

South Carolina Housing Trust Fund

Group Home Manual

Administered by: South Carolina State Housing Finance and Development Authority

Effective July 1, 2018

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General Definitions

Acquisition - The purchase of property for the purpose of providing housing for special needs populations, including group housing for handicapped citizens, and transitional housing.

Annual Income - The gross income of all adult household members that is anticipated to be received in the upcoming twelve (12) month period.

Application - The completed forms, schedules, attachments, and any additional documentation requested in the Housing Trust Fund Application package.

Attorney - An individual licensed to practice before the courts of the State of South Carolina. A portion of the practice must relate to real estate matters. The Attorney will be required to provide evidence of errors and omission insurance.

Authority - The South Carolina State Housing Finance and Development Authority.

Board of Commissioners - The Board of Commissioners of the South Carolina State Housing Finance and Development Authority.

Closing Documents - Documents that must be submitted to the Authority for each HTF Group Home project including the Promissory Note, Mortgage and Security Agreement, Settlement Statement/Closing Disclosure/HUD-1 Form #1, Recorded Plat/Survey, Deed, Title Insurance Commitment, Title Insurance Policy with ALTA 8-1 Environmental Endorsement, Hazard Insurance Policy, Flood Insurance Policy (if applicable) and Termite Report/CL 100 (unless new construction).

Complete Project - A project that has submitted the original recorded closing documents as described in the General Closing Instructions, and have all HTF funds drawn down. If new construction, this would also include an approved final inspection.

Compliance Period - The twenty (20) year time period that program restrictions are in effect regarding housing occupancy. The compliance period begins on the date the note and mortgage are executed. If the project is sold prior to the end of the compliance period, the amount of the Housing Trust Fund award as evidenced and defined in the note becomes due and payable.

Contact Person - The primary person with decision-making authority for the sponsor with whom the Authority will correspond.

Contractor - An individual or company, properly licensed as a 1) General Contractor with a classification of **Building** (BD, LB, UB); OR 2) Residential Builder, that undertakes a contract to provide materials and/or labor to perform a service or do a construction job. Such Contractor must be licensed by the SC Dept. of Labor, Licensing and Regulation with an "active" status, have an effective \$1 million general liability insurance policy and a workmen's compensation policy.

Funding Agreement - The written contract between the South Carolina State Housing Finance and Development Authority and the Sponsor. It contains the terms and conditions of the Housing Trust Fund award, states the award amount, the project's purpose, and the beneficiaries being served.

Group Home - A project that provides a combination of services and permanent housing for permanently disabled individuals. This type of housing includes community training homes and residential care facilities operated by the Department of Disabilities and Special Needs.

HTF – The South Carolina Housing Trust Fund as administered by the Authority.

Letter of Commitment - An original letter or contract from a funding source verifying that the Sponsor has a commitment of funds for the project. This letter or contract must be dated within ninety days of the application date and should include the amount of funds, any conditions and the expiration of the commitment, whether funds will be provided as a loan or grant and the loan to value ratios, terms and interest rate for loans.

Manual - The Housing Trust Fund Group Home Manual.

New Construction – The construction of an entirely new structure for the purpose of providing housing for special needs populations, including group housing for handicapped citizens, and transitional housing.

Nonprofit – An organization that is exempt from income tax under section 501 (c) (3) or 501 (c) (4) of the Internal Revenue Code of 1986 as amended and registered with the South Carolina Secretary of State.

Project - The one or more residential buildings, the site on which the building(s) are located, and any functionally related facilities.

Rehabilitation – Improvements that are being made to an existing structure.

Site-Specific - The site on which the project to be built or repaired is located.

Sponsor - An approved nonprofit organization or unit of local government.

Very Low-Income Household - Income that does not exceed fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size.

Housing Trust Fund Overview

The South Carolina Housing Trust Fund (HTF) is a state funded program designed to provide financial assistance in the development and preservation of safe, decent, sanitary and affordable housing for low-income households within the State of South Carolina. The HTF accelerates the state's response to the production of affordable housing through innovative financing used by the nonprofit and private sectors. It builds partnerships among government, qualified nonprofits, for profits, and those in need of affordable housing. It strives to maximize the utilization of federal, state and/or other housing assistance programs in leveraging other public and private resources.

Group Home Activity Overview

The South Carolina State Housing Finance and Development Authority (the Authority) will award funds to eligible Sponsors for the purpose of funding a Group Home. All awards are subject to the HTF statutes and regulations and all other applicable Authority requirements.

Funds are available for the acquisition, acquisition/rehabilitation, and/or construction (which may include the demolition of an existing dwelling) of a residential building(s) that contains one or more housing units, which will serve persons at or below fifty percent (50%) of the area median income.

Funds for acquisition will only be awarded if the property is currently under a purchase option or has been purchased within the last twelve (12) months.

The deed or purchase option for the proposed project must be in the name of the Authority approved nonprofit at the time of application.

Only one HTF award will be awarded per project. The application must be site-specific. Approved HTF Group HOME Sponsors may have no more than three (3) HTF projects, including Supportive Housing projects, open at a time.

Sponsors are **required** to use other funding sources in conjunction with HTF and must provide a commitment letter(s) from each funding source at the time of application submission.

Eligible Sponsors:

The Department of Disabilities and Special Needs and their affiliates are the only eligible Sponsor for this activity. All Sponsors must be approved by the Authority prior to the submission of any HTF application. Applications submitted by organizations that are not approved by the Authority will be returned.

Terms of Financial Assistance:

Maximum Subsidy per Project:

The **LESSER** of \$100,000 or 50% of the Total Development Cost (TDC).

Commitment(s) from other sources at the time of application

A minimum of 25% of the requested HTF Award.

Approved nonprofits may access the funds in the form of a deferred forgivable loan. The loan is forgiven during the compliance period if the project is used for the authorized purpose during the compliance period.

Submitting Applications:

Applications for HTF Group Homes are accepted during the four (4) designated funding cycles. For a list of application deadlines, please visit our website at www.schousing.com.

In order to be considered, applications must be received in our office prior to the close of business on the submission deadline date. Applications may be delivered by mail, other shipping service, or by hand delivery as follows:

South Carolina State Housing Finance and Development Authority
ATTN: HOUSING DEVELOPMENT
HTF Group Home Application
300-C Outlet Pointe Blvd.
Columbia, SC 29210

- Facsimile transmissions will **NOT** be accepted.
- Items postmarked before the deadline, but received in our office after the deadline will **NOT** be accepted.
- Incomplete applications will **NOT** be eligible for consideration.

Applications are here: <http://www.schousing.com/Home/SCHousingTrustFund>.

Sponsors must submit one (1) original application and one (1), full-color copy, including all pages of the application form and all required exhibits and tabs. Incomplete applications will not be accepted. **All applications must be self-contained. The Authority will not rely on any previously submitted information, written or verbal, to evaluate the applications in any given quarterly funding cycle.**

Application Review Process:

1. Authority Staff will review applications for completeness.
2. Applications which are complete and meet the general guidelines and eligibility requirements of the program will be recommended to the Board of Commissioners for approval.
3. If approved, a Funding Agreement is mailed to the Sponsor for execution, along with a request for closing attorney information and a HTF loan closing date.
4. Once the executed Funding Agreement, closing date and attorney information is returned to the Authority, HTF loan documents will be mailed to the closing attorney.
5. If the project is acquisition only, the Sponsor must complete and send in an HTF-4B Draw Request, with the executed Funding Agreement. An HTF check will be requested and mailed under separate cover to the closing attorney.
6. If the project is new construction, HTF funds will be released as construction draws. Sponsors must submit a completed HTF-2A Inspection Request Form and HTF-4B when ready for a construction draw.
7. Draws will only be processed after the HTF loan closing has taken place and the HTF mortgage has been recorded.
8. Inspections of the property will be conducted to confirm construction is up to standards and appropriate for the amount of the draw request.
9. The Sponsor must be present for all inspections.
10. Once the work is completed, the Sponsor must request a final inspection using the Inspection Request (HTF-2A), and the Draw Request (HTF-4B) forms.

Forms:

All necessary forms for applications, change orders, draws, inspections, etc. can be downloaded from our website at <http://www.schousing.com/Home/SCHousingTrustFund>.

Guidelines for Group Home Housing Activity

General Guidelines

1. Sponsors must complete each group home project within the twelve (12) month completion deadline specified in the Funding Agreement or the Authority may not disburse funds and may revoke remaining funds awarded.

2. Sponsors may be required to attend an implementation workshop. The purpose of this workshop is to prepare Sponsors to fulfill program, construction and financial requirements.
3. The project must serve very low-income households, at or below fifty percent 50% of the area median income.
4. HTF awards may be terminated at any time prior to the award expiration date due to documented evidence of unsatisfactory productivity.
5. Manufactured Housing/Mobile Homes are **not** eligible properties under the Group Homes activity.

Eligibility Requirements for Beneficiaries

Certification and Verification of Income

The project's beneficiaries must be very low-income with gross annual incomes that do not exceed fifty percent (50%) of the area median income as determined by the HUD income limits. **Current income limits are available at <http://www.schousing.com/Home/PartnerIncomeLimits>.**

Third party income verification documentation must be available on site for all anticipated annual income for each resident, and must not be older than six (6) months from the date of the resident first occupying the unit. Income tax returns will be accepted but only in situations where no other income information is available. Additionally, the tax returns must have all pertinent information correctly identified and all schedules included and may not be more than one (1) year old.

Computing Income

Annual Income is determined by taking the total anticipated gross income from all sources for the twelve-month period preceding the date of certification of income.

Annual income includes, but is not limited to:

- gross income, the full amount before any payroll deductions, of wages and salaries;
- overtime pay;
- commissions;
- fees;
- tips;
- bonuses, and other compensation for personal services;
- the net income from the operation of a business or profession;
- interest, dividends, and other net income of any kind from real or personal property;
- the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts. This includes a lump-sum payment for the delayed start of a periodic payment other than Supplemental Security Income;
- payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; welfare assistance;
- periodic and determinable allowances, such as alimony and child support payments;
- regular contributions or gifts received from persons not residing in the dwelling;
- all regular pay, special pay and allowances of a member of the Armed Forces (other than pay for hazardous duty).

Zero Income

Beneficiaries who report zero income , for the twelve (12) months preceding the date of application submission, must provide the following documentation:

- Certification of Zero Income (HTF-3C) Form explaining the circumstances resulting in zero income.
- A copy of income tax returns that are not more than one (1) year old or from the previous year. The tax returns must have all pertinent information correctly identified and all schedules attached. If tax returns do not exist indicate such on the Certification of Zero Income Form.

Construction Guidelines

Sponsors are required to submit itemized work write-ups for rehabilitation properties or plans and specifications (including all detailed costs) for new construction property with the initial application. Detailed, itemized information must be submitted and should include costs identified separately by line item. The Sponsor must use the Authority's Work Write-Up (HTF-2B) form.

The Authority will perform a "cost reasonableness" evaluation of the proposed work and may adjust the amount of funds awarded based on a review and an inspection of the property. Sponsors are strongly encouraged to ensure applications submitted are cost reasonable to prevent such adjustments or a rejection of the application.

The Authority will review the work write-up or the plans/specifications submitted and conduct an on-site inspection. If the Authority concludes that the costs presented are not reasonable, the application will either be returned for corrections or rejected depending upon the circumstances.

Sponsors must adhere to any written standards developed by the Authority and to all federal, state, and local standards. The Authority's standards include the following:

- The Authority does not fund mold remediation.
- The Sponsor will perform a physical on-site repair assessment and will ensure a physical on-site repair assessment is done by a Contractor prior to the submission of an application.
- The Sponsor will ensure that an itemized work write-up (HTF-2B) is completed by a Contractor and submitted as part of the application.
- The Sponsor must contract with **Contractor** meeting the Authority's standards to perform the rehabilitation work. The Sponsor must contract directly with the Contractor.
- **The Contractor must contact the building code enforcement agency within the locality in which the proposed construction is to be undertaken and obtain any required permits. The locality's building inspector must review the work write-ups or plans and specifications PRIOR to submission of the application to the Authority to ensure local requirements are met.**
- **All permits must be posted on-site and easily visible. If any construction work is done on a HTF project PRIOR to permits being pulled, the Sponsor and Contractor will be debarred from the HTF program for a minimum of three (3) months.**
- All work must be in compliance with the 2015 International Residential Code (IRC), and all state and local revisions.
- All work shall be performed and completed in a manner supported by the manufacturer's specifications, standard construction practices, and/or recognized building codes.

- All work performed shall be “finished” work. For example, if a door unit is specified for a bedroom then that unit shall be finished to match an existing unit whether it is stained/finished or painted, and a lockset installed.
- All materials used shall be new, in good condition and of standard grade.
- All work regarding handicapped accessibility must meet the requirements of Section 504. Please refer to CABO/ANSI Section A117.1 for compliance requirements.

Allowable Construction Costs

Development hard costs – These costs include the *actual construction costs* such as the following:

- Costs to meet Authority and local construction standards
- Essential improvements
- Electrical, plumbing, structural-related improvements
- Repair or replacement of range hoods
- Improvements for handicapped persons
- Repair or replacement of major housing systems that have failed
- General property improvements that are non-luxury improvements

Related soft costs – These costs are the *reasonable and necessary costs* related to the development hard costs. The following soft costs will be allowed:

- 1) Based on the Authority’s on-site inspection, and
- 2) At the Authority’s discretion.

Receipts and/or paid invoices for all allowed soft costs must have the name and address of the company/City/County charging the fees, must be properly signed and dated, and must have identifying information on the invoice connecting an HTF project to the specific fee.

- Building Permit fee(s) - copy of paid invoice/receipt due **BEFORE** construction work begins with the submittal of the building permit copy (see page 6 – Application Process #7).
 - Copy of permit showing scope and amount of job
 - Copy of invoice/receipt clearly showing governmental department that issued the permit and how much was paid for the permit
- Landfill fee up to \$400 - original invoice/receipt due with the final inspection request (HTF-2A).
 - Landfill fees are not allowed on projects with roof replacement only.
 - Landfill fees can include reasonable cost for labor.
- Portable Toilet fee up to \$150 - original invoice/receipt due with the final inspection request (HTF-2A).
 - Must be approved by inspector and required by locality or scope of project.
 - Photograph of portable toilet on site required for payment.
- Dumpster fees up to \$400 - original invoice/receipt due with the final inspection request (HTF-2A).
 - Dumpster fees are not allowed on projects for roof replacement only.
 - Photograph of dumpster on site required for payment.

Invoices/receipts not submitted as stated above **WILL NOT BE PROCESSED FOR PAYMENT**. Staff is not responsible for reminding Sponsors to submit invoices/receipts. Once a project is closed out, sponsors may not submit invoices/receipts afterwards for payment.

Prohibited Costs

- HTF funds cannot be used for operations of the facility. Committed, ongoing, long-term funding to cover facility operations must be submitted with the application.
- With the exception of its Developer Fee, the Sponsor may not pay any of its administrative costs with HTF funds.
- Business License Fee/Renewal Fee.
- Contractor License Fee/Renewal Fee.
- Relocation expenses of residents
- Costs associated with record keeping
- Storage Fees
- Tools and Equipment
- New Appliances
- Mold assessment, mold sampling, mold treatments, mold prevention, mold abatement, mold remediation, mold removal, etc.

Change Orders - Changes to a Project after an Award

Any changes to a project after notice of award approval must be submitted to the Authority in writing and must be approved by the Authority.

If it is determined during the course of the work that the scope of work or costs associated with the work needs to be changed, the Sponsor must submit a completed, signed Change Order Request (HTF-2C) form. The Authority's inspector will review and either approve or deny the request. The Authority will communicate its decision to the Sponsor in writing. The Authority may revoke a portion or the entire award if a Sponsor makes changes to the project without prior approval.

Payments

All payment requests must be submitted on the Authority's Request for Payment (HTF-4A) form. Payments will **not** be disbursed until the construction progress has been inspected and approved by the Authority. The Sponsor will be contacted upon receipt of the Request for Payment and Inspection forms to schedule an inspection.

New Construction/Rehabilitation

The following items must accompany the payment request for new construction and/or rehabilitation:

1. (HTF-2A) Request for Final Inspection form
2. Approved final inspection from local building department.
3. Pictures of demo and roof replacement or any other progressive rehabilitation
4. (HTF-4A) Draw Request for Construction Costs
5. Include all adequate documentation for payment of hard and soft costs
6. Construction progress report or AIA documents

Once the inspection has been conducted and the work progress has been approved, the Program Coordinator will request the funds. Payment requests are typically processed within fourteen (14) days.

Acquisition

If all or any portion of the HTF loan is to be used to pay for the acquisition of a property, the Sponsor must provide the Authority with the items listed below **three (3) weeks** prior to closing:

1. Date of the closing
2. The name, address, and telephone number of the closing attorney
3. Attorney's professional association biography
4. Errors and Omissions policy
5. Insured closing letter from a Title Insurance Company (theft and/or misapplication)
6. (HTF-4B) Draw Request for Payment

The closing documents and the funds will be sent directly to the closing attorney's office.

Compliance Period

Sponsors must recertify tenant's household income annually. Rent and income limits are adjusted annually. Sponsors may obtain updated information from the Authority's web site at: <http://www.schousing.com/Home/PartnerIncomeLimits>.

Sponsors are also responsible for maintaining the property in compliance with Uniform Physical Condition Standards and should routinely inspect the units to ensure that tenants are maintaining the unit and that all needed repairs have been reported.

The Authority reserves the right to inspect the property, review property and tenant records and management policies and procedures to determine compliance with rent and income restrictions and to verify that the property is being maintained in accordance with Uniform Physical Condition Standards and any other requirements of the HTF program.

The Housing Trust Fund program is designed to increase the supply of permanent affordable housing. The compliance period is **twenty (20) years** and enforcement of this will be accomplished using a mortgage and promissory note.