

Housing Development

Housing Trust Fund
Nonprofit Participation

Designation Application Manual

Administered by:
South Carolina State Housing Finance and Development Authority

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Definitions

Annual Income - The gross income of all adult household members that is anticipated to be received in the upcoming twelve (12) month period.

Applicant - An organization exempt from tax under Sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986 as amended that is interested in applying for HTF program funds.

Application - The completed forms, schedules, attachments, and any additional documentation requested in the application.

Application Deadline - The deadline for applying for an initial designation to become an approved nonprofit or to re-certify an existing designation.

Authority - South Carolina State Housing Finance and Development Authority.

Community - In urban areas, “community” may include several neighborhoods, the city, county or metropolitan area and is not necessarily limited to a single neighborhood. In rural areas, “community” may also cover a multicounty area but not the entire state.

Complete Project - Project that has submitted an executed Certification of Payment (HTF-4C). A project is considered successfully completed if the final inspection has been approved and the Certification of Payment (HTF-4C) signed by the contractor has been submitted within three months of the Funding Agreement date.

Consulting Organization - A nonprofit that has more than twelve (12) months of experience in housing development (single- or multi- family) utilizing Housing Trust Fund funding and is currently an Authority approved Nonprofit. **NOTE:** Consulting Organizations are to be used to provide and build capacity for a period not to exceed one program year.

Contact Person - A person with decision-making authority for the Applicant with whom the Authority will correspond.

Contract Employee - An employee who works under contract for an employer and is hired for a specific job at a specific rate of pay. A contract employee does not become a regular addition to the staff and is not considered a permanent employee. For the purposes of the HTF, contract employees must not work for more than one approved nonprofit.

HTF - The South Carolina Housing Trust Fund as administered by the Authority.

Liquid Assets - The Authority defines liquid assets as cash, cash equivalents, and investments held in the name of the entity(s), 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.

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

Status of “Good Standing” - A certification by the SC Secretary of State’s Office which may be obtained by visiting www.scsos.com and searching a nonprofit. Once the nonprofit’s profile is found, the “Good Standing” status may be evidenced by printing the page or screen.

Training Plan - It is used by organizations partnering with consulting organizations to train key staff or its principal officers and 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.

Very Low-Income - Income that does not exceed fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size.

Application Checklist

Please include this checklist with the application along with all required documentation when applying for initial or re-certification of a Nonprofit designation.

2017 & 2018 Designation:

Tab	Required Information	Certification Check-off	
1	Application		
2	(a) IRS Status (b) Status of Good Standing from SC Secretary of State	(a)	(b)
3	(a) Charter, Certificate or Articles of Incorporation	(a)	(b)
	(b) By-laws	(c)	(d)
	(c) Service Area Map (d) Board Information - Attachment A (e) Board Meeting Minutes	(e)	
4	Total of three (3) Community Support Letters		
5	(a) One Year Housing Experience Documentation	(a)	(b)
	(b) Contract for Services (applicable if using a Consulting Organization)	(c)	(d)
	(c) Training Plan (applicable if using a Consulting Organization) (d) Attachment F (applicable if using a Consulting Organization) (e) Consultant Resume (applicable if using a Consulting Organization)	(e)	
6	(a) Attachment E	(a)	(b)
	(b) Staff Capacity Resumes		
7	(a) Financial Statements	(a)	(b)
	(b) Tax Returns or IRS Form 990 (must also provide formal documentation confirming that the IRS received the tax return or 990) (c) Banks Statements (only applicable if organization existing between 12 and 15 months) (d) Attachment C	(c)	(d)

Nonprofit Requirements for HTF Participation

NONPROFIT APPLICATION

Place the original completed **Nonprofit Application** for Designation behind **Tab 1**.

QUALIFYING CRITERIA

1. An organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986 before being designated by the Authority as a Qualified Nonprofit.

The 501(c) designations permissible are:

- 501(c)(3) status - a charitable, nonprofit corporation; or
- 501(c)(4) status - a community or civic organization

For nonprofit applicants operating in conjunction with the SC Department of Disabilities and Special Needs, a 501(c)(3), 501(c)(4) or IRS nonprofit governmental letter should be provided.

Provide one of the above **designation letters from the IRS** along with **proof of “good-standing”** status from the South Carolina Secretary of State (www.scsos.com) behind under **Tab 2**.

Organizations that have been in existence less than twelve (12) months are not eligible to apply to be a certified nonprofit.

2. Provide a copy of your organization’s **Charter, Certificate** or **Articles of Incorporation** and a copy of its **By-Laws** and Board Member information behind **Tab 3**.
 - By-Laws must be exclusive to the organization (must be signed and dated);
 - By-Laws must include a clear housing purpose, such as a provision to provide safe, sanitary and affordable housing to low and moderate income families;
 - How the organization’s financial year is set-up must be included in the By-Laws (i.e. calendar year, fiscal year from July 1 to June 30).
 - All Applicants must perform services within a **defined service area**. The defined service area is limited to the county in which the organization is headquartered along with up to six (6) nearby/surrounding counties for a total of up to seven (7) counties. A map and description of the Applicant’s service area must be included behind **Tab 3**;
 - An Applicant must have a minimum of five (5) board members with the majority of its members situated within the defined service area(s). A board term must be included for all board members (See **Attachment A**). *A life time board term is not acceptable*;
 - The Board Chairperson cannot also be the organization’s Executive Director and/or the organization’s Financial Representative.
 - No part of an Applicant’s net earnings (profits) may benefit any members, founders, contributors or individuals. A “no benefit” provision, stating the following must be in the Applicant’s Charter, Articles of Incorporation, By-Laws or a Resolution approved by the Board of Directors and placed behind **Tab 3**:

“No employee, agent, consultant, Board member or officer of [the

organization] may obtain a financial interest or benefit from [the 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 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 [the organization] related to participation in any South Carolina State Housing Finance and Development Authority program."

- Include **meeting minutes** for the last twelve (12) months of Board meetings behind **Tab 3**.

COMMUNITY SUPPORT

Applicants must provide a minimum of **three (3) written community support letters** from third-party sources located in the jurisdiction(s) in which it plans to provide services.

- These letters can be obtained from local municipalities or local community organizations with whom the Applicant has worked , preferably completing activities comparable to HTF activities;
- The letters must be on the supporting organization's letterhead with original signatures; **and**
- The letters must be dated within six (6) months of this application.

Provide the community support letters behind Tab 4.

EXPERIENCE AND CAPACITY

1. **Experience** – The Applicant must provide documentation that it has at least one year's experience in affordable housing development.

Examples of **documentation of experience** are:

- Pictures documenting rehabilitated projects, neighborhood revitalization or community development;
- A project summary of efforts that the Applicant participated in or completed, including a letter from the funding partner that financed the project; and/or
- List of completed projects from the Annual Report or Board Minutes of the Applicant.

Provide the above documentation behind Tab 5.

An organization that has been in existence more than twelve (12) months but has less than twelve (12) months of housing experience may utilize a Consulting Organization to meet the one year's experience requirement. However, the Consulting Organization may not be partnered with more than one (1) newly created nonprofit at a time nor can the partnership exceed more than one (1) HTF program year.

If utilizing a Consulting Organization, the following information must be submitted behind Tab 5:

1. **Executed Contract** for Services between the newly formed nonprofit and the Consulting Organization stating:
 - a. exactly what services will be provided by the Consulting Organization;
 - b. a description of each of the organizations' responsibilities;
 - c. the length of time the contract will be in place (not to exceed one year); and
 - d. any additional terms of the contract.
2. A detailed **Training Plan** created by the Consulting Organization that will be used to train the newly formed nonprofits key staff members or its principal officers.
2. **Attachment F** (completed and executed); **and**
3. **Resume(s)** of the Consulting Organization's key contact person(s).

Based on the experience of a newly created nonprofit, the Authority reserves the right to restrict participation in program activities until such time there is demonstrated successful work completed.

2. **Staff Capacity** – An Applicant must demonstrate the capacity of its key staff to carry out HTF activities.

To demonstrate capacity, the following must be provided behind Tab 6:

- **Attachment E**; and
- **Resumes** of all key staff members and principal officers associated with implementing the activities of the HTF program noting experience relative to housing programs.

All Applicants must have a minimum of one (1) full-time staff person, who can be a volunteer. All Applicants must have an office telephone with voice mail, fax machine, a computer with internet access and a working e-mail address.

The organization's Executive Director cannot also serve as the organization's Financial Representative or its Board Chairperson.

3. **Financial Capacity** – An 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. The Applicant must have minimum unrestricted liquid assets of ten thousand dollars (\$10,000) as evidenced by the balance sheet (Statement of Financial Position) of its financial statements.

An Applicant may be denied participation in the HTF program if major weaknesses or negative financial conditions are noted in the financial or bank statements. The Authority reserves the right to verify all financial information as it deems necessary.

The organization's Financial Representative cannot also serve as the organization's Executive Director or its Board Chairperson.

The following financial requirements must be provided behind Tab 7:

1. **Financial statements** that have been compiled, reviewed, or audited by an independent CPA licensed by the South Carolina Board of Accountancy. Financial statements must include an Income Statement (Statement of Activities) documenting one full year of activities and a Balance Sheet (Statement of Financial Position) dated on or after April 30,

2014. All financial statements must include notes and any footnotes to the financial statements. In instances where the Applicant has been in existence more than twelve (12) months but for less than fifteen (15) months, the Income Statement (Statement of Activities) submitted should cover the period since the inception of the organization and monthly bank statements from each month the organization has been in existence must also be provided.

2. The **most recent (2015 or 2014) income tax return or IRS Form 990** (must also provide formal documentation confirming that the IRS received the tax return or 990). Board members must be appropriately documented in the IRS Form 990.
3. **Attachment C** completed and executed.

PROGRAM SUSPENSION/ DEBARMENT

1. Any of the following actions may result in an up to six (6) month suspension from participating in all Authority administered programs:
 - Failure to complete a project by the completion deadline specified in the HTF Funding Agreement.
 - Failure to provide legally executed HTF Forms and/or documents (HTF 2B, HTF 2C, etc.) or providing a false or inaccurate certification that a project meets the standards and requirements as stated in the body of the certification when, in fact, it does not, will result in the disqualification of the nonprofit.
 - The Authority may also file a complaint against the contractor with the S.C. Department of Labor, Licensing and Regulation.
2. Any of the following actions may result in the permanent debarment from participating in all Authority administered programs:
 - Any Applicant who provides false or misleading information to the Authority with regard to a project seeking HTF funds, in any capacity whatsoever, regardless of when such false or misleading information is discovered. Any award received on the basis of such false or misleading information shall become void. Each Applicant will be given written notice by the Development Director stating the reason for which the sanction of debarment was imposed.
 - An Applicant who provides agreements, written or otherwise, that attempt to circumvent Authority requirements regardless of when the violation is discovered.

The Authority, in its sole discretion, may determine other acts to be infractions of the program that require suspension or debarment; those suspensions and debarments are conducted as outlined in the Authority's Debarment and Program Suspension Policy which can be found on the Authority's website.