

HOUSING DEVELOPMENT

South Carolina Housing Trust Fund

Emergency Repair

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

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General Definitions

Annual Income means the total anticipated income from all sources received by the household, including all net income to be received from assets.

Application means the completed forms, schedules, attachments, and any additional documentation requested in the Housing Trust Fund Application package.

Attorney means an individual licensed to practice before the courts of the State of South Carolina. A portion of the practice must relate to real estate matters, and the Attorney will be required to provide evidence of errors and omission insurance.

Audit means complete and current financial statements that have been audited by a Certified Public Accountant (CPA) licensed by the South Carolina Board of Accountancy. Current means not more than twelve (12) months from date the audit was performed.

Authority means the South Carolina State Housing Finance and Development Authority.

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

Commitment Period means the time period beginning with the date on which the Board approves an award and ending as defined in each individual Funding Agreement.

Compliance Period means the time period that program restrictions are in effect regarding housing occupancy. The compliance period begins on the date the note and mortgage or restrictive covenants, as applicable, are executed. If the house is sold prior to the end of the compliance period, the amount of the Housing Trust Fund award, as evidenced and defined in the note or restrictive covenants, as applicable, becomes due and payable.

Deed of Distribution means 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 in the county in which the property is situated.

Project means the one or more residential buildings, the site on which the building(s) are located, and any functionally related facilities.

Funding Agreement means the written contract between the South Carolina State Housing Finance and Development Authority and the Sponsor. The contract includes the terms and conditions of the Housing Trust Fund award, states the award amount, the development's purpose, and the targeted income population the development will serve.

HUD means the United States Department of Housing and Urban Development.

Letter of Commitment means an original letter or contract from the funding source verifying that the Sponsor has a commitment of funds for the project. This letter or contract must be dated within ninety days of the application date. This letter should include the amount of funds, any conditions and their expiration, whether funds will be provided as a loan or grant, loan to value ratios, terms and interest rate for loans.

Low-Income means income, at or below 80% of the median income for the area, as determined by HUD, with adjustments for family size.

Manual means the Housing Trust Fund Emergency Repair Manual.

Nonprofit means a corporation 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.

Owners mean the low-income beneficiaries of a Housing Trust Fund award who execute the Housing Trust Fund's restrictive covenants or promissory note and mortgage, when necessary.

Owner-Occupied Housing means a single-family unit in which the owner of the unit lives in as its principal residence.

Recipient means a Sponsor whose application has received Board approval.

Rehabilitation means the improvement made to an existing structure.

Site-Specific means the individual site on which the housing unit(s) to be built or repaired is located.

Sponsor means an approved nonprofit organization or unit of local government.

Very Low-Income Household means income at or below fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size.

Housing Trust Fund Overview

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

Emergency Repair Activity Overview

Emergency Repair (ER) means required repairs to owner-occupied units that are immediately needed and necessary to eliminate life, health and safety issue(s) to the occupant(s). In order to be classified as an emergency, the deficiency(ies) to the unit must, at a minimum, meet one or more of the following qualifications:

- Be the result of a recent event, such as a fire or flood;
- Not be the result of accumulated deferred maintenance;
- Not be covered by existing insurance;
- Have conditions that, if not repaired immediately, would cause further or irreparable damage;
- Have units where the heating, cooling, electrical, or plumbing systems are not functioning or do not exist.

Eligible HTF Emergency Repairs:

Following are repairs that can be made through the HTF ER program:

- **Roofs:** Roofs that are leaking or have holes may be repaired or replaced. Evidence of water damage to ceilings and walls with water damage may be repaired as part of the roof repairs.
- **HVAC Units:** Homes with existing HVAC units that are not working may be repaired or replaced. It is the Sponsor's responsibility to inform beneficiaries of increased utility rates and the impact of inadequate insulation.
- **Exterior Doors and Windows:** Broken or missing windows may be repaired or replaced.
- **Handicap Accessibility:** Installation or repair of exterior ramps and/or hand rails. ADA accessibility to bathrooms, to include grab bars and wheelchair accessible showers.
- **Sewer/Septic Systems:** Existing systems that are nonfunctioning or malfunctioning can be repaired or replaced. Existing systems that have been sited by DHEC for raw sewage containment issues can be repaired and replaced.
- **Water Wells:** Existing water wells with broken pumps can be repaired or replaced. In the event existing water wells have gone dry, ER funds can be used to dig the well deeper or install new water lines.
- **Electrical:** Repair or replace exposed wiring throughout the house.
- **Floors:** Repair or replace sagging floors to include floor joists and those with holes. This can include new carpet and linoleum but only if major floor repairs resulted in the damage of such.
- **Plumbing System:** Systems that are nonfunctioning or malfunctioning can be repaired or replaced.

- **Structural Integrity:** Foundation, wall, sub-flooring, roof support and other items affecting structural integrity.
- **Porches:** All railings, steps and ramps should be sturdy and reliable
- **Exterior Surfaces:** Exposed surfaces should be either painted or covered in an acceptable material, such as vinyl.
- **Mobile Homes:** ER's of mobile homes can include – roofing, flooring, electrical, windows and HVAC. All repairs must be needed and necessary and meet the definition of an ER as defined above.

Eligible Sponsors:

Units of Local Governments (cities, towns and counties) and approved nonprofits are the only eligible Sponsors for this activity.

The approval process for nonprofits is contained in the Nonprofit and CHDO Certification application. All nonprofits must be approved by the Authority prior to the submission of any HTF application. Applications submitted by non-profits who are not approved by the Authority will be returned.

Emergency Repair Terms of Financial Assistance:

Maximum Subsidy per Beneficiary/Property: \$6,000
Maximum Developer Fee: \$500

Approved nonprofits may receive HTF in the form of a grant. The grant is prorated and forgiven **if** the unit improved with award proceeds is used for the authorized purpose during the compliance period.

Units of Local Government may access the funds in the form of a one percent (1%) loan for a twenty (20) year term and amortization period.

The Authority will perform a “cost reasonableness” evaluation of the proposed rehabilitation and may adjust the HTF amount based on that review and an inspection of the property. Sponsors must ensure applications submitted are cost reasonable to prevent such adjustments or rejection of the application. Detailed, itemized information must be submitted and should include material and labor costs identified separately by line item.

Submitting Applications:

Applications for this activity can be submitted at any time, and are **NOT** subject to individual approval by the Authority’s Board of Commissioners.

Applications may be delivered by mail, other shipping service, or by hand delivery as follows:

South Carolina State Housing Finance and Development Authority
 Attn: **HOUSING DEVELOPMENT**
 HTF Emergency Repair Application Package Request
 300-C Outlet Pointe Blvd.
 Columbia, SC 29210

- Facsimile transmissions will **NOT** be accepted.
- Incomplete applications will **NOT** be eligible for consideration.

Applications may be obtained on the Authority’s website: www.schousing.com

Submission Format:

Sponsors must submit one (1) original and one (1) copy of the application. Applications should include the application and any required documentation.

Complete applications must include all pages of the application and all items identified in the ***ER Application Checklist***. 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 our website at www.schousing.com.

Housing Development Staff:

STAFF	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
Laura Nicholson <i>Director - Housing Development</i>	(803) 896-9190	(803) 551-4925	laura.nicholson@schousing.com
APPLICATIONS MANAGEMENT DIVISION			
Fran Ellington - Manager	(803) 896-9248	(803) 551-4881	fran.ellington@schousing.com
Lisa Benfield Program Coordinator	(803) 896-9244	(803) 551-4952	lisa.benfield@schousing.com
Reginald Mack Program Coordinator	(803) 896-9654	(803) 551-4993	reginald.mack@schousing.com
Melissa Patterson Program Coordinator	(803) 896-8723	(803) 551-4918	melissa.patterson@schousing.com
Jay Ragon Program Coordinator	(803) 896-9195	(803) 551-4930	jay.ragon@schousing.com
Dorothy Sutton Program Coordinator	(803) 896-9360	(803) 551-4948	dorothy.sutton@schousing.com

Compliance & Inspection Staff:

STAFF	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
Dennis Cokley - Director	(803) 896-9046	(803) 551-4972	dennis.cokley@schousing.com
John Brunke Inspector	(803) 896-9340	(803) 551-4871	john.brunke@schousing.com
Richard Clark Inspector	(803) 896-9253	(803) 551-4873	richard.clark@schousing.com
Bill Turner Inspector	(803) 896-9260	(803) 551-4954	bill.turner@schousing.com

Emergency Repair Activity Guidelines

General Guidelines:

1. Sponsors must operate within their defined service areas.
2. Sponsors are limited to one (1) open Block Grant project, plus a maximum of five (5) ER's. Sponsors are considered to be Related Sponsors if they share employees and/or facilities. The Authority considers this to be the same Sponsor for purposes of awarding projects and therefore subject to the award limitations.
3. Any Sponsor who has requested and received an extension on any open project is ineligible to submit any new HTF requests for award until the extended project is 100% complete and expended.
4. Beneficiaries that were previously served with HTF's are not eligible for additional benefits under the ER program. Sponsors must check the property liens of all potential beneficiaries to ensure that there is not an existing HTF lien.
5. Beneficiaries who received funds under the HTF Homeownership activity are ineligible for ER funding for a period of ten (10) years.
6. Beneficiaries must own and reside in the subject property for a minimum of two (2) years before an ER request can be submitted.
7. The application must be site-specific. This activity does **NOT** function as a block grant.
8. The ER activity is limited to very low-income, at or below 50% percent area median income households.
9. Each ER project must be completed within **three (3) months** of award approval.
10. The completion deadline 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 will revoke remaining funds awarded if the Sponsor does not commit or expend funds according to timeframes specified in the Funding Agreement.
11. ER awards may be terminated at any time prior to the award completion due to documented evidence of unsatisfactory program/project productivity.
12. HTF Sponsors may be required to submit performance reports on projects through completion.

Application Review Process

ER applications can be submitted at any time, and are not subject to the application cycles used in the other HTF Activities.

1. The Sponsor completes and submits an **ER Application**, along with the items listed on the ER Checklist.

2. A Project Coordinator (PC) in the Application Management Section reviews the application for eligibility and completeness. If additional information is required, the PC will contact the Sponsor requesting that information.
3. The PC will review the information provided by the Sponsor and will order a preliminary inspection.
4. Once the inspection is complete and approved, the PC will prepare and forward the Funding Agreement to the Sponsor. Work cannot begin until the Funding Agreement has been properly executed and returned to the Authority.
5. Any changes to the scope or costs in the approved work write-up must be addressed by the Sponsor using the Change Order Process as outlined in this manual prior to the work being done.
6. When work is complete, the Sponsor should use the Inspection/Draw Request form to request an inspection and payment.

Eligibility Requirements for Properties

Property Owned by Beneficiary

The Sponsor must provide a warranty 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 in the county in which the property is located. It must also indicate the book and page where recorded, date recorded, and the office where recorded.

Property Owned by Beneficiary and Deceased Person

The Sponsor must provide a warranty deed in the name of the deceased and the beneficiary(ies) for whom the funding is sought. The Sponsor must also provide a **Deed of Distribution** showing the property has been transferred.

- If the Deed of Distribution transfers the property to more than just 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. [A Deed of Distribution is the Probate Court form that transfers real property from a deceased person's estate to those who inherit it. The form must be recorded with the Register of Deeds in the county in which the property is located.]
- The deed and Deed of Distribution must be legible and recorded with the Register of Deeds in the county in which the property is located. It must also indicate the book and page where recorded, date recorded, and the office where recorded.

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 Sponsor must also provide documentation indicating that the beneficiary(ies) have been granted the right by the grantor of the life estate to encumber the property.

- The grantor of the life estate and the remainder man (the person(s) to whom the property transfers after the life estate ends) will also be required to agree to restrictive covenants, mortgages, and/or other encumbrances placed on the property.
- The deed must be legible and recorded with the Register of Deeds in the county in which the property is located. It must also indicate the book and page where recorded, date recorded, and the office where recorded.

Manufactured Housing/Mobile Homes Owned by Beneficiary:

Beneficiaries for whom funding is sought must own manufactured housing/mobile homes and must have a title to both the home and the land. The Sponsor must provide a warranty 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 in the county in which the property is located. It must also indicate book and page where recorded, date recorded, and the office where recorded.
- 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 very low-income with gross annual incomes that do not exceed fifty percent (50%) of the area median income as indicated by the HTF incomes. Current income limits can be found on our 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).

If it is discovered at any time before, during, or after the project has been completed that the beneficiary was not income qualified, the Sponsor will be required to refund the entire HTF award and may be disqualified from further participation in the HTF Program.

Certification and Verification of Income:

Sponsors must identify and verify all sources of income for each individual household member. The **Certification of Total Household Income** and **Verification of Employment** forms must be completed by the Sponsors. Beneficiary income must not be older than six (6) months. These forms must be submitted with the application. **The total anticipated annual household income must not exceed fifty percent (50%) of the area median income for the county.** Sponsors are responsible for ensuring all forms of income are identified and documented.

Third-party income verification is required for all income earned. 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 to such on the Certification of Zero Income form. Additionally, any household member that is eighteen (18) years of age or older and reports \$0 income for the twelve (12) months preceding the date of application submission must certify to such on the Certification of Zero Income form.

Rehabilitation Construction Guidelines

The Authority will perform a "cost reasonableness" evaluation of the proposed rehabilitation and may adjust the HTF amount based on that review and an inspection of the property. Sponsors are strongly encouraged to ensure applications submitted are cost reasonable to prevent such adjustments or rejection of the application. Detailed, itemized information must be submitted and should include material and labor costs identified separately by line item.

Home rehabilitations for ER are **only** for life, health and safety related issues and are referred to as Primary Repairs. An example of such follows:

Primary Repair

Problem: A leaking roof has resulted in damage to the ceiling in a bedroom.

Primary Repair: The roof is repaired or replaced, as warranted, to fix the leak. The damage to the ceiling is repaired and the repaired area is painted.

In deciding what repairs to include in rehabilitation for an ER, the major systems should be reviewed first. These include:

- Heating and Cooling System
A system installation or replacement must include a review of the adequacy of the insulation.
- Electrical System
A system upgrade or update must include GFI circuits in the bathrooms and kitchen, as well as hard-wired smoke detectors with battery back-up.
- Plumbing System – those not working or existing
- Structural Integrity - foundation, wall, sub-flooring, roof support and other items affecting structural integrity
- Roofing
Repair if possible as long as remaining life after repair is at least 10 years. Include a drip edge and painting or replacement of any trim if necessary.
- Exterior Doors and Windows – those that are missing or broken
Any exterior door replacements must include updated locksets and hardware, including deadbolt and peephole.
- Porches - all railings, steps and ramps should be sturdy and reliable
- Exterior surfaces
Exposed surfaces should be either painted or covered in an acceptable material, such as vinyl.
- Floors – Replace or repair missing or damaged areas to include floor joists as necessary.
- Handicap accessibility

Repair Prioritization

In prioritizing the work to be performed on a home, the Sponsor should first review the major systems listed above, and any other health and safety issues with the house. It is not necessary to bring all these Primary items up to current code. However, anytime a repair is undertaken, the repair must meet current code.

Work Write-Up

Sponsors are required to submit itemized work write-ups for rehabilitation for each property prior to beginning any work. Sponsors are responsible for ensuring the construction costs are feasible and cost reasonable to alleviate substandard conditions. Labor and material cost for each line item must be reported separately. The Authority has developed acceptable **Work Write-Up** forms.

Evaluation will involve a review of the work write-up submitted and an on-site inspection. If the Authority concludes that the costs presented in the application are not "reasonable," the application will either be returned for corrections or rejected depending upon the circumstances. If the repairs are not considered to be ER's, the application will be rejected.

The Work Write-Up MUST be signed by the Sponsor, Contractor and Homeowner.

Construction Standards:

Sponsors must adhere to any written standards developed by the Authority and to all local standards in order to utilize HTF for any activity. Those standards are:

- All work performed 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 local code restrictions.
- All work performed, whether specified or not, shall be performed and completed in a manner supportable by the manufacturer's specifications, standard construction practices, and/or recognized building codes.
- All work performed shall be "finished" work whether expressed or not. 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. The unit shall have a lockset installed.
- All materials shall be new, in good condition, and of standard grade.
- The Sponsor must contact the building code enforcement agency within the locality in which the proposed construction is to be undertaken. The agency's building inspector must review the work write-ups or plans and specifications prior to submission of the application to insure that the Sponsor has met locality requirements.
- The Sponsor should perform a physical on-site repair assessment prior to the submission of an application.
- The Sponsor must solicit and procure a **licensed general contractor** when applying for individual beneficiaries.
- The Sponsor is required to provide a detailed work-write up from the contractor.
- 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 -- *The actual construction costs including:*

- Costs to meet Authority and local construction standards
- Essential improvements
- Electrical, plumbing, structural-related improvements
- Improvements for handicapped persons
- Repair or replacement of major housing systems that have failed

Related soft costs -- *Reasonable and necessary costs, including:*

- Building Permit Fees
- Building Inspection Fees
- Professional Fees to include related services to prepare work write-ups. Professional Services must be third party. The maximum expense for professional fee is \$250. An invoice must be provided.
- The Developer Fee is included in determining the Funding Agreement amount. As an example, if the amount of rehabilitation is \$6,000 and the developer fee is \$500, the Funding Agreement will be in the amount of \$6,500.

Prohibited Costs: (This list is not all inclusive)

- Sponsors may not pay any administrative costs with HTF awards.
- HTF awards may not be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.
- Charging the homeowner a fee related to using HTF for repairs.
- Additions to an existing structure.
- Funding for new appliances to include range hoods.
- Underpinning

Changes to Project after Award:

Any changes to a project after notice of award approval must be submitted to the Authority in writing and must be approved by the Authority. The Authority may revoke a portion or the entire award if a Sponsor makes changes to the project without prior approval.

Change Order Process

If, during the course of the rehabilitation work, it is determined that the scope or costs associated with the work needs to be changed, the sponsor must submit a completed, signed **Change Order Request** form. The change order request form must be signed by the sponsor, contractor, and beneficiary. The Authority's inspector will review the proposed change order and either approve or deny the request. The PC will communicate the decision to the Sponsor in writing.

Payments:

All payment requests for HTF must be submitted on the Authority's **Request for Payment** form. Payments will not be disbursed until the work is 100% complete and the property has been inspected and approved by the Authority. Interim draws are **not** permitted under the ER activity. The following items must be submitted to the Authority in order for inspections and funds to be requested:

1. **Request for Final Inspection form**
2. **Request for Payment form**
3. **Completion Certification form**

Once the final inspection has been approved, the Program Coordinator will request the funds. Payment requests are typically processed within fourteen (14) days.

Housing Trust Fund Compliance Period

The HTF program is designed to increase the supply of permanent affordable housing over an extended period of time. The compliance period is twenty (20) years. For ER projects, a Funding Agreement will be utilized to enforce the compliance period.

