-in-Service Application Checklist** is provided.
- Final disbursements for developer fees, reserves, etc. are not released until the PIS application is approved.
- HOME-ARP and SC HTF loan terms and amounts as well as unit counts and designations are subject to change as a result of the evaluation of the PIS application.
- An independent **CPA Cost Certification** is required with the PIS application.

Project Feasibility & Underwriting Guidelines

Cost Certification Requirements:

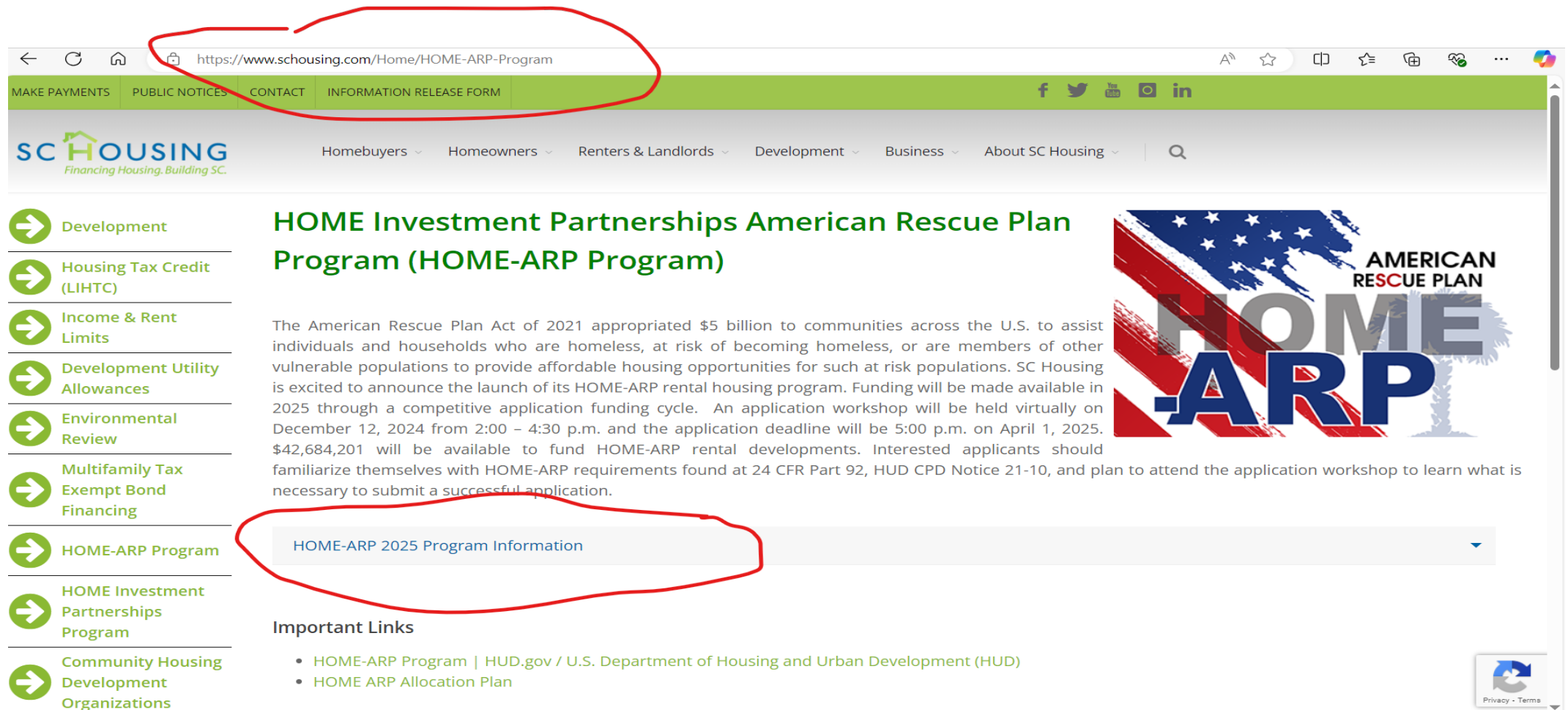
- This is a federally mandated requirement.
- Must be completed by an independent CPA in accordance with both GAAS and GAS auditing standards.
- Must be provided in the form of a **CPA Cost Certification Letter** (sample provided **HOME-ARP 19A**) and be supported with a **HOME-ARP 19B Placed-in-Service Cost Certification Workbook**.
- The certification is an audit of the project's **TOTAL** development costs to determine if they are eligible, necessary, and reasonable.
- The certification must be prepared for SC Housing not the Owner.

General Information

- Any changes or revisions to the HOME-ARP application materials will be posted on SC Housing's HOME-ARP webpage and explained in the form of a bulletin.
- SC Housing reserves the right to:
 - Award applicants funding in amounts less than or more than the amounts of HOME-ARP funding identified as needed by the Applicant to fill project financing gaps in the **Development Budget** on page 8 of the Application.
 - Reject an application at any time.
 - Request clarification from Applicants to ensure a clear understanding of what the Applicant is proposing is being understood.
 - Communicate directly with any 3rd parties associated with the Application other than the Applicant, such as professional service providers and consultants.
 - Approve or deny any waiver request submitted with the Application.

Submitting Applications

Application, Manual, Forms, Checklists are available on SC Housing's website.
[SC Housing](https://www.schousing.com)



The screenshot displays the SC Housing website's navigation and content for the HOME-ARP Program. The URL bar shows <https://www.schousing.com/Home/HOME-ARP-Program>. The main navigation bar includes links for MAKE PAYMENTS, PUBLIC NOTICES, CONTACT, and INFORMATION RELEASE FORM. The left sidebar lists various programs, with 'HOME-ARP Program' highlighted. The main content area features the title 'HOME Investment Partnerships American Rescue Plan Program (HOME-ARP Program)' and a detailed description of the program. A dropdown menu is open, showing 'HOME-ARP 2025 Program Information'. The 'Important Links' section provides additional resources.

HOME Investment Partnerships American Rescue Plan Program (HOME-ARP Program)

The American Rescue Plan Act of 2021 appropriated \$5 billion to communities across the U.S. to assist individuals and households who are homeless, at risk of becoming homeless, or are members of other vulnerable populations to provide affordable housing opportunities for such at risk populations. SC Housing is excited to announce the launch of its HOME-ARP rental housing program. Funding will be made available in 2025 through a competitive application funding cycle. An application workshop will be held virtually on December 12, 2024 from 2:00 – 4:30 p.m. and the application deadline will be 5:00 p.m. on April 1, 2025. \$42,684,201 will be available to fund HOME-ARP rental developments. Interested applicants should familiarize themselves with HOME-ARP requirements found at 24 CFR Part 92, HUD CPD Notice 21-10, and plan to attend the application workshop to learn what is necessary to submit a successful application.

[HOME-ARP 2025 Program Information](#)

Important Links

- [HOME-ARP Program | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- [HOME ARP Allocation Plan](#)

Submitting Applications

HOME-ARP Exhibit 7 – Previous Participation Certification – **Due to SC Housing by March 3, 2025**














SC HOUSING Financing Housing. Building SC.		HOME-ARP Exhibit 7			Previous Participation Certification	
I, _____,		as the principal for the following proposed project named				
		located at _____				
<p>hereby certify that I am eligible to compete in the HOME-ARP funding cycle. In order to receive a conditional commitment of HOME-ARP funds, I understand that the following provisions which are applicable must be met by March 3, 2025:</p>						
<input type="checkbox"/>	All 2020 and prior SRDP projects must be officially closed out (see "project completion" definition) on or before March 3, 2025 .					
<input type="checkbox"/>	All 2021 SRDP projects must have 75% of construction complete, as evidenced by an SC Housing inspection, on or before March 3, 2025 .					
<input type="checkbox"/>	All 2022 SRDP projects must have started vertical construction, as evidenced by an SC Housing inspection, on or before March 3, 2025 .					
<input type="checkbox"/>	All SC Housing projects, within their affordability period are in compliance with program requirements.					
<input type="checkbox"/>	N/A, Applicant has not previously received an SC Housing HOME, NHTF, or SRDP award.					
List all SC Housing HOME, NHTF, and SRDP Awards since 2019 :						
Project Name	Award Number	% Complete	Project meets completion requirements (Y/N)	Verified by SC Housing		






Submitting Applications

1. HOME-ARP Application Deadline - 5:00 pm April 1, 2025. **Doors lock automatically at 5:00!**
2. Applications must be submitted on a thumb drive, hard copies **WILL NOT** be accepted. Applications may be delivered by hand, mail, or shipping service.
3. Online application submissions such as email, fax, or secure file exchange **WILL NOT** be accepted.
4. Submit **ONE** complete **Application Packet** on a thumb drive appropriately organized and separated by the Tabs. **NOTE:** The electronic thumb-drive application **MUST** be tabbed out in accordance with the tabbing system on the **HOME-ARP Exhibit 1 - Application Checklist**. Meaning, each tab with its contents must be saved as an individual file folder containing the applicable document file. Submitting one .pdf file of the entire application will be deemed incorrect. **NOTE: This is a common application deficiency.**
5. Application Fees are non-refundable. **Do not include application fees in the Development Budget (Pg. 8).** **NOTE: This is a common application deficiency.**
 - \$500 for the first project site and an additional \$100 for each additional project site.

Submitting Applications – tabbing system example

- Each Tab must be correctly labeled as outlined on the Application Checklist.
- Contents within each tab should be saved as a .pdf and each document titled as outlined on Application Checklist.

-  TAB 1 Application
-  TAB 2 Site Control
-  TAB 3 Site Suitability
-  TAB 4 Site
-  TAB 5 Site and Neighborhood Standards
-  TAB 6 New Construction Requirements
-  TAB 8 Market Information
-  TAB 9 Other Federal and Programmatic Requirements
-  TAB 10 Financial Sources
-  TAB 11 Predevelopment Cost
-  TAB 12 Positive Site Characteristics
-  TAB 13 Not Applicable
-  TAB 14 Not Applicable

-  Directions to_Development Name.pdf
-  Development Name_Noise Assessment.pdf
-  Development Name_Site Photos.pdf
-  Development Name_Site Specific Letter.pdf
-  SRDP Exhibit 21.pdf

Application Review Process

Application Evaluation Criteria:

- Mandatory Threshold Criteria – *Pages 32-36*
 - **Threshold = Mandatory**
- Compliance with federal & state requirements
- Application Completeness
- Financial Feasibility and Cost Reasonableness
- Construction Cost Analysis
- Site Suitability

Application Review Process

Application Deficiencies:

- Applications with **4 or more** missing/incomplete items **MAY** be disqualified.
- Unless otherwise noted, Applicants will have **7 business days** to provide application deficiencies.
- Applications that cannot be made financially feasible will be disqualified.
- Applications with proposed sites that have prohibited characteristics will be disqualified – *25 items on pages 17 -18*
- Sites determined by geotechnical reports to not be well suited for building will be disqualified.
- Acceptance or rejection of Applications and the utilization of unused funds are at the discretion of SC Housing.

Application Review Process

Conditional Commitments:

- Successful Applicants will be offered conditional funding commitments for HOME-ARP funding.
- HOME-ARP funding cannot be officially committed to a project until the HUD environmental review process has been completed.
- Successful Applicants will have approximately 3 months to submit:
 - Final Plans and Specifications
 - NEPA Environmental Review
- Once the Environmental Review is complete award agreements will be provided to the Applicant.
- Award Agreements will include an **Implementation Schedule**, which contains project completion benchmarks that the Applicant will be required to meet.

Threshold Criteria – Financial Capacity

- Organizations must provide audited, reviewed, or compiled financial statements dated no earlier than **December 31, 2023**.
- If individuals are required as financial guarantors, reviewed financial statements prepared by an independent CPA are acceptable.
- Minimum financial capacity standards:

Project Size	Net Worth	Liquid Assets
4 Units	\$500,000	\$75,000
8 – 16 Units	\$1,000,000	\$150,000
17 – 24 Units	\$1,500,000	\$200,000
Minimum Financial Capacity Requirements		

- Liquid assets = cash, cash equivalents, investments held in name of organization or financial guarantor including money market funds, U.S. Treasury Bills, and equities traded on the New York Stock Exchange or NASDAQ.

Threshold Criteria – Good Standing

- Applicants must be in good standing with all SC Housing administered programs.
- **HOME-ARP Exhibit 7 – Previous Participation** must be submitted to SC Housing by **March 3, 2025**.
- SC Housing will complete the **Exhibit 7** and return to the Applicant for submission with the HOME-ARP Application.
- Applicants may not have any open issues of non-compliance with SC Housing funded projects.
- Applicants may not be delinquent on SC Housing loan payments or compliance monitoring fees.

Threshold Criteria – Good Standing

- Applicants may not own any SC Housing funded developments that are financially troubled.
- Applicants may not be debarred and/or suspended from participating in federal programs. A **HOME-ARP Exhibit 8 – Debarment Certification** must be submitted for the Applicant entity and each principal.
- Applicants may not have uncleared audit findings for items relative to administering a HOME-ARP project. A **HOME-ARP Exhibit 22 – Audit Certification Form** must be provided with the application along with the audit if not exempt.
- SC Housing has the sole discretion in the determination of an Applicant’s status of good standing.
- Applicants with uncommitted HOME CHDO proceeds or HOME Program Income must return those funds to SC Housing prior to applying for HOME-ARP funds.

Threshold Criteria – Experience

Applicants proposing **8-24 units** of **new construction** or **conversion** must meet the following experience requirements:

- If proposing the new construction of single family homes, Applicants must have **within the last 10 years** successfully developed and operated a minimum of four single family rental units or one multifamily rental unit (5+ units) using at least one federal financing source.
- If proposing the new construction/conversion of multi-family rental housing, Applicants must have **within the last 10 years** successfully developed and operated a minimum of two multi-family (5+ units) rental developments or eight single family rental homes using at least one federal funding source.

Threshold Criteria – Experience

Applicants proposing **8-24 units** to be **rehabilitated** must meet the following experience requirements:

- If proposing the rehabilitation of single family homes, Applicants must have **within the last 10 years** successfully developed and operated a minimum of four single family rehabilitated rental units.
- If proposing the rehabilitation of multi-family rental housing, Applicants must **within the last 10 years** successfully developed and operated a minimum of one multi-family (5+ units) rehabilitated rental development.
- If proposing a project that will require the relocation of tenants, the Applicant must provide documentation of experience within the last ten years of successfully administering the relocation of tenants in compliance with the **Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)**.

Threshold Criteria – Experience

Use of Consultants as Project Administrators:

- Applicants can use the experience of a consultant to meet minimum experience requirements.
- A **draft** of the consultant contract must be provided with the Application.
- The scope of work in the consultant contract must specify the consultant's responsibilities related to the administration of the project.
- Services of the consultant must be utilized for the entire development phase of the project from submission of the initial Application through the submission of the Placed-in –Service Application.
- If using a consultant, the **HOME ARP Exhibit 5 – Consultant Certification** must be provided with the Application, along with a draft copy of the consultant contract and an **HOME-ARP Exhibit 6 – Conflict of Interest Certification**.
- **NOTE:** Not providing a draft copy of the consultant contract is a common application deficiency.

Threshold Criteria – Experience

- Applicants and their principals may not have more than 2 open SC Housing funded HOME-ARP projects at any time and open SRDP projects must meet completion requirements on **Exhibit 7**.
- Applicants may apply for up to 2 HOME-ARP projects in this funding cycle.
- If funding remains available after each Applicant entity has the opportunity to be allocated at least one HOME-ARP award for a qualified application an organization's second application may be considered for funding.
- The allocation of a second award will be determined by the Applicant's developmental & operational history with SC Housing's programs and the geographic distribution of funds.

Threshold Criteria – Phase I

- Applicants must provide a **Phase I Environmental Site Assessment Report** with the application.
- The **Phase I** must be completed in accordance with **ASTM Standard E1527-21**.
- It must be completed to assess the entire parcel **AND** any off-site areas of disturbance. **NOTE**: **This is a common application deficiency.**
- If the Phase I indicates there are environmental issues found on, within, or adjacent to the proposed site which will require a **Phase II** to be completed, the **Phase II** must also be provided with the Application.
- HOME-ARP funds will not be awarded to projects that require lengthy and/or expensive environmental mitigation (longer than 6 months).

Threshold Criteria – Site Control

- Applicants must provide an option, sales contract, or deed with the application demonstrating they have site control.
- Applicants must ensure the anticipated closing date allows for sufficient time to complete the environmental review process. You can't close until the ER is complete. **NOTE: This is a common application deficiency.**
- Options and sales contracts are only allowed if they contain the federal choice limiting action language **in verbatim** as provided on page 34 of the Application manual.
- A **HOME-ARP Exhibit 15 – Notice to Seller** is required for all applicants acquiring property as part of the project.
- The **Exhibit 15 MUST** be executed prior to or at the time of the execution of the option or sales contract. **NOTE: This is a common application deficiency.**
- Sites may not be added after application submission.
- **Zoning** - Applicants must provide documentation from the locality of proper zoning for the project at the time of application.

Threshold Criteria – Uniform Relocation Act

Applicants must provide **ALL** of the following items to document compliance for projects involving either temporary or permanent relocation:

- Documentation that **General Information Notices (Exhibits 16A and 16B)** were provided to each tenant household residing in the development prior to the initiation of negotiations (refer to definition on pg. 6).
- A **Certified Rent Roll** that identifies which units are occupied and vacant.
- A **HOME-ARP Exhibit 17 Tenant Profile Form** for each tenant household.
- Copies of all **HOME-ARP Exhibit 18 Move-In Notices** provided to prospective and new tenants.
- A **Written Relocation Plan** addressing how relocation will be managed.

Threshold Criteria – Continued

- **Physical Needs Assessment (PNA)**: Applicants proposing rehabilitation must provide a PNA not older than 6 months that meets the requirements described in **Appendix C: Rehabilitation Guidelines**.
- **Lead-Based Paint**: HOME-ARP funded developments must comply with both EPA and HUD LBP regulations. An **Exhibit 19 – Lead Safe Housing Rule Applicability Form** must be provided with every application.
- Applicants proposing the rehabilitation or conversion of projects built prior to January 1, 1978 must provide an **EPA/HUD certified LBP Risk Assessment** that is not older than 6 months.
- Applicants must provide a copy of their **EPA RRP Certification** with the application.

Threshold Criteria – Continued

- **Safe Drinking Water Requirements:** Applicants proposing the rehabilitation or conversion of buildings **built during or prior to 1988** must have the pipes, solder, and flux tested for lead. A copy of the test results must be provided with the application.
- **Asbestos Requirements:** Applicants proposing demolition, rehabilitation, or conversion of existing structures must provide an asbestos inspection report to determine the presence, location and condition of asbestos. The report must be completed by a DHEC licensed asbestos building inspector and may not be older than 6 months.

Threshold Criteria – Continued

- **Geotechnical Reports**: Applicants proposing new construction or rehabilitation/conversion that extends the foot print of a building must submit a **Geotechnical Site Specific Soil Reports and boring site plans with laboratory test results.**
- Reports may not be older than 6 months.
- Reports **MUST** meet the requirements outlined on **page 36** of the application.
NOTE: This is a common application deficiency.
- All geotechnical recommendations must be factored into the **Exhibit 10 – Construction Cost Addendum.** **NOTE: This is a common application deficiency.**

Scoring Criteria – Previous Performance

Negative points will be assessed for the following:

- Prior suspension from any SC Housing program **(-20)**
- Application proposes the permanent relocation of tenants **(-20)**
- Previously awarded funds de-obligated by SC Housing for lack of progress **(-15)**
- Applicant received an SRDP or HOME award within the last five years that took more than 42 months to complete **(-10)**

New Construction Scoring Criteria

- A. Distance to Amenities **(41 points)**
- B. Employment Opportunities **(10 points)**
- C. Location within a Participating Jurisdiction **(5 points)**
- D. Location within a Racially or Ethnically Concentrated Area of Poverty **(5 points)**
- E. Negative Site Characteristics **(point deductions)**
- F. Affordable Housing Shortage **(15 points)**
- G. Sustainable Building **(10 points)**
- H. Leveraging **(30 points)**
- I. Site and Neighborhood Standards **(5 Points)**
- J. Supportive Housing **(10 points)**
- K. Continuum of Care Support **(10 points)**

Positive Site Characteristics – (up to 41 points)

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.

Distance to Amenities:

SC HOUSING Financing Housing. Building SC.		HOME-ARP Exhibit 28 - Distance to Amenities				
Proposed Project Name:		Entrance Location: (Project Address or GPS Coordinates at the Entrance of the Project)				
Applicant Name:						
(All distances must use the coordinates/address given above as the starting location)						
Primary Amenity -(Max 26 pts)		Name of Amenity	Address of Amenity	City, State, Zip	Distance in miles	Points
Grocery 1						
Grocery 2						
Shopping 1						
Shopping 2						
Pharmacy 1						
Pharmacy 2						
Secondary Amenities - (Max 15 pts)						
Services 1						
Services 2						
Healthcare 1						
Healthcare 2						
Public Facility 1						
Public Facility 2						

Applicants must complete **Exhibit 28 – Distance to Amenities Form** and include directions from the site to the amenities and provide photos of the amenities.

Positive Site Characteristics (up to 10 points)

Employment Opportunities:

Number of jobs in proximity to the proposed project site paying between \$1,251 and \$3,333 per month:

- At least 5,000 jobs: 10 points
- 4,000 to 4,999 jobs: 8 points
- 3,000 to 3,999 jobs: 6 points
- 2,000 to 2,999 jobs: 4 points
- 1,000 to 1,999 jobs: 2 points

Positive Site Characteristics – (5 points)

- **5 Points** for projects located outside of the jurisdictional boundaries of a local HOME-ARP Participating Jurisdiction.
- There are 15 HOME-ARP PJs in SC.
- List of PJs on pg. 38 of the Application Manual.

Negative Site Characteristics (-1 point each)

- A. Within 500 feet of an electric substation
- B. Within 1/2 mile of a commercial meat farm or processing plant
- C. Within 1/2 mile of a hazardous/solid waste facility
- D. Within 1/2 mile of a sewage treatment plant
- E. Within 1/4 mile of a correctional facility

Negative Site Characteristics (-2 points each)

Points will be deducted for applications where any portion of the site contains or permits any easements for overhead power lines.

Negative Site Characteristics (-3 points each)

- A. Within 500 feet of a junkyard, landfill or other eyesore
- B. Within 1/2 mile of an operating industrial facility

Affordable Housing Shortage (up to 15 points)

Up to **15 points** based on the shortage of affordable housing:

- **10 points** for developments located in a county that did **not** receive an SRDP award in the last five years (2019, 2020, 2021, 2022, and 2023).
- **5 points** for developments located in a county that did **not** receive an SRDP award in the last three years (2021, or 2022, or 2023).

Sustainable Building (10 points)

Projects committing to one of the below green building standards will receive **10 points**.

- Enterprise Green Communities Certification
- US Green Building Council's LEED for Homes Certification
- National Green Building Standard – bronze level
- Southface Energy Institute and Greater Atlanta Home Builder's Association
EarthCraft Certification
- Certified High Performance (CHiP) HOME Program
- Passive House Certification

NOTE: The credentials of the sustainable building certifier and an **Exhibit 24 – Sustainable Building Certification** must be provided to receive points. **These are common application deficiencies.**

Leveraging - (Up to 30 points)

- **Project Based Rental Assistance (PBRA): 10 points** for having a conditional commitment for 100% of the HOME-ARP QP units and **5 points** for a conditional commitment for 50% of the HOME-ARP QP units.
- For every percentage point of total development cost funded by a non-Authority source, an application will earn 1 point, **up to 10 points**. Funds must be provided as a grant, in-kind contribution, or equity investment.
- **Up to 10 points** may be awarded for contributions from a local government:
 - \$300,001 or more: 10 points
 - \$200,001 to \$300,000: 8 points
 - \$100,001 to \$200,000: 6 points
 - \$50,001 to \$100,000: 4 points
 - \$1,000 to \$50,000: 2 points

Site and Neighborhood Standards (5 points)

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 44 – 46 of the HOME-ARP Application Manual for information about **Site and Neighborhood Standards** requirements.

Supportive Housing (10 points)

- **10 Points** for Applicants agreeing to provide supportive housing services to Qualifying Households leasing HOME-ARP QP units.
- To qualify for points, a minimum of three (3) supportive services must be provided.
- The development must meet the definition of permanent supportive housing provided on page 6 of the HOME-ARP Application Manual or a transitional supportive housing definition on page 10.
- A narrative must be provided explaining how the units will be affordable to the QPs and explain who will provide the services, how they will be paid for, and how the services will be provided for the duration of the affordability period.
- Commitment letters must be provided from the supportive service providers.

NOTE: This is a common application deficiency.

Continuum of Care Support (Up to 10 points)

- **5 Points** for applications that include a letter of support from the local Continuum of Care (CoC) in which the proposed project site is located.
- **10 Points** for applicants that are COC service providers or members.

Total points available to receive for New Construction : 141

Rehabilitation Scoring Criteria

- A. Preventing conversion of units to market rate **(up to 46 points)**
- B. Extent of physical distress **(up to 30 points)**
- C. Concerted community revitalization plan **(up to 20 points)**
- D. Project site characteristics **(45 points)**

Total points available to receive for Rehabilitation: 141

Preventing Conversion (up to 46 points)

1. Insolvency on or before **December 31, 2027 (21 points)**
2. Expiration of existing rent restrictions **(15 points)**
3. Rent advantage relative to market rate **(10 points)**

Extent of Physical Distress (up to 30 points)

1. Risk to health and safety within the next five years **(15 points)**
2. Total replacement cost of items beyond useful life **(10 points)**
3. Improvements for persons with disabilities **(5 points)**

Concerted Community Revitalization Plan (up to 20 points)

1. Existence of a CCRP, up to **20 points**:
 - 4 points for map of area, including items listed on pg. 42
 - up to 8 points for including a plan for the next (5) years as outlined on pg. 42
 - 4 points for showing CCRP was developed involving extensive input from the general public, elected officials and private stakeholders.
 - 4 points if at least (1) 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 to increase the quantity of affordable housing and develop a resilient community.

Positive Site Characteristics to Support Economic Empowerment of Low-Income Households (up to 45 points)

1. Site's score for distance to amenities as described on pg. 37 of the HOME-ARP Application Manual- **5 points**

- 1 - 20 = 2 points
- 21 - 30 = 3 points
- 31 - 41 = 5 points

2. Employment Opportunities as described in Positive Site Characteristics, item 2, of New Construction Scoring Criteria outlined on page 24 of the HOME-ARP Application Manual – **10 points**

Positive Site Characteristics to Support Economic Empowerment of Low-Income Households (up to 45 points)

Project Based Rental Assistance (PBRA): 10 points for having a conditional commitment for 100% of the HOME-ARP QP units and **5 points** for a conditional commitment for 50% of the HOME-ARP QP units

Supportive Services: 10 Points for Applicants agreeing to provide supportive housing services to Qualifying Households leasing HOME-ARP QP units.

Continuum of Care Support: 5 Points for applications that include a letter of support from the local Continuum of Care (CoC) in which the proposed project site is located. **10 Points** for applicants that are COC service providers or members.

Regulatory and Programmatic Requirements

Site and Neighborhood Standards:

- Housing must promote a greater choice of housing opportunities.
- Sites must be adequate in size, exposure, and contour to accommodate the number and type of units proposed.
- Sites must have utilities available and have adequate streets to service the site(s).
- All applicants must submit an ***Exhibit 20B - Site and Neighborhood Standards Certification*** with the Application.

Site and Neighborhood Standards

- Sites may not be in areas of minority concentration if the project will result in a significant increase in the proportion of minority to non-minority residents.
- Areas of Minority Concentration are determined by the 2020 US Census Bureau Data at: <https://www.ffiec.gov/census/default.aspx>
- **Step by Step** instructions to determine percentages of minority populations for the project site are found on Page 45 of the HOME-ARP Application Manual.
- **Print the Census Bureau Report and provide a copy with the Application.**
NOTE: This is a common application deficiency.

Site and Neighborhood Standards (cont'd)

If the site is located in an area of minority concentration it is not eligible for funding unless at least one of the following exceptions are met:

Exception 1: Revitalization Area

The project is necessary to meet housing needs that can't be met in the area. The site is integral to an overall existing local strategy for the preservation or restoration of the immediate neighborhood that is experiencing significant private investment that is improving the economic character of the area.

Projects eligible for Exception 1 must provide a letter from the locality explaining that the site is located in area of revitalization. Documentation of the revitalization activities must be provided with the letter.

Site and Neighborhood Standards (cont'd)

Exception 2: Housing Opportunities

- Sufficient, comparable opportunities exist for housing for minority families in the income range in areas outside of the area of minority concentration.
- Opinion letters for exception 2 must be prepared and signed by the market study analyst.
- **NOTE: This is a common application deficiency.**

HOME-ARP Income Targeting

HOME-ARP QP Units:

- 100% of the HOME-ARP units must be occupied by Qualifying Households.
- QP Households must meet a QP definition at the time of initial occupancy.
- QPs are eligible for admission to HOME-ARP QP units solely by meeting one of the QP definitions as defined on pages 7 – 10 of the HOME-ARP Application Manual.
- HOME-ARP does not impose income restrictions on units restricted to QPs.
- Owners/management companies are not required to perform income certifications except as necessary to determine an affordable contribution of rent to be paid by the QP.
- Once qualified as a QP, the QP after admission retains their eligibility irrespective of changes in income or QP status as long as the household met the definition at the time of initial occupancy.

HOME-ARP Income Targeting

SC HTF Low-Income Units:

- 100% of the SC HTF units must be occupied by households with annual incomes of 80% and below AMI.
- Owners/management companies must use the definition of annual income found at 24 CFR part 5.609 to determine annual income.

Units Assisted by Other Programs:

If a household is applying to lease a HOME-ARP unit, and the unit is assisted by a Federal or State project based rental assistance then the owner/management company must accept a public housing agency, section 8 project owner, or CoC recipient or subrecipient's determination of household income under that program's regulations and does not need to obtain source documentation or calculate the annual income of the family.

HOME-ARP Income Targeting

HOME-ARP Low-Income Units:

- In the event there is not enough SC HTF to fund otherwise viable HOME-ARP projects, SC Housing may consider allowing a minimum of 30% of the HOME-ARP units to be occupied by low-income households (80% and below AMI).
- If HOME-ARP Low-Income units are designated in the project they will follow the requirements of the HOME program:

Initial Occupancy:

- 4 or less units - 60% or below AMI
- 5+ units - 20% units @ 50% AMI
80% units @ 60% AMI

Long Term Occupancy:

- 4 or less units - 80% or below AMI
- 5+ units - 20% units @ 50% AMI
80% units @ 80% AMI

HOME-ARP Income Targeting

Determining Income:

Annual Income as defined by 24 CFR Part 5, HOTMA effective January 1, 2025.

HOME-ARP and SC HTF Rent & Income Limits posted to SC Housing's website.

HOME-ARP units can be fixed or floating.

Affordability Periods:

HOME-ARP = 15 years, unless PBRA contract is longer. Affordability period = to length of PBRA contract is longer than 15 years.

SC HTF = 20 years

Prohibited Costs (not all inclusive)

- Delinquent Taxes
- Costs not eligible under 92.206 – 92.209 and HUD CPD Notice 21-10.
- Off-Site Infrastructure Costs
- Playground Equipment
- Costs for Storing Materials/Stored Materials
- Purchase of Construction Equipment or Tools
- Office Furniture and Equipment
- Exercise Equipment
- Swimming Pools

Project Completion Requirements

- The execution of the HOME-ARP Written Agreement starts the HUD 4-year clock.
- Written Agreements include an **Implementation Schedule** that establishes completion benchmarks that must be met.
- Project Completion Requirements:
 - SC Housing – 2 Years
 - HUD – 4 Years
 - Must start construction with 1 year of executing the Written Agreements.
 - Projects Cost Certification Audit with the Placed-in-Service Application. ***Must include expected cost in Development Budget, this is a common application deficiency.**

Procurement & Contracting

- Procurement for construction services must be performed using a competitive sealed bid process.
- A copy of the Applicant's bid policy must be submitted with the Application. Please refer to pages 55 and 56 of the **HOME-ARP Application Manual** for additional details relating to the procurement policy.
- Applicants with an Identity of Interest may request an exception to the procurement requirements with the Application if they wish to act as the general contractor.
 - Submit ***Exhibit 25A – Identity of Interest Certification***
 - Submit ***Exhibit 25B - Identity of Interest Request Form***

Contractor Requirements

General Contractors must meet the below requirements to be awarded a construction contract:

- Companies must have full-time employees and been in business for at least 5 years of continuous operation, under the same name.
- Must be in Good Standing with SC Secretary of State.
- Must have license issued by SC LLR and required insurance.
- Must not be debarred from participating in any state or federal programs.
- Must have experience constructing similar projects within the last 5 years.

Development Design Criteria

- Projects must be designed and built to meet the mandatory design criteria in:
 - **Appendix B: Development Design Criteria**
 - **Appendix C: Rehabilitation Guidelines**
- The Design Criteria must be provided to the project architect.
- Preliminary plans/specs will be reviewed to ensure all requirements are met.
- All requirements and recommendations included in geotechnical reports must also be included.
- **NOTE: These are common application deficiencies.**
- **All Applicants and their Architect will be required to attend a HOME-ARP Construction Requirements Technical Assistance Training prior to submitting the HOME-ARP application. Date and Time to be determined.**

Environmental Review Requirements

Completion of the Environmental Review process **is mandatory** before taking any action on a site. HUD considers the following to be “Choice Limiting Actions” that are **prohibited** until the ER has been approved.

- Purchase of the site
- Procuring for construction services
- Executing construction contracts
- Physical actions on a site

Environmental Review Requirements (cont'd)

Projects awarded HOME-ARP funds must comply with 24 CFR Part 58

Participants, recipients, owners, developers, sponsors or any third party partners **CANNOT** 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 issued by HUD.

Any violation of the statutory regulation will result in the de-obligation of a conditional commitment of HOME-ARP funds.

Environmental Review Requirements (cont'd)

Projects involving acquisition – Options and sales contracts are only allowable prior to the completion of the environmental review if:

- Conditional language provided on Page 34 line (#7c) of the **HOME-ARP Application Manual** is contained in the option, or sales contract.
- Language must be ***VERBATIM***.

If a proposed project is already underway, all work unless under contract, must cease immediately until the environmental review process is completed.

Environmental Review Requirements (cont'd)

Projects Receiving a Conditional Commitment of Funds:

- Must commission an Environmental Review consultant from the approved list on SC Housing's website.
- Environmental reviews will be due approximately **3 months** after the Conditional Commitments are issued.
- HOME-ARP Written Agreements will be issued after HUD approval of the Environmental Review and SC Housing's approval of the Final Plans/Specs.

Environmental Review Requirements (cont'd)

Exempt activities that can be undertaken prior to the completion of the Environmental Review are:

- Environmental Studies
- Information and Financial Services
- Inspection and Testing of Properties for Hazards or Defects
- Purchase of Insurance
- Engineering or Design Services

Full list on page 3, section 3.1.1 of the Authority's Environmental Review Manual

Section 504

Section 504 of the Rehabilitation Act of 1973 Implements HUD Regulations requiring the following:

- New Construction Projects with 5 or more units and Rehabilitation Projects with 15 or more Units:
 - Have a minimum of **5%** of the total units accessible for individuals with mobility impairments **and** an additional **2%** of the units accessible for individuals with sensory impairments. *(These percentages are rounded up to nearest whole number)*
- Federal Accessibility Standards at 24 CFR Part 8.
- Requires *full accessibility* of 504 Units & Common Areas

Section 3

Section 3 Regulations apply to HOME-ARP projects.

- The purpose of Section 3 is to ensure that employment & contracting opportunities that are created by the development of the project to the greatest extent feasible are directed towards Section 3 businesses and Section 3 Workers.
- Section 3 Regulations were updated November 30, 2020.
- A Section 3 Project is one that has received more than \$200,000 in HUD funds consisting of HOME-ARP, HOME and/or NHTF, triggering required compliance with Section 3 as outlined in (24 CFR Part 75) for all contractors and subcontractors performing construction services on the project.
- Tracking of labor hours for all Workers, Section 3 Workers, and Targeted Section 3 Workers is required.

Tenant Selection Procedures and Waitlists

- Applicants must have a formal written tenant selection procedures that are compliant with fair housing laws.
- SC Housing's HOME-ARP allocation plan does not allow for preferences in tenant selection.
- All eligible applicants must be added to a project's waitlist on a first come first serve basis.
- Separate lists must be maintained for QP and LI units.
- Must be compliant with the Violence Against Women Act (VAWA).

Affirmative Marketing Plan Exhibit 27 – (HUD-935.2A)

- Applicants must submit an **Exhibit 27 - Affirmative Marketing Plan** with the Application.
- Affirmative Marketing Plans must include:
 - Methods for informing and soliciting applications from persons in the housing market who are not likely to apply for the housing without special outreach.
 - Description of records that will be kept to document actions taken to affirmatively market the program and units as well as records to assess the results of the plan.

Monitoring & Compliance

- Projects are monitored throughout the affordability period. Reviews are conducted on-site to include:
 - Tenant records are reviewed for compliance with income certification and rent restrictions.
 - Inspections of the units and common areas are conducted to ensure property standard requirements are being adhered to.
 - NSPIRE (*National Standards for the Physical Inspection of Real Estate*) - Effective October 1, 2024 HOME-ARP funded developments must meet HUD's new property standards during the affordability period.
- Additionally, there is an Annual Rent Approval process that consist of the submittal of the **M-66 Annual Rent Approval Form** to be submitted to Compliance Monitoring staff regardless if rents are increasing, decreasing or staying the same.

[For further compliance monitoring guidance refer to the Compliance Monitoring Manual located on SC Housing's website.](#)

Implementation & Section 3 Training

- All awarded applicants will be provided additional technical assistance on specific federal and state requirements pertaining to the Implementation of the project and Section 3 requirements.
- If at anytime, additional questions arise or staffing changes occur please do not hesitate to reach out to your Program Coordinator for answers or additional training.

Exhibit 1 – Application Checklist

SC HOUSING Financing Housing. Building SC.		HOME-ARP Exhibit 1	HOME-ARP Application Tab Checklist
Applicant Name:			Date:
Applicants must check off each category for which documents are included and complete.			
Tab #	Tab Name	Application Documents	Completed - X
1	Application	Flash Drive with tabbed-out application	
		Application Checklist (Exhibit 1)	
		Application Processing Fee - Non-refundable cashier's check	
		Application - All signatures must be originals.	
		Narrative describing the proposed project.	
2	Applicant Entity Information & Experience	Staff Information (Exhibit 2) - List of personnel who will play key roles in the proposed project's development along with their contact information and job title; there must be an identified Project Administrator/Manager.	
		Experience Certification (Exhibit 4)	
		Consultant Certification Form (Exhibit 5)	
		Conflict of Interest Certification (Exhibit 6)	
		Draft of Consultant Contract (if applicable)	
		Previous Participation Certification (Exhibit 7) signed by SC Housing Staff.	
		Debarment Certification Form (Exhibit 8) - Provide for Applicant Entity and each principal/partner.	
Narrative describing Applicant's successful experience with affordable housing programs.			



**ANY
QUESTIONS?**

[Email:CommunityDevelopmentPrograms@schousing.com](mailto:CommunityDevelopmentPrograms@schousing.com)