

A stylized graphic of a house roof, composed of several overlapping, semi-transparent blue shapes that form a jagged, upward-pointing silhouette. The background is a solid, darker blue.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY



South Carolina Housing Trust Fund Program
(New) Critical Home Repair Program 8/8/23



SC Housing Trust Fund Program

(New) Critical Home Repair Program

Presenters:

Jennifer Cogan, Director of Community Development

John Thompson, Construction Inspections Manager

SC Housing Trust Fund Program

The South Carolina Housing Trust Fund (HTF) provides financial assistance to qualified nonprofit organizations for the construction and rehabilitation of affordable housing for low-income households throughout the state, often leveraging outside dollars to support these efforts. SC Housing administers these resources on behalf of the state, ensuring that funds are properly expended on eligible activities defined in the South Carolina Housing Trust Fund Act. That legislation allocated a portion of the state documentary stamp tax on property transactions to be placed in a dedicated account for HTF; the state treasurer serves as the fund's trustee. All properties receiving HTF awards must remain affordable for low-income households for a compliance period of 20 years, ensuring that these programs serve their public purpose.

Critical Home Repair Program

Program Guidelines

- The Critical Home Repair Program is designed to assist eligible low-(80% AMI) and very-low income (50% AMI) homeowners in making repairs to their primary residence.
- The purpose of the program is to correct life, health and safety issues, provide accessibility for disabled persons, and repair or replace major housing systems.
- All awards are subject to HTF legislation, applicable state and federal regulations, and all other SC Housing requirements.

Critical Home Repair Program

Program Guidelines

- Sponsors may use other funding sources in conjunction with HTF dollars to complete repairs to the home.
- When additional funding sources are utilized to complete the work, the Sponsor must provide commitment letter(s) from each funding source identifying the amount of funds, any terms or conditions, whether funds will be provided as a loan or grant and the required lien position, if applicable.
- SC Housing reserves the right to require additional information if necessary to determine a project's financial feasibility.

Critical Home Repair Program

Eligible Sponsors

- The eligible Sponsors for the Critical Home Repair Program are nonprofit organizations approved to participate in the SC Housing Trust Fund. The approval process for nonprofit organizations is contained in the **Nonprofit Participation Manual**.
- Sponsors must operate within the defined service areas as identified in their **Nonprofit Participation Application** as evidenced in their charter, articles of incorporation or bylaws.

Critical Home Repair Program

Eligible Sponsors

- Sponsors must be an EPA Certified RRP Firm to submit applications to repair homes built prior to 1978 **if** painted surfaces will be disturbed.
- Information on how to become certified is located on the EPA's website at: <https://www.epa.gov/lead/renovation-repair-and-painting-program-firm-certification>
- Sponsors must be an EPA Certified RRP Firm to hire a certified RRP Renovator to test for the presence of LBP.

Critical Home Repair Program

Eligible Properties

Beneficiaries must own the property and utilize the property as their primary residence.

Ownership of the property must meet one of the following conditions:

- **Property Owned by Beneficiary:** 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 numbers, the date recorded, and the office where recorded. Property owners are required to agree to the proposed rehabilitation, program requirements, and to sign the **(HTF-1A) Beneficiary Certification Form** and the **(HTF-1C) Hold Harmless Agreement** indicating such.

Sponsors are responsible for obtaining a copy of the recorded deed for the property to document ownership.

Critical Home Repair Program

Eligible Properties cont.

- **Property Owned by Beneficiary and Deceased Person:** must provide a warranty deed in the name of the deceased and the beneficiary(ies) for whom the funding is sought, a death certificate, and 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 number, the date recorded, and the office where recorded. Property owners are required to agree to the proposed rehabilitation, program requirements, and to sign the **(HTF-1A) Beneficiary Certification Form** and the **(HTF-1C) Hold Harmless Agreement** indicating such.

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 the proposed rehabilitation, program requirements, and to sign the **(HTF-1A) Beneficiary Certification Form** and the **(HTF-1C) Hold Harmless Agreement** indicating such.

Where/When a person has acquired full title as the surviving party in a Deed of Joint Tenancy with Right of Survivorship, a copy of the filed deed must be provided along with a death certificate for the deceased co-title holder.

Critical Home Repair Program

Eligible Properties cont.

- **Property Owned by Beneficiary as a Life Estate:** must provide a deed indicating a life estate in the name of the beneficiary(ies). The deed must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located.

The Sponsor must also provide documentation indicating the beneficiary(ies) have been granted the right by the grantor of the life estate to encumber the property. The holder of the life estate and the person(s) to whom the property transfers after the life estate ends will be required to agree to the proposed rehabilitation, program requirements, and to sign the **(HTF-1A) Beneficiary Certification Form** and the **(HTF-1C) Hold Harmless Agreement** indicating such.

- A **life estate deed** is a special deed form that allows a property owner to use the property during life and transfer the property automatically at death.

Critical Home Repair Program

Eligible Properties cont.

Homes which are not structurally sound that have excessive damage or are inhabitable do not qualify for the Critical Home Repair program.

The Sponsor is required to complete a walk-through inspection of the entire home (interior and exterior) and site to make a preliminary determination as to whether the home will be eligible for the SC Housing Critical Home Repair Program prior to submitting the Application.

Sponsors who continually submit homes for repair that are found to be out of scope of the program will be considered to be in violation of program requirements. Sponsors must document the walk-through inspection by submitting photographs of the interior and exterior of the property in the Application.

Critical Home Repair Program

Eligible Properties cont.

- HTF Home Repair Program may not be used for the purpose of preparing a home for sale or title transfer.
- The tax assessor's value (land plus improvements) of the property must not exceed 95% of the median purchase price for the area. These home value limits are listed for each county in **Appendix C**.

Manufactured Homes/Mobile Homes

Repairs to manufactured housing/mobile homes are limited to repairs not exceeding **\$30,000**.

- Homes must have been built within **twenty five (25) years** of the date of the Application.
- Beneficiary must own the manufactured housing/mobile home and must have a deed to the land and title or proof of ownership of the home.
- De-titled manufactured homes/mobile homes will be processed under the mobile home guidelines.

Critical Home Repair Program

Eligible Properties cont.

- Residential properties also serving as a place of business are ineligible for HTF Critical Home Repair assistance. This includes properties being used for business purposes where the goods and/or services being provided require consumers to enter the residence or property to access such goods and/or services.
- Repairs will not be performed on a home that is at risk of or in the process of being foreclosed or is subject to tax or judgement liens.
- Documentation of year built must be submitted with the application to determine the applicability of lead-based paint requirements. The preferred method to document year built is providing documentation from the county tax assessor's website. Alternative sources: property appraisal, bill of sale or mobile home title.

Critical Home Repair Program

Eligible Beneficiaries

- Beneficiaries must own and reside in the home as their primary residence.
- Beneficiaries may not own any other improved real estate property at the time of application such as a second home or rental property.
- Beneficiaries must be low-income with gross annual income not exceeding **(80%)** of the Area Median Income (AMI). All household members (18 years and older) are included to determine income. <https://www.schousing.com/Home/PartnerIncomeLimits2022> **80% Income Limits**
 - Annual Income is determined by calculating the total anticipated annual income for all household members 18 and older from all sources for the upcoming twelve-month period beginning with the date of certification.
 - Sponsors are responsible for determining the total anticipated annual household income by examining and verifying source documents evidencing income.

Critical Home Repair Program

Eligible Beneficiaries cont.

Sponsors are responsible for informing beneficiaries of all types of income and assets that must be included in the calculation of household income. Sponsors must verify all sources of income for each household member including any person(s) living in other residential structures located on the property. The **(HTF-3A) Income and Asset Verification Form** must be completed by the Sponsor and signed by the beneficiary(ies). If applicable, the **(HTF-3B) Verification of Employment Form** must be completed by the household member's employer and obtained directly from the employer by the Sponsor.

Third party income verification documentation is required for all anticipated annual income and must not be older than six (6) months when it is submitted with the Application. Sponsors are responsible for ensuring **all** forms of income and assets disclosed by beneficiaries are properly documented and included in the calculation of annual household income.

Income tax returns are to be collected and must have all pertinent information correctly identified, have all schedules included, and must be for the most recent tax year submission.

Critical Home Repair Program

Eligible Beneficiaries cont.

Sponsors are responsible for informing beneficiaries of HTF program requirements and ensuring beneficiaries are willing to comply with program requirements prior to proceeding with the preparation of Critical Home Repair Applications.

Sponsors must inform beneficiaries of the following program requirements that may affect their willingness to participate in the program:

- Assistance of **\$15,000** or greater will require a twenty-year property restriction. Full and/or partial repayment is required for early release of property restrictions.
- It may be necessary for the beneficiary to relocate while repairs and remediation of hazardous materials work is being completed. Beneficiaries are responsible for making temporary living arrangements if relocation is necessary. Beneficiaries are responsible for paying for any expenses incurred to relocate.
- It may be necessary for the beneficiary to remove personal items from the home while work is completed. It is the responsibility of the beneficiary to remove the items and return them when the work is completed.
- Beneficiaries must allow access to all areas of the home and property.

Critical Home Repair Program

Eligible Beneficiaries cont.

Beneficiaries are required to sign the **(HTF-1A) Beneficiary Certification** and the **(HTF-1B) Hazardous Materials Affidavit**, and the **(HTF-1C) Hold Harmless Agreement** to certify they have been informed of program requirements and are willing to comply.

Sponsors are required to collect the following documents from ALL household members 18 years of age and older to determine annual household income and verify property eligibility:

- **(HTF-3B) Verification of Employment** for all employed household members.
- Paystubs for the most recent ninety (90) day period from the date of the income certification.
- Complete copies of each household member's prior year tax returns with W-2's, as applicable.

Critical Home Repair Program

Eligible Beneficiaries cont.

Collect the Following Documents cont.

- For self-employed household members - year-to-date financial statements that include profit & loss statements and a balance sheet along with complete copies of the last two (2) years tax returns must be provided.
- If applicable, documentation of court ordered alimony or child support. Adequate documentation must be obtained from the Clerk of Court (i.e., divorce decree or any other official court ordered document).
- Third party source documentation for income such as social security benefits, disability benefits, retirement and pension income, VA compensation, public assistance, dividends, interest, note receivables and income from estate and trusts. Benefit letters must state income for the current year as of the date of application.
- Most recent three (3) months of all bank account(s) statements from the date of the income certification.
- Most recent statement of 401k, pension and investment accounts, if applicable.
- Documentation of unemployment benefits, if applicable.
- Copy of most recent mortgage statement(s), if applicable.
- Copy of property insurance policy, if applicable.
- Copies of government issued identification cards

Critical Home Repair Program

Eligible Beneficiaries cont.

The household's liquid assets may not exceed twenty percent (20%) of the value of the home (not including 401K or retirement account balances).

Beneficiaries and household members who report zero income must each provide all of the following documentation:

- **(HTF-3C) Affidavit of Zero Income Form** –A narrative explaining the circumstances resulting in zero income must be provided on the form.
- A copy of federal income tax returns submitted for the most current tax year. If tax returns were not filed, please indicate such on the **(HTF-3C) Affidavit of Zero Income Form**.
- If the entire household is reporting zero income, there must be documentation showing how utility bills are being paid. An example would include copies of cancelled checks showing who paid the bills, a notarized letter from the individual who regularly pays the monthly bills, etc.

Critical Home Repair Program

Eligible Repairs will be prioritized as follows:

- (a) Sewer / Septic systems,
- (b) Water wells,
- (c) Roof replacements (non-asbestos shingled roofs only),
- (d) Fascia and Soffits,
- (e) Gutters,
- (f) Exterior façade, sidings (non-asbestos siding only),
- (g) Windows,
- (h) Exterior Doors/Storm Doors,
- (i) Accessibility Ramps,
- (j) HVAC equipment and/or systems (including electrical upgrade if necessary),
- (k) Attic Insulation,
- (l) Water Heater,
- (m) Primary entrance, Porches/Decks,
- (n) Crawl space access doors,
- (o) Lithium ten (10) year, battery operated, wireless, interconnected smoke and carbon monoxide detectors can be installed at the beneficiary's request.

Critical Home Repair Program

Environmental Requirements

- Homes with asbestos shingled roofs and or asbestos siding are not eligible for the Critical Home Repair Program. Replacements of asbestos shingled roofs and other repairs that may be subject to asbestos regulations are eligible in the SC HTF Home Repair Program.
- All properties built prior to January 1, 1978 are subject to the **EPA's Lead Renovation, Repair and Painting Program Rule** located at 40 CFR 745, Subpart E.

Critical Home Repair Program

Funding Limitations

- Minimum amount of assistance per property = \$5,000
- Properties including Manufactured/Mobile homes may qualify for up to \$30,000
- All beneficiaries receiving HTF repair assistance equal to or exceeding \$15,000 are required to execute a restrictive covenant that will be recorded against the property for 20 years.

Critical Home Repair Program

Limitations on Open Projects

- Level I Sponsors may have (1) Critical Home Repair or Home Repair project open at a time.
- Level II Sponsors may have (3) Critical Home Repair or Home Repair projects open at a time.

Project Completion Requirements

- Projects with (1) or (2) trades/contractors must be closed within 60 days of the Initial Inspection approval.
- Projects with (3) trades/contractors must be closed within 90 days of the Initial Inspection approval.

Critical Home Repair Program

Funding Limitations cont.

- Beneficiaries with prior HTF awards may request additional repair assistance. The amount of prior assistance and new assistance may not exceed current funding limitations.
- Additional HTF assistance will require the execution and recordation of an amendment to the existing restrictive covenant to include the increased assistance amount.
- The additional assistance does not require the affordability period to be extended beyond the twenty-year affordability period.
- Restrictive covenants must be recorded by the register of deeds/clerk of court's office in the county in which the property is located.
- All subsequent requests for assistance must be for a minimum of **\$5,000**.

Critical Home Repair Program

Project Delivery Fee

- Nonprofits are eligible to request a project delivery fee for successfully completing Critical Home Repair Projects.
- Project Delivery Fee is the greater of **15%** of total construction costs or **\$1,000.00**.
- **Project Delivery Fees are not included in the maximum assistance amount of \$30,000.**

Critical Home Repair Program

Project Completion Requirements

- Projects with (1) or (2) trades/contractors must be closed out within **sixty (60) days** of the date of the **Initial Inspection** approval.
- Projects with (3) trades/contractors must be closed out within **ninety (90) days** of the date of the **Initial Inspection** approval.
- For projects to be considered closed out all paperwork must be finalized and all project funds disbursed in accordance with the Funding Agreement.
- If a project is not going to be completed by the deadline identified in the Funding Agreement the Sponsor must submit via email a request for an extension to the HTF Program Coordinator. The request must include the reason for the project delays and the expected timeframe for completion. The request will be evaluated based the upon the circumstances of the delay(s).
- Sponsors and/or contractors may be suspended from participation in the HTF program for projects not being completed within the completion timeframes stated above.

Critical Home Repair Program

Application Submittal Process

The process steps will differ depending on the age of the property and whether or not the proposed repairs will disturb a painted surface.

- Properties built **before January 1, 1978** are subject to EPA's Lead Renovation, Repair and Painting Rule (RRP) regulations.
 - Sponsors must be EPA RRP Certified Firms to submit applications for homes built prior to 1978 if the scope of work will disturb a painted surface.
 - Sponsors must be EPA RRP Certified Firms to hire a firm or individual to perform testing for the presence of LBP.

Critical Home Repair Program

Application Process – General Requirements

- All Applications must be submitted by uploading the application to SC Housing's **Secure File Exchange** which can be accessed using the following link:

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

- Example of an acceptable file name = (Beneficiary Last Name-Property Street Address-County)
- Be sure to choose Development-HTF Submissions from the Department drop down menu.
- File Upload instructions are also included within the **Secure File Exchange** Login page.

Critical Home Repair Program

Application Process:

- One Part Submission Process
- Home Repair Application and all required documentation identified in the Critical Home Repair Application Checklists are submitted at one time.
- Separate checklists are provided for homes built prior to and after January 1, 1978.
- Applications can be submitted at any time.
- Applications may be submitted using SC Housing's [Secure File Exchange](#)
Please contact your HTF Coordinator should you need assistance.

Critical Home Repair Program

Sponsor's Initial Walk-Through of the Property:

- Sponsors must make **two** important initial determinations regarding the eligibility of the home prior to submitting the Critical Home Repair Application.
- First, the Sponsor must verify the age of the home. If Pre-1978 the Sponsor must be an EPA Certified RRP Firm if painted surfaces will be disturbed.
- Second, the Sponsor is required to complete a walk-through inspection of the entire home (interior and exterior) and site to make a preliminary determination as to whether the home will be eligible for the SC Housing Critical Home Repair Program.
- Homes that are not structurally sound, have excessive damage, or are unhabitable do not qualify for the Critical Home Repair program.

Critical Home Repair Program

Application Process – Properties Built Prior to 1978

- If the scope of work will disturb a painted surface the Sponsor must be an EPA Certified RRP Firm and the Sponsor must hire an EPA Certified RRP Renovator to swab test the painted areas that will be disturbed for the presence of Lead-Based Paint.
- **ONLY PAINTED AREAS TO BE DISTURBED NEED TO BE TESTED!**
- Links to the EPA's website to learn how to become an RRP Certified Firm and how to locate RRP Certified Renovation Contractors are provided in the Critical Home Repair Application Manual.
- **PRIOR to swab testing the Sponsor must provide the homeowner a copy of the EPA's Lead Safe Guide to Renovate Right.**
 - HTF-5C is used to document the homeowner's receipt of the pamphlet

Critical Home Repair Program

Application Process – Properties Built Prior to 1978

- Regardless of the test results, Sponsors must provide the homeowner a copy of the EPA's **Test Kit Documentation Form**, which is completed by the EPA Certified Renovator that conducted the swab testing.
 - **HTF-5B** is used to document the homeowner's receipt of the test results
- If the test results are positive the Sponsor must hire an EPA Certified Renovation contractor to perform the repair work. Sponsor must provide the EPA Certified Renovator a copy of the EPA's **Small Entity Compliance Guide to Renovate Right**.
 - **HTF-5A** is used to document the contractor's receipt of the pamphlet.
- If the test results are negative the Sponsor does not need to hire an EPA certified contractor to complete the work.

Critical Home Repair Program

Application Process – All Properties

- Sponsor submits Critical Home Repair Application to SC Housing that includes photos from the initial walk through inspection per requirements of **Appendix A Section VII., A.**
- SC Housing reviews the application to determine if Sponsor, Household, and Property meet initial program eligibility requirements.
 - Sponsor’s EPA Certification (if pre 1978 and painted surfaces will be disturbed)
 - Household Income
 - Property Ownership/Residential Use
 - Primary Residency and Occupancy Requirements
- If approved, the application moves forward to the **Scope of Work Review.**

Critical Home Repair Program

Application Process – All Properties

- Sponsor submits an **HTF-2 Critical Home Repair Inspection Request Form** to request an on-site **Scope of Work Inspection** with the following documentation:
 - Contractor's photos per **Appendix A, Section VII, B.**
 - Detailed Quotes & Drawings
 - **HTF-2B Work Write-Up (Short Form)**
 - EPA LBP Test Kit Form (if applicable)
 - LLR Licenses & Information for all Contractors
 - Contractor's and Sponsor's EPA Certifications (if applicable)
 - Insurance Certificates for all Contractors
- SC Housing will review inspection request & documentation to ensure all program requirements are being met. If so, the on-site **Scope of Work Inspection** is scheduled.

Critical Home Repair Program

Application Process – All Properties

On-Site Scope of Work Inspection:

- Occurs at the Property
- Sponsor & Contractor(s) must be present
- Purpose is determine cost reasonableness & finalize the scope of work
- **HTF-2B Work Write-Up** – One revision is allowed, additional revisions will incur a \$25.00 re-inspection fee that is deducted from the Sponsor’s Project Delivery Fee
- If its determined that a property can’t go forward due to its physical condition the Sponsor can be reimbursed for the cost of the RRP Certified Renovator’s LBP swab testing.

Critical Home Repair Program

Application Process – All Properties

Once the Scope of Work Inspection is approved SC Housing will provide to the Sponsor:

- Agreement for Residential Repair Services – *one for each contractor*
- HTF Funding Agreement
- Restrictive Covenants – *If assistance is \$15,000 or greater*

Sponsor then returns:

- Executed Agreement(s) for Residential Repair Services
- Executed HTF Funding Agreement
- Executed & Recorded Restrictive Covenants – *if assistance is \$15,000 or greater*
- Building Permits with invoices/receipts

Critical Home Repair Program

Application Process – All Properties

- Building Permits **Must**:
 - Identify the municipality that issued the permit
 - Identify how much the permit cost
 - Identify the address of the property
 - Be posted on-site and be highly visible
- If these items are not identifiable on the permit the Sponsor must write this information and the HTF project number on the permit prior to submitting it to SC Housing.
- All permits must be pulled by the Contractor and **NOT** the Sponsor.
- If any construction or repair works is done prior to the permit(s) being pulled the Sponsor and/or Contractor may be suspended or debarred from further participation in HTF programs.

Critical Home Repair Program

Application Process – All Properties

- Once the **Agreement ('s) for Residential Repair Services, Funding Agreement**, the recorded **Restrictive Covenant** (if applicable) and **Building Permits** are received and reviewed SC Housing staff will send the sponsor an **(HTF-2G) Notice to Proceed**.
- Once the Sponsor receives the **(HTF-2G) Notice to Proceed** they shall complete it and return it back to SC Housing staff.
- At this point construction and/or repair work may begin.
- Any changes to the contract or approved **(HTF-2B) Work Write-Up** must be requested by the Sponsor using the **(HTF-2C) Change Order Request Form** and following the process as outlined in this manual.
- All change orders must be approved by SC Housing prior to proceeding with repairs.

Critical Home Repair Program

Application Process – All Properties

Disbursements:

- Critical Home Repair projects are eligible to receive interim draws for construction costs as contracts are completed and work is approved by SC Housing.
- Disbursements may be requested per Trade/Contractor/WWU when all work is completed per a Trade/Contractor/WWU.
- Requests can be made by following the steps described on Page 14 of the Critical Home Repair Program Manual.
- Project Delivery Fees will not be paid until the entire project has passed its final inspection and documentation that all contractors have been paid has been provided to SC Housing.

Critical Home Repair Program

Application Process – All Properties

Disbursements:

- Once the Sponsor receives payment for the completed scope of work, the Sponsor has **seven (7) business days** to deliver payment and obtain the signature of the contractor using the **(HTF-4C) Payment Certification Form** to document the contractor has received payment in full for the construction work performed.
- It is essential that contractors are paid promptly.
- If the Sponsor does not pay the Contractor for the approved work within **seven (7) business days** of receiving the HTF disbursement this is considered a violation of program requirements and the Sponsor may be suspended or debarred from participating in the HTF Program

Critical Home Repair Program

Application Process – All Properties

Disbursements:

Once **ALL** contractors have received payment for completed work, the following items must be submitted to SC Housing to request the **Project Delivery Fee**:

- (a) **(HTF-4A) Draw Request for Payment Form**
- (b) **(HTF-4B) Draw Summary Form**
- (c) **(HTF-4C) Certification of Payment** - A separate HTF-4C is required for each contractor.
- (d) Copy of cashed/cancelled check(s) given to the contractor(s) by the Sponsor reflecting payment in full for all construction cost and services along with contractor's Affidavit of Release of Liens.

Critical Home Repair Program

Application Process – All Properties

- The Sponsor is required to provide the beneficiary all warranty documents and a copy of all documentation that the beneficiary signed throughout the Critical Home Repair Application process within two (2) weeks of project completion.
- If these materials are not provided to the homeowner within the required timeframe this is considered a violation of program requirements and the Sponsor may be suspended or debarred from participating in HTF Program.



Critical Home Repair Program

Rehabilitation Guidelines

- **Appendix A: Critical Home Repair Construction Standards**



SC Housing Trust Fund Program



THANK YOU!

If you have any further questions please contact HTF Staff at 803-896-9001 or via email
schousingtrustfund@schousing.com