

AP-30 Methods of Distribution – HOME

Describe all of the criteria that will be used to select applications and the relative importance of those criteria.

Points will be awarded as outlined in this section. Both positive and negative points may be assessed.

Performance Issues - SC Housing Programs

Negative points will be assessed on the Applicant's previous performance with any of SC Housing's Programs.

1. Applicant was suspended from participating in any SC Housing program, at any point in time, regardless of whether or not the suspension has been lifted.
-15 Points
2. Awarded funds were de-obligated or rescinded by SC Housing for lack of progress or an inability to complete the project. Negative points will not be assessed for de-obligated/rescinded funds when issues regarding a project progressing were beyond an awardee's control as determined by SC Housing. **-10 Points**
3. The Applicant received a HOME or NHTF award within the last five years that took more than 42 months to complete. **-10 Points**

NEW CONSTRUCTION SCORING CRITERIA

A. Positive Site Characteristics

Applications may be awarded up to **60** points for the following positive site characteristics.

1. Up to **40** points for the site's Census relative tract score on the Palmetto Opportunity Index (POI), as indicated in Appendix C. The Authority will separate projects by set-aside (General New Construction, Micro New Construction, New Construction Supportive Housing) and sort the POI scores in descending order awarding 40 points to the application with the highest total and award the remaining points to applications based on their percentage of the highest. If the proposed development is located in more than one tract, the score used will be the lowest.
2. Up to **10** points based on the number of jobs paying between \$1,251 and \$3,333 per month in a one-mile radius for Group A counties and a two-mile radius for Groups B and C, as displayed on the U.S. Census Bureau's OnTheMap tool for the Longitudinal Employment Household Dynamics database. The Authority will use the most current year available as of the Tier I application deadline.

Applications will earn points as follows:

- 10 points for at least 5,000 jobs.
 - 8 points for 4,000 to 4,999 jobs.
 - 6 points for 3,000 to 3,999 jobs.
 - 4 points for 2,000 to 2,999 jobs.
 - 2 points for 1,000 to 1,999 jobs.
3. **5** points for being located entirely within a Qualified Opportunity Zone (QOZ).

4. **5** points for not being located in a Racially or Ethnically Concentrated Area of Poverty (R/ECAP) as defined by the U.S. Department of Housing and Urban Development.

Negative Site Characteristics:

For the detrimental characteristics below, the distance is the shortest straight line from the closest site boundary to the closest boundary line of the detrimental characteristic. When a detrimental site characteristic is located on a parcel shared by multiple businesses, the measurement is to the parcel boundary line. The determination is as of the time of the site visit and may include characteristics under construction.

1. **1 point** deducted for each instance of a site within:
 - a. five hundred (500) feet of an easement containing an electric substation, whether it is active or inactive
 - b. one-half (1/2) mile of an operating commercial beef/hog/chicken/turkey farm or processing plant
 - c. one-half (1/2) mile of a treatment, storage, or disposal facility for hazardous wastes, an active or inactive solid waste disposal facility and/or solid waste transfer facility
 - d. one-quarter (1/2) mile of a sewage treatment plant
 - e. one-quarter (1/4) mile of any jail, prison, detention center or correctional facility (not including a temporary holding facility).
2. **2 points** deducted where any portion of the site contains or permits any easements for overhead electric power lines and/or such electric power lines encumber the site. The loss of points will not apply if:
 - a. the lines are used for the distribution of electric service for other unrelated properties and located within 25 feet of the perimeter of the site so long as no portion of any building or proposed building is beneath such power lines, or
 - b. the application includes documentation from the utility provider stating all power lines will be underground.
3. **3 points** deducted for each instance of a site within:
 - a. five hundred (500) feet of any commercial junkyard or salvage yard; trash heap, landfill, dump pile, or other eyesore
 - b. one-quarter (1/2) mile of an operating industrial facility including but not limited to: steel manufacturers, oil refineries, ports, chemical plants, plastic manufacturers, automotive and engine parts manufacturers and food processing plants.

Affordable Housing Shortage:

A total of **10 points** may be awarded based on the local shortage of affordable housing.

1. Up to **10** points based on the shortage of affordable housing in the county:
 - 10 points – Beaufort, Georgetown, Greenville, Greenwood, Richland, York
 - 9 points – Berkeley, Charleston, Chesterfield, Horry, Lexington, Oconee, Pickens
 - 8 points – Aiken, Anderson, Calhoun, Colleton, Dorchester, Florence, Jasper, Laurens, Orangeburg, Spartanburg
 - 7 points – Allendale, Cherokee, Clarendon, Darlington, Dillon, Fairfield, Hampton, Kershaw, Lancaster, Marlboro, Saluda, Sumter
 - 6 points – Abbeville, Chester, Marion, Williamsburg
 - 5 points – Bamberg, Barnwell, Edgefield, Lee, McCormick, Newberry, Union

2. **5** points to a project that is located in a county that did not receive an SRDP award in 2018, 2019, or 2020.

Sustainable Building:

Applications will earn **5 points** for committing to meet green and energy efficiency sustainable building requirements for one of the following sustainable building certifications:

1. Enterprise's Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider);
3. US Green Building Council's LEED for Homes certification program;
4. Home Innovation Research Lab's National Green Building Standard, meeting Bronze level or higher; or
5. Southface Energy Institute and Greater Atlanta Home Builders Association's EarthCraft certification programs, based on development type.
6. High Performance Building Council of the BIA of Central SC, Certified High Performance (CHiP) HOME Program.

The application must include an **SRDP Application Exhibit 24 – Sustainable Building Certification** from a responsible green and/or energy professional affiliated with the certifying party selected that the project will meet such requirements.

Leveraging:

Applications may receive up to **10 points** for leveraging outside funds. The application must include executed commitment letter(s) to receive points.

1. Applications will earn **0.2 points** for each percentage point of total development cost funded through a source other than SC Housing, up to a maximum of **5 points**. The number of points will be rounded to two decimal places. All outside funds must be provided in the form of a grant, in-kind contribution, or equity investment.
2. Additionally, up to **5 points** will be awarded for documented financial support from a city, county, or other local government. Funding may be appropriated directly by a public entity and/or awarded by a non-profit organization financially supported by a local government, such as a local housing trust fund. In-kind contributions will be evaluated at fair market value. Applications will earn points based on the total amount or value of support committed per low-income unit:
 - **5 points** for \$10,000 or more
 - **4 points** for \$7,001 to \$9,999
 - **3 points** for \$5,001 to \$7,000
 - **2 points** for \$3,001 to \$5,000
 - **1 point** for \$1,000 to \$3,000

Revitalization or Local Policies:

1. An application will receive up to **10** points for the following for the following concerted community revitalization plan (CCRP) components:
 - a. **2** points for map of the area, that includes the project's location and a thorough description of the community, including:
 - a justification for why the area is neither too large to be a target for concerted investment nor too small to represent a meaningful section of the community;
 - a thorough description of the physical, economic, and demographic characteristics of the community;

- a comprehensive survey of community amenities that currently exist, including employment, commercial facilities, transportation options, and public amenities; and
 - a record of all residential, commercial, industrial, and/or civic developments that have taken place over the last five years.
- b. A plan for the next five years of investment in the community, including:
- 1 point for any planned residential, commercial, retail, industrial, and/or civic developments or as related service improvements and other accomplishments demonstrating broad-based revitalization activity in the area;
 - 1 point for a detailed description of all funding sources committed to community redevelopment;
 - 1 point for a plan to utilize sustainable mixed-income policies to prevent the concentration of poverty;
 - 1 point for an accounting of the potential barriers to success and how to overcome them.
- c. 2 points for documentation showing the CCRP was developed involving extensive input from the general public, elected officials, and private stakeholders.
- d. 2 points if at least one building in the development would be located in a QCT.
2. Alternatively, for 5 points, the application may include a letter detailing measures taken by the local government (city or town if within an incorporated area or the county if not) to increase the quantity of affordable housing and develop a resilient community. Policies include, but are not limited to,
- accessory dwelling unit legalization,
 - community land trusts,
 - density bonuses,
 - eviction and homelessness diversion programs,
 - housing trust funds,
 - intergovernmental collaboration,
 - sale or lease of publicly owned land for affordable housing,
 - source of income laws,
 - zoning reforms that expand housing choice, and
 - any activities that affirmatively further fair housing.

The application must include documentation, in the form of a local government ordinance or other official publication, to verify all claims.

Mixed-Income Housing

SC Housing will award up to **5 points** to applications that include market-rate rental housing units. The affordable rent-restricted units must be indistinguishable from the market rate units with respect to appearance and quality of construction, with identical access to services and amenities provided by the property. The market rate units must be evenly distributed throughout the project to the maximum extent possible, whether on a single site or scattered site. The total number of market rate units may not exceed the amounts listed on page 7 under Eligible Projects and Activities.

Any such provisions above shall not be construed as to supersede federal or state restrictions on funding programs; SC Housing resources may only be used to fund the costs of units occupied by residents who have income qualified via one of the constituent funding programs.

In total, new construction projects are eligible to receive a total of 100 points.

REHABILITATION SCORING CRITERIA

The Authority will evaluate rehabilitation applications comparatively based on the following criteria, listed in order of importance.

- A. Preventing of the conversion of affordable units to market rate and/or the loss of government housing resources (including federal project-based rent assistance).
- B. The extent of physical distress, particularly with major systems, accessibility, and/or life, health and safety features, as informed by the Physical Needs Assessment and determined by the Authority. Failure to properly maintain the buildings will not enhance an application's likelihood of award if a member of the current owner's organizational structure or a related party will remain part of the new ownership.
- C. The project is within an area covered by a Concerted Community Revitalization Plan.
- D. The degree to which the project site and its surroundings support the economic empowerment of low-income households.

Applications proposing rehabilitation will be scored out of a total of one hundred (100) possible points, to be allocated as follows:

Criterion A (40 points): Preventing of the conversion of units to market rate and/or the loss of government housing resources (including federal project-based rent assistance).

Item 1 (20 points): Whether the property is or will become financially insolvent on or before December 31, 2024. This determination will be made by Authority underwriting and asset management staff. Applications will include pro forma statements and any other evidence and documentation that will support assertions that the investment is necessary. Authority staff may request any and all additional materials needed to fully evaluate financial conditions. If the actions of one or more member(s) of the ownership structure, or subsidiaries thereof, are determined by Authority staff to have materially contributed to the financial risks facing the property, then the application will receive zero (0) points for this item.

Item 2 (10 points): Whether the property has existing rent restrictions due to governmental funding sources that will expire. Applications with the shortest such times will be given highest consideration. If a project has received capital financing from multiple sources, only the longest such period will be considered. If the project did not receive SC Housing funds and is not identified in the National Housing Preservation Database (NHPD), or the affordability period does not match NHPD records, a signed letter must be included from the applicable funding entity (e.g., HUD office, local government, etc.) indicating the nature and duration of rent restrictions.

Item 3 (10 points): What is the percentage difference between the existing rents and the rents charged by market rate properties within the primary market area, as determined by the included market study/analysis? Applications with the largest such minimum rent advantages will be given highest consideration. If there is a mix of unit sizes in the property, as determined by the number of bedrooms, rent advantages should be computed separately, then aggregated using a weighted average. For example, if a project consists of eight one-bedroom units that have a minimum 40% rent advantage and twelve two-bedroom units that have a minimum 30% rent advantage, the overall minimum rent advantage would be 34%.

Criterion B (30 points): The extent of physical distress, particularly with major systems, accessibility, and/or life, health and safety features, as informed by the Physical Needs Assessment and determined by the Authority. Failure to properly maintain the buildings will not enhance an application's likelihood of award if a member of the current owner's organizational structure or a related party will remain part of the new ownership.

Note: If the actions of one or more member(s) of the proposed ownership structure, or subsidiaries thereof, are determined by Authority staff to have materially contributed to physical deficiencies facing the property, then the application will be ineligible for consideration under this criterion and receive zero (0) points for all items.

Item 1 (15 points): What is the likelihood that the property will present a substantial risk to the life, health, safety, and/or well-being of residents on or before December 31, 2024, without the requested capital infusion? This determination will be made by Authority construction staff based on the Physical Needs Assessment. Authority staff may request any and all additional materials needed to fully evaluate physical conditions.

Item 2 (10 points): What is the total replacement cost per unit of all systems and components that have already exceeded their estimated useful life, according to Fannie Mae tables? Applications with the highest such values will be given highest consideration. This determination will be made by Authority construction staff based on the Physical Needs Assessment. Authority staff may request any and all additional materials needed to fully evaluate physical conditions.

Item 3 (5 points): To what extent will the proposed rehabilitation improve the accessibility of the property for persons with mobility and/or sensory impairments? Applicants are encouraged to include narratives that indicate such improvements; Authority staff may request any and all additional materials needed to fully evaluate proposed accessibility. Increases in the number of accessible units, improvements in quality of accessibility features in such units, and upgrades in accessibility throughout common areas will be considered.

Criterion C (20 points): The project is within an area covered by a Concerted Community Revitalization Plan.

Item 1 (10 points): All applications that submit a Concerted Community Revitalization Plan (CCRP) in which their proposed rehabilitation project is located will receive ten (10) points.

Item 2 (10 points): To what extent does the CCRP meet the elements outlined in the funding guidelines, and how does the project contribute to these goals? This determination will be made by Authority staff based on the CCRP itself and the accompanying narrative, with a focus on the analytical rigor of the plan, the applicability of proposed solutions to the challenges identified, and contributions of local government(s) to its implementation.

Criterion D (10 points): The degree to which the project site and its surroundings support the economic empowerment of low-income households.

Item 1 (5 points): Projects will be evaluated based on local median household income as described in item (A)(1) of the 2021 SRDP new construction scoring criteria.

Item 2 (5 points): Projects will be evaluated based on local employment opportunities as described in item (A)(5) of the 2021 SRDP new construction scoring criteria.

Tie Breaker Criteria

The following factors will be used in the order listed to break a tie.

- A. If two or more projects have the same score, a supportive or transitional housing project will receive priority over standard rental housing.
- B. If this does not break the tie, a project in a county that has never received a Small Rental Development Program award will receive priority over one that has.

- C. If this does not break the tie, the project with a higher share of total development cost funded from a source other than the Authority will receive preference.
- D. If projects remain tied after all above tie breakers have been applied, the Authority will utilize a lottery.

Describe the threshold factors and grant size limits.

Applications that do not meet the following minimum threshold requirements will be eliminated from further review. All applicants must submit an Intent to Apply Package for approval to submit a 2022 SRDP Application.

1. Financial Capacity: Each Applicant must meet a minimum financial capacity standard based on the total number of affordable rental units to be developed:
 - a. 4 – 8 total units – Applicant must have a minimum net worth of \$500,000 and a minimum of \$75,000 in unrestricted liquid assets.
 - b. 9 – 16 total units – Applicant must have a minimum net worth of \$1 million and a minimum of \$150,000 in unrestricted liquid assets.
 - c. 17-24 total units – Applicant must have a minimum net worth of \$1.5 million and a minimum of \$200,000 in unrestricted liquid assets.
 - d. 25-39 total units – Applicant must have a minimum net worth of \$2 million and a minimum of \$250,000 in unrestricted liquid assets.

All organizations must provide audited or reviewed financial statements. If individuals are required as financial guarantors, reviewed financial statements prepared by an independent CPA will be accepted for those individuals. The Authority reserves the right to perform an independent verification of assets. Financial statements must include a balance sheet dated on or after December 31, 2020 and are submitted with the **Intent to Apply Package**.

i. SC Housing 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. If no individual member of an Applicant group meets the minimum financial requirements, then members may combine assets to meet the requirements by including a combined schedule in addition to their individual statements.

iv. SC Housing 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 will be debarred from all SC Housing programs for three (3) years.

2. Applicants and their principals must be in good standing with all Authority and SC Housing Corporation administered programs. An **SRDP Application Exhibit 7 – Previous Participation Certification**, signed by SC Housing prior to application submission, must be submitted with the **Intent to Apply Package**. ANY organizations, developer(s), general partner(s), or managing member(s) may be deemed not in good standing and automatically disqualified for any of the following:
 - a. Open investigation(s) involving federal and/or state officials alleging fraud, misuse, waste, or abuse of funding;
 - b. Uncorrected non-compliance violations with SC Housing or SC Housing Corporation administered programs, or uncorrected breaches of agreements in conjunction with Authority or SC Housing Corporation administered programs;
 - c. Delinquent payments owed to SC Housing, including but not limited to loan payments and compliance monitoring fees;
 - d. Projects within their affordability periods identified as financially troubled, not financially viable, having operating costs that exceed operating revenue or are at risk of foreclosure.
 - e. Debarment or suspension from participation in any federal or state program (i.e. HUD Community Planning and Development Programs, RHS, FHLB, etc.) or any Authority administered programs (i.e. HOME, LIHTC, SC HTF, NHTF, NIP, NSP, etc.); and/or
 - f. The Applicant’s development and operational history including, but not limited to: commencing construction timely, meeting Authority deadlines without extensions, and meeting other statutory or regulatory completion deadlines. For non-federal entities, this also includes findings relevant to administering or managing housing development programs that appear in the applicant’s audit conducted as required by 2 CFR Part 200, Subpart F (a.k.a. Super Circular) which have not been cleared. All Applicants must provide an **SRDP Application Exhibit 22 – Audit Certification Form** with the **Intent to Apply Package**. Entities subject to 2 CFR Part 200, Subpart F must provide a copy of their most recent audit with the application.

SC Housing has sole discretion in the determination of good standing and this determination is not subject to reconsideration or appeal. Applicants who currently have HOME Program Income or CHDO Proceeds earned from SC Housing funded projects are not eligible to apply for additional funds until those funds have been expended on eligible activities or remitted to SC Housing.

3. Eligible Applicants must demonstrate experience and capacity to develop an eligible SRDP project as evidenced by the ability to own, construct, or rehabilitate rental housing developments. Applicants must demonstrate the capacity to successfully develop the type of units being proposed in the SRDP application. Successfully developing means coordinating the development team in planning, financing and constructing a development through the receipt of Certificates of Occupancy (COs) and reaching stabilized occupancy. Applicants may use the experience of a consultant to meet these requirements. If using a consultant, the consultant must be under contract and the scope of work identified in the contract must specify the consultant’s responsibilities related to the administration of the project. The services of the consultant must be utilized for the entire development phase of the project, from application submission to placed-in-service. If using the experience of a consultant the **SRDP Application Exhibit 5 – Consultant Certification** must be completed and submitted with the **Intent to Apply Package**.
 - a. Non-profit Applicants proposing 4-8 unit new construction developments must meet the following experience requirements:
 - i. If proposing single family rental homes, the applicant must have experience within the last eight years of successfully developing and operating a minimum

- of two single family rental homes or a minimum of one multi-family development consisting of at least five units.
 - ii. If proposing a multi-family rental development, the applicant must have experience within the last eight years of successfully developing and operating a minimum of one multi-family development consisting of at least five units or a minimum of five single family units.
 - b. Applicants proposing 9-39 unit new construction developments must meet the following experience requirements:
 - i. If proposing single family rental homes, the applicant must have experience within the last eight years of successfully developing and operating a minimum of four single family rental homes or one multifamily development consisting of at least five units using at least one federal funding source.
 - ii. If proposing multi-family rental housing, the applicant must have experience within the last eight years of successfully developing and operating a minimum of two multi-family developments of at least five units each or eight single family homes, using at least one federal funding source in each development.
 - c. Applicants proposing rehabilitation developments must meet the following experience requirements:
 - i. If proposing the rehabilitation of single family homes requiring lead and/or asbestos abatement, the applicant must have experience within the last eight years successfully completing the rehabilitation of and operating at least one single family home that required the abatement of lead and/or asbestos.
 - ii. If proposing the rehabilitation of a multi-family development requiring lead and/or asbestos abatement, the applicant must have experience within the last eight years of successfully completing the rehabilitation of and operating at least one multi-family development of at least five units that required the abatement of lead and/or asbestos.
 - iii. If proposing the rehabilitation of single family or multi-family developments that require the permanent relocation of tenants, the applicant must have experience within the last eight years of successfully administering the permanent relocation of tenants in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) 49 CFR Part 24 and Section 104(d) 24 CFR Part 42 regulations.
 - d. Applications proposing the redevelopment of NSP land banked properties must meet the following experience requirements:
 - i. If the applicant will retain ownership of the property during construction and throughout the duration of the affordability period, the applicant must have successfully completed the new construction of at least one single family rental home within the last eight years;
 - ii. If the applicant proposes to transfer the property to another entity for redevelopment and ownership during the affordability period, the proposed entity must meet all requirements stated in the Eligible Applicants section of this manual located on page 7, and must have successfully completed the development and operation of at least one single family rental home using at least one federal funding source.
- 4. Under no circumstances may an awardee and their principals have more than three open SRDP projects at any time. In addition, in order to be eligible to participate in the 2022 SRDP application cycle, previous HOME and NHTF awardees and their principals must have met the below deadlines. An ***SRDP Application Exhibit 7 – Previous Participation Certification***, signed by SC Housing confirming percentages complete, must be submitted with **Intent to Apply Package**.

- a. All 2018 and prior projects must be officially closed out (see “project completion” definition) on or before April 15, 2022.
 - b. All 2019 projects must have 75% construction completed on or before April 15, 2022, as evidenced by a completed SC Housing Inspection.
 - c. 2020 projects must have completed the environmental review process, have SC Housing approval for final plans and specifications, and be in compliance with the HOME & NHTF Funding Agreements, Exhibit A – Implementation Schedule as of April 15, 2022.
5. Applicants that are related entities, principals, and/or individuals and are applying for funds are only eligible to apply for two (2) SRDP awards and may only be allocated one (1) SRDP award. For purposes of this section, SC Housing may determine that a person or entity not listed in an application is a related entity, principal and/or individual based on its relationship with the applicant organization in previously awarded projects and other common interests. At the discretion of SC Housing, if funding remains available after each applicant organization has the opportunity to be allocated at least (1) SRDP award for a qualified application, an organization’s second application may be considered for allocation. The allocation of a second award will be determined by the applicant’s developmental and operational history and the geographic distribution of awards.
6. A Phase I Environmental Site Assessment report must be submitted for each site with the Tier II application. A combined report may be submitted if the proposal is for a scattered site project. If the Phase I indicates that there are environmental issues found on, within, or adjacent to the proposed site(s), which will require a Phase II ESA, then the applicant must also submit a Phase II ESA with the application. HOME and/or NHTF funds will not be awarded to developments which require any type of lengthy mitigation for environmental conditions, other than lead-based paint and/or asbestos. Lengthy mitigation is considered to be mitigation that is expected to take longer than six (6) months.
7. Applicants must have site control of the proposed site(s) at the time of Tier I Application deadline:
 - a. All Applicants must provide an option, sales contract, or a warranty deed in the name of the Applicant for the proposed project site. Deeds without warranty (special or limited), and quitclaim deeds are not acceptable.
 - 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 SRDP funds to be used for the specific project or site until the environmental review process is satisfactorily completed.
 - c. For all projects requesting SRDP 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. *“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.”*
 - d. An **SRDP Application Exhibit 15 - Notice to Seller** for the Acquisition of Property with Federal Funds is required for all Applicants acquiring property. It must be executed prior to or at the

time of the execution of the option or contract and must be submitted with the Tier I application.

- e. Sites may not be added once an application is submitted.
8. Zoning – The Applicant must provide and have in place at the time of Tier II application documentation of proper zoning for the proposed site. The land use requirements for each site on which the development will be located must be zoned for or allow for the type of development being proposed in the application. All special/conditional uses specific to zoning approval must be approved and completed. A letter provided from the City/County official should verify that the proposed development site(s) currently meet the local zoning or land use restrictions.
9. Uniform Relocation Act Requirements – Applicants must provide **ALL** of the following for projects involving temporary or permanent relocation of tenants:
 1. Documentation that an **SRDP Application Exhibit 16A or 16B General Information Notice** was provided to each tenant residing in the development prior to or at the time of the Initiation of Negotiations (refer to definition on page 5). Acceptable documentation of delivery is a signature of the tenant acknowledging receipt of the General Information Notice or documentation of delivery by shipping service or USPS.
 2. A rent role current at the time of the Initiation of Negotiations, certified by the property manager or property owner that clearly identifies which units are occupied and which units are vacant.
 3. An **SRDP Application Exhibit 17 - Tenant Profile Form** completed for each tenant household.
 4. Copies of all **SRDP Application Exhibit 18 -Move-In Notices** provided to prospective and new tenants after the General Information Notices were provided to all occupied units.
 5. A written Relocation Plan that addresses how the following relocation requirements will be managed by the Applicant: Timely notifications, advisory services, evacuation of units during rehabilitation, moving expense calculations and payments, comparable replacement units and payments, written notification requirements, etc.
10. Physical Needs Assessment – A physical needs assessment no older than six (6) months old that meets the requirements described in **Appendix C – Rehabilitation Guidelines** must be submitted at the time of the Tier II Application for all projects involving rehabilitation. The application must include a narrative explaining any construction costs included in the **SRDP Application Exhibit 10 - Construction Cost Addendum** that are not specified in the PNA.
11. Lead-based Paint Requirements – An **SRDP Application Exhibit 19 - Lead Safe Housing Rule Applicability Form** must be submitted by **ALL** Applicants for each site. This includes Applicants proposing new construction developments. Applicants proposing the rehabilitation or conversion of properties built prior to 1978 must also provide a Lead Based Paint Risk Assessment that is no older than six (6) months. The Risk Assessment must be completed by an EPA certified professional and submitted with the Tier II application.
12. Safe Drinking Water Requirements – All applicants proposing the rehabilitation or conversion of a building built in 1988 or earlier must have the pipes, solder, and flux tested for lead. A copy of the test results must be submitted with the Tier II application.
13. Asbestos Requirements – All applicants proposing the demolition, rehabilitation or conversion of existing structures must provide an Asbestos Inspection Report to determine the presence and location of regulated and non-regulated ACM, and to assess the condition of materials identified as ACM. Asbestos Inspection Reports must be completed by a DHEC licensed asbestos building

inspector, may not be older than six (6) months old, and must be submitted with the Tier II application.

14. All new construction developments and additions or new buildings added to rehabilitation projects must submit a complete geotechnical site-specific soils report and boring site plan with laboratory test results. Reports must be no more than 6 months old at the time of submission with the Tier II application and may be no older than one year at the time of the submission of final plans.
 - a. The soils report and boring site plan must reflect the results of the laboratory tests conducted on a minimum of:
 - i. One soil test boring with Split-Spoon samples and Standard Penetration Resistance test a minimum of 20 feet deep (borings must extend past all planned excavations and cut depths) per every 3,000 square feet of planned building(s) footprint, at least one boring per building regardless of square footage.
 - ii. One soil test boring with Split-Spoon samples and Standard Penetration Resistance test a minimum of 10 feet deep (borings must extend past all planned excavations and cut depths) per every 300 linear feet of roadway.
 - iii. One soil test boring with Split-Spoon samples and Standard Penetration Resistance test a minimum of 10 feet deep (borings must extend past all planned excavations and cut depths) for every 3,000 square feet of the planned paved parking areas of the development.
 - b. A registered professional engineer or a certified testing agency with a current license to practice in the state of South Carolina must prepare the report.
 - c. All geotechnical recommendations must be incorporated into the plans and **Exhibit 10 Construction Cost Addendum**.

Financial Terms and Conditions for Nonprofits, For-Profits and Public Housing Authorities:

HOME Funds:

1. Funds will be awarded as either a twenty (20) or thirty (30) year repayable loan, forgivable loan or a combination of both.
2. The amount of HOME funds available to an individual rental unit will be based on the per unit subsidy limits allowed by HUD and determined during the underwriting analysis.
3. Repayable loans will be amortized between zero percent (0%) to three percent (3%). The interest rate will be determined during underwriting.
4. There will be a minimum term and amortization period of twenty (20) years or a period that does not exceed thirty (30) years.
5. If proposing market rate units as part of the project, an executed preliminary commitment letter for funding from a financial institution or other acceptable lender must be provided with the Tier II application submission. The final commitment letter must be received before an award agreement may be issued by SC Housing.
6. Authority HOME funds cannot be combined with another PJs HOME funds.
7. The required affordability period will be enforced through a recorded Agreement as to Restrictive Covenant and/or amendments, as needed.
8. Funds will be secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage. In the event the property is sold, all loans, both repayable and forgivable, become due and payable at (as per the mortgage and security agreement "Due on Sale" clause).
9. All applications will be underwritten such that they produce a Debt Coverage Ratio (DCR) of 1.30. If a 1.30 per unit debt coverage ratio produces cash flow per unit less than \$900, the underwriting will be

adjusted such that the proposal will be able to reach \$900 per unit in annual cash flow. All HOME loans will be underwritten to ensure there will be cash flow sufficient to cover debt service.

10. The HOME loan will be in a first mortgage position. For projects containing market rate units, SC Housing will only allow the HOME loan to be subordinated to fully amortized permanent financing from a conventional lender.

11. HOME loans will be deferred for ninety (90) days following project completion.

12. Interest will NOT be charged on the HOME loan during the construction phase of the project.

NHTF Funds:

1. Funds will be awarded as either a twenty (20) or thirty (30) year repayable loan, forgivable loan or a combination of both.

2. The amount of NHTF funds available to an individual rental unit will be based on the per unit subsidy limits allowed by HUD and determined during underwriting analysis.

3. Repayable loans will be amortizing with an interest rate of zero percent (0%) to three percent (3%) for a minimum term and amortization period of twenty (20) years or a period that does not exceed thirty (30) years.

4. If proposing market rate units as part of the project, a preliminary Financial Commitment for funding from a financial institution or other acceptable lender must be provided for the market rate units with the Tier II application submission. The final commitment letter must be received before an award agreement may be issued by SC Housing.

5. The required thirty (30) year affordability period will be enforced through a recorded Agreement as to Restrictive Covenant and/or amendments, as needed.

6. Funds will be secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage. In the event the property is sold, all loans, both repayable and forgivable, become due and payable (as per the mortgage and security agreement "Due on Sale" clause).

7. All applications will be underwritten such that they produce a Debt Coverage Ratio (DCR) of 1.30. If a 1.30 per unit debt coverage ratio produces cash flow per unit less than \$900, the underwriting will be adjusted such that the proposal will be able to reach \$900 per unit in annual cash flow.

8. All applications will be underwritten to ensure there will be cash flow sufficient to cover debt service.

9. The NHTF loan will be in a second mortgage position. For projects containing market rate units, SC Housing will only allow the NHTF loan to be subordinate to the HOME loan and fully amortized permanent financing from a conventional lender.

10. NHTF loans will be deferred for ninety (90) days following project completion.

11. Interest will NOT be charged on a NHTF loan during the construction phase of the project.

12. All projects with six (6) or more units that are eligible for a NHTF award will be required to have at least 25% of the units in the project designated as NHTF units.

13. Rehabilitation projects that propose extending any portion of a building beyond the original footprint of the building may not be assisted with NHTF dollars.

14. Farmland - Sites determined to be unique, prime or statewide or locally significant agricultural property cannot be assisted with NHTFs. The following must be provided for each proposed site with the Tier II Application: 1. A map from the Web Soil Survey showing the project site is not unique, prime or statewide or locally significant agricultural property.

<https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm>

Terms for Units of Local Government - Funds provided to units of local governments will ONLY be provided as repayable loans with an interest rate between zero percent (0%) to three percent (3%). The interest rate will be determined during underwriting.