



South Carolina Housing Trust Fund  
**GROUP HOME MANUAL**

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# Table of Contents

<b>Housing Trust Fund Overview</b> .....	2
<b>General Definitions</b> .....	3
<b>Group Home Program Guidelines</b> .....	4
Eligible Sponsors.....	4
Eligible Projects.....	4
Terms of Financial Assistance .....	4
Eligible Beneficiaries.....	5
Completion Deadlines.....	6
Limitations on Awards .....	6
<b>Application and Payment Process</b> .....	6
<b>Construction Guidelines</b> .....	7
Allowable Costs.....	8
Prohibited Costs .....	9
Cost Reasonableness .....	9
Contractor Standards.....	9
Construction Standards.....	9
Inspection Process.....	10
Changes to Project after Work Write-up Approval.....	10
<b>Income and Property Standards during the Compliance Period</b> .....	11

## **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 in creating additional affordable housing units.

## General Definitions

**Application** - The completed forms, schedules, attachments, and any additional documentation requested in HTF application package.

**Change Order** - A request to change a project that has received an approved initial inspection by an Authority inspector. Such changes include but are not limited to, any change to the Work Write-up, a change in Contractor or Subcontractor, etc.

**Compliance Period** - The twenty (20) year time period that program restrictions are in effect. 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.

**Contractor** - The contractor selected for the project that must meet the contractor standards outlined in this manual.

**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 SC Housing.

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

**Sponsor** - The Department of Disabilities and Special Needs and their affiliates are the only eligible Sponsor for the Group Home Program. All Sponsors must be approved by SC Housing prior to the submission of any HTF application.

# I. Group Home Program Guidelines

The Group Home Activity is designed to provide financing to eligible Sponsors for the purpose of funding a Group Home that provides a combination of services and permanent housing for permanently disabled individuals. This type of housing includes only community training homes and residential care facilities operated by the Department of Disabilities and Special Needs.

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 permanently disabled individuals at or below fifty percent (50%) of the area median income. All awards are subject to the HTF statutes and regulations and all other applicable SC Housing requirements.

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

## A. 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 SC Housing prior to the submission of any HTF application. Applications submitted by organizations that are not approved by SC Housing will be returned.

## B. Eligible Projects:

Only one HTF award will be awarded per project and the application must be site-specific. The deed or purchase option for the proposed project must be in the name of the Sponsor at the time of application.

Manufactured Housing/Mobile Homes are not eligible properties under the Group Homes activity.

## C. 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 Sponsors may access the funds in the form of a deferred forgivable loan. The loan is forgiven if the project is used for the authorized purpose during the Compliance Period.

As shown above, 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. Additionally, the Sponsor must provide documentation of at least one year of operating subsidy for the project.

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.

#### **D. Eligible Beneficiaries:**

The project must serve very low-income households, with gross annual incomes that do not exceed fifty percent (50%) of the area median income. Current income limits are available on SC Housing's website at:

<http://www.schousing.com/Home/PartnerIncomeLimits>.

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.

1. Annual Income is determined by taking the total 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).
2. Beneficiaries who report zero income for the twelve (12) months preceding the date of application submission must each provide all of the following documentation:
    - Certification of Zero Income (HTF-3C) form, including a narrative explaining the circumstances resulting in zero income.
    - A copy of federal income tax returns that are not more than one (1) year old or from the prior tax year. The tax returns must have all pertinent information correctly identified and all schedules included. If tax returns do

not exist, please indicate such on the Certification of Zero Income (HTF-3C) form.

**E. Completion Deadlines:**

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

HTF awards may be terminated at any time prior to the award expiration date due to documented evidence of unsatisfactory productivity.

**F. Limitations on Awards:**

Approved HTF Group HOME Sponsors may have no more than three (3) HTF projects, including Supportive Housing projects, open at a time.

## **II. Application and Payment Process**

Applications for HTF Group Homes are accepted during four (4) designated funding cycles. For a list of funding cycle/applications deadlines, please visit:

<http://www.schousing.com/HOME/SCHousingTrustFund>

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 emailed to [Development@SCHousing.com](mailto:Development@SCHousing.com) or may be delivered by mail, other shipping service, or by hand delivery as follows:

SC Housing Finance and Development Authority  
Attn: Development Division, HTF Group Home Application  
300-C Outlet Pointe Blvd  
Columbia SC 29210

The application must be complete and all applications must be self-contained. SC Housing will not rely on any previously submitted information, written or verbal, to evaluate the applications in any given quarterly funding cycle.

Once an application is received, SC Housing reviews the application for completeness. The Sponsor will receive a letter of notification as to any missing or incomplete items. If the requested information is not provided within thirty (30) days, then the application will be deemed withdrawn.

If an application meets all the general guidelines and eligibility requirements of the activity, the application will be processed as follows:

1. SC Housing will recommend the application to the Board of Commissioners of the South Carolina State Housing Finance and Development Authority for approval.
2. If approved, a Funding Agreement is mailed to the Sponsor for execution, along with a request for closing attorney information and an HTF loan closing date.
  - a. The closing attorney selected by the Sponsor must be licensed to practice before the courts of the State of South Carolina, with a portion of his/her practice related to real estate matters. The Sponsor must provide the following information:
    - i. name, address, and telephone number of the closing attorney

- ii. Attorney's professional association biography
  - iii. Copy of Errors and Omissions policy
- b. 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 closing attorney information and a Draw Request for Payment (HTF-4A) at least three (3) weeks prior to closing.
- 3. Once the executed Funding Agreement, closing date and attorney information is returned to SC Housing, HTF loan documents can be mailed to the closing attorney.
- 4. 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.

All payments requests not related to acquisition must be submitted on SC Housing's Draw Request for Payment (HTF-4A) form and will be disbursed as construction draws. Draws will only be processed after the HTF loan closing has taken place and the HTF mortgage has been recorded. Payments will not be disbursed until the construction progress has been inspected and approved by SC Housing. The Sponsor will be contacted upon receipt of the Request for Payment and Inspection form to schedule an inspection. The following items must accompany the payment request for new construction and/or rehabilitation:

- 1. (HTF-2A) Inspection Request Form
- 2. Approved final inspection from local building department.
- 3. Pictures of completed rehabilitation to date
- 4. (HTF-4A) Draw Request for Payment
- 5. Required 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.

### **III. Construction Guidelines**

The Sponsor must ensure a physical on-site repair assessment is completed by their contractor prior to the submission of an application. Sponsors are required to submit itemized work write-ups for rehabilitation properties and 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 SC Housing's Work Write-up (HTF-35) form. The Work Write-up (HTF-35) must be completed by the Contractor and be submitted as part of the application.

Each page of the Work Write -up must have original signatures and dates from the Sponsor and Contractor. It must contain complete information regarding the Contractor and Subcontractors and costs for each line item must be reported separately.

#### **A. Allowable Costs**

All Work Write-ups must reflect the allowable costs and item/material specifications listed on the Construction Cost Sheet. The Construction Cost Sheet can be found on SC Housing's HTF webpage at:

<http://www.schousing.com/HOME/SCHousingTrustFund>



Project Hard Costs: These costs include the *actual construction costs* needed to meet SC Housing and local construction standards and/or essential improvements such as the following:

- 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

Soft Costs: These costs are the *reasonable and necessary costs* related to the project hard costs. SC Housing will only allow and reimburse the following soft costs:

- Building permit fee(s) - A copy of the paid invoice/receipt must be provided before construction work begins. It must clearly show the governmental department that issued the permit and how much was paid for the permit
- Landfill fee up to \$400 – A copy of the original invoice/receipt is 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 – A copy of the original invoice/receipt is due with the final inspection request (HTF-2A). The expense must be approved by inspector and required by locality or scope of project. A photograph of portable toilet on site is required for payment.
- Dumpster fees up to \$400 – An original invoice/receipt is due with the final inspection request (HTF-2A). Dumpster fees are not allowed on projects for roof replacement only. A photograph of dumpster on site required for payment.

A cost submitted without the invoices/receipts 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 for payment.

## **B. 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. The following costs are prohibited:

- 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
- Additions to an existing structure
- Mold assessment, mold sampling, mold treatments, mold prevention, mold abatement, mold remediation, mold removal, etc.
- Relocations expenses of residents
- Blue prints or plans.

## **C. Cost Reasonableness**

SC Housing will perform a cost reasonableness evaluation of the proposed rehabilitation and may adjust the requested funds amount 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.

#### **D. Contractor Standards**

The Contactor hired to complete the work must be a General Contractor (BD, LB, UB) or a Residential Builder (RBB, RBW). All subcontractors must have an appropriate trade license from the SC Dept. of Labor Licensing and Regulation and/or DHEC.

The Contractor and all subcontractors must have:

- An “ACTIVE” status with LLR or DHEC;
- Surety Bond on File with LLR;
- An effective \$1 million General Liability insurance policy; and
- A Worker’s Compensation policy.

#### **E. Construction Standards**

Sponsors must adhere to any written standards developed by SC Housing and to all federal, state, and local standards.

The Sponsor must engage in a written agreement/contract with its Contractor that specifically acknowledges SC Housing standards. The Contractor(s) must provide all labor and materials and all work must be in compliance with the 2018 International Residential Code (IRC) and all state and local revisions. The contractor must contact the building code official 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 and ensure all code and local requirements are being met with respect to the work being undertaken.

Additionally, SC Housing requires the work to rehabilitation work to comply with the following:

- 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 material used shall be new, in good condition and of standard grade.
- All work regarding handicapped accessibility must meet the requirements of ANSI Section A117.1

#### **F. Inspection Process**

SC Housing Inspectors schedule inspections in the most efficient and timely manner possible. Inspectors will do their best to make appointments that satisfy all individuals involved. Inspections are typically scheduled on Mondays and conducted Tuesday-Friday. Ongoing “special requests” will not be honored. The Sponsor and Contractor must be present for all inspections.

SC Housing inspectors must be permitted to communicate with all parties involved in the repair project at any time.

**G. Changes to Project after Work Write-up Approval:**

Any changes to the scope or cost of the work after the Sponsor receives an approved initial Work Write-up must be communicated with the inspector, submitted in writing and approved by SC Housing. The Sponsor must submit a completed, signed Change Order Request (HTF-2C) form that is signed by the Sponsor and the Contractor.

SC Housing's inspector will review the proposed Change Order and either approve or deny the request. SC Housing will communicate its decision to the Sponsor in writing. SC Housing may revoke a portion or the entire award if a Sponsor makes changes to the project without prior approval.

A request to change the Contractor must be substantiated and involve extenuating circumstances. The Sponsor must submit another initial inspection request along with a new Work Write-up executed by the new Contractor(s) following all the previous guidelines. SC Housing will review the requested Contractor change to determine if it will be allowed and conduct an inspection of the project. If a Contractor change is approved by SC Housing, the 12 month timeline for completion of the project is still in effect.

**IV. Income and Property Standards during the Compliance Period**

The Housing Trust Fund program is designed to increase the supply of permanent affordable housing. Enforcement of the Compliance Period will be accomplished using a mortgage and promissory note.

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

Additionally, 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.

SC Housing 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.