

# 2021 SRDP Application Workshop

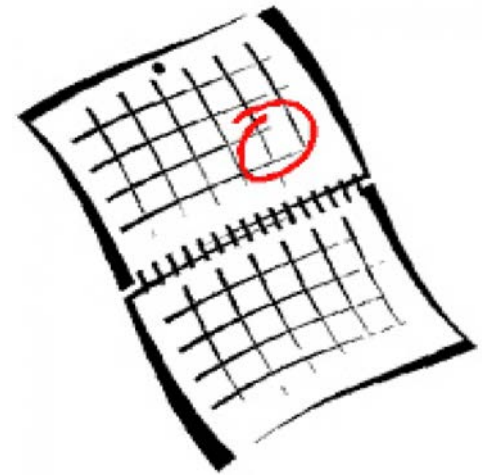
SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT AUTHORITY

# Eligible Applicants

- Local Governments
- Regional Councils of Governments (COGs)
- Public Housing Authorities (PHAs)
- Community Housing Development Organizations (CHDOs)
- Nonprofit Entities
- For-profit Entities

# 2021 Program Schedule

<b>Tier I Applications</b>	<b>May 14, 2021</b>
<b>Missing Document Notifications</b>	<b>June 2021</b>
<b>Tier I Preliminary Point Scores</b>	<b>June 2021</b>
<b>Tier II Applications</b>	<b>August 31, 2021</b>
<b>Missing Document Notifications</b>	<b>September 2021</b>
<b>Conditional Commitment Letters</b>	<b>October 2021</b>
<b>Final Plans/Specs/Environmental</b>	<b>January 2022</b>
<b>Award Agreements &amp; Implementation</b>	<b>Spring 2022</b>



# Available Funding for 2021

**\$28 Million**

**HOME FUNDS**

**\$5.3 Million**

**NHTF**

**\$2.7 Million**

**SC HTF**

**\$20 Million**



# Application Set-Asides

1. General new construction (40% of funds, ~ \$11.2M)
  - 9 to 39 affordable units
2. Micro new construction (20% of funds, ~ \$5.6M)
  - 4 to 8 total units submitted by non-profit applicants
3. Rehabilitation (20% of funds, ~ \$5.6M)
  - 9 to 24 affordable units
4. Supportive Housing (20% of funds - \$5.6M)
  - must meet the definition of supportive housing on page 6 of the manual

# Eligible Activities

- Acquisition
- Demolition
- New Construction
- Rehabilitation
- Site-Improvements
- Operating Reserves – NHTF units only



## Eligible Project Types:

- Permanent Rental Housing
- Permanent Supportive Housing
- Transitional Housing
- SROs and Group Homes
- Mixed Income Rental Housing
- Scattered Sites within 1 Mile
- Single Sites

## Eligible Building Types:

- 1-4 Unit Single Family Dwellings
- 5 + Unit Multi-Family Dwellings



## Ineligible Project Types:

- Public Housing Units (unless NHTF for RAD)
- Commercial Properties
- Homeless Shelters
- Nursing Homes, Assisted Living, Residential Treatment Facilities
- New Construction Projects within 1 mile of a LIHTC or SRDP project funded in a previous cycle that has not placed in service and achieved 90% occupancy.
- Complete List -Application Manual Pages 8-9



# Geographic Distribution

SC Housing's intent to promote fair and objective administration of the program.

- No county will receive an excessive share of funds in any one application cycle.
- SC HTFs – No county can receive more than 20% of the current year's available amount of funds.



# 2021

## **SRDP Financial Feasibility and Underwriting**



# Financial Terms and Conditions

## Goals:

- Underwriting that will produce the **highest and most efficient use** of all SC Housing funding sources.
- **Repayment** of SC Housing funds when financially feasible.
- HOME/NHTF amounts per unit limited to HUD subsidy limits and underwriting analysis.

# Financial Terms and Conditions

- Funds awarded as either a 20 or 30 year repayable loan, forgivable loan or combination of both.
- Repayable Loans amortized between 0% - 3%, deferred 90 days following project completion.
- SC Housing HOME funds cannot be combined with HOME funds from another PJ.
- Funds are secured with note, mortgage, and affordability periods secured by a restrictive covenant.

# Project Feasibility and Underwriting

- **Developer Fees** – Lesser of \$19,000 per affordable unit or 15% of Adjusted Development Costs.
- **Note:** Market Rate units will not earn a Developer Fee.
- **Adjusted Development Costs** = TDC minus acquisition costs, consultant fees, and developer fees

# Project Feasibility and Underwriting

## *Exhibit 10 – Construction Cost Addendum*

- Last Tab in the Excel Application.
- Must be completed and signed by an independent 3<sup>rd</sup> party estimator, contractor or engineer who cannot bid on the project.
- Cost estimator must certify that the costs associated with geotechnical recommendations, lead and/or asbestos abatement if necessary, have been included in the estimate.
- Reviewed by SC Housing for cost reasonableness.



# Project Feasibility and Underwriting

- **Contractor Cost Limits:** The combined total of general requirements (limited to 6%) and contractor profit & overhead (limited to 8%) may not exceed 14% of Hard Construction Costs.
- Hard Construction Costs must be no less than 65% of total development costs.

# Project Feasibility & Underwriting

**Operating Costs:** Projected operating expenses for all projects must be \$3,750 per unit per year, excluding reserves, property tax and compliance monitoring fees.

**Vacancy Rate:** No less than 7%.

**Debt Coverage Ratio (DCR):** All proposals will be underwritten to reach a 1.30 DCR or to produce \$900 per unit per year in annual cash flow.

## **Annual Rent & Expense Trends:**

- Rents trended upward - 2% annual increase
- Operating expenses trended upward - 3% annual increase
- Pro Forma Income Statement must demonstrate the project will maintain positive cash flow for entire affordability period.



# Mixed Income Project Requirements

## Permanent Loan Requirements for Market Rate Units:

- Loans with unspecified interest rates or repayment terms will be counted as an incomplete document.
- Application must include a loan amortization schedule indicating payments for the entire loan period.
- Permanent loans should amortize so debt service is paid over 20 years or longer, not to exceed 30 years.
- Submit preliminary financial commitments for market rate units with the Tier I Application.
- Submit FINAL financial commitments for market rate units with the Tier II Application.

# Project Reserve Requirements

## Replacement Reserves

- \$300 per unit per year
- Annual contributions from cash flow are required until the account reaches a funding level of \$3,000.
- Account must be replenished when depleted.

## Operating Reserves

- Funded initially from development costs and replenished when used from cash flow.

# Project Reserve Requirements (cont'd)

## Operating Reserves (cont'd)

- Must be maintained at required levels throughout the affordability period:
  - **Less than 10 Units** = 3 months of projected operating expenses, including replacement reserves, property taxes, annual C/M fees and annual debt service
  - **10 or more Units** = 6 months of projected operating expenses, including replacement reserves, property taxes, annual C/M fees and annual debt service

# Underwriting Requirements

## Cost Overruns:

- The ***Exhibit 10 - Construction Cost Addendum*** will include contingency = to 10% of Hard Construction Costs for Rehabilitation and 5% for New Construction
- Amounts needed exceeding the contingency budget will be covered by a reduction to the developer fee and then by the developer's liquid assets as confirmed at application.

## Market Study Requirements:

- A market needs assessment report prepared by an SC Housing approved 3<sup>rd</sup> party is required for all projects.
- Market Study Guidelines are provided as Appendix D.
- List of approved providers is on SC Housing's website.

# Underwriting Requirements

## Appraisals:

- Submit with Tier II Application.
- Must not be older than 6 months from date of application.
- Broker opinion of value is acceptable if not requesting funds for acquisition.
- Complete list of appraisal requirements on Page 14.

## Placed in Service Applications:

- Required for all projects.
- Must be approved prior to final disbursements.
- Includes a Cost Certification completed by a CPA
- Includes first year payment of monitoring fees (\$50 per unit)

# 2021

## SRDP Scoring Criteria



# Portfolio Performance Scoring

Negative points will be awarded for any of the following:

- Prior suspension from any SC Housing program (-15)
- Prior de-obligation of SC Housing funds (-10)
- Prior HOME/NHTF project award within the last 5 years lasting over 42 months (-10)

# New Construction Scoring Criteria

- A. Positive Site Characteristics (60)
- B. Negative Site Characteristics (n/a)
- C. Affordable Housing Shortage (10)
- D. Sustainable Building (5)
- E. Leveraging (10)
- F. Revitalization (10)
- G. Mixed-Income Housing (5)



# Positive Site Characteristics – Item 1 (40)

## Palmetto Opportunity Index (POI) Census Tract Score

- Very High: 40 points
- High: 30 points
- Moderate: 20 points
- Low: 10 points
- Very Low: 0 points



## Positive Site Characteristics – Item 2 (10)

Number of jobs in proximity to the site paying between \$1,251 and \$3,333 per month:

- At least 5,000 jobs: 10 points
- 4,000 to 4,999 jobs: 8 points
- 3,000 to 3,999 jobs: 6 points
- 2,000 to 2,999 jobs: 4 points
- 1,000 to 1,999 jobs: 2 points



## Positive Site Characteristics – Item 3 and 4 (10)

- All projects located entirely within one or more Qualified Opportunity Zones will receive 5 points.
- All projects located entirely outside Racially/Ethnically Concentrated Areas of Poverty will receive 5 points.



## Negative Site Characteristics – Item 1 (-1 each)

- A. Within 500 feet of an electric substation easement
- B. Within 1/2 mile of a commercial meat farm/plant
- C. Within 1/2 mile of a hazardous/solid waste facility
- D. Within 1/2 mile of a sewage treatment plant
- E. Within 1/4 mile of a correctional facility

## Negative Site Characteristics – Item 2 (-2)

Points will be deducted for applications where the project is materially encumbered by power lines.

## Negative Site Characteristics – Item 3 (-3 each)

- A. Within 500 feet of a junkyard or other eyesore
- B. Within 1/2 mile of a heavy industrial facility

## Negative Site Characteristics – Item 4 (-5)

Projects proposing a new phase on an existing project. Does not apply to scattered sites. -5 points

## Affordable Housing Shortage – Item 1 (10)

Up to 10 points based on the shortage of affordable housing

- 10 points – Beaufort
- 8 points – Georgetown, Greenville, Greenwood, Richland
- 6 points – Charleston, Laurens, Oconee, York
- 5 points – Allendale, Anderson, Bamberg, Cherokee, Chesterfield, Dorchester, Horry, Jasper, Lexington, Marlboro, Orangeburg
- 4 points – Abbeville, Aiken, Berkeley, Clarendon, Colleton, Kershaw, Pickens, Spartanburg
- 3 points – Darlington, Florence, Lancaster, Marion, Sumter, Union
- 2 points – Calhoun, Dillon, Fairfield, Hampton, Williamsburg
- 1 point – Barnwell, Chester, Edgefield, Lee, McCormick, Newberry, Saluda

5 points to a project located in a county that did not receive an SRDP Award in 2016, 2017, 2018, 2019, or 2020



## Sustainable Building - (5)

Projects committing to one of the following green building standards will receive 5 points:

- Enterprise Green Communities
- LEED for Homes
- National Green Building Standard
- EarthCraft certification
- Certified High Performance (CHiP) HOME Program



# Leveraging - (10)

- For every percentage point of total development cost funded by a non-Authority source, an application will earn 0.2 points, up to 5 points (rounded to two decimal places)
- Up to 5 additional points may be awarded for contributions from a local government per low-income unit:
  - \$10,000 or more: 5 points
  - \$7,001 to \$9,999: 4 points
  - \$5,001 to \$7,000: 3 points
  - \$3,001 to \$5,000: 2 points
  - \$1,000 to \$3,000: 1 point



## Revitalization (10)

- Projects situated in a neighborhood or other area that is the subject of a concerted community revitalization plan will receive 10 points.
- Alternatively, for 5 points, the application may include a letter detailing measures taken by the local government to increase the quantity of affordable housing and develop a resilient community.



## Mixed-Income Housing (5)

- Projects that include market-rate rental housing units will be awarded 5 points.
- Affordable and market-rate units must be indistinguishable and distributed evenly throughout the development among all building types in the development with the same access to services and amenities.
- Projects proposing market rate units must have an amount of non-authority funds equal to the percentage of the market rate units. For example, if 50% of the units are market rate, 50% of the funding must come from non-authority funds.

# Rehabilitation Scoring Criteria

- A. Preventing conversion of units to market rate (40)
- B. Extent of physical distress (30)
- C. Concerted community revitalization plan (20)
- D. Project site characteristics (10)

A detailed scoring rubric will be made available prior to Tier II application submission.



## Preventing Conversion (40)

1. Insolvency within the next five years (20)
2. Expiration of existing rent restrictions (10)
3. Rent advantage relative to market rate (10)

## Extent of Physical Distress (30)

1. Risk to health and safety within the next five years (15)
2. Total replacement cost of items beyond useful life (10)
3. Improvements for persons with disabilities (5)

# Concerted Community Revitalization Plan (20)

1. Existence of a CCRP (20)
2. Alternatively, for 5 points, the application may include a letter detailing measures taken by the local government to increase the quantity of affordable housing and develop a resilient community. (5)



## Economic Empowerment of Low-Income Households (10)

1. Site's census tract score on the Palmetto Opportunity Index (POI)
2. Employment metric as described in item A(2) of New Construction Scoring Criteria

# 2021

# Application Review Process



# Submitting Applications

1. Application, Manual, Forms, Checklists will be available on SC Housing's website.
2. Tier I Application due May 14, 2021.
3. Tier II Application due August 31, 2021.
4. Can be delivered by hand, mail, shipping service.
5. Electronic applications cannot be accepted.
6. Submit one original, one copy in 3 – ring binders, one electronic copy on a thumb drive.
7. Application Fees:
  1. Tier I = \$500
  2. Tier II = \$100 per site
  3. Non-refundable, do not include application fees in the development budget.



# Application Review Process

## Evaluation Criteria

1. Mandatory Threshold Criteria
2. Compliance with federal and state laws/regulations
3. Application Completeness
4. SRDP Program Requirements
5. Underwriting Evaluation
6. Construction Cost Analysis
7. Site Suitability

# Application Deficiencies

Tier I and Tier II Applications may be disqualified for any of the following reasons:

- Four or more missing/incomplete items.
- Failure to provide missing/incomplete information within 7 business days.
- Applications that are not financially feasible.
- Sites determined by geotechnical reports to not be well suited for building, requiring cost prohibitive site work, or that will prolong the period of construction will be disqualified.

# Threshold Criteria

- Organizations must provide audited financial statements dated no earlier than December 31, 2019.
- If individuals are required as financial guarantors, reviewed financial statements are acceptable.
- Minimum financial capacity standards:

Project Size	Net Worth	Liquid Assets
4 – 8 Units	\$500,000	\$75,000
9 – 16 Units	\$1,000,000	\$150,000
17 – 24 Units	\$1,500,000	\$200,000
25 – 39 Units	\$2,000,000	\$250,000

- Liquid assets = cash, cash equivalents, investments held in name of organization or financial guarantor including money market funds, U.S. Treasury Bills, and equities traded on the New York Stock Exchange or NASDAQ.

# Threshold Criteria

- Applicants previously awarded HOME/SRDP funds must meet eligibility requirements by April 15, 2021:
  - 2017 and earlier projects must be officially closed.
  - 2018 projects must be 75% complete.
  - 2019 projects must have ER completed, plans/specs approved, and be compliance with Implementation Schedule.
- All Applicants must submit an **Exhibit 7- Previous Participation Certification** with the application
  - Complete Exhibit 7 and email to [jennifer.cogan@schousing.com](mailto:jennifer.cogan@schousing.com)



# Threshold Criteria

- Applicants must be in Good Standing with SC Housing.
- No uncorrected issues of non-compliance.
- No delinquent loan payments or compliance monitoring fees.
- No debarment from participating in federal programs.
- Non-profits and government entities that expended more than \$750,000 federal dollars in the most recent fiscal year must submit copy of the audit conducted as required by 2 CFR Part 200, Subpart F for that fiscal year.
- All non-profits and government entities must complete and submit an ***Exhibit 22 – Audit Certification Form*** with the Tier I Application.
- Applicants with HOME Program Income and/or CHDO Proceeds may not apply for SRDP funds until those funds are expended or returned to SC Housing.

# Threshold Criteria

## Experience Requirements:

### Micro New Construction set-aside (4 – 8 Units)

- If proposing single family units, Applicant must have experience developing 2 single family rental homes or one multi-family project with at least 5 units.
- If proposing multi-family units, Applicant must have experience developing 1 multi-family project with at least 5 units or five single family rental homes.
- Experience must have occurred within in the last 8 years.
- No experience with federal funding sources is required.

# Threshold Criteria

## Experience Requirements:

### **New Construction set-aside (9 – 39 Units)**

- If proposing single family units, Applicant must have experience developing 4 single family rental homes or one multi-family project with at least 5 units.
- If proposing multi-family units, Applicant must have experience developing 2 multi-family projects with at least 5 units or 8 single family rental units.
- Experience must have occurred within the last 8 years.
- Experience with federal funding sources is required.



# Threshold Criteria

## Experience Requirements:

### Rehabilitation (9 – 24 Units)

- If proposing rehabilitation of single family homes requiring lead and/or asbestos abatement, Applicant must have experience completing the rehabilitation of 1 single family rental home that required lead or asbestos abatement.
- If proposing rehabilitation of a multi-family development requiring lead and/or asbestos abatement, Applicant must have experience completing the rehabilitation of 1 multi-family development of at least 5 units that required lead or asbestos abatement.
- If proposing rehabilitation of single or multifamily properties requiring the permanent relocation of tenants, Applicant must have experience successfully administering the relocation of tenants in compliance with the URA.
- Experience must have occurred within the last 8 years.



# Threshold Criteria

## Experience Requirements

- Applicants can use the experience of a consultant to meet minimum experience requirements.
- Consultant must be under contract with the Applicant.
- Scope of work in the consultant contract must specify the consultant's responsibilities related to the administration of the project.
- Services of the consultant must be utilized for the entire development phase of the project from application submission to placed in service.
- If using a consultant, an **Exhibit 5 – Consultant Certification** must be provided with the Tier I application with a copy of the consultant contract and an **Exhibit 6 – Conflict of Interest Certification**.



# Threshold Criteria

Applicants can submit two Applications. Only one application will be awarded unless funding is not fully depleted in the 2021 SRDP funding round.

- If funds remain available after each Applicant organization has had the opportunity to be allocated at least one award for a qualified application, an organization's second application may be considered for funding.
- Allocation of a 2<sup>nd</sup> award will be determined by the Applicant's developmental and operational history and the geographic distribution of awards.



# Threshold Criteria

- A Phase 1 must be submitted with the Tier II application, and if required, a Phase 2.
- Applicants must have site control of the proposed project site(s).
  - Deed, Option, Contract, 50 Year Land Lease must be submitted with the Tier I Application.
- Options, contracts, and 50 Year Land Leases are only allowable prior to the completion of the environmental review if HUD's choice limiting action language is included in the document verbatim. Language is found on Page 22 of the Manual #8, bullet D.
- An **Exhibit 15- Notice to Seller** is required for all property being acquired. Must be executed by the seller prior to or at time of contract execution.
- Zoning – Applicant must provide documentation with the Tier II Application that demonstrates the site(s) are properly zoned for the proposed project.



# Threshold Criteria

## Uniform Relocation Act Requirements (URA):

Applicants proposing projects with temporary or permanent relocation of tenants must provide the following with the Tier I Application.

- ***Exhibit 16A or 16B – General Information Notices***
  - Must be provided to each occupied unit.
  - Documentation of delivery must be provided.
- A certified rent roll current as of the date of the Initiation of Negotiations.
  - If acquiring property ION = Date of Option, Contract, Land Lease
  - If property is already owned ION = Date of Tier I Application Submission
- ***Exhibit 17 – Tenant Profile Forms*** completed for each tenant household.
- ***Exhibit 18 – Move-In Notices*** provided to each prospective or new tenant household after the General Information Notices were provided.

# Threshold Criteria

## Uniform Relocation Act Requirements:

Written Relocation Plan must be submitted that includes information on how the relocation of tenants will be administered in compliance with URA regulations.

- Timely Notifications
- Advisory Services
- Moving Expense and Relocation Assistance Calculations
- Comparable Replacement Units



Tenants that move as a result of not being provided timely notices are considered to be displaced.

Temporarily relocated tenants that do not return to a rehabilitated unit within 12 months are considered to be displaced.



# Threshold Criteria

## Physical Needs Assessment:

- Submitted with the Tier II Application.
- Must be prepared in accordance with requirements of Appendix C – Rehabilitation Guidelines.
- Cannot be older than 6 Months.
- Must include a narrative explaining any construction costs included on the ***Exhibit 10 - Construction Cost Addendum*** that are not included in the PNA.



# Threshold Criteria

## Lead-Based Paint:

- An ***Exhibit 19 – Lead Safe Housing Rule Applicability Form*** must be submitted with each application, including new construction.
- Applicants proposing the rehabilitation or conversion of building built prior to 1978 must include a Lead-Based Paint Risk Assessment Report that is no older than 6 months.
- LBP Risk Assessment Reports must be completed by an EPA Certified Professional.
- Applicants proposing the rehabilitation or conversion of a building built in 1988 or earlier must have the pipes, solder, and flux tested for lead and include a copy of the test results with the Tier II Application.

## Asbestos:

- All applicants proposing the demolition, rehabilitation, or conversion of existing structures must provide an Asbestos Inspection Report not older than 6 months, completed by a DHEC licensed asbestos inspector.



# 2021

## **SRDP Regulatory & Programmatic Requirements**



# Regulatory and Programmatic Requirements

## Site and Neighborhood Standards

- Housing must promote a greater choice of housing opportunities.
- Sites must be adequate in size, exposure, and contour to accommodate the number and type of units proposed.
- Sites must have utilities available and have adequate streets to service the site(s).
- All applicants must submit an ***Exhibit 20B - Site and Neighborhood Standards Certification*** with the Tier I Application.

# Site and Neighborhood Standards

- Sites may not be in areas of minority concentration or in racially mixed areas if the project will result in a significant increase in the proportion of minority to non-minority residents.
- Areas of Minority Concentration are determined by the 2010 US Census Bureau Data at: <https://www.ffiec.gov/census/default.aspx>
- Step by Step instructions to run a report are on Page 29.
- Print and provide a copy of the report with the Tier I Application.

# Site and Neighborhood Standards

If the site is located in an area of minority concentration it is not eligible for funding unless at least one of the following exceptions are met:

## Exception 1: Revitalizing Areas

The project is necessary to meet housing needs that can't be met in the area. The site is integral to an overall existing local strategy for the preservation or restoration of the immediate neighborhood that is experiencing significant private investment that is improving the economic character of the area.

Projects eligible for exception 1 must provide a letter from the locality explaining that the site is located in area of revitalization. Documentation of the revitalization activities must be provided with the letter.

# Site and Neighborhood Standards

## Exception 2: Housing Opportunities

- Sufficient, comparable opportunities exist for housing for minority families in the income range in areas outside of the area of minority concentration.
- Opinion letters for exception 2 must be prepared and signed by the market study analyst.

# Income Targeting

## HOME Unit Income Targeting

### Initial Occupancy:

4 or less units – 60% or below AMI

5+ units            20% units @ 50% AMI

80% units @ 60% AMI

### Long Term Occupancy:

4 or less units – 80% or below AMI

5+ units            20% units @ 50% AMI

80% units @ 80% AMI

# Income Targeting

## NHTF Unit Income Targeting

- Projects with 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.
- All NHTF units must be occupied by households at or below 30% AMI.

## SC HTF Income Targeting

- All SC HTF units must be occupied by households at or below 80% AMI.

## **Determining Income**

Annual Income as defined by 24 CFR Part 5

Determining Income Manual *SC Housing website*

Rent & Income Limits *SC Housing website*

All Units are FIXED, meaning they will be designated to a specific program

## **Affordability Periods**

HOME New Construction Projects, SC HTF – 20 Years

HOME Rehabilitation Projects

Under \$15,000 = 5 Years

\$15,000 - \$40,000 = 10 Years

Over \$40,000 = 15 Years

NHTF – 30 Years

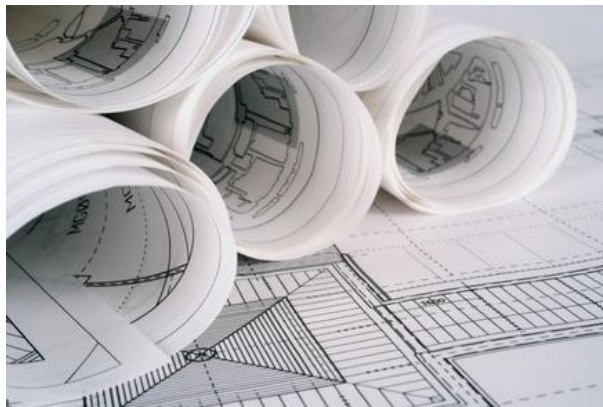
# Prohibited Costs

- Delinquent Taxes
- Costs not eligible under 92.206 – 92.209 and 93.201 – 93.202
- Off-Site Infrastructure Costs
- Playground Equipment
- Costs for Storing Materials
- Purchase of Construction Equipment or Tools
- Office Furniture and Equipment
- Exercise Equipment



# Eligible Costs

- Eligible Construction & Soft Costs are listed on Page 34 of the Application Manual.
- Predevelopment Costs are eligible if:
  - Must be incurred by the project Owner
  - Must be incurred within 24 months of signing a Written Agreement
  - Must be included and identified in the development budget



# Project Completion Requirements

- The execution of funding agreements starts the HUD clock.
- Written Agreements include an Implementation Schedule that establish completion benchmarks that must be met.
- Project Completion Requirements
  - SC Housing – 2 Years
  - HUD – 4 Years
  - Must start construction with 1 year of executing the written agreements.



# Procurement & Contracting

- Procurement for construction services must be performed using a competitive sealed bid process.
- A copy of the Applicant's bid policy must be submitted with the Tier II Application.
- Applicants with an Identity of Interest may request an exception with the Tier II Application if they wish to act as the general contractor.
  - Submit Exhibit 25A – Identity of Interest Certification
  - Submit Exhibit 25B - Identity of Interest Request Form

# Contractor Requirements

General Contractors must meet the following requirements to be awarded a construction contract:

- Companies must have full-time employees and been in business for at least 5 years of continuous operation, under the same name.
- Must be in Good Standing with SC Secretary of State.
- Must have license issued by SC LLR and required insurance.
- Must not be debarred from participating in any state or federal programs.
- Must have experience constructing similar projects within the last 5 years.

# Construction Draws

- ***Exhibit 9 -Election to Draw Funds***
  - Draw during Construction
  - Draw at Construction Completion
  - Summit with Tier II Application
- ***Drawing During Construction***
  - No interest
  - Payment & Performance Bond/Letter of Credit is Required
  - Cost of PPB/LOC must be included in the Development Budget
  - Draws for soft costs not allowed until vertical construction has started



# Development Design Criteria

- Projects must be designed and built to meet the mandatory design criteria in:
  - Appendix B: Development Design Criteria
  - Appendix C: Rehabilitation Guidelines
- Criteria must be provided to the project architect.
- Final plans/specs will be reviewed to ensure all requirements are met.
- All requirements and recommendations included in geotechnical reports must also be included.

# Environmental Review Requirements

Completion of the environmental review process is **mandatory** before taking any action on a site. HUD considers the following to be “Choice Limiting Actions” that are prohibited until the ER has been approved.

- Purchase of the site
- Procuring for construction services
- Executing construction contracts
- Physical actions on a site



# Environmental Review Requirements

## Projects awarded SRDP funds must comply with 24 CFR Part 58

Participants, recipients, owners, developers, sponsors or any third party partners **CAN NOT** take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and an “Authority to Use Grant Funds” has been issued by HUD.

**Any violation of the statutory regulation will result in the de-obligation of a conditional commitment of HOME funds.**



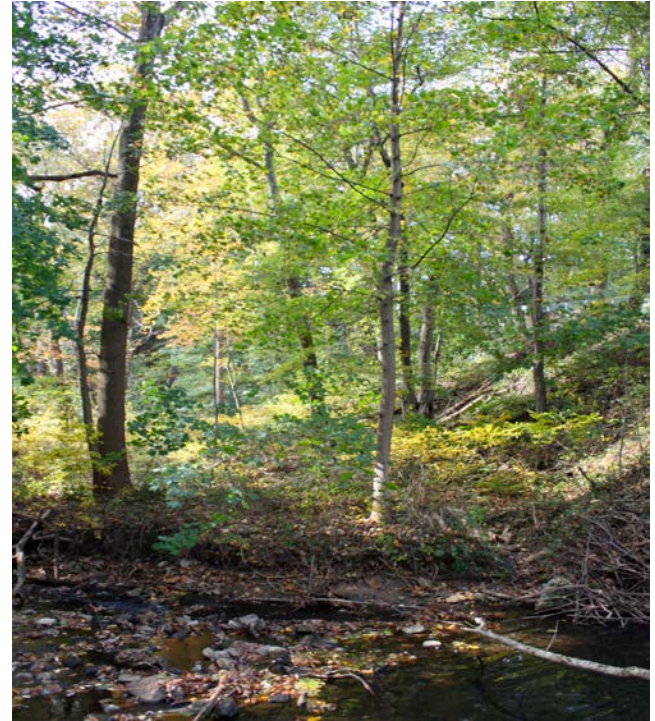


# Environmental Review Requirements

**Projects involving acquisition or land leases** - Options, sales contracts, lease agreements are only allowable prior to the completion of the environmental review if:

- Conditional language provided on Page 22 is contained in the option, sales contract, or lease agreement.
- Language must be VERBATIM.

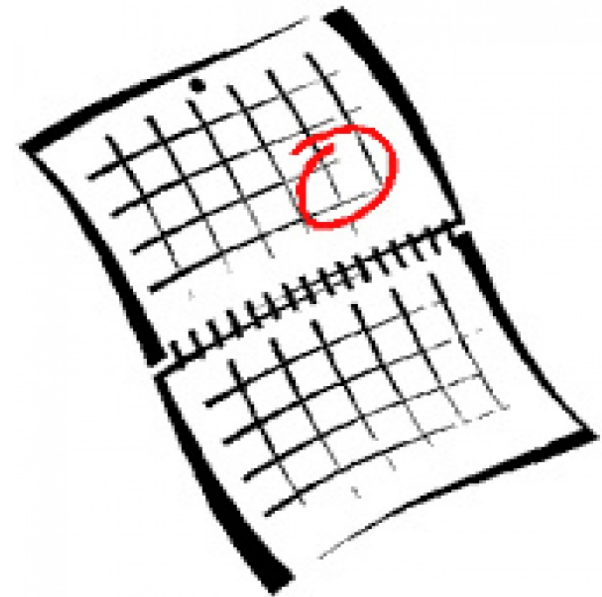
If a proposed project is already underway all work must cease immediately until the environmental review process is completed.



# Environmental Review Requirements

## Projects Receiving a Conditional Commitment of Funds

- Must commission and an environmental review consultant from the approved list on SC Housing's website.
- Environmental reviews will be due approximately 3 months after the conditional commitments.
- HOME written agreements will be issued after HUD approval of the Environmental Review.



# Environmental Review Requirements

Exempt activities that can be undertaken prior to the completion of the environmental review.

- Environmental Studies
- Information and Financial Services
- Inspection and Testing of Properties for Hazards or Defects
- Purchase of Insurance
- Engineering or Design Services

Full list on page 3, section 3.1.1 of the Authority's Environmental Review Manual



# Section 504

Section 504 of the Rehabilitation Act of 1973 implements HUD regulations requiring the following:

- New Construction Projects with 5 or more units and Rehabilitation Projects with 15 or more Units:
  - Have a minimum of 5% of the total units accessible for individuals with mobility impairments **and** an additional 2% of the units accessible for individuals with sensory impairments.
- Federal Accessibility Standards at 24 CFR Part 8.
- Requires full accessibility of 504 Units & Common Areas.



## Section 3

Section 3 regulations apply to SRDP projects.

- The purpose of Section 3 is to ensure that employment & contracting opportunities that are created by the development of the project to the greatest extent feasible are directed towards Section 3 businesses and residents.
- **A Section 3 Business** is a business owned by low-income person(s).
- **A Section 3 Resident** is a low-income person that lives in the zip code where the project is located.
- Section 3 requires annual reporting and mandatory language for contracts.

# Affirmative Marketing Plan

- Applicants must submit an Affirmative Marketing Plan with the Tier II Application.
- Affirmative Marketing Plans must include:
  - Methods for informing and soliciting applications from persons in the housing market who are not likely to apply for the housing without special outreach.
  - Description of records that will be kept to document actions taken to affirmatively market the program and units as well as records to assess the results of the plan.



# Monitoring & Compliance

- Projects are monitored during the affordability period by SC Housing's Compliance Monitoring Division.
- Reviews are conducted on-site.
- Tenant records are reviewed for compliance with income and rent restrictions.
- Inspections of the units and common areas are conducted to ensure property standards requirements are being adhered to.

# Implementation Training

All awarded applicants will be provided additional technical assistance on specific federal and state requirements.





# Questions

