

# 2014

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## HOME INVESTMENT PARTNERSHIPS PROGRAM

**2014  
ACTION  
PLAN**

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## EXECUTIVE SUMMARY

The HOME Investment Partnerships Program (HOME) provides grants to states and units of local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income Americans.

The HOME program (24 CFR part 92), authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 U.S.C. 12701 et seq.), is designed as a partnership among the federal government, state and local governments, and those in the private sector (profit and not-for-profit) who build, own, manage, finance and support low-income housing initiatives.

The HOME program is implemented through Participating Jurisdictions or "PJs". The Department of Housing and Urban Development (HUD) designated PJs may be states or units of general local government, including consortia and urban counties. South Carolina has sixteen (16) PJs (including the Authority), each working independently of the other.

As the designated PJ for the state, the South Carolina State Housing Development and Finance Authority (Authority) will ensure that HOME funds are distributed in a manner that is reasonably equitable to all regions of the state.

This comprehensive Annual Action Plan (the Plan) outlines the Authority's strategies to address affordable and supportive housing needs within the state of South Carolina. The Plan also reflects the State's priorities as set forth in the current Consolidated Plan.

Our mission is to create quality affordable housing opportunities for the citizens of South Carolina. More specifically, our goal is to promote partnerships with various municipalities, banking institutions, nonprofits, for-profit organizations, and Public Housing Authorities (PHAs). The Authority works with these partners to increase awareness of the HOME Program while increasing housing quality and capacity statewide.

As the State PJ, the Authority will administer a total of **\$9,200,000** in HOME funds. This amount consists of the estimated 2014 HUD allocation of **\$4,400,000** and anticipated 2014 HOME program income of **\$4,800,000**. There are several legislated set-asides allowed and required by HUD.

**2014 HOME Distribution (Table 1)**

<b>Set Asides</b>	<b>Allocation</b>	<b>Program Income</b>	<b>Totals</b>
<b>*State Estimated PJ Balance/Less the following set asides</b>	<b>\$4,400,000</b>	<b>\$4,800,000</b>	<b>\$9,200,000</b>
Administrative 10%	(\$440,000)		(\$440,000)
CHDO Operating	(\$100,000)		(\$100,000)
HOME/Low-Income Housing Tax Credit/Multi-Family Bond Program		(\$4,560,000)	(\$4,560,000)
Single Family Division/Other eligible Activities		(\$100,000)	(\$100,000)
Statewide Rental **	(\$3,860,000)	(\$140,000)	(\$4,000,000)
<b>Statewide PJ Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

\*Any increase or decrease in funding to match actual allocation amounts will be applied to the Statewide Rental program.

\*\*Includes the required 15% legislated set aside for Community Housing Development Organizations (CHDOs)

The Authority shall distribute its HOME Program funds to eligible entities through one or more funding cycles and utilize the following set-asides: Administration, CHDO Reserve, CHDO Operating Expenses, Low Income Housing Tax Credit (LIHTC) program, Rental and Homeownership activities.

HUD has legislated that of the total estimated 2014 HOME allocation of **\$4,400,000** several funding set-asides are allowed and/or required. One requirement is to set-aside fifteen percent (15%) or **\$660,000**, for Community Housing Development Organizations (CHDOs) to develop, sponsor, or own rental and homeownership activities.

Allowable set-asides include ten percent (10%) for program administration and five percent (5%) for CHDO operating funds.

As referenced in **Table 1**, the Authority anticipates a total of **\$9,200,000** for distribution as outlined below:

- Allowable set aside of ten percent (10%) (**\$440,000**) for the administration of the program. Administrative funds will be used for the planning, administration, allocation of indirect costs and monitoring of the program. Funds will also be used to conduct workshops to assist participants in applying for and implementing HOME funded projects.
- Required CHDO set-aside allocation will be fifteen percent (15%) (**\$660,000**) of the Authority's total HOME allocation. CHDOs wanting to receive funds must comply with the established procedures contained in the application for funding. **This amount is included in the total amount of the set-aside for the statewide rental competition.**
- Allowable set aside of **\$100,000** (maximum allowed is 5%) for CHDO operating expenses. The use of these funds will enhance the CHDOs ability to operate their organizations to capacity and to purchase items needed to operate their businesses successfully, thereby ensuring the quality of rental units produced.
- Set aside of **\$4,560,000** to be used in conjunction with the Low Income Housing Tax Credit (LIHTC) Program and the Multi-Family Tax Exempt Bond Program to finance rental developments in an effort to maximize the state's available resources.
- Set aside of **\$100,000** to be used in conjunction with the Authority's Single Family Mortgage Revenue Bond (MRB) Program (homeownership, funded with anticipated HOME program income). The funds will provide assistance with down payment and closing costs to potential homebuyers.
- Set aside of **\$4,000,000** to be used in the statewide Rental competition. This set-aside is designed to address smaller rental housing projects, either new construction or rehabilitation, which do not require Low Income Housing Tax Credits.

At the discretion of the Authority, any additional allocations, reallocated, recaptured or remaining funds described in this Action Plan may be awarded in any category described in this Action Plan. Funds may be redistributed in accordance with the HOME Program design based on availability and timing of resources, as well as program demand.

## HOME PROGRAM DESIGN

The Authority will administer the HOME Program in a manner that will address the needs of very low and low-income persons, special needs groups, rural areas, as well as those areas with limited housing that may be referenced in the Consolidated Plan. Units of local government, nonprofits, for-profits, and PHAs are eligible recipients of the awards.

Distribution of HOME funds will be consistent with the priorities identified in the State's Consolidated Plan. The State's five-year housing goals are as follows:

1. Enhance suitable living environments through new accessibility, affordability and sustainability.
2. Create decent housing with new availability, affordability and sustainability.
3. Provide economic opportunity through improved accessibility, affordability and sustainability.

The Authority's Plan will encourage the effective use of funds through two (2) HOME eligible program activities; a competitive Rental cycle and the Authority's Single Family Mortgage Revenue Bond Program for homeownership. The Authority will allow the general public to help determine the housing needs of the State by conducting an annual public hearing. Comments submitted on the Authority's Plan during the public hearing will be incorporated, as applicable, into the Plan which will help ensure that the activities proposed in the Plan are consistent with the priorities contained in the State's Consolidated Plan.

### **Rental Activity - Competitive:**

HOME's rental activity will impact the living conditions of citizens who cannot participate in homeownership opportunities, but nonetheless deserve quality affordable housing opportunities. In an effort to ensure project feasibility, rental options are designed to enhance and compliment other rental housing programs, such as; Housing Trust Fund (HTF), Community Development Block Grant (CDBG), Low Income Housing Tax Credit (LIHTC), Federal Home Loan Bank etc.

In addition to other types of assistance, as approved by HUD, financial assistance may include repayable or deferred loans and grants.

In addition to HOME's regular rental cycle, HOME funds are made available in conjunction with the LIHTC program. The HOME/LIHTC program application is designed to reinforce the competitive application requirements set forth by the Qualified Allocation Plan (QAP) which defines threshold and rating criteria. The QAP is located on the Authority's Tax Credit webpage.

### **Rental Activity – Noncompetitive:**

A portion of the Authority's HOME funds allocation will be made available for the Authority's Multi-Family Tax Exempt Bond Program. This is a noncompetitive multi-family rental program.

### **Homeownership Activity – Noncompetitive:**

In conjunction with the Authority's Single Family Mortgage Revenue Bond Program, HOME funds are offered for down payment and closing cost assistance in the form of a deferred forgivable loan. The assistance will not exceed \$10,000 per unit. These funds are made available directly to eligible beneficiaries through a noncompetitive process.

### **Application Process:**

Competitive applications for Rental activities will be accepted **February 24 - February 25, 2014** during regular business hours of 8:30 a.m. to 5:00 p.m. (EST). Applications received after the deadline **will not be considered and will be returned to the Applicant.**

A HOME Application Workshop is conducted annually for persons interested in participating in the HOME Program. At this workshop, application requirements and HUD federal requirements are reviewed. The goal is to familiarize potential Applicants with the HOME application, requirements and regulations, as well as provide an opportunity for questions and answers. Attendance at the HOME Application Workshop is strongly encouraged but not mandatory. The HOME Application Workshop will be held on **Wednesday, January 29, 2014.**

Applications must meet the minimum HOME threshold requirements prior to being rated and ranked in the competition. Applications not meeting the threshold requirements will be eliminated. The Authority will then evaluate remaining eligible applications to determine which will be recommended for HOME funding.

### **Award Process:**

Once recommendations for funding have been finalized, participants receiving an award are provided a conditional commitment letter which serves as the initial notification of a HOME award. An Environmental Review is conducted on each project receiving a HOME conditional commitment letter. When the Environmental Review process is completed and approved, HOME Agreements are created which outline and specify HOME regulatory requirements as well as Authority established requirements that must be adhered to. The requirements and performance standards found in the Agreements are reviewed in detail at the Authority's HOME Implementation Training.

### **Implementation Process:**

Participants awarded HOME funds are required to participate in a HOME Implementation Training which further reviews federal, state and Authority requirements, procedures, and processes. Topics discussed include: the project schedule, how to request HOME funds, the construction inspection process, reporting requirements, applicable federal requirements, and project close-out. The implementation schedule ensures timeframes are met to successfully complete projects within the twenty-four (24) month Agreement period.

Applicable federal regulations are reviewed and appropriate forms provided to HOME participants which include Davis-Bacon, Section 3, Minority and Women Owned Business, and 504 handicapped assessable requirements. Quarterly reports are required in order to monitor the project's progress during the agreement period. Project completion forms initiate the close out process and are submitted once projects have met all development requirements.

### **Monitoring:**

The Authority will assume the monitoring responsibility for all HOME activities funded with the State allocation. HOME rental projects receive an initial monitoring review during the lease-up period which serves not only as a monitoring review but provides the HOME participant/owner with technical assistance and guidance to ensure that the affordability requirements are adhered to for future monitoring visits. HOME participants/owners are required to annually review rent, utility allowances and tenant incomes. Ongoing project monitoring will be managed by the Authority's Compliance Monitoring Division. Project compliance is based on HOME regulatory requirements found at 24 CFR Part 92.504 d (1).

## **RECAPTURE PROVISION REQUIREMENTS**

In conjunction with the Authority's Single Family Mortgage Revenue Bond Program, HOME funds are made available directly to eligible beneficiaries for down payment and closing costs assistance. The assistance will not exceed \$10,000 per unit and will be offered in the form of a deferred forgivable loan.

All HOME-assisted homebuyer housing will meet the specific requirements of 24 CFR Part 92.254 in order to qualify as affordable housing. The homebuyer will have an initial purchase price that does not exceed 95 percent of the median purchase price for the area. The deferred forgivable loan documents and written agreement will enforce the provisions requiring the unit be the principal residence of an owner whose family qualifies as low-income at the time of purchase, the established affordability period based on the direct HOME subsidy and the recapture rather than the resale provision.

The Authority will reduce the amount of direct HOME subsidy on a pro-rata basis of twenty percent (20%) per year for the time the homebuyer has owned and occupied the house throughout the five (5) year affordability period. The pro rata amount recaptured by the Authority will not exceed the amount available from net proceeds.

## **COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDOs)**

The Authority will ensure that at least fifteen percent (15%) **\$660,000** of the State's HOME funds will be reserved for use by eligible CHDOs. CHDOs participating in eligible HOME program activities will meet the requirements of 24 CFR Part 92.

The Authority has established a specific annual timeframe in which CHDO applications will be accepted to ensure that the requirements are met to become a designated CHDO.

During the application process, the Authority evaluates the applications to ensure that CHDO set-aside funds are only awarded to CHDOs that serve as owners, sponsors or developers.

The following scenario details the CHDO designation, evaluation and funding process:

- a) Identification and evaluation of nonprofit organizations
- b) CHDO Designation
- c) Evaluation of specific program activity and projects involving CHDOs
- d) Technical assistance and training through agency workshops, agency one-on-one training and HUD intermediaries, (if necessary)
- e) CHDO application for funding
- f) Selection and awarding of operating expenses
- g) Execution of written agreements with CHDOs
- h) Monitoring of CHDO activities by the Authority

## MATCHING CONTRIBUTION

Due to poor economic conditions statewide, many of the Authority’s potential recipients (especially rural localities) could not participate in the HOME program if they were required to provide a matching contribution as a condition of receiving an award. The Authority recognizes this problem, and as a result, will provide matching contributions for all 2014 HOME funds in accordance with the required amounts, recognition, and forms found at 24 CFR 92.218 - 92.221.

The SC Housing Trust Fund (HTF) will serve as the matching contribution for the State. The HTF receives approximately six and one half million **(\$6,500,000)** annually from a dedicated funding source created by the documentary stamp tax on the sale of real estate (twenty cents per \$500.00 of real estate sold). The Authority will carry over any excess match into the next fiscal year. The HTF program finances affordable rental, owner-occupied, and group homes for South Carolinians with low and very low incomes. The affordability periods, housing standards and income requirements are comparable to the HOME regulations.

Total Anticipated State PJ Allocation	<b>\$ 4,400,000</b>
Less Administrative Costs (10%)	<b>\$ 440,000</b>
Less CHDO Operating Expenses	<b><u>\$ 100,000</u></b>
Total State PJ Balance	<b>\$ 3,860,000</b>
Total Estimated <b>2014</b> Matching Contribution	<b>\$ 965,000</b>

## AFFIRMATIVE MARKETING & OUTREACH TO MINORITY AND WOMEN BUSINESSES

Affirmative marketing procedures will follow the procedures and regulations as noted in the “State Participating Jurisdiction Certification”. Additionally, the Authority certifies that its HOME Program will conform to the requirements of the following Acts and Executive orders:

- a) Fair Housing Act 24 CFR 100
- b) Executive Order 11063 24 CFR 107  
(Equal Opportunity in Housing)
- c) Title VI Civil Rights Act - 1964 24 CFR 1

(Nondiscrimination in Federal Programs)

- |    |   |                 |
|----|---|-----------------|
| d) | Age Discrimination Act - 1975                                 | 24 CFR 146      |
| e) | Sect. 504 Rehabilitation Act - 1973                           | 24 CFR 8        |
| f) | Executive Order 11246<br>(Equal Employment Opportunity)       | 41 CFR 60       |
| g) | Section 3 of the Housing and Urban<br>Development Act of 1968 | 24 CFR 35       |
| h) | Executive Order 11625   |                 |
| i) | Executive Order 12432   |                 |
| j) | Executive Order 12138   |                 |
| l) | Site and Neighborhood Standards                               | 24 CRR Part 938 |

The Authority further certifies that in accordance with Section 281 of the National Affordable Housing Act procedures have been established to oversee a minority outreach program.

The following guidelines are provided for utilization by recipients of the HOME funds to implement outreach programs to ensure the inclusion, to the maximum extent possible, of entities owned by minorities and women. These are basic outreach activities and are not all inclusive actions the Authority or its recipients may take.

1. Develops a systematic method for identifying and maintaining an inventory of certified minority and women's business enterprises (MBEs and WBEs), their capabilities, services, supplies and/or products;
2. Utilizes the local media to market and promote contract business opportunities for MBEs and WBEs;
3. Develops materials (fact sheet; program guides, procurement forecasts, etc.) on contract/subcontract opportunities for MBEs and WBEs;
4. Develops procurement procedures for MBEs and WBEs to participate as vendors and suppliers of goods and services;
5. Sponsors business opportunities, conferences, seminars, etc., with minority and women business organizations;
6. Maintains centralized records when MBEs and WBEs have been utilized as contractor/subcontractors in HUD-assisted program activities.

## **PROGRAM INCOME NARRATIVE**

The Authority intends to use HOME Program Income in conjunction with the Authority's Mortgage Revenue Bond (MRB) Program and rental activities, including projects funded under the Tax Exempt Bond and Low Income Housing Tax Credit (LIHTC) Programs.



The MRB Program is a first time homeownership program offered by the Authority. The sale of tax-exempt bonds to investors provides the bulk of the funding available to potential qualified homebuyers. Like all of the Authority's homeownership programs, persons purchasing homes under the MRB Program must meet minimum credit standards, as well as income and purchase price restrictions, which vary by county. HOME Program Income will be used for down payment and closing cost assistance. Homebuyers that qualify at or below 80% of the area median income will receive a deferred five year forgivable loan in an amount not to exceed \$10,000.

If HOME Program Income is provided to the Authority's Section 8 division, all regular procedures and program requirements will be followed. The funds would be used to provide rental assistance payments, security deposits, and utility deposits to eligible beneficiaries. If additional homeownership or rental activities are funded with Program Income, all regular processing procedures will be followed to include: application completion, underwriting, subsidy layering, income targeting, utilization of low and high HOME rents, and the appropriate affordability period.

Should Program Income be utilized for administrative costs, they will not exceed 10% as allowed by HOME regulations for Program Income. Program Income is generated from principal and interest receipts on multifamily loans serviced (includes early payoff of HOME Trust loans serviced), principal and interest receipts and recaptures on single family first mortgage loans and repayable down payment assistance loans serviced, early payoffs of forgivable single family down payment assistance loans serviced, and interest earned on program income deposits. The total HOME Program Income for the period is anticipated to be **\$4,800,000**.

## **AFFIRMATIVE MARKETING PROCEDURES**

The Authority's affirmative marketing policy shall consist of the following elements:

### **Informing the Public/Owners/Prospective Tenants**

The Authority will employ several methods for informing the public, owners and potential tenants about the recipient's applicable federal fair housing laws and the HOME Program's affirmative marketing policy. Acceptable methods may include, but are not limited to: providing a copy of this policy to property owners and tenants, including the elements of the policy in all media releases, using the Equal Housing Opportunity logo and slogan in all media releases, and explaining the policy in general to the media, property owners, and tenants involved with the HOME Program.

Each property owner must follow the recipients' affirmative marketing policy. The policy clearly specifies or suggests activities such as the use of commercial media to advertise vacant units, local community contacts for potential tenants, or the use of the Equal Housing Opportunity logo or slogan. The policy also clearly defines the recordkeeping obligations of the property owner.

### **Requirements and Practices for Owners and Special Outreach Efforts**

Owners must use affirmative marketing policies that inform and solicit applications from eligible persons in the housing market area, who are not likely to apply as defined in general as those who are not the race/ethnicity of the residents of the neighborhood in which the unit is located. Such procedures may include, but are not limited to: the use of community organizations, churches, employment centers, fair housing groups, Public Housing Authorities, or housing counseling agencies specifically chosen because they provide services to, or have as members, persons in the group or groups least likely to apply. The policy should clearly specify who is responsible for the various necessary activities.

**Recordkeeping**

The Authority will require that its state recipients maintain records of efforts taken by the recipient and owners to affirmatively market units, and also utilize those records to assess the results of these actions.

**Assessment of Affirmative Marketing Efforts**

The recipient will ensure owners compliance with affirmative marketing requirements by use of an agreement that shall be binding for specific periods of time (affordability period) from the date of completion.

Each recipient will be required to comply with the Authority’s affirmative marketing procedures described above as well as maintain the required records and reports in accordance with 24 CFR 92.351. The Authority will review and approve the affirmative marketing efforts and monitor each recipient’s performance in order to ensure compliance. The affirmative marketing performance of recipients may be used as a factor in approving future HOME awards.

**STATE PARTICIPATING JURISDICTION CERTIFICATION**

The State Participating Jurisdiction certifies that:

**Eligible Activities and Costs** – It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR 92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in 92.214.

**Appropriate Financial Assistance** – In accordance with 92.250(b) before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing.

\_\_\_\_\_  
Valarie M. Williams, Executive Director

\_\_\_\_\_  
Date

## RENTAL GUIDELINES AND REQUIREMENTS

### PURPOSE

The HOME Investment Partnerships Program (HOME) is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. The HOME Program regulations are located at 24 CFR Part 92. The South Carolina State Housing Finance and Development Authority's (Authority) HOME Program is designed to promote partnerships among the U.S. Department of Housing and Urban Development (HUD), various federal agencies, state and local governments, and those in the non-profit and for-profit sectors. The goal of the HOME program is to preserve and create affordable housing for low-income households.

### ELIGIBLE ACTIVITIES

1. HOME funds are available for new construction, acquisition/rehabilitation, or rehabilitation of rental units.

### ELIGIBLE APPLICANTS

1. Units of Local Government (cities, counties and towns)
2. Public Housing Authorities (PHA's)
3. Authority Approved Community Housing Development Organization (CHDO)
4. Nonprofit Entities
5. For-profit Entities

### FINANCIAL TERMS & CONDITIONS

The Authority will make **\$4,000,000** in HOME funds available for the 2014 HOME Funding Cycle.

- I. Terms and conditions for receiving a HOME award are as follows:
  1. The total maximum HOME award amount per application is \$500,000.
  2. Funds may be awarded as a grant or as an amortizing one percent (1%) loan or as a combination of both.
  3. For-Profit Applicants and units of local government:
    - a. May request a one percent (1%) loan, not to exceed \$500,000;
    - b. Terms and amortization period must be for a minimum of twenty (20) years and may not exceed thirty (30) years.
  4. Nonprofits, Authority Approved CHDOs, and Public Housing Authorities:
    - a. May request a grant of up to \$250,000;
    - b. May request a one percent (1%) loan;
    - c. Combine a loan with a grant (the grant cannot exceed \$250,000) for a combined total not to exceed the \$500,000 HOME cap;

- d. CHDOs awarded HOME project funds may be eligible to receive Operating Funds under the following conditions:
  - i. Operating fund amounts are based on the available funds;
  - ii. CHDOs receiving a HOME award of \$100,000 or less, may receive operating funds of up to 50% of the amount of the HOME funds awarded;
  - iii. CHDOs awarded more than \$100,000 in HOME funds may receive up to \$50,000 in operating funds;
  - iv. CHDOs cannot receive more than \$50,000 in operating funds in any one calendar year;
  - v. If a CHDO has previously received two operating awards, it is **NO LONGER** eligible to receive operating funds; and
  - vi. Eligible operating costs include: salaries, wages, and other employee compensation and benefits, employee education, training, travel, rent, utilities, communication costs, taxes, insurance, equipment, materials, and supplies.
5. HOME funds can be combined with other subsidy sources such as Housing Trust Fund (HTF), Community Development Block Grant (CDBG), Low Income Housing Tax Credit (LIHTC), Federal Home Loan Bank, etc. As per the revised HOME Final Rule, all additional funding sources provided to a project must be committed at the time of a HOME application submission.
6. The HOME affordability period requirements will be enforced through a recorded Restrictive Covenant.
7. HOME funds are secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage.
8. In the event the property is sold, the HOME loan becomes due and payable at closing (as per the mortgage and security agreement "Due on Sale" clause).
9. For new construction, all units must be designated as HOME-assisted units. In rehabilitation projects with existing occupants, the HOME-assisted units will be determined based on the current tenants.
10. The project's initial Debt Coverage Ratio (DCR) shall not be less than 1.20.
11. All HOME loans will be underwritten to ensure there will be cash flow sufficient to cover debt service.
12. The HOME loan will be in a first mortgage position. The Authority will only allow the HOME loan to be subordinated to a conventional lender.
13. HOME loans will be deferred for ninety (90) days following project completion.
14. Interest will NOT be charged on the HOME loan during the construction phase of the project.
15. Participants may choose to draw HOME funds during construction or at project completion.
16. If the contract is \$100,000 or greater a payment and performance bond, or Letter of Credit (LOC) in an amount equal to the construction contract must be provided by ALL Applicants electing to draw HOME funds during construction.
17. If drawn during construction, HOME funds awarded must be drawn proportionate with other sources of financing in the project.
18. The Authority will only release funds for completed work in place that has been inspected and approved by an Authority inspector.

## GENERAL INFORMATION

1. Anticipated HOME Schedule:
 

Application Workshop:	<b>January 29</b>
Application Submission Deadline:	<b>February 24-25</b>
Begin Environmental Reviews:	<b>February</b>
Complete Review for:	
Threshold Criteria and Missing Documents:	<b>March</b>
Missing Documentation Letters Mailed:	<b>March</b>
Underwriting Review and Analysis:	<b>March</b>
Conditional Commitment Letters Mailed:	<b>April</b>
2. Any revisions to the contents of the HOME Rental Application Package by the Authority will be documented in the form of a bulletin. Bulletins will be posted on the Authority's HOME website and

disseminated to all persons on the Authority's HOME contact list via email. It is the Applicant's responsibility to check the Authority's website for any revisions that may occur.

3. The Authority reserves the right to:
  - a. Award Applicants less than the amount of HOME funds requested.
  - b. Reject any and all applications received.
  - c. Waive or modify minor irregularities in applications upon notification to the Applicant.
  - d. Adjust or correct any mathematical errors in the application.
  - e. Request and receive clarification from the Applicant to ensure an understanding of the application submitted.
  - f. Adopt or utilize all or any part of the application unless covered by legal copyright, patent or property rights in which case the Authority must be notified.
  - g. Negotiate with the Applicant to serve the best interest of the Authority.
4. Awarded Applicants, whose project(s) successfully complete the environmental review process, will receive a HOME Award Agreement.
  - a. HOME Award Agreements contain deadlines for committing and expending HOME funds as well as deadlines for providing other required documentation.
  - b. The Authority may exercise its right to terminate any HOME Award Agreement, at any time prior to the Agreement's end date, due to lack of project productivity.
5. Each Applicant will be required to submit a Placed-In-Service application that:
  - a. Is due when the project is one hundred percent (100%) complete and in receipt of a Certificate of Occupancy (CO); and
  - b. Will be reviewed by the underwriting staff to ensure that the project is entitled to the full amount of HOME funds and HTF, if applicable, originally awarded.
6. Consultants are limited to the administrative management of and may not be involved with more than two (2) open HOME awards at a time.
7. No member, officer, agent, or employee of the Authority shall be held 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 project.
8. All legally binding executed financial commitments from all funding sources must be submitted at the time of the initial HOME application submission. The revised HOME Final Rule requires that all other sources of financing for a project be committed to the project prior to committing HOME funds. Therefore, the Authority cannot accept any proposed or anticipated to be applied for funding sources as part of the project's financial structure.

## **PROGRAM SUSPENSION/DEBARMENT**

1. Any of the following actions may result in a one (1) year suspension from participating in all Authority administered programs:
  - a. Failure to complete a project by the completion deadline specified in the HOME Agreement and Implementation Schedule.
  - b. Failure to complete or comply with the environmental review requirements as specified by 24 CFR Parts 50 and 58, as amended.
  - c. Failure to provide a legally executed Construction Design Certification (Form M-36) or providing a false or inaccurate certification that a project meets the standards and requirements as stated in the body of the certification when, in fact, it does not, will result in the disqualification of the

developer and the architect. The Authority may also file a complaint against the architect with the S.C. Department of Labor, Licensing and Regulation.

2. Any of the following actions may result in the permanent debarment from participating in all Authority administered programs:
  - a. Any applicant who provides false or misleading information to the Authority with regard to a project seeking HOME funds, in any capacity whatsoever, regardless of when such false or misleading information is discovered. Any award received on the basis of such false or misleading information shall become void. Each Applicant will be given written notice by the Development Director stating the reason for which the sanction of debarment was imposed.
  - b. An Applicant who provides agreements, written or otherwise, that attempt to circumvent Authority requirements regardless of when the violation is discovered.

**The Authority, in its sole discretion, may determine other acts to be infractions of the program that require suspension or debarment; those suspensions and debarments are conducted as outlined in the Authority's Debarment and Program Suspension Policy which can be found on the Authority's website.**

## **SUBMISSION REQUIREMENTS**

1. Applications may be obtained from the Authority's website at [www.schousing.com](http://www.schousing.com) or requested in writing at the address below:

South Carolina State Housing Finance and Development Authority  
ATTN: HOME Program Application Package  
300-C Outlet Pointe Blvd.  
Columbia, SC 29210
2. Applications for the 2014 HOME Rental Application cycle must be submitted to the Authority between February 24 and **February 25, 2014** during regular business hours of 8:30 a.m. to 5:00 p.m. (EST). **Applications received after the deadline will not be considered for funding and will be returned to the Applicant.**
3. Applications may be delivered by hand, mail, or other shipping services. Applications will **not** be accepted by facsimile and/or e-mail transmission.
4. Applicants must submit one (1) original and one (1) copy of the application package in a 3-ring binder appropriately separated with the tabs provided.
5. All applications, including copies, must be self-contained and complete. The Authority will not rely on any previously submitted information, written or verbal, to evaluate applications.
6. Complete applications must include all pages of the application and all items identified on the 2014 HOME Rental Application Tab Checklist (Exhibit 1) along with any supporting documentation.
7. A nonrefundable \$150 application processing fee must be submitted with each application. The processing fee must be in the form of a cashier's check and made payable to the South Carolina State Housing Finance and Development Authority. **Applications submitted without the processing fee will not be accepted or reviewed and will be returned to the Applicant.**
8. All costs incurred by the Applicant in the preparation, transmittal, or presentation of the application package are the responsibility of the Applicant.

## REVIEW PROCESS

Authority staff will review the rental applications received as outlined below:

1. Evaluation Criteria - Applications will be reviewed for, but not limited to, the following:
  - a. Mandatory threshold criteria;
  - b. Compliance with federal and state laws;
  - c. Application package completeness;
  - d. HOME program requirements; and
  - e. An underwriting evaluation to review for financial feasibility.
2. Applications that do not meet the following criteria may be disqualified:
  - a. Application packages with four (4) or more missing and/or incomplete items may be disqualified.
  - b. Applicants with three (3) or less missing and/or incomplete items will have seven (7) business days from the date of notification to provide the information to the Authority. Failure to meet this requirement may result in the automatic disqualification of the application.
  - c. Applications that are not financially feasible and/or fail to meet underwriting threshold criteria may be disqualified.
3. Applications deemed to be financially feasible, requiring HOME subsidy, and consistent with HOME policies may be recommended to the Executive Director for Round One funding. Funding allocations will start with the highest scoring application and funding will continue until all available HOME funds are depleted.
4. If the entire HOME rental allocation is not exhausted during the Round One funding selection, there will be an immediate Round Two funding selection. Round Two funding will be awarded starting with the highest scoring applications remaining, which adhere to all threshold requirements (except the percentage of HOME funds awarded to any one county in any given year).
5. Proposal acceptance or rejection and utilization of unused HOME funds are at the discretion of Authority staff.

## THRESHOLD REQUIREMENTS

1. Participating Jurisdictions (PJs) are not eligible to apply for Authority HOME funds. South Carolina's designated PJs are:
  - a. City of Charleston
  - b. City of Columbia
  - c. City of Greenville
  - d. City of Spartanburg
  - e. Charleston County
  - f. Greenville County
  - g. Lexington County
  - h. Spartanburg County
  - i. Anderson County Consortium (*Anderson City and County*)
  - j. Beaufort County Consortium (*Beaufort, Jasper, Hampton, Colleton*)
  - k. Georgetown County Consortium (*Horry, Georgetown and Williamsburg*)
  - l. Greenwood County Consortium (*Abbeville, McCormick, Edgefield, Saluda, Greenwood and Laurens*)

- m. Orangeburg County Consortium (*Aiken, Allendale, Bamberg, Barnwell, Calhoun, Orangeburg*)
  - n. Sumter County Consortium (*Sumter, Lee, Clarendon, Kershaw*)
  - o. Richland County
2. Prior to committing any HOME funds, the Authority will conduct a review of the Applicant's financial capacity.
- a. Financial statements that have been compiled, reviewed or audited by an independent CPA licensed by the South Carolina Board of Accountancy must be submitted along with the application.
  - b. Financial statements must include a balance sheet dated on or after December 31, 2012.
  - c. An applicant or applicant group must have a minimum of unrestricted liquid assets of 10% of the total HOME award requested in all HOME awards requested in all applications submitted in the current HOME cycle and a minimum net worth of \$100,000.
    - i. The Authority defines liquid assets as cash, cash equivalents, and investments held in the name of the entities and/or persons, including cash in bank accounts, money market funds, U.S. Treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered liquid assets, including, but not limited to: 1) stock held in the applicant's own company or any closely held entity, 2) investments in retirement accounts, 3) cash or investments pledged as collateral for any liability, and 4) cash in property accounts including reserves.
    - ii. All liquid assets must be identified in the submitted financial statement.
    - iii. The Authority reserves the right to verify information in the financial statements and all financial capacity statements made by applicants, lenders, accountants, and others. If false statements are found to have been made at any point in time, all entities and/or persons associated with the application may be debarred from all Authority programs for three (3) years.
3. Applicants must be in good standing with all Authority programs. A HOME Eligibility Certification (M-47), signed by the Authority's Development Awards Manager, must be submitted with ALL applications. ANY participating organization, developer(s), general partner(s), or managing member(s) will be automatically disqualified if any of the following issues of noncompliance are demonstrated:
- a. Uncorrected non-compliance violations with the Authority;
  - b. Not in good standing with other Authority administered programs (including delinquent loan payments owed to the Authority, compliance monitoring fees, etc.);
  - c. Debarred from participation in other federal programs (i.e. HUD, RHS, CDBG, HOPWA, ESG, FHLB, etc.) as well as any other Authority administered programs (i.e. LIHTC, HTF, NSP, etc.);
  - d. The Applicant's audited financial statements contain findings that have not been cleared that are relative to administering or managing housing assistance programs.
- The Authority has sole discretion in the determination of non-compliance and it is not subject to interpretation, appeal or final resolution of the non-compliance violation.
4. Applicants who currently have HOME Program Income or CHDO Program Proceeds are not eligible to apply for additional HOME funds until those funds have been expended.
5. Participants that have 2011 and earlier HOME awards must have the award(s) officially closed out in order to be eligible to participate in the current HOME cycle.
6. Participants with open HOME awards must be in compliance with the Implementation Schedule in order to be eligible to participate in the 2014 HOME application cycle.
7. No County, in any given year, can receive more than 50% of the current years available HOME Rental funds in the Round One funding selection. It is the Authority's intent to promote fair and objective administration of the HOME Program funds by ensuring that no single County receives an excessive share of the available program funds in any one application cycle. Remaining Round One



funds will be awarded in a Round Two funding selection. Round Two funding will be awarded beginning with the highest scoring remaining applications which adhere to all threshold requirements.

8. Applicants that are related entities, principals, and/or individuals and are applying for HOME funds are only eligible to apply for two (2) HOME awards and may only be allocated two (2) HOME awards.
9. All HOME Applicants must have a designated Program Administrator on staff that will be responsible for the coordination of the project (i.e. project implementation through project completion).
10. A Market Study or Market Study Needs Assessment Report prepared by an Authority approved third party market study provider must be submitted with the application to ensure there is adequate demand for the proposed project. Applications with twelve (12) or fewer units must submit a Market Study Needs Assessment Report. Applications with thirteen (13) or more units must submit a Market Study.
11. Appraisal requirements:
  - a. A property appraisal is required to ensure that the Applicant does not purchase the property for more than the fair market value.
  - b. An appraisal, dated no more than six (6) months prior to the date the HOME application is signed, is required with submission of the application.
  - c. *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.
  - d. A written report which provides an estimated value of a piece of property prepared by an independent third party licensed real estate appraiser. For rehabilitation developments, appraisals must represent the income approach. For new construction developments, containing only vacant land, appraisals must use the market data approach.
12. Applicants who require HOME funds in combination with a Low-Income Housing Tax Credit (LIHTC) development **may not** apply in this HOME application cycle. HOME funds in combination with LIHTC may only be obtained during the annual competitive LIHTC application cycle.
13. Applicants must provide all of the following for projects involving relocation:
  - a. A current rent roll certified by the property manager or property owner that clearly identifies which units are occupied and which are vacant.
  - b. Completed *Tenant Profile Form* (Form M-39) for each occupied household.
  - c. Acceptable documentation indicating that *General Information Notices* (Exhibits 2 or 3) have been completed and successfully delivered to 100% of the existing tenants.
  - d. A relocation plan addressing temporary and permanent relocation.
14. Applicants must have site control of the proposed site:
  - a. All Applicants must provide an option, sales contract or a warranty deed in the name of the Applicant for the proposed project site.
  - b. Applicants are allowed to enter into options and sales contracts for property prior to the completion of the environmental review if, and only if, the option or sales contract 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 satisfactorily completed.
  - c. For all projects requesting HOME funds, the following language **must be** included in any purchase option, purchase contract, or long term lease or included as an executed addendum attached to one of these documents and dated on or before February 21, 2014, "Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to HOME funds, the parties agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt of a release of funds notice from the U.S. Dept. of HUD under 24 CFR Part 58. The parties further agree that the provision of any federal funds to the project is conditioned on the determination to proceed with, modify or cancel the project based on the

results of a subsequent environmental review. If no HUD funds are utilized in regard to this property, this provision shall be considered null and void."

## **RENTAL POINT CRITERIA**

Points will be awarded to all applications based on criteria outlined in the HOME Application Package. Both positive and negative points will be assessed for criteria such as distance to services, developer experience and performance, development design, energy efficiency, etc.

Conditional commitments for HOME funds will be made to developments in order of highest to lowest point score until all HOME funds have been awarded.

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