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**2016 HOME  
Investment Partnerships  
Program Addendum**

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**Combined LIHTC & HOME Application Cycle**

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# HOME Investment Partnerships Program Addendum

## Purpose, Definitions, Guidelines and Exhibits

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### **Purpose and Intent**

The Authority's HOME Program is designed to promote partnerships among the U.S. Dept. of Housing and Urban Development (HUD) and other federal entities, state and local governments, and those in the nonprofit and for-profit sectors who build, own, manage, finance, and support low income housing initiatives. HOME provides the flexibility needed to fund a wide range of low income housing initiatives through creative and unique housing partnerships. The HOME Program was created under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990.

**As of October 19, 2015, the Authority is uncertain as to the availability of HOME funds for the 2016 LIHTC competition. Once a final determination as to the availability of HOME funds has been made, the Authority will issue a bulletin. However, assuming sufficient availability, the Authority expects to offer HOME funds as outlined in this addendum.**

### **Definitions of Terms**

**"Appraisal"** means an estimated value of a piece of property by a licensed real estate appraiser. Appraisals must represent the income approach except in the case of vacant land. For vacant land the market data approach will be used.

**"Authority"** means the South Carolina State Housing Finance and Development Authority located at 300-C Outlet Point Blvd, Columbia, South Carolina, 29210.

**"Annual Income"** means the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. This definition contains income "inclusions" - types of income that can be counted and income "exclusions" - types of income not considered.

**"Applicant"** means any eligible person or entity, public or private, for-profit or nonprofit, proposing to acquire, rehabilitate, reconstruct, and/or build housing in accordance with this Addendum in order to apply for HOME program funds.

**"Community Housing Development Organizations" or "CHDOs"** means private nonprofit organizations that are organized pursuant to the definition in the HUD Regulations.

**"Contact Person"** means a person with decision-making authority for the Participant, with whom the Authority will correspond concerning the Application.

**"Division"** means the Housing Development Division of the Authority which administers the HOME Program.

**"Development Costs"** means the sum total of all costs incurred in the development of a Project all of which shall be subject to the approval by the Authority as reasonable and necessary. Specific explanation of costs can be located in the Guidelines Section for each eligible activity.

**"Developer"** means any individual, association, corporation, joint venture, or partnership which possesses the requisite skills and experience to successfully produce affordable multifamily and single-family housing.

**"Disabled Person"** means a household composed of one or more persons who has a disability, and at least one of the household members is an adult. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that: 1) Is expected to be of long-continued and indefinite duration; 2) Substantially impedes his or her ability to live independently; and 3) Is of such a nature that such ability could be improved by more suitable housing conditions.

**"Draw"** means the disbursement of funds to a HOME Project.

**"Elderly"** means a person 62 years of age or older.

**“Elderly Household”** means a household whose head, spouse, or sole member is a person who is at least 62 years of age; or two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

**“Eligible Person”** or **“Eligible Household”** means one or more persons or a family irrespective of race, creed, national origin or sex, determined by the Authority to be of low or very low income.

**“Family”** or **“Family Household”** means a household composed of one or more persons.

**“General Contractor”** means a duly licensed entity or individual licensed by the State of South Carolina who agrees, for a specific period, to furnish all materials, labor and services related to the renovation or new construction of a building or buildings.

**“HOME”** or **“HOME Program”** means the HOME Investment Partnerships Program pursuant to the HUD Regulations of 24 CFR Part 92.

**“HOME-Assisted Unit”** means a specific unit(s) that receives HOME funds.

**“HOME Project”** means any project which receives financial assistance from the Authority under the HOME Program. A project is a site or sites together with any building or buildings located on the site(s) that are under common ownership, management and financing and are to be assisted with HOME funds as a single undertaking under this part. The project includes all the activities associated with the site and building.

**“HUD”** means the United States Department of Housing and Urban Development.

**“HUD Regulations”** means the regulations of HUD in 24 CFR Part 92 (1991) issued under the authority of Title II of the National Affordable Housing Act of 1990.

**“Income Certification”** means all households that receive HOME assistance must be income eligible as defined in 24 CFR Part 5. HOME income certifications may be dated not earlier than six (6) months prior to eligibility determination. Certification involves identifying different sources of income, evaluating the income and verifying the income through third parties.

**“Initiation of Negotiations”** means the date of an execution of an agreement covering acquisition, rehabilitation, or demolition activities.

**“Letter of Commitment”** means an original executed letter or contract from a funding source verifying that a specific Participant has a commitment of funds for a project. This letter or contract must be dated within ninety (90) days of the HOME application submission deadline if submitted with the application. This letter should include the amount of funds, expiring conditions, if any, whether funds will be provided as a loan or a grant, loan to value ratios, and term and interest rate, if applicable.

**“Local Government”** or **“Unit of Local Government”** means any county, city, town or municipality in the State of South Carolina.

**“Low-Income”** means income which does not exceed 80% of the median income for the area, as determined by HUD, with adjustments for family size.

**“Minority Owned Business”** means a business that is at least 51% owned by a minority.

**“Marketing Plan”** means a document that consists of actions to provide information and attract eligible persons from all racial, ethnic and gender groups in a housing area to a potential affordable housing project.

**“Market Study”** means research done to review market conditions in a specified area, as well as a study of the economic forces of supply and demand and their impact on real estate returns, risks, and values.

**“Management Plan”** means a document that stipulates the duties and terms of the management company or individual handling the property.

**“Near Elderly Household”** means a household whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

**“Nonprofit”** means a qualified entity that has a tax exemption ruling from the Internal Revenue Service under section 501 (c)(3) or 501 (c)(4) of the Internal Revenue Code and has been incorporated to operate in the State of South Carolina.

**“Note”** means a unilateral agreement containing an express and absolute promise to pay to the Authority a principle sum of money for the HOME Program loan together with interest on a specified date. The Note will provide the interest rate and will be secured by a mortgage.

**“Participant”** means any **Applicant** that has been awarded HOME program funds.

**“Principal”** means any Applicant, owner, developer, guarantor, financial guarantor, or any other person, corporation, partnership, joint venture, or other entity, including any affiliate thereof, or any other person, firm, corporation, or entity of any kind whatsoever that is involved directly or indirectly with a project that receives a HOME award. NOTE: Consultants are not considered Principals.

**“Scattered site”** is defined as a development that is comprised of separate buildings located on noncontiguous parcels, meets all requirements of the Internal Revenue Code and meets the following requirements:

- a) All buildings must be under the ownership of one entity;
- b) All buildings must be developed under one plan of financing and considered a single development by all funding sources;
- c) All units must be managed by one management entity;
- d) The development must be appraised as a single proposed development;
- e) Positive site characteristics will be measured from the parcel with the longest distance (i.e. if parcel A is within 0.5 miles and parcel B is within 1.0 miles of a positive site characteristic, the development will receive points based on parcel B);
- f) Detrimental site characteristics will be measured from the parcel with the closest distance (i.e. if parcel A is within 500 feet of a detrimental site characteristic and parcel B is within 1,000 feet of a detrimental site characteristic, the development will receive negative points based on parcel A);
- g) Consist of no more than three (3) noncontiguous parcels within a ½ mile radius of each other and within the same county and market area; and
- h) Each noncontiguous parcel contains at least four (4) units per parcel.

**“Single Room Occupancy”** or **“SRO”** means housing (consisting of single room dwelling units) that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities (and may contain both). If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants.

**“Very Low-Income”** means income which does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for family size.

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## General HOME Guidelines

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All HOME funds are subject to the U.S. Department of Housing and Urban Development (HUD) regulations and all other applicable federal and state requirements. Applications will be reviewed according to the LIHTC/HOME ranking process outlined in the 2015-2016 Low-Income Housing Tax Credit Qualified Allocation Plan (QAP) and the 2015-2016 Low-Income Housing Tax Credit Manual including all finalized technical changes. In the back of this addendum please find a checklist, **Exhibit 1**, which identifies documentation required to apply for HOME funds.

### Eligible Participants

- Units of General Local Governments
- Community Housing Development Organizations (CHDOs)
- Nonprofit Organizations

- For-profit Organizations
- Public Housing Authorities

### Eligible Rental Activities

- New Construction
- Acquisition/Rehabilitation
- Rehabilitation

### Eligible Properties

Properties may consist of a single building or scattered sites (see definition of “scattered sites on page 3 of this addendum).

### Ineligible Properties

- Public housing units
- Projects assisted under Title VI of NAHA (*Prepayment of Mortgages Issued by HUD*)
- Commercial Properties (*except when converted to residential*)
- Homeless Shelters
- Manufactured Housing
- Properties previously assisted with HOME funds that are still under the HOME affordability period
- Student Housing

### Terms and Limits of Financial Assistance

HOME funds can be applied for and combined with Low Income Housing Tax Credits only in conjunction with the LIHTC application cycle. HOME funds will be awarded to tax credit developments based on the following conditions:

- HOME funds, if available, will be awarded only to developments receiving an award of LIHTC.
- HOME funds may be requested **ONLY** during the tax credit funding cycle.
- The maximum HOME award any one (1) development can request is \$450,000. These awards will be available as deferred permanent loans with a one half percent (1/2%) interest rate and a term and amortization period of no longer than thirty (30) years. Principal and interest will be deferred.
- The minimum amount of HOME dollars invested cannot be **less than \$1,000 per HOME-assisted unit**.
- Except for the first year after completion, additional HOME funds may not be used to benefit a HOME-assisted project during its required period of affordability.
- HOME funds will be provided to the Set-Asides as follows: General - \$2,016,000; Underserved Counties - \$778,000; Rehabilitation - \$640,000; RHS - \$192,000; and Nonprofit - \$874,000. HOME funds will be awarded in descending point score order by Set-Aside until the HOME funds are exhausted. A development will be awarded HOME funds only if the HOME amount, as calculated by the Authority, is at least ninety percent (90%) of the unreduced amount that the development would have otherwise received. HOME funds not initially awarded in a Set-Aside will roll to the General Set-Aside. If HOME funds remain after all General Set-Aside awards are made then remaining funds may be applied to developments in the other Set-Asides. The Authority reserves the right to reduce the amount of HOME funds requested based on an underwriting analysis.
- All legally binding executed financial commitments from all funding sources must be submitted at the time of initial HOME application submission.
- HOME funds are not available to developments that have contracts to receive project based rental assistance from Rural Housing Services (RHS) or the Department of Housing and Urban Development (HUD) for 50% or more of the units.
- HOME funds may be awarded to any LIHTC development if, and only if, at least twenty percent (20%) of the development's total units are rent and income restricted based on the fifty percent (50%) Area Median Income. The maximum HOME subsidy per unit cannot exceed the per unit Section 234-Condominium Housing, for elevator-type projects, basic mortgage limits by bedroom size as listed below:
  - 0 bedroom - \$ 57,234
  - 1 bedroom - \$ 65,611
  - 2 bedroom - \$ 79,782
  - 3 bedroom - \$103,212
  - 4 bedroom - \$113,295

- j) Only one HOME award will be allocated per development.
- k) In order to receive a conditional commitment of HOME funds in conjunction with LIHTC, each of the following provisions are applicable and must be met by the Applicant by February 5, 2016:
  1. All 2013 HOME and previous HOME awards must be officially closed out; and
  2. All 2014 HOME awards must have a minimum of seventy-five percent (75%) of the funds drawn or seventy-five percent (75%) of the development completed; and
  3. The completion percentage for previous HOME awards must be met by February 5, 2016. Written confirmation (completed and executed Form M47T), regarding HOME award completion percentages must be provided with the tax credit application submission from Development's Awards Manager.

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## Regulatory and/or Programmatic Guidelines

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### Property Standards

- a) Applicants must adhere to the written standards and specifications developed by the Authority and outlined in the 2015-2016 QAP/Tax Credit Manual including finalized technical changes as well as to all State and local standards, codes, ordinances, and zoning requirements in order to use HOME funds.
- b) Applicants must adhere to all mandatory design criteria included in the 2015-2016 QAP and 2015-2016 Tax Credit Manual as well as all development design criteria chosen for points.
- c) Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g. earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish. Authority staff will conduct site evaluations for each LIHTC/HOME application.

### Site & Neighborhood Standards

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

- a) All HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d), Title VIII of the Civil Rights Act of 1968, as amended "The Fair Housing Act" (42 U.S.C. 3601) and Equal Opportunity in Housing (Executive Order 11063).
- b) Sites proposed for new construction developments or rehabilitation that includes increasing the number of units in an existing development must:
  1. be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
  2. have utilities available and have adequate streets to service the site;
  3. not be located in areas of minority concentration or in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents.
  - i. Minority concentration, for purposes of this section, shall be defined as census tracts where the percentage of the total minority population and/or the population of any minority group listed below is greater than or equal to twenty percentage points higher than the population of the same group for the State as a whole. Those proposals which are located in a census tract where the percentage of the total minority population and/or the population of a minority group is greater than or equal to the percentages listed below are deemed areas of minority concentration:

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

Source: U.S. Census Bureau, 2010 Census

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

- A. Go to [www.factfinder.census.gov](http://www.factfinder.census.gov)
  - B. Click on "Advanced Search;" the option "Show me all" will appear - click that box.
  - C. Click on the "Geographies" box from the choices on the left hand side of the page.
  - D. From the *Select Geographies* box that appears, see the second bullet "Select a geographic type" drop-down box; choose "Census Tract – 140." A new pull down box will appear.
  - E. From the "Select a State" option, select "South Carolina" and the corresponding county and Census Tract for which your site is located.
  - F. Once you have selected your Census Tract, click the gray "Add to your selection" button at the bottom of the page. Close the *Select Geographies* box by selecting the "X" in the upper right hand corner.
  - G. Next to "Refine your search results," type in topic or table name "QT-P6." Two options will appear below the box once you have typed in the report number. Select the report related to "2010." Click on the gray box to the right labeled "Go."
  - H. A list of only one report should appear that reads "Race Alone or in Combination." Click the check box next to this option; click on the table title itself to be taken to the report. You may also click on "View" or "Download" to see the report.
- ii. The two available exceptions to the prohibition against being located in an area of minority concentration as defined above are identified in 24 CFR 983.57(e)(3). They include:
1. The project is necessary to meet overriding housing needs that cannot be met in the housing market area.
    - To meet this exception, the overriding housing need must not be caused by the fact that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable. For example, the site is integral to the overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a "revitalizing area").
  2. Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration.
    - To meet this exception, units may be considered comparable opportunities if they have the same household type (elderly, disabled, family, large family) and occupant type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition. Additionally, there must be an assessment of the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration which must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:
      - a significant number of assisted housing units are available outside areas of minority concentration;
      - significant integration of assisted housing projects constructed or rehabilitated in the past 10 years relative to the racial mix of the eligible population;
      - whether there are racially integrated neighborhoods in the locality;
      - programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration;
      - minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration;
      - a significant proportion of minority households have been successful in finding units in non-minority areas under the tenant-based assistance programs; and

- comparable housing opportunities have been made available outside areas of minority concentration through other programs.

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

- iii. Should a proposal be located in an area of minority concentration but is eligible for an exception, the applicant must provide the Authority with an opinion letter that adequately addresses which exception applies and why. The Authority will allow information gained from discussions with city/county officials to be part of the letter if clearly relevant to one of the listed exceptions. Documentation should be attached in support of the letter. For example, if a development is located in a designated "Revitalization Area," documentation evidencing the designation must be included. **Exhibit 4** provides a sample letter for use by applicants.
4. promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
  5. not be one which is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions;
  6. be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents;
  7. except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.
- c) If the Authority determines any detrimental site characteristics exist on, adjacent to, or within unallowable distances from the site, the Authority may reject the application.
  - d) Complete and submit a *Site and Neighborhood Standards Certification* (Form M-40).

### **Environmental Review Requirements**

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

- a) The Authority will commission environmental consultants to prepare NEPA environmental reviews for all applications.
- b) Once HOME awardees have been environmentally cleared, the Authority will publish a Notice of Intent (NOI) and a Request for Release of Funds (RROF). Local governments are responsible for their own publishing of these notices.
- c) HOME funds will not be awarded to projects which require mitigation of any hazardous materials, other than lead-based paint and/or asbestos, found on, within, or adjacent to the proposed site(s).
- d) For projects involving acquisition, an option agreement on a proposed site or property is allowable prior to the completion of the environmental review if and only if the option agreement is conditional in nature so as not to provide legal claim to any amount of HOME funds to be used for the specific project or site until the environmental review process is completed. Sample language to meet this requirement is provided in the Authority's Environmental Review Manual.
- e) If the proposed project is already underway all work must cease immediately once the application for HOME funds has been made. No work or choice limiting actions may occur after the application date.

Work may only recommence after an environmental review has been completed and an Authority to Use Grant Funds has been issued.

- f) All Applicants should refer to the Authority's Environmental Review Manual for further information. [http://www.schousing.com/library/HOME/Environmental%20Forms/Environmental%20Manual\\_rev2015.pdf](http://www.schousing.com/library/HOME/Environmental%20Forms/Environmental%20Manual_rev2015.pdf)

### **Lead Based Paint Requirements**

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

### **Types of Housing Covered**

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

### **Types of Housing Not Covered**

- a) Housing built since January 1, 1978, when lead paint was banned for residential use
- b) Housing exclusively for the elderly or people with disabilities, unless a child under age 6 is expected to reside there
- c) Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks
- d) Property that has been found to be free of lead-based paint by a certified lead-based paint inspector
- e) Property where all lead-based paint has been removed
- f) Unoccupied housing that will remain vacant until it is demolished
- g) Non-residential property
- h) Any rehabilitation of housing improvement that does not disturb a painted surface

See the *HOME Construction Manual* for information regarding HOME lead-based paint requirements. All combined LIHTC & HOME Application cycle applicants must complete and submit Lead-Safe Housing Rule Applicability (**Form M-7B**).

### **Income Targeting**

- a) Initial Occupancy - Rental housing will qualify as affordable only if the project meets the following requirements at initial occupancy:
  1. Has eighty percent (80%) of the HOME assisted rental units occupied by families who have annual incomes that are sixty percent (60%) or less of the area median income, adjusted for family size;
  2. Has at least twenty percent (20%) of the HOME assisted rental units occupied by families who have annual incomes that are fifty percent (50%) or less of the area median income, adjusted for family size;
- b) Long Term Occupancy - Applicants are required to maintain the following occupancy requirements throughout the affordability period:
  1. Eighty percent (80%) of the HOME-assisted units must be occupied by households with incomes at or below eighty percent (80%) of the area median income, adjusted for family size; and
  2. Twenty percent (20%) of the HOME-assisted units must be occupied by households with incomes at or below fifty percent (50%) of the area median income, adjusted for family size.

- c) An Applicant must determine that each potential tenant (individual or family) is income eligible by determining the family's anticipated annual income as defined in 24 CFR Part 5.
1. Income must be examined and verified by using third party source documents evidencing annual income (e.g., wage statement, interest statement, and unemployment compensation statement) for the family. In verifying incomes for potential HOME beneficiaries, Applicants should use the Authority's "Determining Income Manual" which can be downloaded from the Authority's website here: [www.schousing.com/HOME\\_Investment\\_Partnerships\\_Program/HOME\\_Forms\\_&\\_Announcements](http://www.schousing.com/HOME_Investment_Partnerships_Program/HOME_Forms_&_Announcements). HOME income limits are updated annually by HUD. Current HOME Income limits can also be downloaded from the Authority's website.
  2. Rents for over-income households are adjusted dependent upon whether the over-income household resides in a fixed or floating unit.
    - i. Adjusting rents for over-income tenants in "fixed" units.  
Over-income tenants residing in fixed HOME assisted units must pay 30% of their adjusted income for rent and utilities. Unless state or local law imposes rent controls, there is NO RENT CAP for fixed units.
    - ii. Adjusting rents for over-income tenants in "floating" units.  
Over-income tenants residing in floating HOME assisted units must pay 30% of their adjusted income for rent and utilities, however, the rent may not exceed the market rent for comparable, unassisted units in the neighborhood.

### HOME Occupancy Requirements

HOME Rental housing developments funded in conjunction with LIHTC will qualify as affordable only if the project has at least twenty percent (20%) of the HOME-assisted units occupied by households at or below fifty percent (50%) of the area median income (AMI).

- a) Rental projects containing **less than** five HOME-assisted units are not restricted to the low HOME rent designations and can be occupied by families who have annual incomes that are sixty percent (60%) or less of the median income adjusted for family size.
- b) Typically, in a HOME-assisted project, tenants whose annual incomes increase to over eighty percent (80%) of area median income may remain in occupancy but must pay no less than thirty percent (30%) of their adjusted monthly income for rent and utilities. **When projects are financed with HOME and LIHTC, the HOME rules defer to the LIHTC rules, and in no case can the rent exceed limits set by the LIHTC program.**

### Rent Levels

- a) Rents for HOME assisted units are determined on an annual basis by HUD and are restricted for the length of the applicable affordability period.
- b) The HOME Final Rule requires approval of all rents on an annual basis for developments with HOME units. The approval process will be handled by the Compliance Monitoring Department. Annual Rent Approval Form M-66 will be submitted to Compliance Monitoring staff to begin the approval process.
- c) Current HOME Rent limits can be downloaded from the Authority's website.
- d) The rents, as listed, include all applicable utilities. Utilities paid by tenants must be subtracted from the rents to determine the maximum allowable rent. Rents may increase or decrease from year to year. Applicants must use the HOME Utility Allowances provided on the Authority's website ONLY. These utility allowances are based on the HUD Model. The HOME Utility Allowances can be found here: [www.schousing.com/HOME\\_Investment\\_Partnerships\\_Program/HOME\\_Utility\\_Allowances](http://www.schousing.com/HOME_Investment_Partnerships_Program/HOME_Utility_Allowances).
- e) HOME rents are not necessarily representative of market conditions. Rather, these rents represent the following:
  1. **High HOME Rents** - The lesser of the Fair Market Rents for existing units as determined by HUD or thirty percent (30%) of sixty-five percent (65%) of median income, adjusted for family size.
  2. **Low HOME Rents** - The lesser of the Fair Market Rents for existing units as determined by HUD or thirty percent (30%) of fifty percent (50%) of median income, adjusted for family size.

Each Participant should be aware of the market conditions in the areas where projects are proposed. Each project should show market feasibility not based upon the High and Low HOME rents, but rather upon housing markets and HOME occupancy requirements which demand occupancy by low and very low-income persons. Rents shall not exceed the published High or Low HOME rents, adjusted for utility arrangements and bedroom size. However, because these rents must also be attractive to lower income tenants, actual rents may be lower than published High and Low HOME rents. Project budgets should be calculated in such a way that they take into consideration the market feasibility as well as financial feasibility.

### **Affordability Terms**

HOME-assisted units must remain affordable for varying terms, depending on the amount of HOME funds invested per unit:

| <u>HOME Investment per Unit</u> | <u>Period of Affordability</u> |
|---------------------------------|--------------------------------|
| Under \$15,000 per unit         | 5 years                        |
| \$15,000 to \$40,000 per unit   | 10 years                       |
| Over \$40,000 per unit          | 15 years                       |
| For new construction            | 20 years                       |

### **Fixed and Floating Units**

The owner must elect “fixed” or “floating” unit designations at the time of application:

- a) Fixed units – specific units are designated as HOME assisted units and therefore, subject to HOME rent and occupancy requirements. The designated units never change.
- b) Floating units – units are designated as HOME assisted and these units may change or float over time as long as the total number of HOME assisted units in the project remain constant and remain comparable in size, features, and number of bedrooms.

### **HOME Loan Closing/Draw Information**

- a) A note and mortgage will be recorded in all cases where HOME assistance is provided.
- b) This may be in a junior lien position to private lender financing.
- c) Upon project completion, the rent and occupancy requirements will be enforced by a recorded restrictive covenant amendment running with the property(s) for the duration of the affordability period.
- d) SC Housing State HOME funds are a permanent financing source and therefore may not be used during the course of project construction. However, in order to meet revised HOME regulations regarding the tracking of federal funds through HUD’s Integrated Disbursement and Information System (IDIS), all 2016 Tax Credit/HOME awardees will submit a reimbursement draw request for up to \$10,000 in allowable HOME eligible costs. The environmental review process must be successfully completed, the HOME Funding Agreement executed and the HOME loan closed and, at a minimum, the Authority in receipt of a copy of the clock marked date stamped or recorded HOME Mortgage before such reimbursement funds can be drawn down.
- e) The balance of HOME funds may only be requested once the following criteria have been met:
  1. The project is 100% complete and a certificate of occupancy has been issued by the local City/County officials; and
  2. The HOME final inspection has been requested, completed, and approved;
- f) If mechanics liens are recorded against a property, HOME funds may not be used for that property.

### **Eligible Project Costs**

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

- a) Development Hard Costs
  - i. Costs to meet the applicable building standards in effect at the time a building permit is obtained from the locality
  - ii. Costs to make essential improvements including the actual costs of construction or rehabilitation
  - iii. Energy-related repairs or improvements
  - iv. Improvements necessary to permit use by handicapped persons
  - v. Lead Based Paint Hazard Reduction
  - vi. Costs to repair or replace major housing systems in danger of failure in existing structures
  - vii. Costs to demolish existing structures
  - viii. Costs for improvement to the project site
  - ix. Costs of acquiring optioned improved or unimproved land for new construction or rehabilitation projects - only if currently being acquired or acquired within 12 months of February 23 , 2015
  - x. Improved or unimproved land for new construction or rehabilitation projects being acquired, must be valued at the lesser of the purchase price or the appraised value submitted with application

- b) Acquisition Costs
  - i. Costs of acquiring improved or unimproved real property
  - ii. Costs cannot exceed appraised property value
- c) Related Soft Costs
  - i. Loan origination fees
  - ii. Credit report fees
  - iii. Title report and update fees
  - iv. Recordation fees
  - v. Preparation and filing legal document fees
  - vi. Appraisals
  - vii. Market Study Report fees
  - viii. Attorney's fees
  - ix. Loan processing fees
  - x. Developer fees
  - xi. Architectural fees
  - xii. Engineering fees
  - xiii. Preparation of work write-ups/cost estimate fees
  - xiv. Project audit costs (only eligible under certain circumstances)
  - xv. Affirmative marketing and fair housing costs
- d) Project Pre-Development Costs
- e) Relocation Costs (if applicable) - If the rehabilitation is such that it will require the tenant to be temporarily relocated, the associated costs are an eligible cost of the project.

### **Mixed Income Developments**

All HOME funds used in conjunction with a mixed income development shall be used solely for the benefit of the affordable units in the development. Housing that accounts for less than 100 percent of the dwelling units in a development qualifies as affordable housing if the HOME-assisted units meet the rent and occupancy limitations as previously stated. Common area costs will be prorated based upon the number of affordable units and other units.

### **Mixed Use Developments**

A building that is designed in part for other than residential housing may qualify as affordable housing under the HOME program if, at least fifty-one percent (51%) of the total space is residential and meets the rent and occupancy limitations. A development that contains laundry and/or community facilities for the exclusive use of the development residents and their guests is considered residential use. Costs for common areas shared by both residential and commercial tenants shall be prorated. Each building in a development must contain residential living space.

**Prohibited Activities** - HOME funds may not be used for:

- a) Utility connections – (i.e. Tap Fees, Lift or Pump stations)
- b) Project reserves (including operating, rent-up and replacement reserves)
- c) Limitations on Actions Pending Environmental Clearance. HOME funds may not be used to reimburse a non-governmental entity for project-related costs incurred after the Applicant has submitted an application for HOME funds and before the environmental review process has been completed, approved by HUD and the Authority in receipt of the Authority to Use Grant Funds
- d) Delinquent taxes, fees or charges on properties to be assisted with HOME funds
- e) Any cost that is not eligible under §§ 92.206 through 92.209
- f) Infrastructure costs in projects where HOME funds will be used for infrastructure only
- g) Playground equipment

### **Tenant Selection Procedures**

Applicants must ensure that tenant selection policies and criteria are written and include the following:

- a) Consistent with the purpose of providing housing for very low and low-income families;
- b) Reasonable, given HOME Program eligibility and acceptance requirements;
- c) Consideration to housing needs of families with federal preferences for admission to Section 8 and public housing;
- d) Select tenants from a written waiting list in chronological order; and
- e) Give prompt written notification of rejection and the grounds for such rejection.

## Uniform Relocation Act

- a) All HOME projects are subject to the Uniform Relocation Act (URA).
- b) According to Federal Regulations, residential tenants may be eligible for permanent or temporary relocation. Relocation payments and other relocation assistance for both permanently and temporarily relocated tenants, both residential and business, are eligible HOME project costs.
- c) All residential tenants in place prior to the submission of an application for rehabilitation must be provided the opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling unit in the building(s) upon completion of the project. Existing tenants can only be evicted for cause. Documentation must be maintained that demonstrates reasons for evictions. Not renewing the lease of an existing tenant due to credit score or criminal background history is considered permanent displacement and is prohibited.
- d) If the rehabilitation is such that it will require the tenant to be temporarily relocated, the associated costs (i.e. moving costs, cable and telephone transfer fees, etc.) incurred by the tenant are an eligible cost of the project. Tenants that are the legal residents residing in a unit at the project at the time of application submission must be provided certain protections. These include:
  1. Written notices of their right to remain in the unit or the need to be temporarily or permanently relocated;
  2. Payments for the cost of temporary relocation;
  3. Payments to those tenants which are required to move permanently.
- e) Units occupied by over-income tenants CANNOT be designated as HOME units.
- f) As part of the HOME application, all Applicants proposing projects involving relocation must provide the following:
  1. A completed Tenant Profile Form (Form M-39) for ALL households in occupied units;
  2. A copy of each General Information Notice (Exhibits 2 or 3), that was provided to each household **AND a copy of the documentation indicating how it was delivered**;
  3. General Information Notices may be delivered by certified mail, return receipt requested or in-person. Documentation of the method of service, as well as the tenants served, must be submitted as part of the application. Failure to follow these requirements will disqualify the application from funding consideration;
  4. Completed Form M-67 Project Occupancy Report that includes which units are occupied and which are vacant;
  5. A relocation plan addressing temporary and permanent relocation;
  6. Relocation requirements apply to all occupants of a project for which HOME assistance is sought, even if less than one hundred percent (100%) of the units are HOME-assisted;
  7. Notice to Seller for the Acquisition of Property with Federal Funds (Form M-52) is required. It must be initiated at the time of the option or contract and must be submitted with the application.

## Displacement

- a) A tenant is considered displaced if they permanently move from the property as a direct result of rehabilitation, demolition, or acquisition of a HOME-assisted project.
- b) A tenant is **not** considered displaced if:
  1. The tenant is evicted for cause, assuming the eviction was not carried out to evade URA obligations;
  2. The person has no legal right to occupy the property under State or local law (e.g., squatter);
  3. The tenant moved in after the application was submitted for funding and before commencing occupancy they were provided written notice of the planned project stating construction and the possible impact such construction may have on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and that they would not qualify as a "displaced person" as a result of the project; and
  4. The Authority, with HUD's approval, determines they are not displaced.
- c) A temporarily displaced tenant is not considered displaced.

## Displacement May Be Triggered in the Following Ways

- a) Before Application: A tenant moves permanently from the property before the Applicant submits an application for HOME assistance and the Authority or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition of the HOME project (e.g., the Authority determines that the Applicant displaced tenants in order to propose a vacant building for HOME assistance).
- b) After Application or Approval: A tenant moves permanently from the property after submission of the application because:
  1. The Applicant requires the tenant to move permanently because of the unit size or the unit is eliminated;

2. The Applicant fails to provide timely required notices to the tenant;
  3. The tenant is required by the Applicant to move temporarily and the Applicant does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable;
  4. The tenant moves permanently from the project because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project. Such tenants are considered economically displaced;
  5. The tenant receives temporary relocation assistance beyond one year; therefore, are considered displaced and are eligible for permanent relocation assistance.
- c) **The Authority HIGHLY ENCOURAGES Applicants to make EVERY effort to not trigger displacement.**
1. Applicants should offer tenants the opportunity to lease an affordable suitable unit within the project if possible.
  2. All Applicants should become familiar with the URA and Section 104(d) of the Housing and Community Development Act (also known as the "Barney Frank Amendments" and any applicable relocation rules).

### **Tenant Protections**

- a) The Applicant is required to:
  1. Follow the provisions of 24 CFR Part 92.253 of the HOME regulations for tenant lease protections;
  2. Execute a lease agreement for a minimum of twelve (12) months, unless by mutual consent, the tenant and owner agree to a lesser term.
- b) An owner may not terminate the tenancy or refuse to renew the lease of a tenant for rental housing assisted with HOME funds except for serious or repeated violations of the terms of the lease; for violation of applicable federal, state or local law; or for other good cause.
- c) Any termination or refusal to renew must be preceded by no less than thirty (30) days written notice specifying the grounds for the action.
- d) Owners may not refuse, except for just cause, to lease a HOME-assisted unit to a family, which holds a rental certificate or voucher or a comparable document under the HOME Program.

### **Prohibited Lease Terms**

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

### **Construction and Procurement Requirements**

- a) New construction projects must submit detailed 11" x 17" preliminary plans and specifications.
- b) Applicants must ensure that every entity awarded a contract to be paid for with HOME funds is not on the list of Parties Excluded from Federal Procurement or Non-Procurement Programs as published by the U. S. General Services Administration and HUD Regional and Field Offices' Limited Denials of Participation lists.
- c) Applicants must have completed an environmental review and received an Authority to Use Grant Funds notice from HUD before executing a construction contract, starting construction, or taking any physical actions on a site.
- d) If the proposed project is already underway, all work must cease immediately once the application for HOME funds has been made. No work or choice limiting actions may occur after the application submission date. Work may only recommence after an environmental review has been completed and an Authority to

Use Grant Funds notification has been received. Projects already underway are only eligible if they were started without the intent of using Federal assistance.

1. Procurement must be performed using a competitive sealed bid process when costs exceed \$100,000. Applicants must have an established procurement procedure that is submitted as part of the HOME application. These procedures must reflect applicable state, local laws and regulations, along with compliance with Federal regulations 24 CFR 85.36. Procurement policies and bid selection procedures must also comply with regulations of Section 3, MBE/WBE, Minority Outreach requirements and Federal Labor Standards, if applicable.
2. A minimum of three bids is preferred. The bids shall be from general contractors who are licensed in the State of South Carolina. All bids shall be submitted with line item costs. The acceptable bid 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 shall be approved in writing by the Authority.
3. All applicants must maintain and follow the written procurement policies approved during the application approval process. Procurement policies or bid selection procedures must comply with the regulations of Section 3, MBE/WBE outreach requirements, and federal labor standards when applicable.
4. 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 organizational 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.
5. Identity of Interest Relationships: In circumstances where the HOME award recipient is also the owner, and wishes to act as the general contractor, the recipient must request approval in writing, and then complete the Identity of Interest Certification, Form M-8. Recipients with an Identity of Interest relationship must still adhere to all applicable procurement requirements when awarding **subcontracts**.

#### **Davis-Bacon Requirements**

- a) All HOME-assisted projects containing twelve (12) or more HOME-assisted units shall comply with the Davis-Bacon Act. When funds are used in twelve (12) or more units, the Applicant must comply with the provisions requiring the payment of not less than the prevailing wages in the locality.
- b) The wage rates are predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act, to all laborers and mechanics employed in the development of any part of the housing.
- c) The Applicant will be required to enforce labor standards, process weekly payroll forms, and include the Federal Labor Standards Provisions and Wage Rates in all applicable contracts.
- d) The Authority will randomly conduct on-site inspections for employee interviews.
- e) Every contractor participating in the HOME Program must be cleared by the Authority to ensure that they are not on the list of Parties Excluded from Federal Procurement or Non-Procurement Programs as published by the U. S. General Services Administration and HUD Regional and Field Offices' Limited Denials of Participation lists.
- f) Refer to the HOME Construction Manual for more details.

#### **Section 3 Requirements**

- a) The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended is to ensure that "the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very low income persons, particularly those who are recipients of government assistance for housing."
- b) To the greatest extent feasible, HOME participants and their contractors and subcontractors must provide opportunities for job training, employment, contracting and subcontracting to Section 3 residents and businesses. See 24 CFR Part 135 for regulations enacted in furtherance of Section 3.
- c) Section 3 requirements apply to the following HOME-assisted projects:
  1. Projects assisted with HUD funds for construction and rehabilitation activities in excess of \$200,000; and
  2. Contracts and subcontracts exceeding \$100,000 that were awarded in connection with projects assisted with HUD funds for construction and rehabilitation activities in excess of \$200,000.

- d) If a new construction or rehabilitation project is assisted with any HUD program funds in excess of \$200,000 but no single contractor or subcontractor is awarded more than \$100,000 in association with the project then only the organization that directly received the HOME assistance is subject to comply with the Section 3 requirements concerning training, employment and contracting activities.
- e) If there are contracts and subcontracts awarded in conjunction with the Section 3 applicable project, then Section 3 requirements apply to the organization that directly received the HOME funds and all the contracts and subcontracts for work awarded in connection with the HOME project that are in excess of \$100,000.
- f) These include **all** contracts and subcontracts awarded in excess of \$100,000, even those not funded with HOME funds and those that are for non-construction related activities.
- g) There is a HUD sponsored Section 3 Business Registry now available here: <http://www.hud.gov/Sec3Biz>. The registry can be used to search for self-certified Section 3 businesses or to register a business for inclusion as Section 3 eligible.
- h) Refer to the HOME Construction Manual for more details or <http://www.hud.gov/section3>.

### **Section 504 Requirements**

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

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

### **Other Federal Requirements**

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

- a) General Audit Requirements
- b) Affirmative Marketing
- c) Equal Opportunity and Fair Housing
- d) Conflict of Interest
- e) Debarment and Suspension
- f) Flood Insurance and Executive Order 12372

### **Monitoring and Compliance**

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

- a) Maximum rent and utility allowances must be reviewed and recalculated annually upon the anniversary of the lease renewal date. Updated HOME rents are published annually by HUD and are provided on the Authority's website.
- b) The HOME Final Rule requires approval of **all** rents on an annual basis for developments with HOME units. The approval process will be handled by the Compliance Monitoring Department. Annual Rent Approval Form M-66 will be submitted to Compliance Monitoring staff to begin the approval process.
- c) HUD Utility Schedule Model. All utility allowance calculations on the Excel Spreadsheets as part of the HUD Utility Schedule Model must be provided. The Authority reserves the right to review all backup data used for calculations. HUD link: <http://www.huduser.org/portal/resources/utlmodel.html>.
- d) The annual income or annual gross income of tenants in HOME projects must be reviewed and verified each year. Updated HOME incomes are published annually by HUD and are provided on the Authority's website.
- e) The annual income definition found at 24 CFR Part 5: income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12 month period.
- f) On-site inspections for compliance with the Uniform Physical Conditions Standards (UPCS) should be conducted by the owners:

1. The Authority conducts periodic on-site compliance reviews throughout the affordability period to ensure compliance with HOME rental program requirements. These reviews include, but are not limited to, occupancy requirements and property standards. Refer to the *HOME Compliance Manual* located on the Authority's website for further compliance monitoring requirements.
- g) At least annually, the Authority will examine the financial condition of HOME-assisted projects with ten (10) or more HOME-assisted units to determine the continued viability of the project.

**General**

No member, officer, agent, or employee of the Authority shall be personally liable concerning any matters arising out of or in relation to, the commitment of HOME Program funds with regard to feasibility or viability of the proposed development.

South Carolina State Housing Finance and Development Authority  
HOME Program

HOME Addendum Application Checklist

Participant Name: \_\_\_\_\_ Date: \_\_\_\_\_

**Participants must initial each category for which documents are included and complete.**

| Attachment Item  |  | Initial |
|--|--|---------|
| <b>HOME Rental Addendum Application</b>  |  |         |
| <b>CHDO Designation Letter</b> (if applicable)   |  |         |
| <b>HOME Eligibility Certification (Form M-47T)</b>   |  |         |
| <b>URA Requirements</b><br><i>Notice to Seller (Form M-52) ALL Applications</i><br><br><b>Rehabilitation Only:</b><br><i>General Information Notices (Exhibits 2 and 3)</i><br><i>Evidence of Exhibit 2 and 3 Delivery – as discussed on page 12 (f) 2.</i><br><i>Tenant Profile Form (Form M-39)</i><br><i>Project Occupancy Report (Form M-67)</i><br><i>Relocation Plan</i> |  |         |
| <b>Site and Neighborhood Standards Certification (Form M-40)</b><br><i>(new construction projects or rehabilitation that includes increasing the number of units in an existing project)</i><br><b>Exhibit 4</b> (if applicable based on the percentage of total minority population for the project's census tract – see pages 5-7)   |  |         |
| <b>Lead-Safe Housing Rule - Applicability Form (Form M-7B)</b>   |  |         |

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Exhibit 2 - General Information Notice  
Residential Tenant that WILL NOT BE DISPLACED

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**GUIDEFORM GENERAL INFORMATION NOTICE RESIDENTIAL TENANT NOT DISPLACED**

**Applicant's Letterhead  
(Date)**

Dear \_\_\_\_\_:

\_\_\_\_\_, is interested in rehabilitating the property you currently occupy at \_\_\_\_\_ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the HOME Investment Partnerships Program.

The purpose of this notice is to inform you that you will not be displaced in connection with the proposed project.

If the project application is approved and federal financial assistance provided, you may be required to move temporarily so that the rehabilitation can be completed. If you must move temporarily, suitable housing will be made available to you and you will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs. You will need to continue to pay your rent and comply with all other lease terms and conditions.

Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions not to exceed the greater of (a) your current rent/average utility costs, or (b) 30% of your average monthly gross household income.

If federal financial assistance is provided for the proposed project, you will be protected by a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). One of the URA protections for persons temporarily relocated is that such relocations shall not extend beyond one year. If the temporary relocation lasts more than one year, you will be contacted and offered all permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance previously provided. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered.

**(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)**

We urge you not to move at this time. If you choose to move, you will not be provided relocation assistance.

**Please Remember:**

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

You will be contacted soon so that we can provide you with more information about the proposed project. If the project is approved, we will make every effort to accommodate your needs. In the meantime, if you have any questions about our plans, please contact: (name) \_\_\_\_\_, (title) \_\_\_\_\_, (address) \_\_\_\_\_, (phone) \_\_\_\_\_.

Sincerely,  
(name and title) \_\_\_\_\_

=====NOTES.  
**The application must include documentation of the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. This is a guide form. It should be revised to reflect the circumstances**

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Exhibit 3 - General Information Notice  
Residential Tenant TO BE DISPLACED

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**GUIDEFORM GENERAL INFORMATION NOTICE RESIDENTIAL TENANT TO BE DISPLACED**

**Applicant's Letterhead  
(Date)**

Dear \_\_\_\_\_:

\_\_\_\_\_ is interested in \_\_\_\_\_  
the property you currently occupy at \_\_\_\_\_ for a proposed project which may receive  
funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the HOME  
Investment Partnerships Program.

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). You may be eligible for relocation assistance and payments under the URA, if the proposed project receives HUD funding and if you are displaced as a result of acquisition, rehabilitation or demolition for the project.

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to you find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent, or if you prefer to purchase, a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed HUD brochure, "Relocation Assistance To Tenants Displaced From Their Homes" provides an explanation of this assistance and other helpful information.

**(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)**

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move or if you are evicted prior to receiving a formal notice of relocation eligibility you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

**Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time.** If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

If you have any questions about this notice or the proposed project, please contact: (name) \_\_\_\_\_,  
(title) \_\_\_\_\_, (address) \_\_\_\_\_, (phone) \_\_\_\_\_.

Sincerely,

(Name and title) \_\_\_\_\_

Enclosure

=====NOTES  
**The application must include documentation of the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. This is a guide form. It should be revised to reflect the circumstances.**