

Appendix C:

SC Housing Supportive Housing New Construction Standards

I. General Requirements.

1. The contents of this Appendix apply to New Construction, Conversion, Adaptive Reuse, and/or Acquisition with Rehabilitation of Multi Family developments.
2. All construction activity funded by SC HTF must meet or exceed current South Carolina Building Code standards, and all local permitting and inspection requirements.
3. In those jurisdictions with an adopted minimum housing code, all units constructed and or rehabilitated with SC HTF funds must meet or exceed those local codes, rehabilitation standards, ordinances and zoning ordinances upon completion of rehabilitation.
4. Luxury repairs and or replacements are prohibited.
5. No unlicensed person shall work on any project funded by SC HTF.

II. Contract and Procurement Standards

A. General

1. All projects must complete the *HTF-3 - Construction Cost Addendum* included with the application. The Construction Cost Addendum must be completed by an independent 3rd party architect, engineer, general contractor or local government personnel who will not bid on the project. It cannot be completed by the Applicant or a related party of the applicant.
2. Applicants must ensure that every entity awarded a contract 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 located at SAM.gov.

B. Procurement

1. Procurement for construction services must be performed using a competitive sealed bid process. Applicants must have an established procurement policy that is submitted as part of the application that describes compliance with:
 - a. Applicable state, local laws and regulations, along with Federal regulations 24 CFR Part 200.36.
 - b. Regulations of Section 3, MBE/WBE, Minority Outreach requirements and Federal Labor Standards, if applicable.
 - c. A successful competitive sealed bid process should produce:
 - i. A minimum of three bids
 - ii. Bids from qualified residential builders (RBB, RBW) or general contractors (BD, LB, UB) who are licensed in the State of South Carolina.
 - iii. Bids submitted with line item costs.
 - d. Acceptable bids that are no more than 10% higher or lower than the independent cost analysis or the work write-up approved by SC Housing.

- e. Procurement transactions conducted in a manner to provide, to the maximum extent practical, open and free competition.
- f. Organizational and personal conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade are prohibited.
- g. 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.
- h. Bid solicitations must be advertised on the South Carolina Business Opportunities (SCBO) website. Information on SCBO can be accessed at <https://scbo.sc.gov/>
- i. 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.
- j. Award recipients are not allowed to act perform any contractual services on awarded projects.
- k. Any exceptions to procurement and contracting requirements must be approved in writing by SC Housing.

C. Contractor Credential Requirements

Documentation must be provided to demonstrate that the residential contractor (RBB, RBW) or general contractor (BD, LB, UB) meets the following minimum requirements to be awarded construction contracts.

1. Construction companies must have been in business for a minimum of five years and have permanent full-time employees.
 - a. Documentation must be provided that demonstrates the construction company been in business for at least five years of continuous operation, operating under the same business name.
 - b. Documentation that the company is in good standing with the SC Secretary of State.
 - c. Copy of most current license issued by SC Department of Licensing, Labor and Regulations.
 - d. Completed W-9.
 - e. Debarment Certification Form.
2. Provide a list of projects of similar scope, size and financing the construction company has successfully completed during the last five years. Include the following information for each project:
 - a. Project Name.
 - b. Project Owner.
 - c. Project Address.
 - d. Number of Units and Type (affordable, market rate).
 - e. Construction Start/End dates.
 - f. Project Type (New Construction, Rehab, Adaptive Re-Use, Conversion).
 - g. Description of Funding Sources.

- h. Color Photo of Completed Projects.
3. Provide the construction company's organizational chart (including employee names and titles) and employee roster. The construction company must have full-time permanent employees, including full-time on-site job superintendents/project managers. Provide the following information for each employee:
 - a. Employee Name.
 - b. Job Title.
 - c. Resumes of all key staff members and principals.
 - d. Description of responsibilities and job duties.
 - e. Type (i.e. full-time/part-time).

D. Contract Requirements

1. The Sponsor must enter into a written contract with its Contractor that specifically acknowledges SC Housing standards to perform construction work.
2. SC HTF Recipients must execute construction contracts that are in-line with approved cost estimates (+/- 10% threshold) and include the contract provisions provided in ***HTF-? Contract Provisions*** as an addendum to the contract. Failure to include the contract addendum will result in the return of the contract and cause delay of contract approval. **All contracts must be approved by the Authority prior to execution.** All contracts to be paid for with SC HTF funds (including those for professional services) must be determined to be cost reasonable, and include required provisions. Drafts of the contract along with an ***HTF-? Contract Submittal Form*** and applicable contractor credential documents must be submitted for approval. Once approved, the executed contract needs to be submitted with a construction schedule that has been signed off on by the architect, contractor and the owner.
3. The Contractor(s) must provide all labor and materials and all work must be in compliance with:
 - a. The current SC HTF Housing Supportive Housing Manual,
 - b. Appendix A SC Housing Essential Property Standards (Rehabilitation only),
 - c. Appendix C SC Housing Supportive Housing Development Design Criteria,
 - d. Appendix D SC Housing Supportive Housing New Construction Standards,
 - e. 2021 International Residential Code (IRC) and all state and local revisions.

E. Bonding

1. A payment and performance bond or letter of credit is required for **ALL SC HTF** projects drawing funds during construction, regardless of the amount of the contract. In addition, all SC HTF projects are required to follow local procedures relating to bonding and insurance. Recipients should consult their engineers in order to protect their interests. For projects drawing during construction, the minimum bonding and insurance requirements are as follows:
 - a. A payment and performance bond or Letter of Credit from contractors for 100% of the contract shall be executed in connection with each construction contract that the SC HTF Recipient elects to draw funds for during construction. Irrevocable Direct Pay Letters of Credit are acceptable in place of payment and performance bonds but must be payable directly to SC State Housing Finance & Development Authority, for

an amount equal to the contract amount to ensure payment in full for all completed work in place. All Letters of Credit will be reviewed to limit the Authority's liability.

III. Environmental Standards

- A. **Lead.** Dwellings built before January 1, 1978 must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of compliance (see The EPA's 2008 Lead-Based Paint Renovation, Repair and Painting Rule (as amended in 2010 and 2011). The regulations for residential property renovation are located at 40 CFR 745, Subpart E.).

- B. **Asbestos.** All dwellings must comply with all requirements related to the evaluation and reduction of asbestos hazards and have available proper certifications of compliance (see SC DEHEC Regulation 61-86.1).

- C. **Mold.** There shall be no presence of mold. Mold is unacceptable and must be addressed. Surface areas affected with mold of less than ten (10) square feet shall be remediated per the National Center for Healthy Housing protocol "Creating a Healthy Home" (http://www.nchh.org/Portals/0/Contents/FloodCleanupGuide_screen_.pdf)
Surfaces areas affected with mold of more than ten (10) square feet shall be remediated by a certified mold remediation company.

- D. **Radon.** All dwellings located in Greenville county must be tested. If results are at or above 4 pCi/L remediation is required and must be in compliance with ANSI/AARST MAH 2019 and SGM-SF 2017 with 12/20 revisions.
<https://standards.aarst.org/MAH-2019/index.html>
<https://standards.aarst.org/SGM-SF-2017/index.html>

IV. Inspection Standards

A. Inspection Process.

- 1. SC Housing schedules inspections in the most efficient and timely manner possible.
- 2. Inspectors will do their best to make appointments that satisfy all individuals involved.
- 3. Inspections are typically scheduled on Mondays and conducted Tuesday- Friday.
- 4. Ongoing "special requests" will not be honored.
- 5. The Sponsors or designee and contractor must be present for all inspections.
- 6. SC Housing inspectors must be permitted to communicate with all parties involved in the project at any time.

B. Change Order Process

- 1. Any changes to the scope of work or cost of the rehabilitation work after the Sponsor receives an award must be addressed via a change order.
 - a. Changes in materials or scope of work must first be communicated with the SC Housing inspector and approved before proceeding.

- b. Changes Order Request (HTF-2C) must be completed in detail and signed by the sponsor and contractor(s).
- c. Change Order Request are to be submitted electronically to SC Housing.
- d. SC Housing will review the proposed Change Order and either approve or deny the request.
- e. SC Housing will communicate its decision to the Sponsor in writing
- f. SC Housing may revoke a portion or the entire award if a Sponsor makes changes to the project without prior approval.

V. Contractor Standards

A. License Requirements.

1. Contractors must have an appropriate trade license and licensed by the SC Dept. of Labor Licensing and Regulation and/or DHEC with one of the following licensures:
 - a. Waste Water, DHEC
 - b. Water Well
 - c. Residential Specialty Contractor:
 - RBS - Vinyl and Aluminum Siding.
 - RBS- Insulation.
 - RBS –Roofer.
 - RBS - Floor Covering.
 - RBS - Mason.
 - RBS - Dry Wall.
 - RBS - Carpenter, nonstructural license.
 - RBS - Painters/Wall Paper.
 - d. Residential Builder classified as:
 - RBB - Residential Builders License.
 - RBW -Residential Builder Exam Waiver with Mechanical Trades restriction.
 - RBE - Residential Specialty Contractor Electrical License.
 - RBH - Residential Specialty Heating and Air License.
 - RBP - Residential Specialty Plumbing License.
 - e. Mechanical Contractor classified as:
 - AC – Air Conditioning.
 - PK – Packaged Equipment.
 - EL – Electrical.
 - PB – Plumbing.
 - f. General Contractor classified as:
 - BD – Building Includes (GR, IR, MB, MS, SS, WF).
 - LB – Limited Building.
 - UB _ Unlimited Building.
 - GR – General Roofing.
 - SR – Specialty Roofing.
 - g. Home Inspector
 - h. Lead contractors and consultants must be licensed with the EPA and listed here:
 - <https://cfpub.epa.gov/flpp/pub/index.cfm?do=main.firmSearchAbatement>
 - i. Asbestos contractors and consultants must be licensed with SC DHEC and listed here:

- <https://apps.dhec.sc.gov/Environment/AsbestosContractorsAndConsultants/>
 - j. Mold Remediation
 - Mold remediation contractors must hold a national certification such as IICRC or OSHA.
- 2. Licensee must have with LLR or DHEC:
 - a. An “Active” Status with LLR or DHEC.
 - b. Surety Bond on File with LLR; or be Qualified by Financial Statement per LLR.
 - i. A licensee cannot exceed their bond or financial limits.
 - c. All licenses and bonds must be current and not expire before the projects estimated completion date.
 - d. Sponsor is to supply copy of contractor’s license from SC LLR website to SC Housing at application.
 - e. SC Housing may require additional information not listed above.

B. Contactor Insurance requirements.

1. An effective \$1 million “General Liability (GL)” insurance policy.
2. Lead and Asbestos testing contractors must carry a \$1 million “Professional Liability Coverage (Errors and Omissions, or E&O)” for Lead Based Paint and Asbestos Evaluation Work.
3. Lead and Asbestos abatement contractors must carry a \$1 million “Contractor Pollution Liability Coverage (CPL)” for lead and asbestos control work.
4. Mold contractors must carry a \$1 million “Contractor Pollution Liability Coverage (CPL)” for mold.
5. A Worker’s Compensation (WC) policy.
6. All insurance policies must be current and not expire before the projects estimated completion date.
7. Sponsor to submit Certificates of Insurance (COI) with application.
8. SC Housing may verify GL and WC insurance coverage, including, but not limited to, verifying coverage on the Workers’ Compensation Commission’s website or contacting the insurer.
9. SC Housing may require additional information not listed above but not limited to, quarterly and yearly Workers’ Compensation insurance audits.

C. Project limits.

1. Contractors may not work on more than eight (8) SC HTF projects at one time or exceed their LLR dollar limitations, whichever is less.

D. Subcontracting.

1. Licensed Residential Builders with classification RBB or RBW and General Contractors with classification BD, LB or UB may subcontract on a single project that requires trade work of more than their license allows and must:
 - a. Provide subcontractors LLR credentials as listed above.
 - b. Provided subcontractors Insurance credentials as listed above.**

- i. **RB, RBW, BD, LB and UB contractors can cover the workers compensation of their subcontractors this must be checked on the WWU contract.**
- c. Subcontractors information must be provided, copy of contract.
- d. Subcontractors must sign the contract.
- e. Labor only subcontracting is not allowed and considered a violation.
- f. Subcontracting outside of the above allowance is strictly prohibited and considered a violation.

E. License or Insurance Violations.

- 1. If SC Housing discovers any person working on an HTF project is unlicensed, uninsured or performing work as an unapproved subcontractor; SC Housing will suspend or debar them from any other work on HTF projects.
 - a. All outstanding projects the contractor may have that have not been started/ finished will be taken from the contractor.
 - b. The sponsor will be responsible for securing a contractor(s) to finish/ complete the project.
 - c. SC Housing will not pay any funds out to or for contractors found in violation above.
- 2. If it is found that any Sponsor, Contractor or Home Inspector is not or has not been completing 100% of the SC Housing Essential Property Standards; SC Housing will suspend or debar that Sponsor, Contractor or Home Inspector.
- 3. Any Sponsor, Contractor or Home Inspector who attempts to circumvent, falsify, manufacture, or otherwise attempts to avoid the SC Housing Essential Property Standards, License and or Insurance requirements will be suspended or debarred.

VI. Project Cost

A. Allowable Cost.

- 1. All costs must be "reasonable and necessary," included in the application, and approved as part of the development budget.
- 2. Hard Cost: These costs include the actual construction cost of labor and materials needed to meet SC Housing's standards and Federal, State and Local requirements to construct and or rehabilitate the property. Hard costs include the following:
 - a. Costs to meet the applicable building standards in effect at the time a building permit is obtained from the locality.
 - b. Costs to make essential improvements including the actual costs of construction. Modular builds/construction is acceptable.
 - c. Energy-related improvements.
 - d. Improvements necessary to permit use by handicapped persons.
 - e. Costs to demolish existing structures for which construction will begin within twelve (12) months of the Commitments (s).
 - f. Costs for improvement to the project site (Please note, any site work completed before the application is submitted cannot be included in costs. Any value of site work previously completed must be captured only by the appraised value).

- g. Costs of acquiring optioned improved or unimproved land for which construction will begin within twelve (12) months of the Commitment(s).
 - h. Improved or unimproved land being acquired must be valued at the lesser of the purchase price or the appraised value submitted with application.
3. Soft Costs: These costs are the reasonable and necessary costs related to the project hard costs. SC Housing will only allow and reimburse the following soft cost:
- a. **Building permit fee(s).** Sponsor must submit copies of the paid invoices/receipts for permits before construction and or repair work begins. The invoice/receipts must clearly show the governmental department that issued the permit and how much was paid for the permit. Generally, the “job value” amount listed on a building permit or a combination of building permits should equal the total amount on the approved contract (s). All permits must be pulled by the contractor not the Sponsor, there will be no exceptions. To ensure permits are matched with the appropriate project, Sponsors must write the HTF project number on the permits and receipts if the permits and receipts to do not contain information sufficient to identify the project address they will not be accepted.
 - b. **Professional fees** for the preparation of building/site plans/specifications.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - c. **Professional fees** for the preparation of environmental reports such as Phase I Environmental Site Assessment, wetland determinations, etc.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - d. **Professional fees** for geotechnical reports.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - e. **Pest control treatment** is an eligible cost; however, the Sponsor must gain SC Housing approval before moving forward with treatment.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - f. **Projects subjective to Lead-Based paint and Asbestos costs:** SC Housing will allow and reimburse sponsor for this project related expenses.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - g. **Projects subjective to mold cost.** SC Housing will allow and reimburse sponsor for this project related expenses.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - h. **Projects subjective to Radon cost.** SC Housing will allow and reimburse sponsor for this project related expenses.
 - i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
 - i. **Projects subjective to cost for completion of the SC Housing Essential Property Standards checklist** by appropriately licensed professionals. SC Housing will allow and reimburse sponsor for this project related expenses; expenses exceeding five hundred (\$500) dollars must receive prior SC Housing approval.

- i. Sponsor- Contractor will be required to submit paid invoices along with cancelled checks for said paid invoices for payment.
- j. A cost submitted without the invoice/ receipts as stated above will not be processed for payment. Staff is not responsible for reminding Sponsor to submit invoices/ receipts. Once a project is closed out Sponsors may not submit invoices/ receipts for payment.

B. Prohibited Cost.

HTF funds cannot be used for operations of the facility.

1. A Sponsor may not pay any of its administrative costs with HTF funds. The following costs are prohibited:
 - a. Business License Fee/Renewal Fee.
 - b. Contractor License Fee/Renewal Fee.
 - c. Appraisal Fees.
 - d. Financing Fes.
 - e. Attorney’s Fees (Only eligible for closing cost if property is paid for with SC HTF).
 - f. Taxes.
 - g. Costs associated with record keeping.
 - h. Operating Expenses.
 - i. Insurance.
 - j. Non-Authority Construction loan interest.
 - k. Compliance Monitoring Fees.
 - l. Administrative Expenses.
 - m. Furniture and Office Supplies.
 - n. Relocation Expenses of Residents.
 - o. Storage Fees.
 - p. Off-Site Infrastructure.
 - q. Playground Equipment, Exercise Equipment and Swimming Pools.
 - r. Tools, Equipment and Equipment Rental.
 - s. Luxury improvements and or replacements.
 - t. Appliances such as Counter Top Microwaves, Under Counter Ice makers, Trash Compactors, Freezers etc.
 - u. Landfill, dumpster, or portable toilet (to be included in general Requirements).
 - v. Foundation replacements.

C. Cost Reasonableness

SC Housing will perform a cost reasonableness evaluation of the proposed construction activity 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 must include costs identified separately by line item.

VII. Photograph Requirements for Rehabilitation.

A. Application Photos.

1. All photos must be in color, at least 3” X 5” in size and submitted electronically.

2. Photos must be submitted that clearly identifies all four sides of the building / home.
3. Photos must be submitted of the interior of the home that show all rooms of the building/ home.
4. Photos must be submitted that clearly identifies all proposed and or planned repairs. These must include:
 - a. Photos of attic framing and roof decking for roof repairs.
 - b. Photos of floor system repairs from the crawl space or basement.
 - c. Photos of HVAC equipment and duct work from outside, inside, attic, crawl space or basement.
5. Applications that fail to submit photos of all planed repairs may be denied for inspection from the desk.

B. Final Inspection Photos.

1. All photos must be in color, at least 3” X 5” in size and submitted electronically.
2. Photos must be submitted that clearly identifies all completed construction/ repairs including but not limited to:
 - a. Demo work photos must be taken during the different phases of the demo that clearly show the progress and replacement of all products.
 - b. All framing work in the crawl space, basement or attic.
 - c. All hidden, behind the wall, framing and MEP work.
 - d. Underlayment installed for LVT or Sheet Vinyl.
3. Roofing photos must be taken during the different phase of the roof install and must include:
 - a. The bare roof deck, sheathing,
 - b. New sheathing,
 - c. Synthetic felt,
 - d. Valley lining,
 - e. Ice and Water shield,
 - f. Step and counter flashing,
 - g. Chimney flashing,
 - h. Roof deck cut out for ridge vent and
 - i. Drip edge.
4. Sewer/ Septic system photos are required of all steps of the installation that clearly show all the materials being used.
5. Failure to submit photographs as described above may result in a reduction in the Contractor(s) final payment and the Sponsor’s Project Delivery Fee in an amount determined by SC Housing and commensurate with work costs associated with the work that was not sufficiently documented by photographic evidence.

VIII. New Construction Developments Criteria

- See Supportive Housing Appendix D Development Design Criteria.

IX. Conversion, Adaptive Reuse, and/or Acquisition with Rehabilitation of Multi Family developments Development Design Criteria.

- See Supportive Housing Appendix D Development Design Criteria.
- Supportive Housing Appendix E Rehabilitation Guidelines.

