

National Housing Trust Fund

2016 Allocation Plan

8/15/2016

South Carolina State Housing Finance & Development Authority
Development Division

INTRODUCTION and PURPOSE

The National Housing Trust Fund (NHTF) is a new affordable housing production program that will complement existing Federal, state and local efforts to increase and preserve the supply of safe, decent and affordable housing, primarily rental housing, for extremely low-income (ELI) and very low-income (VLI) households, including homeless families.

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund." On January 30, 2015, HUD published an Interim Rule which guides implementation of the NHTF by the state-designated entities. As the state-designated entity, the South Carolina State Housing Finance and Development Authority (Authority) will have the opportunity to offer comments regarding the initial implementation to HUD for the eventual issuance of a final rule.

The Authority is required to use at least 80 percent of each annual allocation for rental housing; no more than 10 percent for homeownership housing; and up to 10 percent for reasonable administrative and planning costs. All NHTF-assisted rental housing must meet a minimum affordability period of 30 years. All NHTF-assisted homeownership housing must meet the minimum affordability period of 10, 20 or 30 years based on the amount of NHTF investment in the unit.

In any fiscal year that total NHTF funding is less than \$1 billion nationally, 100 percent of each state's allocation must benefit households at or below 30 percent of the area median income or households below the poverty line, whichever is greater. Should national NHTF funding equal or exceed \$1 billion, at least 75 percent must benefit households at or below 30 percent of the area median income or below the poverty line, whichever is greater. Any NHTF funding not used for ELI households must be used for VLI households. In 2016, HUD determined the total amount of the trust fund to be approximately \$174 million. South Carolina has been allocated \$3,000,000 for the initial National Housing Trust Fund program year.

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

According to the Interim Rule, this NHTF Allocation Plan must include application requirements and criteria for the selection of recipients and applications which meet required funding priorities such as the following:

1. Geographic Diversity
2. Applicant Capacity
3. Project-Based Rental Assistance
4. Duration of Affordability Period
5. Priority Housing Needs of the State
6. Leveraging
7. Eligible Activities
8. Eligible Recipients
9. Performance Goals and Benchmarks
10. Rehabilitation Standards

NHTF STRATEGIC PLAN/ACTION PLAN REQUIREMENTS

The Authority will administer the NHTF Program in a manner that will address the needs of extremely low-income households which include homeless families, special needs groups, rural areas, as well as those areas with limited housing that may be referenced in the Consolidated Plan.

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

1. Improve affordable housing opportunities statewide, particularly rental housing.
2. Support of transitional and supportive housing facilities for people with disabilities, HIV/AIDS, and other special needs.
3. Preservation of affordable housing.
4. Identify additional sources for rental assistance.
5. Homeless prevention and rapid re-housing for those finding themselves homeless.

The Authority has encouraged the general public to help determine the appropriate use of the NHTF funding by conducting public hearings. Comments submitted on the Authority's Plan during the public comment period have been incorporated, as applicable, into the Plan which will help ensure that the activities proposed in the Plan are consistent with the priorities contained in the State's Consolidated Plan.

Rental Housing Activity:

The NHTF rental activity will impact the living conditions of South Carolinians who need quality affordable rental housing. In an effort to ensure project feasibility, rental options are designed to enhance and compliment other rental housing programs, such as (this list is not all inclusive):

- SC Housing Trust Fund (HTF)
- HOME Investment Partnerships Program (HOME)
- Low Income Housing Tax Credit (LIHTC)
- Tax Exempt Bond Program (TEB)
- Federal Home Loan Bank's Affordable Housing Program (AHP)
- Community Development Block Grant (CDBG)
- Community Loan Banks
- NSP Revolving Loan Fund
- USDA Rural Housing

NHTF funds may be used for the production or preservation of non-luxury, affordable rental housing with suitable amenities through:

- Acquisition with Rehabilitation
- New Construction
- Reconstruction or
- Rehabilitation

THRESHOLD PARTICIPATION CRITERIA

1. **Geographic Diversity** –Priority funding must be based on geographic diversity as defined by a state’s consolidated plan. According to the 2016-2020 South Carolina State Consolidated Plan for Housing and Community Development, there are no specified geographic priorities or regional targeting of funds as it pertains to HUD programs.
2. **Applicant/Recipient Capacity**
 - a. An eligible recipient must have familiarity and understanding of Federal, state, and local housing programs to ensure compliance with all applicable program requirements and regulations. Applicants must have a minimum of three (3) full time staff members, which are not volunteers, who have successfully participated in and completed Federal housing program grants. Successful Applicants must have a designated Program Administrator on staff that will be responsible for the coordination of any project (i.e. project implementation through project completion).
 - b. An eligible recipient must have demonstrated experience and capacity to conduct an eligible NHTF activity as evidenced by the ability to own, construct, or rehabilitate, **AND** manage and operate an affordable multifamily rental housing development. Applicants must have experience in the last ten (10) years of successfully developing at least two (2) multifamily rental developments of at least five (5) units each or one (1) multifamily rental development with at least eight (8) units. Successfully developing means coordinating the development team in planning, financing and constructing a development through the receipt of Certificates of Occupancy and reaching stabilized occupancy. If the Applicant has not managed such properties they may hire a management company with previous experience managing developments that adhere to strict Federal, state, or local occupancy regulations. The management company must be hired for the initial two (2) years after stabilized occupancy.
3. **Project-based Rental Assistance** - the extent to which a proposal has committed Federal, state, or local PBRA to ensure rents are affordable to ELI households. Preference will be given to those applications which include committed PBRA for a portion of the NHTF-assisted units. Applications will be awarded points based on the percentage of units in a proposal which have a contract in place for project based rental assistance committed to them. Points will be awarded ranging from 1-10; NHTF-assisted units with 1-10% of those units having a committed PBRA contract earn 1 point, 11-20% earn 2 points, 21-30% earn 3 points, etc.
4. **Duration of Affordability Period** – Preference will be given to those applications voluntarily adding five years or more to the affordability commitment beyond the required 30-year period.
5. NHTF applications must accomplish at least one of the following consolidated plan affordable housing **priority needs**:
 - a. Improve affordable housing opportunities statewide, particularly rental housing.
 - b. Support of transitional and supportive housing facilities for people with disabilities, HIV/AIDS, and other special needs.
 - c. Preservation of affordable housing.
 - d. Identify additional sources for rental assistance.
 - e. Homeless prevention and rapid re-housing.

6. **Leveraging** - commitment of non-Federal, non-Authority funding sources to the project. The appraised value of land that has been owned by the Applicant for less than one year can be used as a leveraged funding source. Points will be awarded ranging from 1 to 10; leveraged funding sources equaling 1% of TDC earns 1 point, leveraged funding sources equaling 2% of TDC earns 2 points, etc.
7. **Eligible Activities** - New Construction, Acquisition with Rehabilitation, Rehabilitation, or Reconstruction for site-specific rental housing.
8. **Eligible Recipients** - Organizations, agencies, or other entities (including a public housing agency, or a for-profit entity or a nonprofit entity) that receive NHTF funding as an owner or developer to undertake and carryout an eligible project, meet all threshold requirements, and certify that NHTF-assisted housing units will comply with all NHTF requirements are eligible recipients.
9. **Performance Goals and Benchmarks** – NHTF funds will be used to increase the number of rental units that are affordable to households at or below 30 percent of the area median income or households below the poverty line, whichever is greater. The Authority’s goal is to preserve or increase the affordable housing stock for such households by 20 units.
10. **Rehabilitation Standards** – The Authority requires a minimum of \$10,000 per unit in hard construction costs with at least fifty percent (50%) of the hard construction costs attributed to interior unit costs for all rehabilitation projects. Properties served with NHTF funds for rehabilitation activities must comply with written standards and specifications developed by the Authority and outlined in this plan, as well as *all State and local standards, codes, ordinances, and zoning requirements* by project completion. In cases where standards differ, the most restrictive standard will apply. In the absence of a standard, the International Residential Code or International Building Code of the International Code Council will apply.
 - a. **Health and Safety** - Properties must meet local housing habitability or quality standards throughout the effective affordability period. If no such standards exist, HUD’s *Uniform Physical Conditions Standards (UPCS)*, as set forth in 24 CFR 5.705, will apply (attached).
 - b. **Major Systems**
 - i. The remaining “useful life” of major systems in rehabilitation projects with one (1) to twelve (12) total units must be estimated and reported as of “project completion” by the project architect or engineer.
 1. Should the useful life of one or more major system(s) be less than the project’s affordability period (i.e. less than 30 years; or more depending on the applicant’s chosen affordability period), the system(s) must be included in the scope of work if less than eight (8) years old; sufficient replacement reserves must be established to adequately repair or replace all other systems as needed.
 2. If the project is awarded NHTF funds, the Authority will conduct an initial property inspection to identify and verify all operating major systems. Following is a list of major systems as defined by the NHTF Interim Rule:
 - a. Structural Support
 - b. Roofing
 - c. Cladding and Weatherproofing (e.g., windows, doors, siding, gutters)
 - d. Plumbing
 - e. Electrical
 - f. Heating, Ventilation, and Air Conditioning

- ii. Physical/Capital Needs Assessment (PNA) - All rehabilitation projects with a total of 13 units or more, must submit a PNA report prepared and certified by a third party independent licensed engineer or architect.
 1. The PNA report must state that one hundred percent (100%) of the units were inspected and provide information unit by unit. **If the PNA report does not reflect that one hundred percent (100%) of the units were inspected then the proposed development will be eliminated from further funding consideration.**
 2. Any mandatory items, as outlined in this manual, replaced on or after January 1, 2009, are not required to be replaced as part of the rehabilitation. The PNA report must include a unit-by-unit listing of all mandatory items replaced on or after January 1, 2009.
 3. The report must include a comprehensive list of the immediate necessary repairs and their costs. Additionally, the remaining “useful life” of major systems as listed above in 10.b.i.2. must be estimated. Major systems that have been replaced within the past eight (8) years are not allowable rehabilitation expenditure items for meeting the \$10,000 in hard construction costs per unit requirement.
 4. All appliances eight (8) years and older, to include range, refrigerator, dishwasher, and hot water heater, must be replaced.
 5. The PNA report must also address the overall structural integrity of each existing building(s).
 6. Adaptive reuse developments are not required to submit a PNA report.
 7. If the project is awarded NHTF funds, the Authority will conduct an initial property inspection to identify and verify deficiencies addressed in the PNA.
 8. **Exhibit R - PNA Certification Form** - must be submitted with the PNA report. The hard construction costs per unit indicated in the NHTF application must be greater than or equal to the hard construction costs indicated on **Exhibit R**.
- c. Lead-Based Paint – (24 CFR Part 35) NHTF-assisted projects are subject to compliance with Lead-Based Paint Regulations. Effective September 15, 2000, the U.S. Department of Housing and Urban Development (HUD) issued a new regulation designed to protect young children from lead-based paint hazards in housing that is financially assisted by the federal government or being sold by the government. The regulation, “Requirements for Notifications, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance,” was published in the Federal Register on September 15, 1999. The requirements apply to housing built before 1978; the year lead-based paint was banned nationwide for consumer use. The regulation sets hazard reduction requirements that give a much greater emphasis than previous regulations to reducing lead in house dust. The regulation requires dust testing after paint is disturbed to make sure the home is lead-safe. Specific requirements depend on whether the housing is being disposed of or assisted by the federal government, and also on the type and amount of financial assistance, the age of the structure, and whether the dwelling is rental or owner-occupied. All Applicants proposing projects subject to the Lead- Based Paint requirements must provide a lead based paint evaluation and include the costs for the lead hazard reduction in the application cost estimate.
 - i. Types of Housing Covered:
 1. Federally-owned housing being sold
 2. Housing receiving a federal subsidy that is associated with the property, rather than with the occupants (project-based assistance)
 3. Public housing

4. Housing occupied by a family (with a young child) receiving tenant-based subsidy (such as a voucher or certificate)
 5. Multifamily housing for which mortgage insurance is being sought
 6. Housing receiving federal assistance for rehabilitation, reducing homelessness, and other special needs
- ii. Types of Housing Not Covered:
1. Housing built since January 1, 1978, when lead paint was banned for residential use
 2. Housing exclusively for the elderly or people with disabilities, unless a child under age 6 is expected to reside there
 3. Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barrack
 4. Property that has been found to be free of lead-based paint by a certified lead-based paint inspector
 5. Property where all lead-based paint has been removed
 6. Unoccupied housing that will remain vacant until it is demolished
 7. Non-residential property
 8. Any rehabilitation of housing improvement that does not disturb a painted surface
- d. **Accessibility** – (Section 504) Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities in the operation of programs receiving Federal financial assistance. HUD regulations implementing Section 504 contain accessibility requirements for new construction and rehabilitation of housing as well as requirements for ensuring that the programs themselves are operated in a manner that is accessible to and usable by persons with disabilities.
- i. Rehabilitation projects with fifteen (15) or more units and rehabilitation costs that will be seventy-five percent (75%) or more of the replacement costs of the completed facility must have a minimum of five percent (5%) of the units accessible to individuals with mobility impairments AND an additional two percent (2%) of the units accessible to individuals with sensory impairments.
 - ii. New Construction projects with five (5) or more units must have a minimum of five percent (5%) of the units accessible to individuals with mobility impairments AND an additional two percent (2%) of the units accessible to individuals with sensory impairments.
- e. **Disaster Mitigation** - Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g. earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.
- f. **Authority Rehabilitation Standards** – Any of the following mandatory items which have been replaced on or after January 1, 2009 are not required to be replaced as part of the project rehabilitation.
- i. Replace and install new flooring in each unit. At a minimum, tile must be VCT or better.
 - ii. Entire unit (all rooms and ceilings) must be repainted.
 - iii. New bathroom fixtures must be installed to include the following:
 1. New tub and new shower, re-glazing not allowed. Three piece surround insert is acceptable. All caulking must be replaced.
 2. Replace sink, vanity and plumbing fixtures with new. Vanity to include, at a minimum, a pull out drawer and/or storage area. All shower heads and bath faucets at 2.0 GPM or less.

3. New toilets with 1.6 gallons or less per flush.
4. Install new re-circulating exhaust fan.
5. Install new water supply valves.
- iv. New kitchen fixtures must be installed to include the following:
 1. Dual track sliding drawers.
 2. New double sink (at least 8 inches deep) and plumbing fixtures. All kitchen faucets at 2.0 GPM or less.
 3. New stove with re-circulating exhaust fan.
 4. New full size Energy Star rated refrigerator, with ice maker that is a minimum of 18 cubic feet.
 5. Install new water supply valves.
- v. New Energy Star hot water heaters with an energy factor greater than 0.61 for gas or 0.93 for electric.
- vi. Energy Star rated windows in all units.
- vii. All units wired for high speed (broadband) Internet hook-up with at least one (1) centrally located connection port or wireless computer network. All wires to be hidden.
- viii. Units with existing washer/dryer connections must replace and install new water supply fixtures and valves.
- ix. If replacing/installing HVAC systems, at a minimum, fifteen (15) SEER HVAC units must be installed.
- x. All elderly acquisition/rehabilitation projects may have more than one-story, provided that existing elevators, receiving regular maintenance, are in good working condition as of the Application submittal date and service all upper level rental units. Those projects without existing elevators will be required to install elevators.
- xi. Window blinds and exterior window screens to be replaced.
- xii. Replace all damaged and worn interior doors, jambs, frames, and hardware.
- xiii. Rehabilitation projects adding any new building foundations must submit a foundation specific soils report. The soils report and boring site plan must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring per planned building location and a minimum of one (1) soil boring at the planned paved areas of the project. 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.

11. Applicant/Recipient's Financial Capacity - A recipient must demonstrate the financial capacity necessary to undertake, complete, and manage a NHTF proposed project.

- a. Financial statements that have been compiled, reviewed or audited by an independent CPA licensed by the South Carolina Board of Accountancy must be submitted for review.
- b. Financial statements must include a balance sheet dated on or after December 31, 2015.
- c. An applicant or applicant group must have a minimum of unrestricted liquid assets of \$ 100,000 and a minimum net worth of \$ \$200,000.
 - i. The Authority defines liquid assets as cash, cash equivalents, and investments held in the name of the entities and/or persons, including cash in bank accounts, money market funds, U.S. Treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered liquid assets, including, but not limited to: 1) stock held in the applicant's own company or any closely held entity, 2) investments in retirement accounts, 3) cash or investments pledged as collateral for any liability, and 4) cash in property accounts including reserves.
 - ii. All liquid assets must be identified in the submitted financial statement.

- iii. The Authority reserves the right to verify information in the financial statements and all financial capacity statements made by applicants, lenders, accountants, and others. If false statements are found to have been made at any point in time, all entities and/or persons associated with the application may be debarred from all Authority programs for three (3) years.
12. **Financial Commitments** – An original executed letter, contract, or agreement from each funding source verifying that an NHTF Applicant has firm commitments for the project must be provided. Such a commitment must include: (a) the amount of funds being provided; (b) any conditions for receiving the funds; (c) expiration of the funds or a timeframe in which the funds must be spent; (d) whether the funds are being provided as a loan or grant; and (e) the term and interest rate, if applicable, for the funds.
13. Applicants must be in **Good Standing with all Authority and U.S. Department of Housing and Urban Development programs.**
14. A **Market Study** or **Market Study Needs Assessment Report** prepared by an Authority approved third party market study provider must be submitted with an NHTF application to ensure there is adequate demand for the proposed project. Proposals with twelve (12) or fewer units must submit a Market Study Needs Assessment Report. Applications with thirteen (13) or more units must submit a Market Study. Market assessments cannot be more than six (6) months old of application submission.
15. **Appraisal Requirements:** The Authority requires appraisals for all NHTF proposals.
 - a. An appraisal, dated no more than six (6) months prior to the date an application is signed, is required.
 - b. Appraisers must be licensed by the South Carolina Real Estate Appraisers Board on a permanent, non-temporary basis. Additionally, appraisers must have a State Certified General Real Property Appraiser’s license or State Certified Residential Real Property Appraiser’s license, whichever is appropriate for the property being appraised.
 - c. Appraisers must identify the Authority as an authorized user of the appraisal, noting that the Authority may rely on the representations made therein. Additionally, the Authority reserves the right to convey a copy of the appraisal to third parties, assigns and pertinent parties involved in the contemplated allocation of tax credits.
 - d. Appraisals must be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation and with title XI of the Federal Finance Reform, Recovery and Enforcement Act of 1989 (FIRREA).
 - e. For rehabilitation developments, appraisals must represent the income approach. For new construction developments, containing only vacant land, appraisals must use the market data approach.
 - f. Comparable properties must be located in the proposal’s sub-market. If an appraiser chooses comparable properties outside of the sub-market, the appraiser must also include a detailed description of every comparable located closer to the proposal and a list detailing why each was not chosen as a comparable. Regardless, comparable must be located in the proposal’s home county or in extreme instances, an adjacent county.
 - g. If the appraisal does not substantiate the purchase price submitted in the NHTF application the Authority may decrease the amount proposed in the application to match the appraised value. Developments not meeting minimum underwriting requirements or found to be financially infeasible as a result of this reduction will be disqualified.

h. If the Authority deems the appraised value of a proposal to be unusual or excessive, a separate appraiser will be hired by the Authority, at the applicant's expense, to prepare a second appraisal.

16. **Relocation Requirements** - All NHTF-assisted units are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Applications including the permanent relocation of tenants **will not be accepted**. Temporary relocation is allowed with the submission of a step-by-step Relocation Plan for the tenants as well as a detailed relocation costs budget.

17. Applicants for NHTF funding must have **Site Control** of any proposed site.

- a. For all projects requesting NHTF funds, the following language **must be** included in any purchase option, purchase contract, or long term lease or included as an executed addendum attached to one of these documents and dated on or before April 4, 2016, "Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to NHTF 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."
- b. *Notice to Seller for the Acquisition of Property with Federal Funds* is required. It must be initiated at the time of the option or contract and must be submitted with the application.

18. Letter from the City/County verifying that a site as existing is **appropriately zoned** and allowed for a proposed development.

FINANCIAL TERMS and CONDITIONS

The Authority will make at least **\$2,700,000** in NHTF funds available for the 2016 Program Year.

1. Terms and conditions are as follows:
 - a. The total maximum award amount per project is up to \$700,000.
 - b. Funds may be awarded as follows based on the financial structure of the proposed application:
 - i. A thirty (30) year forgivable loan;
 - ii. A thirty (30) year deferred repayable one half percent (.5%) loan; or
 - iii. A thirty (30) year repayable loan at 0%.
2. The maximum per-unit development subsidy limits have been established by the Authority as directed by the NHTF Interim Final Rule. The limits are adjusted for the number of bedrooms and the geographic location of the NHTF-assisted unit(s).
 - a. The limits must be reasonable and based on actual costs of developing non-luxury housing.

# of Bedrooms	Low County Region	Midlands Region	Upstate Region
0 Bedroom/Efficiency	132,096	131,803	137,416
1 Bedroom	133,486	133,190	138,862
2 Bedroom	134,877	134,578	140,309
3 Bedroom	139,048	138,740	144,648
4 Bedroom	144,610	144,290	150,434

- b. The geographic locations have been defined as the following:
 - i. Low Country Region - Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Horry, Jasper, and Williamsburg.
 - ii. Midlands Region - Aiken, Allendale, Bamberg, Barnwell, Calhoun, Chesterfield, Clarendon, Darlington, Dillon, Edgefield, Fairfield, Florence, Greenwood, Hampton, Kershaw, Lee, Lexington, Marion, Marlboro, McCormick, Newberry, Orangeburg, Richland, Saluda, and Sumter.
 - iii. Upstate Region - Abbeville, Anderson, Cherokee, Chester, Greenville, Lancaster, Laurens, Oconee, Pickens, Spartanburg, Union, and York.
3. The affordability period requirements will be enforced through a recorded Restrictive Covenant.
4. NHTF funds are secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage.
5. The project's initial Debt Coverage Ratio (DCR) shall not be less than 1.20.
6. All NHTF loans will be underwritten to ensure there will be cash flow sufficient to cover debt service for the entire 30-year affordability period.
7. The Authority will only allow the NHTF loan to be subordinated to a conventional lender.
8. Eligible expenses include -
 - a. Site improvements
 - b. Development hard costs
 - c. Related soft costs
 - d. Demolition
 - e. Financing costs
 - f. Relocation Assistance
 - g. Acquisition costs of acquiring improved or unimproved real property limited to appraised value.

MANDATORY DESIGN CRITERIA

ALL Project Types:

1. Window coverings for each window, including glass doors, must be installed. Metal blinds are not permitted.
2. All kitchen and bathroom interior cabinets must be solid wood or wood/plastic veneer products with dual slide tracks on drawers. New cabinets must have solid wood dual sidetrack drawers and no laminate or particleboard fronts for doors or drawer fronts. Cabinets shall meet the ANSI/KCMA A1 61.1 performance and construction standard for kitchen and vanity cabinets. Cabinets shall bear the certification seal of KCMA (Kitchen Cabinet Manufacturers Association).
3. All entry doors must be metal-clad wood, steel or fiberglass doors that are insulated, paneled, and have a peephole. Deadbolt locks are required in entry doors. Dead bolt locks on entry doors should have "thumb latch" on interior side. Double keyed dead bolt locks are prohibited. The minimum clear width of all exterior doors shall be 34 inches.

4. All doors must be side hinged except for bi-fold and sliding doors in place at existing older persons or elderly projects as long as they are functioning properly. Existing family projects must replace all bi-fold and sliding doors with hinged doors.
5. All retention and/or detention ponds must be fenced in unless a letter is provided from the Department of Health and Environmental Control (DHEC) that a fence is not required. The storm water retention/detention basin design, maintenance and management shall be the sole responsibility of the owner/developer and shall be in strict accordance with all applicable federal, state, local and environmental regulations governing storm water retention/detention basins.
6. A new project sign at the entrance(s) to the complex affixed with a Fair Housing logo. Existing signs in good condition may be allowed based on an Authority inspection.
7. Exterior lighting fixtures at all entry doors including individual units, community buildings and common areas within the building(s). The fixtures at the individual apartment units are to be controlled from the interior of the unit.
8. Enclosed trash dumpsters and/or compactors if proposed for the project. The dumpster must be enclosed by solid fencing on at least three sides. The pad and approach pad to the dumpster must be concrete and not asphalt. The trash dumpster/compactor must be ADA accessible and located on an ADA accessible route.
9. Roofing materials shall be anti-fungal shingles with a minimum 25-year warranty.
10. The following Energy Star appliance must be provided in each unit: Full sized refrigerator-freezer, with ice maker, having a minimum size of fourteen (14) cubic feet.
11. At a minimum, fifteen (15) SEER HVAC units must be installed. All refrigeration lines must be insulated. All projects must have central heat and air. Window units are not allowed for any development type.
12. Each unit must be equipped with a 5 lb. ABC rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units.
13. Wall switch controlled Energy Star rated overhead lighting is required in all rooms.
14. Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. Rehabilitation projects must meet the Radon Mitigation Standards as required by the Environmental Protection Agency.
15. Metal flashing or 20 mil polyethylene when used in conjunction with a self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.
16. Mailboxes, playground and all exterior project amenities must be ADA accessible.
17. Exterior wall insulation must have an overall R-11 minimum for the entire wall assembly and roof or attic insulation must have an R-30 rating minimum.
18. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All shower units without a tub must have minimum dimensions of 30-inch width by 48-inch length (ADA approved shower). All tubs in designated handicap accessible units must come complete with "factory-installed grab bars".
19. Mirror length must extend to top of vanity backsplash with top of mirror a minimum of 6'-0" above finish floor. Framed decorative mirrors or medicine cabinets with mirrors are allowed with a minimum size of 14" x 24" and must be hung with the top of mirror a minimum of 6'-0" above finish floor. Vanity cabinets or a medicine cabinet shall be provided in all units. All cabinets in designated handicap accessible units must be installed at ADA mounting heights.
20. Water heaters must be placed in drain pans with drain piping plumbed to disposal point as per the latest approved addition of the International Plumbing Code.
21. Pipe all Water Heater Temperature & Pressure (T&P) relief valve discharges to disposal point as per the latest approved edition of the International Plumbing Code.
22. Exterior shutters (new not recycled) are required on all 100% vinyl siding buildings. Only existing rehabilitation projects may have 100% vinyl building exteriors.
23. Roof gable vents must be made of aluminum or vinyl materials.

24. All attics must be vented.
25. Carpet and Resilient flooring materials must meet minimum FHA standards.
26. Each bedroom and hallway, etc. must have, as required by Code (local, state or Federal) a hard-wired battery back-up smoke detector.
27. A carbon monoxide detector must be installed in each unit with gas mechanical systems or gas appliances. Units with an attached garage must also have a carbon monoxide detector installed. A combination unit smoke detector and carbon monoxide detector can be used to meet this requirement.
28. Pre-finished fascia and soffits must be vinyl covered aluminum and/or perforated cementitious panels with vents.
29. Gutter and downspout systems complete with splash blocks will be supplied surrounding all multi-story residential buildings but will not be required for single story buildings.
30. At a minimum, all projects must meet the 2006 International Energy Conservation Code.

ALL New Construction Projects:

1. All units must be equipped with an energy efficient rated hot water heater with energy factor of 0.61 for gas or 0.93 for electric and will have manufacturer’s data sheet submitted with the plans.
2. All units must have an Energy Star rated HVAC system and will have manufacturer’s data sheet submitted with plans.
3. All HVAC air handlers and hot water heaters must be contained within the unit/building. These may not be located in the attic or crawl space.
4. All units must have Energy Star rated windows and will have manufacturer’s data sheet submitted with plans.
5. Lighting must be in all common area corridors, stairwells, and the community room. Interior light fixtures to be fitted with Energy Star light bulbs.
6. Low flow water saving features must be used; low flow showerheads, low flow kitchen and bathroom faucets, and low flow toilets and will have manufacturer’s data sheet submitted with plans.
7. Washer/dryer hookups in all units. Hookups for stackable washer and dryers may only be installed in older persons and elderly units.
8. All units pre-wired for cable television hook-ups in the living room and one (1) per bedroom.
9. Units with three (3) or more bedrooms must have a minimum of one (1) full bathroom and one (1) three-quarter bathroom. **Bathrooms are defined as follows: ½ bathroom contains a toilet and vanity with sink; ¾ bathroom contains a toilet, vanity with sink, and a shower; and a full bathroom contains a toilet, vanity with sink, and a tub/shower combination. ADA units ONLY may have a roll in shower.**
10. The minimum bedroom size for all bedrooms must be a minimum 120 square feet. The minimum bedroom square footage excludes the closet space.
11. The minimum square footage per unit based on the number of bedrooms per unit must be as listed below. All of the units in the project must meet the minimum square footage per unit. The Authority considers the square footage of an individual unit to be the usable living space measured from the interior wall to interior wall.

# of Bedrooms per Unit	# of Bathrooms per Unit	Minimum Sq. Ft. Per Unit
0 Bedroom/Efficiency	One (1) Full	550
1 Bedroom	One (1) Full	750
2 Bedroom	One (1) Full	950
3 Bedroom	One (1) Full & One (1) Three-Quarter (3/4)	1,100
4 Bedroom	One (1) Full & One (1) Three-Quarter (3/4)	1,250

12. All elderly projects will be one-story structures, or if greater than one story, all stories will be accessible by elevators.

13. All sidewalks and walkways shall be a minimum of 36" in width and made of concrete and shall provide access to all parking spaces, front entryway doors, common amenities and driveways and shall be ADA compliant. Where ADA accessible routes, walkways, etc. are required within the development, clearly marked ramps, crosswalks, signage, etc. shall be furnished in accordance with ADA regulations.
14. Sliding glass doors are prohibited.
15. Water closets must be centered, at a minimum, 18 inches from sidewalls, vanity/lavatories and bath tubs.
16. Public use stairway components, such as stringers, treads, and risers must be constructed from steel or concrete. Handrails and pickets must be constructed from steel or aluminum.
17. Patio and porch/balcony components used as part of the building shall have concrete slabs or decks (may use TEK Polymer) and must be constructed so that no wood is exposed. Concealment shall be with materials such as aluminum or vinyl siding or cementitious materials. Structural wood columns shall be at a minimum 6" x 6" pressure treated columns concealed as noted above with properly sized fiberglass, high density urethane or aluminum columns. Columns must be installed on metal brackets/clips to prevent water seepage into the columns. Decorative rails and/or guard rail systems used at porches and patios shall be code compliant systems of vinyl, fiberglass or metal. Wood railings are not allowed.
18. Wall Framing: Sound proofing or sound batt insulation is required between the studs framing in party walls. A sound rating of STC 54 is required.
19. Fluorescent lighting is required in the kitchen.
20. All buildings must be minimum 20% brick/stone veneer. The remaining exterior of the buildings may be fiber cement and/or hardiplank. The exterior of the building is defined as the exterior façade from finished grade elevation to eave line. All exterior wall faces must have an excess of brick/stone veneer based on the percentages selected above. This is applicable to all sides of all the buildings. On all exterior walls the brick/stone veneer must extend above all areas of grass, landscaping and other areas of soil or mulch.
21. All new construction projects must submit a complete site specific soils report and boring site plan at the time of submission of final plans and specifications, bound within the project specifications. The soils report and boring site plan must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring per planned building location and a minimum of one (1) soil boring at the planned paved area of the project. 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.

ALL Single Family and Townhouse Projects:

1. For single family detached, duplex, triplex, and quadraplex projects, the Authority will allow:
 - a. New construction units - up to two (2) bedrooms must have one full bathroom; three or more bedroom units must have one (1) full bathroom and one (1) three-quarter (3/4) bathroom.
 - b. Rehabilitation units – up to three (3) bedrooms must have one (1) full bathroom; four (4) or more bedrooms must have two (2) full bathrooms.
2. All townhouse developments regardless if new construction or rehabilitation must contain a minimum of two (2) bedrooms and one and one-half bathroom. At a minimum, a half bathroom must be located on the first floor. Townhouses may not be developed when targeting elderly populations.
3. Projects must have concrete driveways, curbing at street and front entry walkways. In the case of new infill scattered site projects, drainage swales will be allowed along the front (street side) in lieu of curbing at the street.
4. All new construction projects must have a washer and dryer hookup in each unit. Hookups for stackable washer and dryers may only be installed in older persons and elderly units.
5. All HVAC and hot water heaters must be contained within the unit/building. These may not be located in the attic or crawl space.

REGULATORY AND/OR PROGRAMMATIC GUIDELINES

1. Site & Neighborhood Standards

Housing provided through the NHTF program must promote greater choice of housing opportunities.

- a. All NHTF-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d), Title VIII of the Civil Rights Act of 1968, as amended “The Fair Housing Act” (42 U.S.C. 3601) and Equal Opportunity in Housing (Executive Order 11063).
- b. Sites proposed for new construction developments or rehabilitation that includes increasing the number of units in an existing development must:
 1. be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
 2. have utilities available and have adequate streets to service the site;
 3. not be located in areas of minority concentration or in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents
 - i. Minority concentration, for purposes of this section, shall be defined as census tracts where the percentage of the total minority population and/or the population of any minority group listed below is greater than or equal to twenty percentage points higher than the population of the same group for the State as a whole. Those proposals which are located in a census track where the percentage of the total minority population and/or the population of a minority group is greater than or equal to the percentages listed below are deemed areas of minority concentration:

Minority Group	Statewide	Equal To or Greater Than
Total Minority Population	33.8 %	33.8 + 20 = 53.8 %
Black or African American	27.9 %	27.9 + 20 = 47.9 %
American Indian and Alaska Native	0.4 %	0.4 + 20 = 20.4 %
Asian	1.3 %	1.3 + 20 = 21.3 %
Native Hawaiian and Other Pacific Islander	0.1 %	0.1 + 20 = 20.1 %
Hispanic or Latino	5.1 %	5.1 + 20 = 25.1 %

Source: U.S. Census Bureau, 2010 Census

To determine whether a project is located in an area of minority concentration, the Authority will use the 2010 U.S. Census Bureau data for the census track where the project is located:

- A. Go to www.factfinder.census.gov Click on “Advanced Search;” the option “Show me all” will appear - click that box.
- B. Click on the “Geographies” box from the choices on the left hand side of the page.
- C. From the *Select Geographies* box that appears, see the second bullet “Select a geographic type” drop-down box; choose “Census Tract – 140.” A new pull down box will appear.
- D. From the “Select a State” option, select “South Carolina” and the corresponding county and Census Tract for which your site is located.
- E. Once you have selected your Census Tract, click the gray “Add to your selection” button at the bottom of the page. Close the *Select Geographies* box by selecting the “X” in the upper right hand corner.
- F. Next to “Refine your search results,” type in topic or table name “QT-P6.” Two

options will appear below the box once you have typed in the report number. Select the report related to “2010.” Click on the gray box to the right labeled “Go.”

- G. A list of only one report should appear that reads “Race Alone or in Combination.” Click the check box next to this option; click on the table title itself to be taken to the report. You may also click on “View” or “Download” to see the report.
- ii. The two available exceptions to the prohibition against being located in an area of “minority concentration” as defined above are identified in 24 CFR 983.57(e)(3). They include:
1. The project is necessary to meet overriding housing needs that cannot be met in the housing market area.
 - To meet this exception, the overriding housing need must not be caused by the fact that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable. For example, the site is integral to the overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”).
 2. Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration.
 - To meet this exception, units may be considered comparable opportunities if they have the same household type (elderly, disabled, family, large family) and occupant type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition. Additionally, there must be an assessment of the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration which must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:
 - a significant number of assisted housing units are available outside areas of minority concentration;
 - significant integration of assisted housing projects constructed or rehabilitated in the past 10 years relative to the racial mix of the eligible population;
 - whether there are racially integrated neighborhoods in the locality;
 - programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration;
 - minority families have benefited from local activities (*e.g.*, acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration;
 - a significant proportion of minority households have been successful in finding units in non-minority areas under the tenant-based assistance programs; and
 - comparable housing opportunities have been made available outside areas of minority concentration through other programs.

Units produced under this exception should produce a reasonable distribution of assisted units each year that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in

relation to the racial mix of the locality's population.

- iii. Should a proposal be located in an area of minority concentration but is eligible for an exception, the applicant must provide the Authority with an opinion letter that adequately addresses which exception applies and why. The Authority will allow information gained from discussions with city/county officials to be part of the letter if clearly relevant to one of the listed exceptions. Documentation should be attached in support of the letter. For example, if a development is located in a designated "Revitalization Area," documentation evidencing the designation must be included. **Exhibit 4** provides a sample letter for use by applicants.
4. promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
5. not be one which is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.
6. be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents;
7. except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.
- c. If the Authority determines any detrimental site characteristics exist on, adjacent to, or within unallowable distances from the site, the Authority may reject the application.
- d. Complete and submit a Site and Neighborhood Standards Certification (Form M-40).

5. **Income Targeting**

1. NHTF-assisted units are to be rented to extremely low-income tenants. Such tenants are those households with incomes at or below 30% AMI or the federal poverty line, whichever is greater. In South Carolina, that determination will be dependent upon the county. HUD publishes 30% income limits annually; the federal government computes the federal poverty level annually as well. These limits will be posted on the Authority's website annually as available.
2. An Applicant must determine that each potential tenant (individual or family) is income eligible by determining the family's anticipated annual income.
 - a. Income must be examined and verified by using third party source documents evidencing annual income (e.g., wage statement, interest statement, and unemployment compensation statement) for the family.

6. **Rent Levels**

1. Rents for NHTF-assisted units are determined on an annual basis and are restricted for the entire affordability period (30 or more years).
2. HUD will publish NHTF rent limits on an annual basis. These limits will be posted on the Authority's website annually as available.
3. Rents will include all applicable utilities. Utilities paid by tenants must be subtracted from the rents to determine the maximum allowable rent. Rents may increase or decrease from year to year.
4. Rents are not necessarily representative of current market conditions for projects.

7. **Fixed & Floating Units**

A recipient must elect "fixed" or "floating" unit designations at the time of application:

1. Fixed units - specific units are designated as NHTF-assisted units and therefore, subject to NHTF rent and occupancy requirements. The designated units never change.

2. Floating units - units are designated as NHTF=assisted and these units may change or float over time as long as the total number of assisted units in the project remain constant and remain comparable in size, features, and number of bedrooms.

8. **Tenant Selection Procedures**

Must be a formal written document that contains policies and criteria on how tenant selections are made. The document must:

1. Be consistent with the purpose of providing housing for very low and low-income families;
2. Be reasonable but adhere to NHTF Program eligibility and acceptance requirements;
3. Give consideration to housing needs of families with federal preferences for admission to Section 8 and public housing;
4. Detail that tenants will be selected in chronological order from a written waiting list;
5. Establish a policy which ensures prompt written notification will be given should a tenant be rejected and the grounds for such rejection.

9. **Construction & Procurement**

1. New construction projects must submit detailed 11" x 17" preliminary plans and specifications.
2. Applicants must ensure that every entity awarded a contract to be paid for with NHTF funds is not on the list of Parties Excluded from Federal Procurement or Non-Procurement Programs as published by the U. S. General Services Administration and HUD Regional and Field Offices' Limited Denials of Participation lists.
3. Applicants must have completed an environmental review before executing a construction contract, starting construction, or taking any physical actions on a site.
4. If the proposed project is already underway, all work must cease immediately once the application for NHTF funds has been made. No work or choice limiting actions may occur after the application submission date. Work may only recommence after an environmental review has been completed. Projects already underway are only eligible if they were started without the intent of using Federal assistance.
5. **Procurement must be performed using a competitive sealed bid process when costs exceed \$150,000.** Applicants must have an established procurement policy that is submitted as part of the NHTF application that describes compliance with:
 - a. Applicable state, local laws and regulations, along with Federal regulations 24 CFR 85.36;
 - b. Regulations of Section 3, MBE/WBE, Minority Outreach requirements and Federal Labor Standards, if applicable;
 - c. A competitive sealed bid process;
 - i. **A minimum of three bids**
 - ii. Bids from general contractors who are licensed in the State of South Carolina.
 - iii. Bids submitted with line item costs.
 - iv. Acceptable bids no more than 10% higher or lower than the independent cost analysis or the work write-up approved by the Authority, maintaining and following the written procurement policies approved during the application approval process.
 - d. Procurement transactions conducted in a manner to provide, to the maximum extent practical, open and free competition.
 - e. Recipient alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.
 - f. Solicitations that clearly set forth all requirements that the bidder shall fulfill in order for the bid to be evaluated by the recipient. Bidders must be informed of all the federal requirements the project will be subject to.

- g. Contracts entered into only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.
- h. In circumstances where the NHTF award recipient is also the owner, and wishes to act as the general contractor, the recipient must request approval in writing, and then complete the *Identity of Interest Certification*. Recipients with an Identity of Interest relationship must still adhere to all applicable procurement requirements when awarding subcontracts.
- i. **Any exception to the above items must be approved in writing by the Authority.**

10. Payment & Performance Bond

- 1. When a contract exceeds \$150,000, Applicants drawing NHTF funds during construction are required to provide either:
 - a. A *Direct Pay Irrevocable Letter of Credit*, or
 - b. A *Payment and Performance Bond*.
- 2. Acceptable letters of credit must be payable directly to the SC State Housing Finance & Development Authority in an amount equal to the total construction contract.
- 3. All letters of credit will be reviewed to limit the Authority's liability.
- 4. A Payment and Performance Bond must be in an amount equal to the total construction contract.

11. NHTF Environmental Provisions

All NHTF Environmental Provisions under the NHTF Property Standards at 24 CFR § 93.301(f) for new construction and rehabilitation must be met at the time of project completion. The property standards are similar to HUD's Environmental Regulations at 24 CFR Parts 50 and 58. If a project cannot meet the property standards as described in the interim final rule, the project cannot be funded by NHTF. For example, if a project will impact a wetland, it cannot be funded by NHTF. It is possible to fund projects that do not meet NHTF Environmental Provisions with other HUD funds after completion of a Part 50 or 58 environmental review.

- 1. The Authority will commission environmental consultants to prepare environmental reviews for all applications.
- 2. NHTF funds will **not** be awarded to projects which require mitigation of any hazardous materials, other than lead-based paint and/or asbestos, found on, within, or adjacent to the proposed site(s).

- 12. Awarded applicants that will meet the NHTF Environmental Provisions and can determine such prior to construction, will receive a NHTF **Funding Agreement**. The Funding Agreement will contain deadlines for committing and expending NHTF funds as well as deadlines for providing other required documentation.

13. Section 3

- 1. Section 3 requirements apply to the following NHTF-assisted projects:
 - a. Projects assisted with HUD funds for construction and rehabilitation activities in excess of \$200,000
 - b. Contracts and subcontracts exceeding \$100,000 that were awarded in connection with projects assisted with HUD funds for construction and rehabilitation activities in excess of \$200,000.
- 2. If a new construction or rehabilitation project is assisted with any HUD program funds in excess of \$200,000 but no single contractor or subcontractor is awarded more than \$100,000 in association with the project then only the organization that directly received the NHTF assistance is subject to comply with the Section 3 requirements concerning training, employment and contracting activities.

3. If there are contracts and subcontracts awarded in conjunction with the Section 3 applicable project, then Section 3 requirements apply to the organization that directly received the NHTF funds and all the contracts and subcontracts for work awarded in connection with the NHTF project that are in excess of \$100,000.
4. These include all contracts and subcontracts awarded in excess of \$100,000, even those not funded with NHTF funds and those that are for non-construction related activities.
5. The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended is to ensure that “the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very low income persons, particularly those who are recipients of government assistance for housing.”
6. To the greatest extent feasible, NHTF participants and their contractors and subcontractors must provide opportunities for job training, employment, contracting and subcontracting to Section 3 residents and businesses. See 24 CFR Part 135 for regulations enacted in furtherance of Section 3.
7. One can refer to the HOME Construction Manual for more details.

14. Monitoring & Compliance

All projects are subject to NHTF compliance monitoring requirements. At a minimum, the owners of projects are responsible for conducting the following annually:

1. Maximum rent and utility allowances must be reviewed and recalculated annually upon the anniversary of the lease renewal date.
2. **ALL** rents must be approved on an annual basis for developments with NHTF-assisted units regardless if rents are increasing, decreasing, or staying the same. The approval process will be handled by the Compliance Monitoring Department.
3. The annual income or annual gross income of tenants in NHTF projects must be reviewed and verified each year.
4. On-site inspections for compliance with the Uniform Physical Conditions Standards (UPCS) should be conducted by the owners:
 - a. The Authority conducts periodic on-site compliance reviews throughout the affordability period to ensure compliance with NHTF rental program requirements. These reviews include, but are not limited to, occupancy requirements and property standards.
 - b. Rental projects with 10 or more NHTF units will be required to submit financial statements annually to determine the financial health of the project. Specifics will be determined upon release of guidance from HUD.

15. Terminated projects

1. A NHTF-assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and any NHTF funds invested in the project must be repaid to the Authority’s NHTF Investment Program Fund.
2. The Authority allows Applicants ninety (90) days from the date of termination to repay the NHTF funds back to the Authority or risk future eligibility for NHTF funding and debarment from Authority administered programs.

16. Stalled projects

1. Projects that do not progress as outlined in the NHTF Funding Agreement, fail to meet established deadlines and/or require extensions and/or waivers are considered stalled projects.
2. Projects not completed within three years from the date of project commitment will be terminated and all NHTF funds invested in the project must be repaid to the Authority.

17. Additional Federal Requirements

Applicants shall comply with all other federal requirements that may not be listed in this manual:

1. Affirmatively Furthering Fair Housing Final Rule at 24 C.F.R. §5.162
2. Affirmative Marketing
3. General Audit Requirements
4. Equal Opportunity and Fair Housing
5. Conflict of Interest
6. Debarment and Suspension
7. Flood Insurance and Executive Order 12372
8. Title VI Civil Rights Act - 1964 (Nondiscrimination in Federal Programs)
9. Age Discrimination Act – 1975
10. Development Act of 1968
11. Executive Orders 11625 (MBE), 12432, and 12138 (WBE)

STATE PARTICIPATING JURISDICTION CERTIFICATION

As this National Housing Trust Fund Allocation Plan is part of an amendment to the previously approved Action Plan, the South Carolina State Housing Finance and Development Authority certifies that:

All housing activities to be undertaken with National Housing Trust Funds will be consistent with the 2016-2020 South Carolina State Consolidated Plan for Housing and Community Development.



Valarie M. Williams, Executive Director

Date 8-15-2016