



South Carolina Housing Trust Fund  
**NONPROFIT PARTICIPANT MANUAL**

300-C Outlet Pointe Blvd.  
Columbia, S.C. 29210

803.896.9001  
**SCHousing.com**



Effective July 1, 2022

# Table of Contents

<b>Housing Trust Fund Overview .....</b>	<b>2</b>
<b>Definitions .....</b>	<b>2</b>
<b>Application Process.....</b>	<b>3</b>
<b>Eligibility Requirements .....</b>	<b>3</b>
<b>Required Training for Approved Nonprofits .....</b>	<b>9</b>
<b>Suspension and Debarment .....</b>	<b>10</b>

## I. 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.

Non-profit entities can apply to participate in HTF activities via the process outlined in this manual.

## II. Definitions

**Board Chairperson/Board President** – The individual designated to lead the board of directors/trustees for an organization.

**Board of Directors (aka Board of Trustees)** - A recognized group of people who jointly oversee the activities of the organization.

**Chief Executive Officer (CEO)/Executive Director/President** – The chief officer of the organization who runs the day-to-day operations of the organization.

**Consulting Organization** - A nonprofit that has more than twelve (12) months of experience in housing development utilizing Housing Trust Fund funding that is currently an SC Housing approved HTF nonprofit.

**Housing Trust Fund (HTF)** - The South Carolina Housing Trust Fund pursuant to the S.C. Code of Laws 31-13-400 as administered by SC Housing.

**Liquid Assets** - SC Housing defines liquid assets as cash, cash equivalents, and investments held in the name of the entity(ies), 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: stock held in the applicant's own company or any closely held entity, investments in retirement accounts, cash or investments pledged as collateral for any liability, and cash in property accounts including reserves.

**Nonprofit Organization** – A corporation exempt from income tax under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended.

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

**Sponsor** - A nonprofit organization approved to participate in SC Housing Trust Fund activities.

### III. Application Process

Applications for approval to participate in HTF program activities can be submitted at any time. The Nonprofit Participation Application and required supporting documentation can be found on SC Housing's website:

[www.schousing.com/Home/SCHousingTrustFund](http://www.schousing.com/Home/SCHousingTrustFund)

Applications may only be submitted by uploading the application to SC Housing's online **Secure File Exchange** by using the following link:

<https://www.schousing.com/Home/PartnerLogin>.

SC Housing will first review submitted applications for completeness. Applicants will receive a letter of notification as to any missing or incomplete items. If the requested information is not provided within thirty (30) days, then the application will be deemed withdrawn. SC Housing will review complete applications to verify eligibility in accordance with the requirements outlined in this Manual. If clarification is needed regarding submitted materials, SC Housing will notify the applicant.

SC Housing will make best efforts to notify the applicant whether they have been deemed ineligible or have been approved to participate in the program within ten (10) business days of receiving a **complete** application. All approvals will be for a period of two (2) years, assuming there are no changes to the information submitted with the application that would deem the nonprofit Sponsor ineligible.

Once approved, the Sponsor must commit to participating in the HTF program and servicing the residents of their designated service area for the entire duration of their approval period. Newly approved Sponsors are expected to submit their first application within three (3) months of receiving their approval letter to participate in the program. A list of Nonprofits approved for participation is maintained on SC Housing's [website](#). If there is no activity from the approved Sponsor within 6 months, the Sponsor may be removed from the HTF approved nonprofit list. Sponsors must notify SC Housing of any reasons for inactivity after becoming an approved nonprofit.

### IV. Eligibility Requirements

To be eligible for participation in HTF activities, a nonprofit organization must meet

all of the following requirements:

1. Organizations must have been in existence for at least one (1) full year.
2. **Tax Exempt Status** - An organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under one of the following permissible designations under Section 501(c) of the Internal Revenue Code of 1986:
  - a. 501(c)(3) status - a charitable, nonprofit corporation; or
  - b. 501(c)(4) status - a community or civic organization

The applicant must provide one of the above designation letters from the IRS. Additionally, the applicant must provide its **most recent income tax return or IRS Form 990** (with evidence of delivery to the IRS.).

3. **Good Standing with SC Secretary of State** – The applicant must be registered as a nonprofit corporation and be in good standing with the South Carolina Secretary of State. For applicants that have not participated in the SC HTF program previously, the applicant must provide a certified copy of its Articles of Incorporation. All applicants regardless of past participation must provide a Certificate of Good Standing from the South Carolina Secretary of State. A certified copy of the Articles of Incorporation and a Certificate of Good Standing can be obtained by visiting the South Carolina Secretary of State’s web page at: [www.scsos.com](http://www.scsos.com). To search for your organization’s Certificate of Good Standing, select “Online Filings” and select “Business Entities Online” option. To search and request for the Articles of Incorporation, select the “Business Filings Document Request” Option.
4. **Mission and Defined Service Area** – The applicant must have a clear mission of developing or preserving affordable housing within a defined service area. The applicant must provide a copy of its signed and dated By-Laws. The By-Laws must include all of the following information, which must be highlighted:
  - a. a clear housing purpose, such as a provision to provide safe, sanitary and affordable housing to low and very-low income families; and
  - b. a map and description of the applicant’s defined service area.
5. **Experience** – For applicants that have not participated in the HTF **Home Repair Program** previously, the applicant must provide documentation that it has at least one (1) full year of experience in affordable housing development. At a minimum, documentation must include:
  - a. A summary of projects that the applicant participated in or completed, including if applicable, a letter from the funding source that financed the project.
  - b. Pictures documenting the projects included in the summary.

An applicant that has less than one (1) full year of affordable housing development experience may utilize a Consulting Organization to meet this requirement. The Consulting Organization may not be partnered with more than one (1) nonprofit at a time nor can the partnership exceed more than one (1) HTF program year. SC HOUSING MUST GIVE PRIOR WRITTEN APPROVAL FOR A NONPROFIT TO BE A CONSULTING ORGANIZATION. The applicant must provide all of the following:

- a. An executed contract between the applicant and the Consulting Organization stating what services will be provided by the Consulting Organization and a description of each of the organizations' respective responsibilities.
- b. A detailed training plan that will be used to train the applicant's key staff members or its principal officers. The plan must address all of the following areas of training: scope of work, staff to be trained, costs, timeline with specific objectives to be reached by specific dates, and a completion date.
- c. A completed and executed **Attachment A, Consultant Disclosure**.
- d. Resume(s) of the Consulting Organization's key contact person(s).

Eligible Sponsors applying to participate in the **Supportive Housing Program** must have documented successful experience operating Supportive Housing projects within the past ten (10) years. The Sponsor must include the following with its application:

- A list of staff members that will coordinate the project
- A list of completed supportive housing projects that includes the project address, target population, number of units, services provided, funding sources, the amount of funding awarded from each source, photos, and dates of completion.
- Written correspondence from a third party or parties documenting the nonprofit's material participation in operating supportive housing projects.

**6. Staffing Capacity** - An applicant must demonstrate the capacity of its key staff to carry out HTF activities with a designated staff member who is specifically assigned to work the HTF program and oversee all construction activities.

All applicants must have all items listed below:

- a. Full-time employee of the organization or contract staff with a signed contractual agreement(s) on file; staff member must have knowledge of home repair activities and/or construction.
- b. Office telephone number with voice mail;
  - i. Office telephone number must be available to receive calls from beneficiaries; and
  - ii. Applicants must commit to responding to calls and messages within 3 business days.
- c. Computer with internet access
- d. Working e-mail address
- e. Scanner and color printer

To demonstrate staffing capacity, the applicant must provide all of the following:

- a. A completed **Attachment B, Organization Staff Members**.
- b. A copy of the nonprofit's organizational chart which visually represents the staffing structure of the organization, including staff names and titles.
- c. Resumes of all key staff members and principal officers associated with implementing the activities of the HTF program, noting experience relative to housing programs.

The organization's Chief Executive Officer (CEO)/Executive Director/President cannot also serve as the organization's Chief Financial Officer (CFO) or Financial Representative. Also, the Board Chairperson/Board President cannot also be the organization's Chief Executive Officer (CEO)/Executive Director/President and/or the organization's Chief Financial Officer (CFO)/Financial Representative. These three jobs must be held by three (3) different individuals.

- 7. Board Requirements** – The applicant's board must have a minimum of five (5) board members with no less than 80% of its members residing within the defined service area. The application must include a completed **Attachment C, Board of Directors Status Information**.

The Board must comply with the following requirements:

- a. Members of the board cannot be related to one another by blood, marriage and/or business relationships;
- b. The term of service must be for a specific time period and cannot be a lifetime term;
- c. Board members cannot also serve as staff members; and
- d. Board members must not serve as a member of another approved non-profit organization participating in the HTF program.

The application must include copies of all board meeting minutes for the twelve (12) months prior to application submission. The minutes must be signed and dated by the appropriate board officer.

- 8. Financial Capacity** – Applicant must demonstrate that it is financially viable and has a financial management system in place that provides proper controls and reporting of the organization's activities. Applicants must have minimum unrestricted Liquid Assets as noted below:

**Level I** -Applicants with minimum unrestricted net Liquid Assets of five thousand dollars (\$5,000) may have one (1) Home Repair project open at a time. At the discretion of SC Housing, experienced Level I applicants may have up to two (2) applications open at one time based on the applicant's development and operational history including, but not limited to: commencing construction timely, meeting SC Housing deadlines without extensions, and meeting other program requirements. Applicants that have successfully completed six (6) Home Repair projects timely and in compliance with regulatory and program requirements may submit a request to administer two (2) open projects simultaneously.

**Level II** –Applicants with minimum unrestricted net Liquid Assets of ten thousand dollars (\$10,000) may have up to three (3) Home Repair projects open at one time. At the discretion of SC Housing, experienced Level II applicants may have up to five (5) applications open at one time based on the applicant's development and operational history including, but not limited to: commencing construction timely, meeting SC Housing deadlines without extensions, and meeting other program



requirements. Applicants that have successfully completed eight (8) Home Repair projects timely and in compliance with regulatory and program requirements may submit a request to administer up to five (5) open projects simultaneously.

**Level III** – Applicants must meet the financial capacity requirements as described below to participate in **Supporting Housing Activities**, which are based on the total number of affordable supportive housing rental units to be developed:

- a. 1 – 3 total units – Applicant must have a minimum net worth of \$250,000 and a minimum of \$50,000 in unrestricted liquid assets.
- b. 4 – 8 total units – Applicant must have a minimum net worth of \$500,000 and a minimum of \$75,000 in unrestricted liquid assets.
- c. 9 – 12 total units – Applicant must have a minimum net worth of \$1 million and a minimum of \$150,000 in unrestricted liquid assets.

To demonstrate financial capacity, the applicant must provide:

- a. Financial statements that have been reviewed or audited by an independent CPA licensed by the South Carolina Board of Accountancy. The Authority reserves the right to perform an independent verification of assets. Financial statements must include a balance sheet dated on or after December 31, 2020.
- b. As an alternative to meeting the minimum amount of unrestricted liquid asset requirements, Level I and Level II applicants can provide bank statements for the most recent 12 month period prior to application submission demonstrating the nonprofit has maintained a minimum balance of at least \$5,000 (Level I Applicants) or \$10,000 (Level II Applicants) for the entire 12 month period. Required minimum balances must be maintained by the applicant at all times. Financial contributions made to the organization must be permanent contributions. Short-term contributions donated for the purpose of meeting the financial capacity requirements will not be counted towards meeting the minimum balance requirements.
- c. A completed and notarized **Attachment D, Standards for Financial Management Systems**, executed by the Board Treasurer or Chief Financial Officer.
- d. An executed **IRS Form W-9**, Request for Taxpayer Identification Number and Certification.

**9. Insurance** - Sponsors must carry an effective \$1 million General Liability Insurance policy. Certificate of Insurance must be provided with application.

**10. Community Support** – For applicants that have not participated in the HTF program previously, the Applicant must provide a minimum of three (3) written community support letters from third-party organizations located in the jurisdiction(s) in which it plans to undertake HTF activities. The letters must be

obtained from organizations with which the Applicant has worked; preferably completing activities comparable to HTF activities, such as:

- a. Local municipalities (e.g. a city council member, mayor, etc.)
- b. Local community organizations or churches
- c. Local community businesses that have partnered with the applying nonprofit in community events.

The community support letters cannot be obtained from other nonprofits participating in HTF activities. Further, the letters must be signed, typed on the supporting organization's letterhead, and must be dated within six (6) months of application submission.

- 11. Conflict of Interest** – No person or organization exercising any functions or responsibilities with respect to HTF-assisted activities may have a financial interest or obtain a financial benefit from the activities or any contract, subcontract, or agreement with respect thereto.

To be eligible for participation in HTF activities, the applicant's Bylaws included with the application must include the following language:

*"No employee, agent, consultant, Board member or officer of [insert name of organization] may obtain a financial interest or benefit from [insert name of organization's] operation of any South Carolina State Housing Finance and Development Authority program, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder during one's tenure, or for one (1) full year thereafter. Nor shall an immediate family member or business associate of an employee, agent, consultant, Board member or officer, or any organization which employs or is about to employ such employee, agent, consultant, Board member or officer, obtain a financial interest or benefit from the transaction or contract of [insert name of organization] related to participation in any South Carolina State Housing Finance and Development Authority program."*

Alternatively, the Application must include a Resolution passed by the applicant's Board of Directors that adopts the above language.

- 12. Protection of Confidential Information and Personally Identifiable Information (PII)** – The Applicant must have defined procedures on protecting confidential information and/or PII. All files should be stored in a secured environment, whereby only authorized staff members have access. All documents containing confidential information or PII being disposed of must be shredded. At no time should documents containing confidential information

or PII be placed in the garbage or an unlocked recycle bin, without first being shredded.

The Applicant must provide documentation that all staff member(s) with responsibilities associated with the Housing Trust Fund have successfully completed PII training and acknowledge their responsibility to manage the handling of sensitive information in an appropriate manner necessary to protect the beneficiary's information. The link below can be used to access the Department of Defense's Training Course titled ***Identifying and Safeguarding Personally Identifiable Information (PII) Version***. Applicant's staff members with responsibilities relative to HTF activities must take this on-line course and submit a copy of each staff member's certificate of completion with the Application.

[Identifying and Safeguarding Personally Identifiable Information \(PII\) Version 3.0  
\(usalearning.gov\)](https://www.usalearning.gov/courses/identifying-and-safeguarding-personally-identifiable-information-pii-version-3.0)

**13. Beneficiary and Tenant Selection Procedures** - Approved HTF non-profit sponsors must have beneficiary and tenant selection procedures that are compliant with fair housing laws and regulations. The process for evaluating a household's request for assistance must be reasonable, adhere to program eligibility and acceptance requirements, and be handled in a consistent manner with the purpose of providing assistance for eligible low-income and very low-income beneficiaries. Applicants must provide a copy of their written beneficiary and/or tenant selection procedures behind **Tab 2** that:

- Are consistent with the purpose of providing housing for very low and low-income households;
- Are reasonable, but adhere to program eligibility and acceptance requirements;
- Includes details about how beneficiaries and/or tenants will be selected in chronological order from a written waiting list; and
- Includes a policy which ensures prompt written notification will be given should a beneficiary or tenant be rejected and the grounds for such rejection.

## V. Required Training for Approved Nonprofits

Sponsors will not be eligible to participate in HTF activities until they have participated in an implementation training. Upon request or as deemed necessary by SC Housing, additional training and technical assistance will be provided by SC Housing staff. Additionally, SC Housing conducts annual workshops on application criteria and processes, which all approved Sponsors are required to attend.

## VI. Suspension and Debarment

Any of the following actions may result in suspension from participating in HTF:

- a. Failure to complete a project by the completion deadline specified in the HTF Funding Agreement;
- b. Failure to timely provide required forms and/or documents;
- c. Failure to improve program deficiencies and performance upon notice of a written warning.

Regardless of when the violation is discovered, any of the following actions may result in the permanent debarment from participating HTF:

- a. Any applicant or approved nonprofit who provides false or misleading information to the SC Housing with regard to a project seeking HTF funds, in any capacity whatsoever, regardless of when such false or misleading information is discovered.
  - i. Any award received on the basis of false or misleading information shall become null and void.
  - ii. SC Housing may report the provision of false or misleading information to any regulatory agencies that govern the party who provided such information (e.g. S.C. Secretary of State, the S.C. Department of Labor, Licensing and Regulation, etc.)
- b. An applicant or approved nonprofit Sponsor who enters into agreements, written or otherwise, that attempt to circumvent SC Housing requirements.
- c. Any applicant that has expended Housing Trust Fund monies inappropriately and/or has acted in a manner that SC Housing determines warrants debarment.

SC Housing may determine other actions or omissions to be infractions that require suspension or debarment. The processes governing such other suspensions and debarments are outlined in [SC Housing's Debarment and Program Suspension Policy](#) which can be found on the SC Housing's website.