

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

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

Attorney - 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. The Attorney will be required to provide evidence of errors and omission insurance.

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

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

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

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

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

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

Manual - The Housing Trust Fund Emergency Repair Manual.

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

Owner-Occupied Home - A single-family unit in which the owner of the unit lives in as its principal residence.

Rehabilitation - Improvements that are being made to an existing structure.

Site-Specific - The site on which the housing unit(s) to be repaired is located.

Sponsor - An approved nonprofit organization or unit of local government.

Very Low-Income Household - A household with annual income at or below fifty percent (50%) of the median income for the area, as determined by the US Department of Housing and Urban Development, 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

The Emergency Repair (ER) activity is designed to assist very low-income homeowners in making means needed and necessary repairs to their owner-occupied homes to eliminate life, health and safety issue(s) to the occupant(s). All ER awards are subject to the HTF statutes and regulations and all other applicable Authority requirements.

In order to be classified as an emergency repair, 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 covered by existing insurance;
- If not repaired immediately, the conditions would cause further or irreparable damage;
- The **existing** heating, cooling, electrical, or plumbing systems are not functioning.

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, including rotten wood and damaged insulation. Documented water damage to ceilings and walls with water damage **may** be repaired as part of the roof repair or replacement.
- **HVAC Units:** Homes with **existing** HVAC units that are not working **may** be repaired or replaced with a new unit. It is the Sponsor's responsibility to inform beneficiaries of increased utility rates and the impact of inadequate insulation. In the case of non-existing HVAC units, an alternative method should be used (i.e. window or stand-alone units). New installation of HVAC systems will not be completed through the ER program but may be considered in the OOR program.
- **Exterior Doors and Windows:** Broken or missing windows/panes may be repaired or replaced. Windows will not be installed for weatherization.
- **Handicap Accessibility:** Installation or repair of structures **may** be allowed for disabled or handicapped beneficiaries to include: exterior ramps, handrails, accessibility to bathrooms including grab bars and wheelchair accessible showers.

- **Sewer/Septic Systems:** Existing systems that are nonfunctioning or malfunctioning **may** 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:** Exposed wiring may be repaired or replaced throughout the house. GFI's will only be replaced in the kitchen or bathroom if electrical repairs are being conducted in these rooms. Electrical upgrades are allowable when there is a safety hazard present. Each unit must have hard-wired smoke detectors with a battery back-up.
- **Floors:** Sagging floors may be repaired or replaced, including floor joists and those with holes. This may include new carpet and linoleum but only if major floor repairs resulted in the damage of such or there is an extenuating health issue.
- **Plumbing System:** Systems that are nonfunctioning or malfunctioning may be repaired or replaced.
- **Structural Integrity:** Foundation, wall, sub-flooring, roof support and other items affecting structural integrity may be repaired or replaced.
- **Porches:** All existing railings, steps and ramps should be sturdy and reliable. New installation of railings, steps and ramps may only be completed to meet ADA requirements for a handicapped or disabled beneficiary.
- **Exterior Surfaces:** Exposed surfaces should be either painted or covered in an acceptable material when the damage is a result of a primary repair.

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 Application for Designation. All nonprofits must be approved by the Authority prior to the submission of any HTF application. Applications submitted by nonprofits which 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 funds in the form of a grant. Units of Local Government may only access the funds in the form of a one percent (1%) loan with a twenty (20) year term and amortization period.

Submitting Applications:

The application must be site specific. The ER activity does **not** function as a block grant.

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

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

**SC Housing Authority
Attn: HOUSING DEVELOPMENT
HTF Emergency Repair
300-C Outlet Pointe Blvd.
Columbia, SC 29210**

- Facsimile transmissions will **NOT** be accepted.
- Incomplete applications will be **RETURNED** to the Sponsor for completion.

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

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

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

Forms

All necessary forms for applications, change orders, draws, inspections, etc. can be downloaded from 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			
Lisa Benfield Program Coordinator	(803) 896-9244	(803) 551-4952	lisa.benfield@schousing.com
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Courtney (Edelen) Smith Program Coordinator	(803) 896-9195	(803) 551-4930	courtney.smith@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
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Reginald Mack Assistant Director of Compliance	(803) 896-9302	(803) 551-4865	reginald.mack@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 as defined in their Application for Designation and as evidenced in their Charter, Articles of Incorporation or By-Laws.
2. Sponsors, together with their Related Sponsors, are limited to one (1) open OOR Block Grant award, plus a maximum of five (5) open ER's. Sponsors are considered to be Related Sponsors if they share Board members, employees and/or facilities.
3. Each project must be completed with the three (3) month **completion deadline**. The completion deadline date will be specified in the Funding Agreement and will be determined in conjunction with the information provided in the application. The Authority will not disburse funds and may revoke remaining funds awarded if the Sponsor does not commit or expend funds according to the timeframe specified in the Funding Agreement.
4. Eligible beneficiaries must be very low-income (at or below 50% percent of the area median income) households and must own and reside in their property being rehabilitated for a minimum of two **(2) years** before being eligible for funding.
5. Beneficiaries previously assisted under a separate HTF activity 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.
6. ER awards may be terminated at any time prior to the award expiration date due to documented evidence of unsatisfactory productivity.
7. Sponsors may be required to submit performance reports on projects through completion.

Application Review Process

1. The Sponsor completes and submits an application.
2. The Application Management staff reviews the application. If additional information is required, the Authority will contact the Sponsor to request that information. If the application is complete and meets all the general guidelines and eligibility requirements of the program, the Authority will order an initial inspection.
3. Once the initial inspection approval is received by the Applications Management Section , a Funding Agreement and an Agreement for Residential Repair Services will be forwarded to the Sponsor. **Work cannot begin until the Funding Agreement and Agreement for Residential Repair Services have been properly executed and returned to the Authority.**
4. Any changes to the scope or costs of the approved work write-up must be addressed by the Sponsor using the Change Order Process as outlined in this Manual.
5. When work is complete, the Sponsor may request a final inspection by submitting the following forms: Inspection Request (HTF-2A), Certification of Work Completed (HTF-2D) and the completed Draw Request for Construction Costs (HTF-4A) and Draw Request for Developer Fee (HTF-4A).

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 or the Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded.

Property Owned by Beneficiary and Deceased Person

The Sponsor must provide a 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 to the beneficiary. The deed and Deed of Distribution must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded.

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

Property Owned by Beneficiary as a Life Estate

The Sponsor must provide a deed indicating a life estate in the name of the beneficiary(ies) for whom funding is sought. The deed and Deed of Distribution must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded. 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 person(s) to whom the property transfers after the life estate ends will be required to agree to restrictive covenants, mortgages, and/or other encumbrances placed on the property.

Manufactured Housing/Mobile Homes Owned by Beneficiary:

Beneficiaries for whom funding is sought must own the manufactured housing/mobile homes and must have a 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 or the Clerk of Court in the county in which the property is located.

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.

Emergency repairs to the mobile homes can include roofing, flooring, electrical, windows and HVAC. All repairs must be needed and necessary.

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

Computing Annual Income:

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

Annual income includes, but is not limited to:

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

Zero Income

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

Rehabilitation Construction Guidelines

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

ER projects are designed to make repairs **only** for life, health and safety related issues.

Repair Prioritization:

In prioritizing the work to be performed, the Sponsor should review any health and safety issues with the house and the major systems listed below:

- **Heating and Cooling System** - A HVAC system replacement must include a review of the adequacy of the insulation, duct work and thermostat.
- **Electrical System** - A system upgrade or update may include GFI circuits in the bathrooms and kitchen (if work is being completed in those areas), as well as hard-wired smoke detectors with battery back-up.
- **Plumbing System** - To include those not working or existing.
- **Structural Integrity** - Any part of the foundation, wall, sub-flooring, roof support and other items affecting structural integrity.
- **Roofing** - Roofs that are leaking or have holes **may** be repaired or replaced to include rotten wood and damaged insulation. Include a drip edge, ridge vent, boots and painting or replacement of any trim if necessary.
- **Exterior Doors and Windows/Panes** - Those that are missing or broken. Any exterior door replacements must include updated locksets and hardware, including deadbolt and peephole.
- **Porches** - All existing railings, steps and ramps should be sturdy and reliable. New installation of railings, steps and ramps may only be completed to meet ADA requirements for handicapped or disabled beneficiaries.
- **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. This may include new carpet and linoleum but only if major floor repairs resulted in the damage of such or there are extenuating health issues.
- **Handicap Accessibility** - Installation or repair of structures must meet requirements for disabled or handicapped beneficiaries to include; exterior ramps, handrails, accessibility to bathrooms including grab bars and wheelchair accessible showers.

It is not necessary to bring the entire home up to current code, but any repairs undertaken must meet current code.

Work Write-Up:

Sponsors are required to submit itemized work write-ups for the rehabilitation of each property prior to beginning any work. Labor and material costs for each line item must be reported separately. The Sponsor must use the Authority's Work Write-Up (HTF-2B) form. The Work Write-Up **MUST** be signed by the Sponsor, Contractor and Homeowner.

The Authority will review the work write-up submitted and conduct 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.

Construction Standards:

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

- The Sponsor should perform a physical on-site repair assessment prior to the submission of an application.
- The Sponsor must contact the building code enforcement agency within the locality in which the proposed construction is to be undertaken and obtain any required permits. The agency's building inspector must review the work write-ups or plans and specifications prior to submission of the application to ensure that the Sponsor has met local requirements.
- The Sponsor must solicit and procure a **licensed general contractor or residential builder** to perform the rehabilitation work. The Sponsor must contract directly with the licensed general contractor or residential builder. If the selected licensed general contractor or residential builder chooses to employ sub-contractors, the general contractor must provide licenses for each sub-contractor involved with the project. Specialty contractors are only permitted for the limited purpose of installing an HVAC unit.
- All work must be in compliance with the International Code Series for residential, plumbing, mechanical, fuel gas, energy conservation, fire, and electrical codes. In addition all work must meet any local code restrictions.
- All work shall be performed and completed in a manner supported by the manufacturer's specifications, standard construction practices, and/or recognized building codes.
- All work performed shall be "finished" work. For example, if a door unit is specified for a bedroom then that unit shall be finished to match an existing unit whether it is stained/finished or painted. The unit shall have a lockset installed.
- All materials used shall be new, in good condition and of standard grade.
- All work regarding handicapped accessibility must meet the requirements of Section 504. Please refer to CABO/ANSI Section A117.1 for compliance requirements.

Allowable Construction Costs:

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

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

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

- Building Permit Fees & inspection fees, porta-jons and/or dumpsters; Sponsor must provide adequate documentation from the City/County issuing the permit and the businesses providing the porta-jons and/or trash dumpster at submission of the final inspection.
- 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. A signed invoice must be provided on third party letterhead.

Prohibited Costs --

- With the exception of its Developer Fee, the Sponsor may not pay any of its administrative costs with HTF funds.
- Relocation expenses of residents
- Costs associated with record keeping
- Storage Fees
- Tools and Equipment
- New Appliances
- Additions to an existing structure
- Underpinning

Changes to Project after Award:

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

If it is determined during the course of the rehabilitation work that the scope or costs associated with the work needs to be changed, the Sponsor must submit a completed, signed Change Order Request (HTF-2C) 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 Authority will communicate its decision to the Sponsor in writing.

Payments:

All payment requests for HTF must be submitted on the Authority's Request for Payment (HTF-4A) form. Interim draws are **not** permitted under the ER activity. Therefore, the Sponsor should not request payment until the project is complete. The following items must be submitted to the Authority with a payment request:

1. (HTF-2A) Request for Final Inspection
2. Adequate documentation of costs for building permits, porta-jons and/or trash dumpsters.
3. (HTF-4A) Draw Request for of Construction Costs
4. (HTF-4A) Draw Request for Payment of Developer Fee
5. (HTF-2D) Certification of Work Completed

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

Once the Sponsor receives the construction costs payment for a completed project, the Sponsor has fourteen (14) calendar days to deliver payment and obtain the signature of the contractor using the Final Payment Certification (HTF-4C) form, indicating that the contractor has received payment in full for construction work performed. The executed form must be returned to the Authority or the Nonprofit will risk debarment for a six (6) month period from all HTF activities. Upon return of the executed form to the Authority, the PC will request the check for payment of the developer fee.