

Housing Trust Fund Participation Manual



South Carolina State Housing Finance and
Development Authority

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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, municipal, 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 by leveraging other public and private resources.

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.

Financial Statements: Statements that have been audited, reviewed, or compiled by an independent CPA licensed by the South Carolina Board of Accountancy. Financial statements must include an Income Statement (Statement of Activities for nonprofit Applicants) documenting one full year of activities and a Balance Sheet (Statement of Financial Position for nonprofit Applicants) dated on or after **December 31, 2022**. All financial statements must include notes and any footnotes to the financial statements.

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, restricted grant funds, 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.

South Carolina Housing Trust Fund (SC HTF)-The South Carolina Housing Trust Fund is the Trust Fund created by Title 31, Chapter 13, Article 4 of the Code of Laws of South Carolina, as amended and as administered by the South Carolina State Housing Finance and Development Authority.

Sponsor - A nonprofit organization, municipality, municipal association, or Councils of Government approved to participate in SC Housing Trust Fund activities.

Supportive Housing - The combination of housing and voluntary support services to address the needs of special needs populations, which include any subset of the population that has been identified as having specific needs. Supportive services may include but are not limited to: outreach, case management, childcare, job training/placement, health care, and transportation. To be considered Supportive Housing, the application must include a narrative explaining how the units will be affordable to the population identified and how the services will be provided for the duration of the affordability period. Owners cannot give a preference based on disability type (actual or perceived) or being a client of a particular service provider (absent approval from SC Housing). Neither the owner's partners/members nor the property management company may engage in medical, therapeutic, or other activities regulated by the U.S. Centers for Medicare & Medicaid Services with respect to the residents. The owner will:

- Expressly include reasonable accommodation in the application for tenancy;
- Not ask applicants/residents for medical or other protected information unless and only to the extent legally necessary;
- Use standard leases with the same rights available to, and responsibilities expected of, all households, including duration of tenancy; and
- Ensure participation in any Supportive services is entirely voluntary (not formal or implied condition of occupancy).

Supportive Services - Services provided to meet the needs of persons residing in transitional or permanent Supportive Housing facilities. They include childcare, job training, life skills training, mental health counseling, etc., and must be ongoing throughout the entire affordability period (20 years).

III. Application Process

Applications for approval to participate in HTF program activities can be submitted at any time. The Participation Application and required supporting documentation can be found on SC Housing's website: <https://schousing.sc.gov/development/south-carolina-housing-trust-fund-htf>

Applicants must submit the Application Packet electronically. The Application Packet can be submitted on a thumb drive appropriately organized and separated with the tabs provided or via the Secure File Exchange. All electronic copies of the application must be tabbed out in accordance with the tabbing system, meaning each tab with its contents must be saved as an individual file folder containing the applicable document files. Applications that are not appropriately organized in accordance with the tabbing system will be considered incomplete. **Hard copies of applications will not be accepted.** Applications will NOT be accepted by facsimile and/or e-mail transmission.

Thumb drives may be delivered by hand, mail, or other shipping services to:
South Carolina State Housing Finance and Development Authority
ATTN: Development Division - HTF
300-C Outlet Pointe Blvd.
Columbia, SC 29210

Alternatively, applications may be submitted by uploading the application to SC Housing's online **Secure File Exchange** 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 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 participating in Home Repair and/or Critical home Repair activities are expected to submit their first application within three (3) months of receiving their approval letter to participate in the program(s). A list of Sponsors 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 Sponsor list. Sponsors must notify SC Housing of any reasons for inactivity after becoming an approved participant.

IV. Eligibility Requirements

The eligible participants for the Housing Trust Fund Program are nonprofit organizations, municipalities, counties, municipal associations or Councils of Government approved to participate in the SC Housing Trust Fund. The approval process for participant organizations is contained in this Participation Manual.

To be eligible for participation in HTF activities, a Sponsor 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** – Nonprofit applicants 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 nonprofit applicant must provide one of the above designation letters from the IRS. Additionally, the nonprofit 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** – Nonprofit applicants must be registered as a nonprofit corporation and be in good standing with the South Carolina Secretary of State. All applicants regardless of past participation must provide a **Certificate of Good Standing** from the South Carolina Secretary of State, which can be obtained by visiting the South Carolina Secretary of State's website at: www.scsos.com. To search for your organization's Certificate of Good Standing, select "Online Filings" and select the "Business Entities Online" option. Select "Search Existing Entities" under the "Existing Business" Tab.
4. **Articles of Incorporation** - Applicants that have not participated in the SC HTF program previously, must provide a certified copy of its **Articles of Incorporation**. 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. To search and request the Articles of Incorporation, select "Online Filings" under Business Filings, and select the "Document Request Online" option. Search Entity name then select "Request Documents" option.
5. **By-laws Mission and Defined Service Area** – The applicant must have a clear mission of developing or preserving affordable housing within a defined service area. Nonprofit applicants must provide a copy of its signed and dated By-Laws. The By-Laws must include all of the following information, **which must be circled or 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.

6. **Experience** - experience requirements are determined by the activity in which the applicant

intends to apply. Applicants who do not meet minimum experience requirements may use the services of a consultant to meet requirements. Expenses incurred for utilizing the services of a consultant to meet experience requirements are not eligible for reimbursement. However, Sponsors may choose to pay the consultant with Developer/Project Delivery Fees.

Home Repair and/or Critical Home Repair - Applicants proposing to participate in Home Repair and/or Critical Home Repair activities that have not participated in the HTF program previously, must provide documentation that it has at least one (1) full-year of experience in affordable housing development and operations. At a minimum, the 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. Project summaries should include dates of completion, funding sources, total development costs, number of units, end use (rental, homeownership, owner-occupied repairs, etc.), and project type, i.e. new construction, rehabilitation, conversion, etc.
- b. Pictures documenting the projects included in the summary.

Supportive Housing Experience - Applicants proposing to participate in the Supportive Housing activity must be able to document they have successful experience developing and operating rental housing projects within the last ten (10) years. In addition, Sponsors and/or their supportive service provider partners must provide a narrative describing their experience providing supportive services. The narrative must describe when the services were provided, who they were provided to, what types of services were provided, the duration of services provided, and how the services were funded. Sponsors that do not meet the experience requirements may use the services of a consultant to meet experience qualifications. The Sponsor must provide the following with its application:

- A list of staff members coordinating the project.
- A listing of completed projects completed within the last ten (10) years including the project address, target population, number of units, services provided (if applicable), funding sources, the amount of funding awarded from each source, photos, and dates of completion.

Consulting Entity – Consultants providing services to Applicants to meet experience requirements may not be partnered with more than two (2) HTF Sponsors at a time. Existing HTF Sponsors wanting to provide consulting services must be active participants in the HTF activities they plan to provide consulting services for. Actively participating is defined as Sponsors that have successfully completed HTF projects within the timeframes described in the Home Repair, Critical Home Repair Manuals or Supportive Housing Implementation Schedule since July 1, 2022.

The Consultant must provide the below items:

- a. A **draft** 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, identify 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).

e. Documentation of experience

- Home Repair and/or Critical Home Repair – one year of experience in affordable housing development and operations.
- Supportive Housing – successful experience developing and operating rental housing within the past ten (10) years.

7. 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. This staff member should be identified as the **HTF Project Manager** on **Attachment B - Organization Staff Members**.

Applicants must have all the items listed below:

- a. Full-time employee of the organization or contract staff with a signed contractual agreement(s) on file; HTF Project Manager must have knowledge of home repair and construction activities.
- 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
- f. Appropriate place to securely store documents containing PII

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 applicant'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 resume of the HTF Project Manager must demonstrate knowledge and experience with construction activities.

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.

8. Board Requirements – For nonprofit applicants the board must have a minimum of five (5) board members with no less than seventy-five percent (75%) of its members residing within the defined service area. The application must include a completed **Attachment C, Board of Directors Status Information**.

The Nonprofit's 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 Sponsor organization participating in the HTF program.

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

9. 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 or Critical Home Repair project open at a time. Experienced Level I Sponsors may request an increase in the number of open applications, subject to evaluation by SC Housing. The evaluation considers factors such as timely construction initiation, meeting deadlines without extensions, and compliance with program requirements.

Level II – Applicants with minimum unrestricted net liquid assets of ten thousand dollars (\$10,000) may have up to two (2) Home Repair and/or Critical Home Repair projects open at one time. Experienced Level II Sponsors may request an increase in the number of open applications, subject to evaluation by SC Housing. The evaluation considers factors such as timely construction initiation, meeting deadlines without extensions, and compliance with program requirements.

Level III – Applicants must meet the below financial capacity requirements as described below to participate in **Supportive Housing Activities**, which are based on the total number of affordable supportive housing rental units to be developed. If the applicant organization does not meet the minimum financial capacity requirements to participate as a level III Sponsor, individual principals of the applicant entity may act as financial guarantors. If financial guarantors are required, reviewed financial statements prepared by an independent CPA will be accepted for those individuals. Applicants should refer to the definition of financial statements provided on page 2 of this manual.

- 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:

Financial statements that have been reviewed, audited, or complied 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, 2022**.

- a. 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 participant 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.
- b. A completed and notarized **Attachment D, Standards for Financial Management Systems**, executed by the Board Treasurer or Chief Financial Officer.
- c. An executed **IRS Form W-9**, Request for Taxpayer Identification Number and Certification.

9. Insurance - Sponsors must carry an effective one (\$1) million dollars 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 Sponsor in community events.

The community support letters cannot be obtained from other entities 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 verbatim:

"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 for 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 the end of the retention period. 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 on the CDSE Security Awareness Hub website titled ***Identifying and Safeguarding Personally Identifiable Information (PII) Version 2.0***. Applicant’s staff members with responsibilities relative to HTF activities must take this eLearning course and submit a copy of each staff member’s certificate of completion with the application.

[Identifying and Safeguarding Personally Identifiable Information \(PII\)](#)
[CDSE Security Awareness Hub eLearning FAQs](#)

- 13. Beneficiary and Tenant Selection Procedures -** Approved HTF 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 that ensures prompt written notification will be given should a beneficiary or tenant be rejected and the grounds for such rejection.
 - If applicable, identify target population preferences and include a description of the method of prioritization used.
 - Include the number of applicants on the waiting list and how the waiting list will be managed and maintained.

14. EPA Renovation, Repair and Painting (RRP) – Firm Certification – Sponsors must be EPA-certified RRP firm to assist homes and properties built before 1978 that will include renovations that will disturb “covered” painted surfaces in homes. EPA RRP Rule requires both firm and employee(s) to be certified. See the link below for more information.

<https://www.epa.gov/lead/renovation-repair-and-painting-program-firm-certification>

Information on the EPA Renovation, Repair and Painting (RRP) Program for Training Providers and Course Information. See the links below for more information.

Training Providers - <https://www.epa.gov/lead/rrp-program-training-providers>

Find a Course or Trainer Information -

<https://cfpub.epa.gov/flpp/pub/index.cfm?do=main.trainingSearch>

V. Required Training for Approved Sponsors

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

Information about SC Housing’s Suspension and Debarment Policy can be found on SC Housing’s website.

<https://schousing.sc.gov/sc-housing-suspension-and-debarment-policy>

VII. Recertification

Participant Certifications are good for two years. Sponsors must submit a recertification application within 30 days of the expiration date of the current certification period. Returning Sponsors may submit an abbreviated version of the **Participant Application**. The following documents will not be required to recertify a Sponsor unless there has been a material change to the documents originally submitted.

- Articles of Incorporation
- By-laws
- IRS letter 501c3 or 501c4
- 3rd Party Community Support Letters
- Documentation of one full year of housing experience

PARTICIPANT CERTIFICATION FORMS INDEX

Sponsors must utilize the **Application Checklist** to ensure all required documentation is submitted.

Consultant Disclosure.....	Attachment A
Organization Staff Members.....	Attachment B
Board of Directors.....	Attachment C
Standards Financial Management.....	Attachment D

The forms provided in this manual are available on SC Housing's website @ SC Housing Trust Fund. Contact SCHousingTrustFund@schousing.com if you have any questions or technical issues with the forms.