

South Carolina Housing Trust Fund

HABITAT FOR HUMANITY FLOOD INITIATIVE PROGRAM MANUAL

**Administered by:
The South Carolina State Housing Finance and Development Authority**

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TABLE OF CONTENTS

General Definitions	3
Housing Trust Fund Habitat for Humanity Flood Initiative Program Overview	4
Eligible Sponsors	4
Terms of Financial Assistance	4
Submitting Applications	5
Forms	5
Habitat for Humanity Flood Initiative General Guidelines	5
Application Review Process	6
Eligibility Requirements for Properties	6
Property Owned by Beneficiary	6
Property Owned by Beneficiary and Deceased Person	6
Property Owned by Beneficiary as a Life Estate	6
Manufactured Housing/Mobile Homes Owned by Beneficiary	7
Eligibility Requirements for Beneficiaries	7
Certification and Verification of Income	7
Computing Annual Income	7
Zero Income	8
Construction Guidelines	8
Construction Standards	8
Allowable Construction Costs	9
Changes to a Project after Award	9
Payments	9

General Definitions

Annual Income - The total anticipated gross income from all sources received by the household.

Application - The completed forms, schedules, attachments, and any additional documentation requested in the Housing Trust Fund Habitat for Humanity Flood Initiative Program Application package.

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

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

Deed of Distribution - The Probate Court Form that transfers real property from a decedent's estate to those who inherit it. The form must be recorded with the Register of Deeds or the Clerk of Court in the county in which the property is situated.

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

Letter of Commitment - An original letter or contract from a funding source verifying that the Habitat for Humanity has a commitment of funds for the project. This letter or contract must be dated within six (6) months of the application date and should include the amount of funds, any conditions and the expiration of the commitment, whether funds will be provided as a loan or grant and terms and interest rate for loans.

Low-Income - Income at or below 80% of the median income for the area, as determined by the US Department of Housing and Urban Development, with adjustments for family size.

Manual - The Housing Trust Fund Habitat for Humanity Flood Initiation Program Manual.

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

Owner-Occupied Home - A single-family unit in which the owner of the unit lives in and is their principal residence.

Rebuild- The demolition of an existing home that is uninhabitable and the rebuilding of a new home.

Site-Specific- The site on which the housing unit to be repaired or replaced is located.

Sponsor - An officially recognized and established South Carolina Habitat for Humanity.

Housing Trust Fund Habitat for Humanity Flood Initiative Program Overview

Overview

The South Carolina Housing Trust Fund (HTF) Habitat for Humanity Flood Initiative Program is a state funded program designed to provide financial assistance in the preservation of safe, decent, sanitary and affordable housing for low-income households within the State of South Carolina that were affected by the October 2015 flood and Hurricane Matthew in October 2016. The HTF accelerates the state's response to the production of affordable housing through innovative financing used by the nonprofit and private sectors. It builds partnerships among government, qualified nonprofits and those in need of affordable housing. It strives to maximize the utilization of federal, state and/or other housing assistance programs in leveraging other public and private resources.

The Habitat for Humanity Flood Initiative (FI) activity is designed to assist low-income homeowners in rebuilding their owner occupied homes that are beyond repair. Awards are available to those homeowners whose homes are listed in one of the FEMA declared disaster counties now or hereafter designated under FEMA's Major Disaster Declaration for both Individual Assistance and Public Assistance under South Carolina Severe Storms and Flooding (DR-4241) and Hurricane Matthew (DR-4286). All FI awards are subject to the HTF statutes and regulations and all other applicable Authority requirements.

In order to be classified as eligible for replacement, the deficiency(ies) to the unit must, at a minimum, meet one or more of the following qualifications:

- Be the result of, the 2015 Flood Event or Hurricane Matthew in 2016; and
- The home is either (1) beyond the point of repair meaning too cost excessive to repair to make habitable or (2) has been condemned or determined uninhabitable by FEMA or local City/County Building Officials.

Eligible Sponsors:

Established South Carolina Habitat for Humanity organizations are the only eligible Sponsors for the Habitat for Humanity Flood initiative program.

Terms of Financial Assistance:

Maximum Subsidy per Beneficiary/Property: \$ \$25,000

***Note: There is NO Allowable Developer Fee**

HTF Habitat for Humanity FI Funds are provided as matching funds. Other commitments for funding must be provided with the application submission in order to obtain HTF FI funds. Other commitments can include, insurance proceeds, FEMA funds, private foundations, volunteer labor, donated materials, etc.

Funds will be provided in the form of a forgivable loan secured by the homeowner's execution of a Promissory Note and recordation of a Mortgage. In the event the property is sold prior to the expiration of the HTF twenty (20) year affordability period, a portion of the HTF funds become due and payable at closing (as per the mortgage and security agreement "Due on Sale" clause).

Once the HTF mortgage has been executed, recorded and the original documents returned to the Authority, funds can be drawn as one lump sum after construction is complete or drawn during the

course of construction. If funds are drawn during the course of construction, a maximum of four (4) draws for \$6,250.00 each can be requested. Funds will only be paid out once work is complete, inspected and approved by an Authority Inspector. The final draw can only be requested once all work has been completed and the local City/County Building Officials have issued a certificate of occupancy and/or signed off on the building permit indicating that all work has been completed and approved.

Submitting Applications:

Applications for the FI program can be submitted at any time, and are not subject to individual approval by the Authority Board of Commissioners. The FI application must be site specific. The beneficiary must be an eligible low income flood or Hurricane Matthew victim. Applications may be obtained on the Authority's website: www.schousing.com under Housing Partners, Housing Trust Fund.

Complete applications may be delivered by mail, other shipping service, or by hand delivery (facsimile transmissions are not accepted) as follows:

**SC Housing Authority
Attn: HTF Habitat for Humanity Flood Initiative Program
300-C Outlet Pointe Blvd.
Columbia, SC 29210**

Sponsors must submit one (1) original application, including all pages of the application and any required documentation as identified in the FI Application Checklist. Do not staple documents within an application. Please bind all documents together with one (1) binder clip per application.

Applications must include all supporting documentation under the appropriate tabs and must be submitted in the order listed. **All applications must be self-contained. The Authority will not rely on any previously submitted information, written or verbal, to evaluate the applications.**

Forms

All necessary forms for applications, change orders, draws, inspections, etc. can be downloaded from the Authority's website at www.schousing.com under Housing Partners, Housing Trust Fund.

Habitat for Humanity Flood Initiative General Guidelines

1. Each project must have at least one of the following:
 - (a) a completed FEMA inspection report noting the damage and amount of funds provided;
 - (b) a flood evaluation report from the homeowner's insurance company noting the damage and amount of funds provided; or
 - (c) a notice from FEMA or the local City/County Building Official indicating the house is uninhabitable based on current conditions.
2. Each project once approved by the Authority must be completed within one (1) year. The completion deadline date will be specified in the Funding Agreement and will be determined in conjunction with the information provided in the application. The Authority will not disburse funds and may revoke remaining funds awarded if the Sponsor does not commit or expend funds according to the timeframe specified in the Funding Agreement.

3. Eligible beneficiaries must be low-income households (at or below 80% percent of the area median income) and must own and resided in the property being replaced.
4. FI awards may be terminated at any time prior to the award expiration date due to documented evidence of unsatisfactory productivity.
5. Sponsors may be required to submit performance reports/pictures on projects through completion.

Application Review Process

1. The Sponsor completes and submits an application to the Authority.
2. The Application Management staff reviews the application. If additional information is required, the Authority will contact the Sponsor to request the information. If the application is complete and meets all the general guidelines and eligibility requirements of the FI program, the Authority will order an initial inspection.
3. Once the initial inspection approval is received by the Applications Management Staff, a Funding Agreement and an Agreement for Residential Repair Services will be forwarded to the Sponsor. **Work cannot begin until the Funding Agreement has been properly executed and returned to the Authority.**
4. If a Sponsor is requesting construction draws, the Sponsor may request such using the following forms: Inspection Request (HTF-2A-FI) and a completed Draw Request for Construction Costs (HTF-4A-FI).
5. When all work is complete, the Sponsor may request a final inspection by submitting the following forms: Inspection Request (HTF-2A-FI), Certification of Work Completed (HTF-2D-FI) and the completed Draw Request for Construction Costs (HTF-4A-FI).

Eligibility Requirements for Properties

Property Owned by Beneficiary

The Sponsor must provide a deed in the name of the beneficiary(ies) for whom the funding is sought. The deed must be legible and recorded with the Register of Deeds or the Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded.

Property Owned by Beneficiary and Deceased Person

The Sponsor must provide a deed in the name of the deceased and the beneficiary(ies) for whom the funding is sought. If the deed does not contain survivorship language, a Deed of Distribution showing the property has been transferred to the beneficiary must also be provided. The deed and Deed of Distribution must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded.

If the Deed of Distribution transfers the property to persons in addition to the beneficiary(ies) for whom the funding is sought, all owners of the property will be required to agree to Restrictive Covenants, mortgages, and/or other encumbrances placed on the property.

Property Owned by Beneficiary as a Life Estate

The Sponsor must provide a deed indicating a life estate in the name of the beneficiary(ies) for

whom funding is sought. The deed must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded. Documentation indicating that the beneficiary(ies) have been granted the right by the grantor of the life estate to encumber the property must also be provided.

The grantor of the life estate and the person(s) to whom the property transfers after the life estate ends will be required to agree to restrictive covenants, mortgages, and/or other encumbrances placed on the property.

Manufactured Housing/Mobile Homes Owned by Beneficiary:

Beneficiaries for whom funding is sought must own the manufactured housing/mobile homes and must have a deed to the land and title or proof of ownership of the home. The Sponsor must provide a deed to the property in the name of the beneficiary(ies) for whom the funding is sought. The deed must be legible and recorded with the Register of Deeds or the Clerk of Court in the county in which the property is located. The title or proof of ownership to the home must be in the name of the beneficiary(ies) for whom the funding is sought. Proof of ownership may include registration from the Department of Motor Vehicles. The Authority has sole discretion in determining whether sufficient proof of ownership of the home has been provided.

Manufactured housing/mobile homes must have been built within twenty (20) years of the date of the application. To demonstrate the age of a unit, the Sponsor must provide a copy of the tax assessment for the manufactured housing/mobile home.

Eligibility Requirements for Beneficiaries

Beneficiaries must be low-income with gross annual incomes that do not exceed eighty percent (80%) of the area median income. Current income limits can be found on the Authority's website at www.schousing.com. A Sponsor must determine the household income by examining and verifying source documents evidencing annual income (e.g., wage statement, interest statement, and unemployment compensation statement).

Certification and Verification of Income:

Sponsors must identify and verify all sources of income for each household member. The Certification of Total Household Income (HTF-3A-FI) and Verification of Employment (HTF-3B-FI) forms must be completed and signed by the beneficiary(ies). **Third party** income verification documentation is required for all anticipated annual income, must not be older than six (6) months and must be submitted with the application. Sponsors are responsible for ensuring all forms of income are identified and documented. Income tax returns will be accepted but only in situations where no other income information is available. Additionally, the tax returns must have all pertinent information correctly identified and all schedules included and must not be more than one (1) year old or from the prior tax year.

Computing Annual Income:

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

Annual income includes, but is not limited to:

- gross income, the full amount before any payroll deductions, of wages and salaries;

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

Zero Income

Beneficiaries who report zero income must certify such on the Certification of Zero Income (HTF-3C-FI) form. Any household member that is eighteen (18) years of age or older and reports zero income for the twelve (12) months preceding the date of application submission, must certify to such on the Certification of Zero Income form.

Construction Guidelines

Construction Standards:

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

- The Sponsor should perform a physical on-site repair assessment prior to submitting an application.
- The Sponsor must contact the building code enforcement agency within the locality where the proposed construction is to be undertaken and obtain any required permits. The Authority's Inspector may verify that the Sponsor has met local requirements.
- The Sponsor must solicit and procure a **licensed general contractor or residential builder** to perform the work. The Sponsor must contract directly with the licensed general contractor or residential builder. If the selected licensed general contractor or residential builder chooses to employ sub-contractors, the general contractor must provide licenses for each sub-contractor involved with the project. Specialty contractors are only permitted for the limited purpose of installing an HVAC unit.
- All work must be in compliance with the International Code Series for residential, plumbing, mechanical, fuel gas, energy conservation, fire, and electrical codes. In addition all work must meet any federal, state or local code restrictions.
- All work shall be performed and completed in a manner supported by the manufacturer's specifications, standard construction practices, and/or recognized building codes.
- All work performed shall be "finished" work. For example, if a door unit is specified for a

bedroom then that unit shall be finished to match an existing unit whether it is stained/finished or painted. An exterior door shall have a lockset installed.

- All materials used shall be new, in good condition and of standard grade.
- All work regarding handicapped accessibility must meet the requirements of Section 504. Please refer to CABO/ANSI Section A117.1 for compliance requirements.

Allowable Construction Costs:

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

- Costs to meet Authority and federal, state and local construction standards
- Installation of items for handicapped persons
- Replacement of major housing systems that have failed
- General property improvements that are non-luxury improvements

Related Soft Costs – These costs are the *reasonable and necessary costs* related to the development hard costs, such as the following:

- Building Permit Fees & inspection fees, porta-jons and/or dumpsters; Sponsor must provide adequate documentation from the City/County issuing the permit and the businesses providing the porta-jons and/or trash dumpster at submission of the final inspection.

Prohibited Costs – These costs are not allowable cost expenditures with HTF FI funding:

- Sponsors may not pay any of its administrative costs with HTF FI funds.
- Relocation expenses of residents
- Costs associated with record keeping
- Storage Fees
- Tools and Equipment
- Appliances

Changes to a Project after Award:

Any changes to the scope or cost of the work after the Sponsor is notified of award approval must be submitted to the Authority in writing.

Payments:

All payment requests must be submitted on the Authority's Request for Payment (HTF-4A-FI) form. The following items must be submitted to the Authority with a payment request:

1. (HTF-2A-FI) Request for Inspection;
2. (HTF-4A-FI) Draw Request for Construction Costs, if drawing funds during the course of construction; and
3. (HTF-2D-FI) Certification of Work Completed, required only with the final inspection request.

Payments will not be disbursed until the work has been inspected and approved by an Authority Inspector. Once the work has been approved, the Authority will request a check for payment of construction costs. Payment requests are typically processed within five (5) days and checks issued within fourteen (14) days.

Once the Sponsor receives the construction cost payment for a completed project, the Sponsor has fourteen (14) calendar days to deliver payment and obtain the signature of the contractor using the Payment Certification (HTF-4C-FI) form, indicating that the contractor has received payment in full for construction work performed.