Horry County
HOME Consortium
(HCHC)

Horry County
SOUTH CAROLINA
Committed to Excellence

Program Policies and Procedures

Administered by:
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EQUAL HOUSING OPPORTUNITY

Updated December 10, 2018

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I. HOME Investment Partnerships Program

The HOME Investment Partnerships Program (HOME) (24 CFR Parts 91 and 92) provides formula grants to states and local governments which are used, typically in partnership with local nonprofit groups and community housing development organizations (CHDOs), to finance a variety of housing activities. These activities include homeowner-occupied housing rehabilitation, homeowner new construction, rental acquisition and rehabilitation, rental new construction, and tenant-based rental assistance.

II. Horry County HOME Consortium

The Horry County HOME Consortium (HCHC), a public body politic and corporate, with corporate succession, was created in 2017 to assist the low-income and underserved areas of Georgetown, Horry, and Williamsburg Counties of South Carolina in the financing, development, and preservation of affordable housing. The HCHC receives and administers funds provided by the HOME Investment Partnerships Act (HOME Program).

Member jurisdictions of HCHC include Georgetown, Horry, and Williamsburg Counties, as well as the municipalities of Myrtle Beach, Conway, Atlantic Beach, Aynor, Loris, Georgetown, Andrews, Kingstree, Hemingway, Stuckey, Lane, and Greeleyville. Horry County is the designated lead agency for the Consortium. Horry County administers the HOME Program on behalf of the Consortium, and coordinates the planning and administration of HOME Investment Partnership Funds.

The goals for the HCHC focus on decent housing, which includes:

- Retaining the current affordable housing stock;
- Increasing the availability of affordable permanent housing for low and moderate-income families;
- Increasing the supply of supportive housing which includes structural features and services to enable persons with special needs to live in dignity and independence; and
- Creating new affordable housing units.

III. Horry County Consortium Regional Profile

The HCHC program jurisdiction boundaries includes Horry, Georgetown, and Williamsburg counties, and is located in the northeastern coastal region of the state of South Carolina. The region consists of approximately 2,901 square miles and is bound to the north by the state of North Carolina; the Atlantic Ocean to the east, Santee River which borders Berkeley and Charleston Counties to the south; and Clarendon, Florence, Marion, and Dillon counties to the west.

The region includes large urban centers and vast rural areas which experience different housing market demands and impediments. Myrtle Beach, located in Horry County, is the most populous metropolitan statistical area in the region and the 4th largest in the state. Myrtle Beach is located approximately 125 miles from Columbia, the state capital, and 315 miles east of Atlanta, Georgia. The Myrtle Beach Metropolitan Statistical Area (MSA) is one of ten MSA's in the state. The MSA includes all of Horry County, which is 1,255 square miles and has a density of 257 people per square mile. In terms of land mass, Horry County is the largest county in the state. Williamsburg, by contrast, is very rural. With 937 square miles, Williamsburg County has a density of only 34 people per square mile. Georgetown County, which spans 814 square miles, has a population density of 75 people per square mile.

IV. Definitions

Action Plan: The one-year portion of the Consolidated Plan that serves as the annual strategic document for HOME funds.

Adjusted Income: Adjusted Income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses, and child care (these are the same adjustment factors used by the Section 8 programs. Adjusted Income is used in HOME to compute the actual tenant payment in TBRA programs and low HOME rent in rental projects in which rents are based on 30% of a household's adjusted gross income.

Affordability: The requirement of the HOME Program that relates to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule. Affordability requirements vary depending upon the nature of the HOME assisted activity (i.e., homeownership and rental housing).

Annual Income: Annual income as defined in 24 CFR 5.609, referred to as "Part 5 annual income", also known as the rules for determining income under the Section 8 voucher program.

Affirmative Marketing: Affirmative marketing specifically targets potential tenants and homebuyers who are least likely to apply for the housing, in order to make them aware of available affordable housing opportunities.

Commitment: This term is defined to mean, generally that a PJ has executed a legally binding written agreement (that includes the date of the signature of each person signing the agreement) with a subrecipient, or a contractor to use a specific amount of HOME funds to produce affordable housing, provide down-payment assistance, or provide tenant-based rental assistance. See section 92.504 for the minimum requirements of written agreements. Commitments must be made within 24 months of the HUD funding allocation. CHDOs and Non-profits must also have all financing in place at the time of a HOME commitment.

Community Housing Development Organization (CHDO): A CHDO is a private 501(c)3 or 501(c)4 organization that meets a series of qualifications prescribed in the HOME regulation at 24 CFR Part 92.2. This includes organizations with a mission that includes the construction, rehabilitation, or management of affordable housing for very-low to low-income populations. The HOME final rule requires that CHDOs have paid staff with demonstrated capacity appropriate to the CHDO's role (this requirement cannot be met through volunteers, donated staff, shared staff, or board members). A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs. CHDOs may also be involved in the program as subrecipients, but this use of HOME funds is not counted toward the 15% set aside.

Consolidated Plan: A plan prepared in accordance with the requirements set forth in 24 CFR Part 91 which describes community needs, resources, priorities and proposed activities to be undertaken under certain HUD programs, including HOME.

Consortium: Geographically contiguous units of local government consolidated to act as a single unit of general local government for HOME program purposes when certain requirements are met. Local governments form a consortium for the purpose of qualifying for a direct allocation of HOME funds.

Corrective and Remedial Actions: Corrective or remedial actions for a performance deficiency (failure to meet a provision of § 92.551) will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence.

Drawdown: The process of requesting and receiving HOME funds drawn down from a line of credit established by HUD.

Environmental Review: An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. (24 CFR Parts 50 and 58.)

Final Rule: The HOME Final Rule was published at 24 CFR Part 92 on July 24, 2013 and became effective August 24, 2013.

Fair Market Rent (FMR): Published by HUD, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities.

Fixed HOME Unit: When HOME-assisted units are "fixed" in a rental project, the specific units that are HOME-assisted (and therefore subject to HOME rent and occupancy requirements) are designated and never change.

First Time Homebuyer: An individual who has not owned a home during the three-year period prior to purchase of a home with HOME funds. This definition also includes an individual who is a displaced homemaker or single parent, as defined by HUD.

Floating HOME Unit: When HOME-assisted units are "floating" in a rental project, the units that are designated as HOME-assisted may change over time as long as the total number of HOME-assisted units in the project remains constant.

Group Home: Housing occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit, and (except in the case of shared one bedroom units) separate private space for each family.

Homeownership: This means ownership in a fee simple title in a 1 – 4 unit dwelling or condominium unit, or equivalent form of ownership approved by HUD.

HOME Assisted Units: Refers to the units within a HOME project for which rent, occupancy, and/or resale restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidy that may be provided to a project.

HOME Investment Trust Fund: The term given to two accounts – one at the federal level and one at the local level – that "hold" the Participating Jurisdiction's HOME funds. The federal HOME

Investment Trust Account is the U.S. Treasury account for each Participating Jurisdiction. The local HOME Investment Trust Account includes repayments of HOME funds, matching contributions and payment of interest or other returns on investment.

HOME Rent Rates: The HOME program restricts the rent rates of HOME-assisted units. Rent rates for HOME-assisted units cannot exceed the high and low HOME rent levels that have been established by HUD.

Housing: Includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single room occupancy (SRO) housing, and group homes. Also can include elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier free, energy efficient, removable, and designed to be installed adjacent to existing single-family dwellings.

Household: One or more persons occupying a housing unit.

Integrated Disbursement and Information System (IDIS): Electronic HUD financial and programmatic accounting system.

Jurisdiction: A state or unit of local government.

Low-income Households: Households whose combined annual incomes do not exceed 80% of the area's median income (AMI) as determined by HUD, with adjustments for smaller and larger households HUD may establish income ceilings higher or lower than 80% of AMI on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low household incomes. An individual does not qualify as a low-income household if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR 5.612.

Market Area: The geographical area that is relatively self-contained in terms of reflecting people's choice of location for a new home. The market area may be as small as a single neighborhood or as large as a city.

Match: The non-federal contribution to HOME program activities. The match contribution must equal not less than 25% of the HOME funds drawn down in the fiscal year, unless a HUD-issued waiver is obtained.

Match Credit: Match credit is for the development of affordable homeownership housing for sale to homebuyers. Contributions to the development of homeownership housing may be credited as a match only to the extent that the sales price of the housing is reduced by the amount of the contribution or, if the development costs exceed the fair market value of the housing the contribution may be credited to the extent that the contributions enable the housing to be sold for less than the cost of development.

Maximum Per-Unit Subsidy Amount: The total amount of HOME funds that may be invested on a per unit basis in affordable housing. Amounts may not exceed the per-unit dollar limitations identified by HUD.

Minority Outreach: To ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women.

New Construction: In the creation of new housing units, any project that includes the creation of new or additional housing units in an existing structure is considered new construction.

Participating Jurisdiction (PJ): State government or units of local government designated by HUD to administer a HOME Program grant.

Permitted Fees: Fees that PJs are permitted to charge for applications, homebuyer counseling, and ongoing monitoring of projects supported with HOME funds. (92.214 (b) (1) and 92.209 (a))

Private Lenders: One of the goals of the HOME program is to establish strong public/private partnerships. HUD requires HCHC make all reasonable efforts to maximize participation by private lenders and other members of the private sector. The Community Reinvestment Act (CRA) requirements provide an incentive for private institutions to become involved in HOME program activities.

Prohibited Activities and Fees: PJs are prohibited from charging fees for loan servicing, origination, or other fees for the purpose of covering costs of administering the HOME program and activities such as construction management or inspections for compliance and property

Program Income: Gross income from the use or rental of real property, owned by the PJ, State recipient, or a subrecipient, that was acquired, rehabilitated, or constructed with HOME funds or matching contributions, less costs incidental to generation of the income. *Program income does not include* gross income from the use, rental or sale of real property received by the project owner, developer, or sponsor, unless the funds are paid by the project owner, developer or sponsor to the PJ, subrecipient or State recipient.

Project: A site, entire building, or two or more buildings, together with the site or sites on which the building(s) are located, that are under common ownership, management, and financing, and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking. The HOME Final Rule eliminated the requirement that all buildings fall within a four block radius.

Project Completion: The point at which all necessary title transfer requirements and new construction or rehabilitation activities have been completed, inspected, certificates of occupancy have been issued and the final drawdown of HOME funds has been disbursed for the project and project completion data has been entered in the disbursement and information system established by HUD (IDIS). For rental projects, completion occurs when construction is completed and before tenant occupancy.

Reconstruction: The rebuilding of housing, on the same lot, that existed at the time of project commitment, but is destroyed by some type of disaster. The housing may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction. The number of housing units on the lot may not change as part of the reconstruction project, but the number of rooms per unit can increase or decrease. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation for purposes of this part.

Single Room Occupancy (SRO): For new construction, conversion of nonresidential space, or reconstruction, the housing units must consist of a single room that is the primary residence of its occupant or occupants. The unit must contain a bathroom or a kitchen, but can contain both. For acquisition or rehab of an existing residential structure or hotel, a kitchen or a bathroom are not required to be in the unit. If the unit does not have a bathroom, there must be one in the building for tenants to use. SRO housing must meet local zoning and building codes.

Subrecipient: A public agency or nonprofit organization selected by a HCHC to administer all or some of the HCHC's HOME programs to produce affordable housing, provide down payment assistance, or provide tenant based rental assistance. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of a housing project is not considered a subrecipient. HCHC's selection of subrecipients is not subject to the procurement procedures and requirements.

Tenant Based Rental Assistance (TBRA): A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued assistance. It includes (1) security deposit assistance when provided alone or with rental assistance, and (2) utility deposit assistance only when it is associated with the rental or security deposit assistance.

Transitional Housing: SRO units with a maximum lease of two years.

Underwriting: Prior to commitment of funds, the process through which HCHC evaluates proposed projects to determine whether they meet the guidelines regarding an owner or developer's reasonable level of profit or return on investment based on the size, type and complexity of the project.

Uniform Administrative Requirements: Compliance with applicable federal administrative requirements (OMB Super circular 2 CFR 200 and applicable provisions of 24 CFR Part 85 for governmental entities, and applicable provisions of 24 CFR Part 84 for non-profits.)

Uniform Physical Condition Standard (UPCS): means uniform national standards established by HUD pursuant to 24 CFR 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for each of the following areas: site, building exterior, building systems, dwelling units, and common areas. HCHC requires projects to comply with local and state building code standards. UPCS will be used as a monitoring tool.

Very Low-income Households: Households whose combined annual incomes do not exceed 50% of the median income for the area (adjusted for family size).

V. Program Design

The Horry County HOME Consortium's (HCHC) HOME Program is designed to promote partnerships among the U.S. Department of Housing and Urban Development (HUD), other federal entities, state and local governments, and with nonprofit and for-profit sectors who build, own, manage, finance, and support affordable housing initiatives. HOME provides the flexibility needed to fund a wide range of affordable housing initiatives through creative and unique housing partnerships. HCHC administers the HOME Program in a manner that will address the needs of very low to moderate income persons, with an emphasis on areas referenced in its 5-year Consolidated Plan.

HCHC funds are intended to provide gap financing for development projects and to fund needed affordable housing projects that would otherwise not be available in the community.

HCHC enhances coordination between public/private housing providers, health and social service agencies as they are key stakeholders in developing and sustaining healthy communities. HCHC has developed region-wide partnerships with community housing organizations, local housing authorities, various social service and mental health agencies, members of real estate industry, and local lending institutions. Through the community needs assessment, all partners and key stakeholders are engaged and provide input on an on-going basis.

a. Duties of Horry County

Horry County is hereby designated and authorized to administer the activities of the HCHC. Additionally, Horry County Council acts as the governing body of the HCHC.

As Lead Entity, Horry County will assume overall responsibility for ensuring compliance with all HOME requirements through the oversight and coordination of services on behalf of the Consortium Members. Those activities include:

1. Monitoring the performance of all entities to ensure HOME program funds are compliant with all federal laws and programmatic requirements of the HOME program;

2. Managing day-to-day operations of the Consortium's participation in the HOME program;

3. Coordinating project solicitation and selection process; and

4. Ensure compliance with Federal procurement requirements including those outlined in 2 CFR Part 200.

b. Duties of Members

Each member agrees to cooperate in undertaking or assisting in undertaking housing assistance activities for the HOME Program. Members are prohibited from withdrawing from the HCHC and/or this Agreement during the initial three (3) year term or qualification period. Each Member agrees to affirmatively further fair housing. Each Member agrees to approve any amendment to this Agreement that incorporates future changes necessary to meet the requirements for consortia agreement in subsequent qualification periods.

Each member jurisdiction agrees to strict adherence to the program descriptions as approved and to all assurances and certifications provided, including agreement to take all actions necessary to assure compliance with Horry County's certification under the Fair Housing Act; Executive Order 11063 (Equal Opportunity in Housing) and Title VI of the Civil Rights Act of 1964, the Uniform Relocation Assistance, Real Property Acquisitions Policy Act of 1970, and the Davis-Bacon Act at 40 USC 276a, et seq. Horry County shall not provide or cause to be provided HOME funds for activities in or support of any cooperating jurisdiction that does not affirmatively further fair housing within its own jurisdiction or activities that impede Horry County's actions to comply with affirmatively further fair housing activities.

Each member, as required by the Consolidated Plan final rule at 24 CFR 91.402(a), must be on the same program year for the CDBG, HOME, ESG, and HOPWA programs. The HCHC program year begins July 1st and ends June 30th, annually.

c. Effective Date, Term, Renewal, and Termination

The initial HOME Agreement term is for Federal fiscal years 2018, 2019, and 2020, and shall remain in effect at least until the HOME funds from Federal fiscal years 2018, 2019, and 2020 are expended on eligible activities.

The HOME Agreement is automatically be renewed for the Consortium's participation in successive qualification periods of three (3) federal fiscal years each. No later than the date specified by HUD's consortia designation notice or HOME Consortia web page, the Lead Entity shall notify each Consortium Member in writing of its right to decide not to participate in the Consortium for the next qualification period and the Lead Entity shall send a copy of each notification to the HUD Field Office.

If a Consortium Member decides not to participate in the Consortium for the next qualification period, the Consortium Member shall notify the Lead Entity, and the Lead Entity shall notify the HUD Field Office, before the beginning of the new qualification period. Before the beginning of each new qualification period, the Lead Entity shall submit to the HUD Field Office a statement of whether or not any amendments have been made to this agreement, a copy of each amendment to this agreement, and, if the Consortium's Membership has changed, the state certification required under 24 C.F.R. § 92.101(a)(2)(i). The Consortium shall adopt any amendments to this agreement that are necessary to meet HUD requirements for Consortium agreements in successive qualification periods.

The automatic renewal of the agreement will be void if: the Lead Entity fails to notify a Consortium member or the HUD field office as required under this automatic renewal provision or the Lead Entity fails to submit a copy of each amendment to this agreement as required under this automatic renewal provision.

Though this Agreement may be amended, no member may withdraw from the Agreement while the Agreement remains in effect. A member desiring to terminate the Agreement and its participation in the HCHC may do so by giving no less than six (6) months prior written notice. The notice must be sent to the other Members at the addresses appearing on the signature page and the notice must specify the effective date of intended termination. Each member agrees that in order to be relieved from the terms of this Agreement, it must notify Horry County in writing of its intent not to participate in a renewal period on or before the date specified by HUD.

VI. Eligible Activities

HCHC HOME funds may be used to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition (including assistance to homebuyers), new construction, reconstruction, or rehabilitation of housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses. Additional eligible expenses may include; financing costs, relocation expenses of any displaced persons, families, businesses, or organizations; to provide payment of reasonable administrative and planning costs. The specific eligible costs for these activities are set forth in 24 CFR §92.206 through 24 CFR §92.209. The activities and costs are eligible only if the housing meets the property standards in 24 CFR §92.251 upon project completion.

- Acquisition of Vacant Land or Demolition must be undertaken only when related to a particular housing project intended to provide affordable housing within specific time frame.

- Conversion of an existing structure to affordable housing is rehabilitation, unless the conversion entails adding one or more units beyond the existing floor plan, in which case, the project is considered new construction.

- Forms of Assistance: HOME funds may be invested as equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part and specifically approves in writing. HCHC will determine what type of approved assistance will be provided to eligible projects receiving HOME funds within the region.

- Minimum Amount of Assistance: The minimum amount of HOME funds that must be invested in a project involving rental housing or homeownership is $1,000 multiplied by the number of HOME assisted units in the project.

- Multi-Family Project*:* HOME funds may be used to assist in the development of one (1) or more housing units in a multi-family project.

- HOME Eligible Development Costs**:** Only the actual HOME eligible development costs of the assisted units may be charged to the HOME program. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a cost allocation method, as follows: If the assisted and non-assisted units are comparable in terms of size, features, and number of bedrooms, the actual cost of the HOME- assisted units can be determined by prorating the total HOME eligible development costs of the project so that the proportion of the total development costs charged to the HOME program does not exceed the proportion of the HOME-assisted units in the project.

- After project completion, the number of units designated as HOME-assisted may be reduced only in accordance with §92.210, except that in a project consisting of all HOME-assisted units, one unit may be subsequently converted to an on-site manager's unit if it is determined that the conversion will contribute to the stability or effectiveness of the housing and that, notwithstanding the loss of one (1) HOME-assisted unit, the costs charged to the HOME program do not exceed the actual costs of the HOME- assisted units and do not exceed the subsidy limit.

VII. Income Eligibility

When determining the income eligibility of a household, HCHC uses the definition of "Annual Income" found at 24 CFR 5.609 (except when determining the income of a homeowner for an owner-occupied rehabilitation project, the value of the homeowners principal residence may be excluded from the calculation of Net Family Assets, as defined in 24 CFR 5.603).

Family sizes in excess of eight (8) persons are calculated by adding 8% of the four (4) person income limit for each additional family member. That is, a nine (9) person limit should be 140% of the four (4) person limit, the ten (10) person limit should be 148%.

The HOME income limit values for large households (9-12 persons) must be rounded to the nearest $50. Therefore, all values from 1 to 24 are rounded down to 0, and all values from 25 to 49 are rounded up to 50.

VIII. Distribution of HOME Funds

HOME funds are provided to the HCHC by HUD annually using a formula allocation. The HCHC's distribution plan for HOME funds provides:

- **Administration (10%)** Funds are used by the HCHC for planning, administration, allocation of indirect costs and monitoring of the program. Funds are also used to conduct training and technical assistance to entities interested in applying for and implementing HOME funded projects.

- **Programmatic HOME Funds (75%):** The HCHC distributes the programmatic HOME funds to projects within Horry, Georgetown and Williamsburg counties based on a HUD formulary process that calculates the percentage of low to moderate-income (LMI) persons residing within each of the above named jurisdictions.

- **CHDO Set Aside (15%)** In accordance with HOME regulations, a minimum of 15 percent of annual HCHC HOME funds are set-aside for use exclusively by HOME designated community housing development organizations (CHDOs) for specific allowable activities (housing owned, developed and/or sponsored by the CHDO). These funds are awarded to CHDOs by HCHC annually via a competitive proposal process.

- The HOME Final Rule has established a separate five (5) year deadline for expenditure of CHDO set-aside funds, effective January 1, 2015.

HUD determines annually an allocation for HCHC based on the following criteria for each of its member units of local government. It uses U.S. Census and HOME data to calculate an estimate of the amount of HOME funds that a potential consortium might qualify for under the HOME formula. Having an estimate of the HOME allocation and administrative funds available (10% of the allocation) also helps potential consortia design their regional housing plans and funding priorities.

The formula allocation is based on the proposed membership of the consortium and their geography as well as the weighted formula factors of the HOME regulations.

These factors are as follows:

- 60% of the HOME money goes to entitlements and 10% of that is distributed on population adjusted by per capita income (POPCI).

- Another 10% of the 60% is distributed on total rental housing units occupied by the poor, adjusted by the national to local rental vacancy rate (VACRENT/ALLRENTALS).

- Another 20% of the 60% is distributed on Poverty households living in rental housing units built before 1950 (P50RHP)

- Another 20% of the 60% is distributed on families in poverty (FAMPOV)

- Another 20% of the 60% is distributed on the number of rental housing units with one or more of four problems (TRHC4)

- And another 20% of 60% is allocated on this factor after it is adjusted for local to national construction cost variations (AMTRHC4)

The actual amount that a consortium will qualify for under the formula will also be determined by the level of the HOME appropriation, the amount of set-asides in the appropriation for other purposes, the qualification of new CDBG entitlement communities and urban counties, and the formation of other consortia.

The following details the 2017 allocation and issues for illustrative purposes.

	SC	**C981**	**90**	**Consortia**	**$784,579**	**100%**
Georgetown County	SC	C981	96	Non-CDBG County	$114,555	15%
Horry County	SC	C981	96	CDBG Urban County	$580,194	75%
Williamsburg County	SC	C981	96	Non-CDBG County	$79,117	10%

While the percentage of allocations is not allocated per jurisdiction annually, HCHC will conduct a review of the allocations % throughout the five year Consolidated planning process to ensure that the overall percentage designation is consistent with the HUD algorithm (above) that justifies the allocations based on population needs throughout the region.

IX. Match Requirements

For each dollar of HOME Program funds expended, the consortium must generate $.25 in non-federal match in the form of cash, assets, services, labor, or other resources valuable to the HOME Program. (See 24 CFR 92.218.). Each subrecipient/CHDO will be required to submit a match report at the 50% completion point and at project close out for each project.

The match obligation may be met with any of the following specific sources.

Cash or cash equivalents from a non-federal source;
Value of waived taxes, fees or charges associated with HOME projects;
Value of donated land or real property;
Cost of infrastructure improvements associated with HOME projects;
A percentage of the proceeds of single or multi-family housing bonds issued by state, state instrumentality, or local government;
Value of donated materials, equipment, labor, and professional services;
Sweat equity;
Direct costs of supportive services to residents of HOME projects; and
Direct cost of homebuyer counseling to families purchasing homes with HOME assistance

Match counted for other Federal programs may not be used as a HOME match. HOME can be counted as a match for McKinney-Vento Act Programs.

Ineligible Match Contributions:

The following do ***not*** meet the requirements for eligible sources of match and do not count toward meeting a PJ's matching contribution requirement:

1. Contributions made with or derived from federal resources or funds (including CDBG), regardless of when the funds were received or expended;

2. The interest rate subsidy attributable to the federal tax exemption on financing (such as bonds issued by the state) or the value attributable to federal tax credits (such as the Low Income Housing Tax Credit Program);

3. Owner equity or investment in a project (except for sweat equity);

4. Cash or other forms of contributions from applicants for or recipients of HOME assistance or contracts, or investors who own, are working on, or are proposing to apply for assistance for a HOME-assisted project (except for sweat equity or professional services donated by contractors who do not own any HOME projects);

5. A PJ's cost of administering HOME-assisted or HOME eligible housing projects or rental assistance;

6. Contributions counted as match toward any other federally funded program.

7. Other forms of contributions not meeting the HOME requirements (at 92.220) are also ineligible.

HCHC will develop a match plan as a part of the project start-up meeting and will incorporate match obligations into the Subrecipient Agreement, CHDO Agreement, or Contract.

Excess match: Contributions made in a fiscal year that exceed the HCHC's match liability for the fiscal year in which they were made will be carried over and applied to future fiscal years match liability.

X. Subrecipient Application Process

Subject to availability, HOME funds may be made available to program subrecipients through an annual application process. If funds are made available to subrecipients, the HCHC will issue a Request for Proposals that provides information on how to apply for a grant and a timeline for submitting the application and all required attachments.

Applications will be scored based on a point system directly related to specific criteria that place an emphasis on revitalization of distressed neighborhoods and other community housing needs. Applications are also scored for:

- Clarity of Proposal
- Likelihood of Success
- Project Financial Feasibility
- Funding Need
- Track Record of Applicant Organization
- Creditworthiness of Applicant Organization
- Ability to implement the project within one year of funding

a. Award Process

County staff will review the project applications for completeness and compliance. If applications are incomplete the applicant will receive written notification of any deficiencies (missing or incomplete information) of their applications. Applicants will have five (5) business days from the date of notification to provide the information to the County. Failure to provide the information to the County within the timeframe will result in an automatic disqualification of the application.

1. HCHC Member Jurisdictions will conduct a local compliance review of projects located within their jurisdiction and will provide Horry County with a list of endorsed projects prior to the Technical Review Committee meeting.

2. Applications that do not meet the threshold criteria, compliance with federal and state laws, or HOME program requirements will be rejected.

3. Project applications will undergo an underwriting evaluation and will be reviewed for financial feasibility. Applications deemed to be financially feasible, require subsidy and are consistent with HOME policies, will be recommended for funding.

4. The HCHC Technical Review Committee, consisting of representatives from Horry, Georgetown, Williamsburg Counties and the Cities of Myrtle Beach and Conway will review the recommended applications and develop the HCHC recommendation for annual funding priorities.

5. The Horry County Community Development Department reserves the right to utilize the funds for the good of the general public and administer the funds in accordance with the annual action plan.

b. Implementation Process

Participants awarded HOME funds are required to meet with Community Development Staff Committee which further reviews federal, State and County requirements, procedures, and processes. Topics discussed include: the project schedule, how to request HOME funds, the construction inspection process, reporting requirements, applicable federal requirement, and project close-out.

The implementation schedule ensures timeframes are met to successfully complete projects within the Agreement period. Throughout the course of construction or rehabilitation, each HOME rental project receives a minimum of three (3) site visits, rental projects are visited at the start of the project, during construction, and at project completion.

Applicable federal regulations are reviewed and appropriate forms provided to HOME participants who include Davis-Bacon, Section 3, Minority and Woman Owned Business, and 504 handicapped assessable requirements. Quarterly reports are required in order to monitor the project's progress during the agreement period. Project completion forms initiate the close out process and are submitted once projects have met all development requirements.

c. HOME Funding Commitments

Project specific funding commitments must be made within 24 months of HUD's obligation of the HOME allocation. Before executing a written legally binding agreement (Commitment) between the HCHC and the project owner, developer or sponsor, the following conditions must be completed:

- Underwriting - The project must be evaluated for the following:
    - Project costs are reasonable
    - Neighborhood market demand
    - Experience and financial capacity of the developer
    - Other financial commitments

- If the project consists of rehabilitation or new construction (with or without acquisition) HCHC and the project owner will execute a legally binding written agreement under which HOME assistance will be provided to the owner for an identifiable project for which all necessary financing has been secured.

- A budget and schedule have been established, subsidy layering must be completed, and construction is scheduled to start within twelve months of the agreement date.

- As administrators of the HOME program, Horry County staff will enter the project commitment into IDIS once the above conditions have been met.

- The legally binding written agreement, which includes the date of the signature of each person signing the agreement, with a subrecipient, or a contractor, will state the specific amount of HOME funds that will be used to produce affordable housing, provide down payment assistance, or has met the requirements to commit to a specific local project.

XI. Market Assessment

The HCHC will evaluate the feasibility of all rental or homebuyer development projects (acquisition only, acquisition and rehabilitation, rehabilitation, or new construction), regardless of size (number of units) or activity type, regardless of project size. The purpose of this requirement is to ensure that every unit in which HOME funds are invested results in housing that will be rented or sold as quickly as possible. The market assessment will be conducted prior to entering into a project's legally binding written agreement.

There are two exceptions to this requirement: 1) homebuyer down payment assistance only projects (i.e., homebuyer projects that do not also include rehabilitation or new construction), and 2) owner-occupied rehabilitation projects.

The HCHC, in coordination with the HOME applicant, will conduct a market assessment to determine if there is adequate need or demand for the type of project being proposed. By determining that there is a market demand for the proposed housing, the assessment will ensure that units will be rented or purchased within a short amount of time. The assessment will:

- Define the proposed market area.

- **For rental projects**, provide information on existing rent levels for three (3) comparable properties.

- Determine average occupancy rates and waiting lists for the comparable properties.

- For homeownership units, determine if there are comparable homes for sale to the proposed project in terms of location, size, and home sale price.

- Determine length of time on the market for each unsold comparable property.

- Determine length of time on the market for comparable homes that have sold over the past three (3) months.

XII. Subsidy Layering

HUD established limits on the amount of HOME funds that may be invested in affordable housing on a per unit basis. Before committing funds to a project that combines the use of any other local, state, or federal assistance, HCHC will evaluate the project to ensure that costs are reasonable, there is adequate neighborhood market demand, the developer has sufficient experience and financial capacity, and other financial commitments are accounted for to ensure that HCHC does not invest any more HOME funds than are necessary to provide affordable housing. The project file should contain the subsidy layering evaluation for all HOME applicants. (24 CFR 92.250)

The following additional guidelines are for multi-family rental projects:

Pro forma: The HCHC will determine the reasonableness of the rate of return on equity investment by looking at the applicant's pro forma (project income and expense statement).

- The pro forma should include achievable rent levels, market vacancies and operating expenses.

- The pro forma should also specify the consequences of tax benefits, if any, and any other assumptions used in calculating the project cash flow.

- The pro forma should represent, at a minimum, the term of the HOME affordability requirements, or longer if other funding sources require longer affordability terms.

The HCHC will analyze each application to ensure that only the minimum amount of assistance is allocated to the development. In no case may the amount of HOME Program funds allocated exceed the maximum allocation limit as established under Section 221(d)(3)(ii) of the National Housing Act. Before committing funds to a project the HCHC will evaluate each project in accordance with 24 CFR §92.250. The evaluation points will include:

- **Sources and Uses of Funds Statement:** The HCHC will review all other funding commitments for the proposed project.

- **Certification of Federal Assistance:** The HCHC will request certification from applicants concerning governmental assistance to be provided to a project, and future notification of any other governmental assistance sought.

- **Project Development Budget:** The HCHC will review the budget to determine that all costs are necessary, reasonable and eligible, and ensure that HOME funds per unit do not exceed the maximum per-unit subsidy limits.

XIII. Terminated Projects

A HOME assisted project that is terminated before completion, but within the expenditure deadline, either voluntarily or involuntarily, constitutes an ineligible activity. In accordance with HUD regulations, HCHC will repay any HOME funds invested in a terminated project to its HOME Investment Trust Fund in accordance with §92.503(b) (except for project-specific assistance to CHDOs as provided in §92.301(a)(3) and (b)(3)).

- §92.301(a)(3) Repayment. The community housing development organization must repay the loan to the participating jurisdiction from construction loan proceeds or other project income. The participating jurisdiction may waive repayment of the loan, in part or in whole, if there are impediments to project development that the participating jurisdiction determines are reasonably beyond the control of the borrower.

- §92.301(b)(3) Repayment. The community housing development organization must repay the loan to the participating jurisdiction from construction loan proceeds or other project income. The participating jurisdiction may waive repayment of the loan, in whole or in part, if there are impediments to project development that the participating jurisdiction determines are reasonably beyond the control of the community housing development organization.

A HOME assisted project that does not meet the requirements for affordable housing will be terminated and HCHC will repay all HOME funds invested in the terminated project to its HOME Investment Trust Fund in accordance with §92.503(b).

If a HOME assisted project is not completed within four (4) years of the date of commitment of funds, the project is considered terminated and HCHC will repay all funds invested in the project to its HOME Investment Trust Fund. HCHC may request a one (1) year extension of this deadline in writing, by submitting information about the status of the project, steps being taken to overcome any obstacles to completion, proof of adequate funding to complete the project, and a schedule with milestones for completion of the project for HUD's review and approval.

XIV. Eligible Project Costs

HCHC HOME funds can be used to pay the following eligible costs:

- Acquisition Costs: Costs of acquiring improved or unimproved real property, including acquisition by homebuyers.

- Development Hard Costs: The actual cost of constructing or rehabilitating housing. These costs include:

    - For new construction projects, costs to meet the most recent International Building Code (IBC) Series with South Carolina Amendments.

    - For rehabilitation, costs to meet 2018 International Building Code (IBC) Series with South Carolina Amendments.

- For both new construction and rehabilitation projects, costs to:

    - demolish existing structures;
    - make utility connections including off-site connections from the property line to the adjacent street;
    - make improvements to the project site (only property owned by the project owner where the project is located) that are keeping with improvements on the surrounding projects including onsite roads, sewer lines, water lines, and drainage improvements.

  Costs must be necessary to the development of the project.

- Costs to make utility connections or to make improvements to the project site, in accordance with the provisions of §92.206(a)(3)(ii) and (iii) are also eligible in connection with acquisition of standard housing.

- For both new construction and rehabilitation of multifamily rental housing projects, costs to construct or rehabilitate laundry and community facilities that are located within the same building as the housing and which are for the use of the project residents and their guests.

• Refinancing Costs*:* The cost to refinance existing debt secured by a single-unit housing project that is being rehabilitated with HOME funds. HCHC will not refinance existing debt on multi-family projects.

• Manufactured Housing: HOME funds may be used to purchase manufactured housing units or purchase the land upon which a manufactured housing unit is located. Any manufactured housing unit purchased with HOME funds must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned by the manufactured housing unit owner or land for which the manufactured unit owner has a lease period at least equal to the applicable period of affordability.
• Related Soft Costs: Other reasonable and necessary costs incurred by the owner or the HCHC and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:

    - Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups. These costs may be paid only if incurred not more than 24 months before the date that HOME funds are committed to the project and if HCHC expressly permits HOME funds to be used to pay such costs in the written agreement committing funds to the project.

    - Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recording and filing of legal documents, building permits, attorney's fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees.

  - Costs of a project audit, including certification of costs performed by a certified public accountant. The HCHC has the option to require this with respect to the development of the project.

  - Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants.

- Reserves: For new construction or rehabilitation of multi-family projects, the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may only be used to pay project operating expenses, scheduled payments to a replacement reserve, and debt service. Any HOME funds placed in an operating deficit reserve that remain unexpended after the period of project rent-up may be retained for project reserves if permitted by the HCHC.

- Staff and Overhead Costs: Costs for staff and overhead that are directly related to carrying out the project, such as work specifications preparation, loan processing, inspections, and other services related to assisting potential owners, tenants, and homebuyers, e.g., housing counseling, may be charged to project costs only if the project is funded and the individual becomes the owner or tenant of the HOME-assisted project. For multi-family projects, such costs must be allocated among HOME-assisted units in a reasonable manner and documented. Although these costs may be charged as project costs, these costs (except housing counseling) cannot be charged to or paid by low-income families.

- Environmental Review: Costs and release of funds in accordance with 24 CFR Part 58 which are directly related to the project.

- Community Housing Development Organization (CHDO) Costs*:*

  - A CHDO is defined as a private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations at 24 CFR Part 92.2.

  - The HOME Final Rule requires that CHDOs have paid staff with demonstrated capacity appropriate to the CHDO's role (this requirement cannot be met through volunteer, donated staff, shared staff, or board members).

  - CHDO status must be recertified regularly by Horry County.

  - In an owner or developer role, the CHDO must own the HOME-assisted housing in fee simple absolute or have a long term ground lease.

  - Costs include operating expenses and capacity building costs for an eligible CHDO.

- Operating expenses mean reasonable and necessary costs for the operation of the CHDO. Such costs include:

    - Salary, wages, and other employee compensation and benefits
    - Employee education
    - Training and travel
    - Rent
    - Utilities
    - Communication costs
    - Taxes and insurance
    - Equipment, materials and supplies.

- Costs DO NOT include operating expenses incurred by a CHDO acting as a subrecipient or contractor under the HOME program.

- Relocation Costs: The cost of relocation payments and other relocation assistance to persons displaced by the project are eligible costs. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons. Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.

XV. Tenant Based Rental Assistance

- Eligible costs include the rental assistance and security deposit payments made to provide tenant-based rental assistance for eligible households.

- Administration of tenant-based rental assistance is generally eligible only under Administrative Expenses (subject to administrative CAP). Specific exceptions will apply where costs for income certifications and unit inspections can be directly assigned to individual projects.

XVI. Eligible Administrative and Planning Costs

Funds are provided for the administration of the HOME program. HCHC staff is responsible for administering all aspects of the HOME program; coordinating activities for the HOME program, monitoring compliance with written funding agreements and federal regulations, administering grants provided by HCHC, and coordinating with HUD to ensure compliance with federal regulations. The HCHC uses funds for a pro-rata share of the salaries, fringe, and overhead that can be directly attributable to the HOME Program. Adequate records are maintained to justify the allocation of HOME administration funds for these purposes.

Eligible costs include HCHC staff and overhead costs directly related to carrying out projects, such as work specifications preparation, inspections, lead-based paint evaluations (visual assessments, inspections, and risk assessments) and other services related to assisting potential owners, tenants and homebuyers.

Staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling and other assistance necessary to minimize hardship.

Costs may be charged as administrative costs or as project costs, at the discretion of the HCHC; however, these costs (except housing counseling) cannot be charged to or paid by the low-income families.

XVII. Ineligible Administrative and Planning Costs

HOME funds shall not be used to:

- Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;
- Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with section 212(d) of the Act;
- Provide non-federal matching contributions required under any other Federal program;
- Provide assistance authorized under Section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see § 92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under §92.250.
- Pay for any cost that is not eligible under §§92.206 through 92.209.
- Support activities in connection with litigation involving discrimination or fair housing are set forth in Section 224 of the Act.

XVIII. Uniform Administrative Requirements

The following sections of the Code of Federal Regulations pertain to the uniform administrative requirements.

- 2 CFR Part 200
- Provisions of 24 CFR Part 85

XIX. Affirmative Marketing

HCHC has adopted the following procedures consistent with requirements of affirmative marketing under 24 CFR Part 92.351(a) and (b). HOME Program recipients and subrecipients must certify that they have developed and adopted affirmative marketing procedures for HOME assisted housing with five (5) or more units of rental or homeownership projects.

Affirmative marketing steps consist of actions to provide information and otherwise attract eligible participants without regard to race, color, national origin, sex, religion, familial status, or disability.

HCHC reviews marketing plans as part of its application review and monitoring process. Affirmative marketing requirements and procedures include:

- Methods for informing the public, owners and potential tenants about fair housing laws and the policies of the local program;
- A description of actions that owners and/or the program administrator will take to affirmatively market housing assisted with HOME program funds;
- A description of actions that owners and/or the program administrator will take to inform persons not likely to apply for housing without special outreach;
- Maintenance of records to document actions taken to affirmatively market HOME assisted units and to assess marketing effectiveness;
- A description of how efforts will be assessed and what corrective actions will be taken when requirements are not met; and
- For projects that will include five (5) or more units, a project-specific marketing plan must be developed.

XX. Written Agreements

The HCHC requires execution of a written agreement **before any HOME funds are committed or disbursed to any entity**. As appropriate, HCHC will work with legal counsel to draft all contracts, agreements and other legal documents. In addition, staff will provide legal counsel with information to assist them in understanding HOME program rules and their intent.

Written agreements shall contain the following provisions:

- **Use of Funds:** Description of the HOME funded activities, tasks to be performed, schedule for completing tasks, a budget in sufficient detail to effectively monitor performance and the period of the agreement.

- **Reversion of Assets/Program Income Requirements:** States that program income proceeds, unexpended funds or other assets will be retained by the recipient for other eligible activities, or will be returned to the HCHC.

- **Uniform Administrative Requirements:** Compliance with applicable federal administrative requirements (2 CFR Part 200 and applicable provisions of 24 CFR Part 85 for governmental entities and 24 CFR Part 84 for non-profits.)

- **Other Program Requirements:** Requirements regarding: non-discrimination and equal opportunity; affirmative marketing and minority outreach; environmental review; displacement, relocation and acquisition; labor standards; lead-based paint; and conflict of interest.

- **Affirmative Marketing:** Requirements for affirmative marketing in projects containing five (5) or more HOME assisted units.

- **Requests for Disbursement of Funds:** Requirement that HOME funds may not be requested until funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed. Program income must be disbursed before requesting HOME funds, if applicable.

- **Records and Reports:** Lists records that must be maintained and information and reports that must be submitted.

- **Enforcement of the Agreement:** Means of enforcing the provisions of the written agreement. This provision is in the agreement with all parties including owners.

- **Duration of Agreements:** The agreement must specify the duration of the agreement. If the housing assisted under the agreement is rental housing, the agreement must be in effect throughout the affordability period required by the PJ. If the housing assisted under this agreement is homeownership, the agreement must be in effect at least until the completion of the project by the low-income family.

- **Amending the Documents:** Written Agreements may be amended by mutual agreement of the parties when regulations and requirements change, or when adjustment to funding levels or other condition related to a specific project are needed.

- **Fixed or Floating Units:** Fixed and Floating HOME Units: In a project containing HOME-assisted and other units, the PJ may designate fixed or floating HOME units. This designation must be made at the time of project commitment in the written agreement between the PJ and the owner, and the HOME units must be identified not later than the time of initial unit occupancy.

- Fixed units remain the same throughout the period of affordability.

- Floating units are changed to maintain conformity with the requirements of this section during the period of affordability so that the total number of housing units meeting the requirements of this section remains the same, and each substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME-assisted unit.

Required Provisions for Written Agreements by Type

Required Provisions	Subrecipients (Consortia Members)	Owners, Sponsors, Developers (CHDOs)	Contractors	Homebuyers	Homeowners
Use of HOME Funds	✓	✓	✓	✓	✓
Affordability (§92.252 or §92.254)		✓		✓	
Program Income	✓				
Uniform Administration Requirements (§92.505)	✓				
Project Requirements (as applicable in subpart F)		✓		✓ §92.254(a) only	✓ §92.254 (b) only
Property Standards (§92.251 and §92.355)		✓			
Other Program Requirements (Subpart H except §92.352 and §92.357)	✓	✓	✓ Except §92.505, §92.506, §92.352		
Affirmative Marketing (§92.351)	✓	✓			
Requests for Disbursement of Funds	✓	✓			
Reversion of Assets	✓	✓			
Records and Reports	✓	✓			
Enforcement of the Agreement (§92.252 and 24 CFR Part 85 as applicable)	✓	✓		✓	
Duration of Agreement		✓	✓		

CHDO Provisions (§92.300 and §92.301)		✓			
Suggested (not HOME required)					
Roles and Responsibilities	✓	✓	✓		
Description of the Project	✓	✓			
Performance Standards	✓	✓	✓		
Conflict of Interest	✓	✓			
Monitoring	✓	✓	✓		
Close-out Requirements	✓	✓			
Non-compliance	✓	✓	✓	✓	

XXI. Conflict of Interest

No person who exercises or has exercised any functions or responsibilities with respect to HOME activities, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a HOME-assisted activity or with respect to the proceeds of the HOME-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

a. Conflicts of Interest

No employee of HORRY COUNTY who works with the HOME program may knowingly use his or her official position or employment to obtain an economic interest for themselves, or a family member, an individual with whom he or she is associated, or a business with which he or she is associated.

No employee of HORRY COUNTY who works with the HOME program may knowingly use his or her official position or employment to influence a HCHC decision in which he or she, a family member, an individual with whom he or she is associated, or a business with which he or she is associated has an economic interest.

Should a potential conflict occur, the individual involved will prepare a written statement describing the matter requiring action or decisions and the nature of the potential conflict of interest with respect to the action or decision, and submit the statement to the County Administrator. If the County Administrator has a potential conflict, the written statement shall be delivered to the Horry County Council Chairman.

b. Conflict of Interest for Nonprofit and For-Profit Owners Developers and Sponsors

No owner, developer or sponsor of HOME assisted housing, including their officers, employees, agents, consultants or elected or appointed officials, may occupy a HOME assisted unit. This provision does not apply to an individual living in a HOME assisted rental housing development where he/she is a project manager or a maintenance worker in that development.

c. Conflict of Interest Exceptions

With HUD concurrence, exceptions may be granted by HCHC on a case by case basis based on a careful review of the facts and in accordance with the following factors:

- Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of assisted housing, and the exception will permit him/her to receive generally the same interests or benefits as available or provided to the group as a whole;

- Whether the person has withdrawn from his/her functions or responsibilities, or the decision making process with respect to the specific assisted housing in questions;

- Whether the tenant protections requirements of CFR 92.253 (prohibited lease terms, termination of tenancy, and tenant selection) are being observed;

- Whether the affirmative marketing requirements are being observed and followed; and

- Any other factor relevant to HCHC's determination, including the timing of the requested exception.

XXII. Participation by Religious Organizations

HOME funds may be provided to primarily religious organizations for any activity, excluding inherently religious activities. 24 CFR Part 92 eliminates barriers to participation by religious organizations and ensures that the HOME Program is open to all qualified organizations regardless of their religious character.

XXIII. Financial Management

Following HUD approval of the Annual Action Plan, HCHC's allocated budget amounts are established in the HUD Integrated Disbursement Information System (IDIS).

a. Procurement

HCHC subrecipients are subject to the procurement requirements of 2 CFR 200 as well as state and local laws and regulations. Subrecipients will be monitored annually to ensure compliance with these regulations. Owners and developers, including CHDOs, are not subject to Federal procurement requirements.

b. Disbursement of HOME Funds

Funds allocated to HOME subrecipients or engaged contractors are to be used as quickly and efficiently as possible. HCHC will recapture allocated funds that have not been used in accordance with applicable performance standards. These funds will then be placed back into the pool of funds that are available to fund other developments.

HCHC will only authorize payments on work that has been completed and inspected by an HCHC inspector. HCHC provides reimbursement payments to grantees or contractors based on verification of eligible expenditures on the request for payment form along with all required back-up documentation, as specified in the project's written agreement.

The following inspections may be provided below:

Stage 1 Excavation Termite treatment Earth work	**Stage 2** Rough-in plumbing Water proofing (vapor barrier)
Stage 3 Footing Slab	**Stage 4** Plumbing top-out Electrical rough-in Framing Roof Exterior wall systems Ventilation
Stage 5 Insulation Interior wall systems	**Stage 6** Flooring systems Painting Doors Cabinets HVAC Electrical top-out Special construction (elevators, etc.) Appliances Final Inspection

- Each payment request must have adequate documentation for the costs incurred such as payroll records, purchase orders, copies of canceled checks and time sheets reflecting time spent directly on HOME activities.

- Requests must be only for costs directly related to the approved activity and included in the budget attached to the written agreement.

- In the case of subrecipient projects, HCHC will not make direct payments to contractors or vendors. Invoices must be submitted to the HCHC by the subrecipient for approval and payment will be made to the subrecipient's financial account system. The subrecipient will be responsible for making payment to the contractor or vendor.

- Subrecipients are required to submit requests for reimbursement in a timely manner as related to the progress of the project in order that the HCHC may demonstrate its timely use of HOME funds.

- Final payments will be made only upon submission of final program reports that adequately document achievement of program goals and constitute satisfactory completion of the HOME funded activity.

c. IDIS Drawdowns

A separation of duties has been established by Horry County's IDIS Administrator, Director of Community Development, Program Administrator and the Finance Department. As the designated lead agency for the Consortium, in order to provide proper checks and balances from grant set-up, project and activity set-up, sub-funding, sub-granting, and drawdown process in the following manner:

1. IDIS Administrator Procedures

- Submits completed IDIS Access Request Forms to gain approval for access by function performed for all HCHC staff performing functions in the IDIS system

- Maintains drawdown requests vouchers with copies of deposit transactions and payment disbursement documentation

2. Program Manager Procedures

- Creates new grant year projects and activities, only setting up the funding commitments after all specified HOME Final Rule, 2013 requirements have been met by both HCHC and each grantee

- Enters accomplishment data, both beneficiary and financial

- Maintains an activity summary of all HOME activities including expenditure timeliness

- Upon approval of request for reimbursement, the Program Manager creates and generates an IDIS system drawdown request voucher that is passed to the Horry County Community Development Director for approval. Once approved, the Community Development Director returns the approved drawdown voucher to the Program Manager. The Program Manager forwards a copy of the voucher to the County Finance Department.

- Upon review of the request, the Finance Department Accounts Payable pays the subrecipient or vendor. All related documentation and actions are accounted for in the MUNIS system.

- The normal waiting period for receipt of funds is three (3) business days from the time of approval of drawdown voucher and electronic deposit of requested funds to local accounts.

XXIV. Property Standards

a. General Requirements

Exterior lighting fixtures must be present at all entry doors with interior control.

b. New Construction Projects

All new construction projects within the HCHC service area will meet local codes, ordinances and zoning requirements for the municipality or county in which the project is located. Projects must also comply with the *2018 International Building Code (IBC) Series with South Carolina Amendments*, which Horry County HOME Consortium has adopted as its construction performance standards. Housing must meet all applicable requirements upon project completion.

All new construction HOME-assisted projects will also meet the requirements described below:

- *Accessibility:* All housing will meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR Parts 35 and 36, as applicable. Covered multi-family dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

- *Disaster mitigation:* Where relevant, housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with municipal, county, State ICC or IFC codes, or such other requirements as HUD may establish.

- Written cost estimates, construction contracts and construction documents. HCHC will ensure that construction contract(s) and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted. HCHC must review and approve written cost estimates for construction and determine that costs are reasonable.

- *Construction progress inspections.* HCHC conducts progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents (draw requests).

c. Rehabilitation Projects

For existing single-family rental properties assisted with HCHC HOME funds, the unit must meet local codes, ordinances and zoning requirements for the municipality or county in which the project is located. Projects must also comply with the *2018 International Building Code (IBC) Series with South Carolina Amendments*, and must address the major systems of the unit in the following manner:

1. Structural support

- If the initial inspection by HCHC or approved designee show any evidence of foundation, seal, joist or other structural support damage these items must be corrected as part of the initial rehabilitation of unit.

2. Roofing

- If deemed as not meeting the five (5) year threshold of useful life, the roofing, including all wood sheeting, framing, boxing and fascia that is identified as compromised (rotted, missing, etc.) must be replaced along with shingles.

- If the roofing is deemed as meeting the five (5) year threshold of useful life, any specifically-identified issues (damaged fascia, guttering, boxing, etc.) must be corrected as part of the initial rehabilitation of the unit.

- All attics must be vented.

3. Cladding and Weatherproofing (e.g., windows, doors, siding)

- If initial inspection by HCHC, or approved designee, shows any evidence of specified damage, the items must be corrected as part of the initial unit rehabilitation.

- If existing windows are single-pane and determined to be in working order, Developer/Subrecipient must ensure that all windows have been properly sealed, both inside and out, to remove any potential air leakage. Developer/Subrecipient must provide the HCHC with a long-term plan for replacing all single-pane windows with energy-star-rated windows within three (3) years of initial lease date.

- Exterior shutters (new not recycled) are required on all 100% vinyl siding buildings. Only existing rehabilitation projects may have 100% vinyl building exteriors.

- All entry doors must be metal-clad wood, steel or fiberglass doors that are insulated, paneled, and have a peephole. Dead bolt locks are required in entry doors. Dead bolt locks on entry doors should have "thumb latch" on interior side. Double keyed dead bolt locks are prohibited.

4. Plumbing and Water Heater

- All plumbing issues identified in the initial inspection by HCHC or approve designee must be corrected.

- If the water heater is deemed as not meeting the five (5) year threshold of useful life, it must be replaced.

- Water heaters must be placed in drain pans with drain piping plumbed to disposal point as per the latest approved addition of the International Plumbing Code.

- Pipe all Water Heater Temperature & Pressure (T&P) relief valve discharges to disposal point as per the latest approved edition of the International Plumbing Code.

5. Electrical

- If deemed as not meeting the five (5) year threshold of useful life, the electrical system must be replaced as part of the initial rehabilitation of the unit.

- If deemed as meeting the five (5) year threshold of useful life, any specifically-identified issues associated with the wiring must be corrected.

- Wall switch controlled Energy Star rated overhead lighting is required in all rooms.

- Each bedroom and hallway, etc. must have, as required by Code (local, state or Federal) a hard-wired battery back-up smoke detector.

6. Heating, Ventilation, and Air Conditioning

- If the unit is not properly insulated, a minimum of R19 insulation must be installed under all living space flooring and a minimum of R30 insulation must be installed above all living space ceilings.

- If the heating or air conditioning systems do not meet the five (5) year threshold of useful life, they must be replaced with proper-capacity, high efficiency system which are of proper seer capacity of heated and cooled space.

- If the systems are deemed to meet the five (5) year threshold of useful life, Developer/Subrecipient must provide the HCHC with a long-term plan for replacing all aging system by the fifth (5th) anniversary of initial unit lease with the same quality as described above.

- All refrigeration lines must be insulated. All projects must have central heat and air. Window units are not allowed.

- All ducting must be cleaned prior to lease.

- Where the initial inspection has identified specific issues with the heating or air conditioning duct work, patching, sectional replacement and insulation must be completed prior to lease.

XXV. Site and Neighborhood Standards

A site for newly constructed housing must meet the following site and neighborhood standards:

- The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.

- The site must not be located in an area of minority concentration, except as permitted under paragraph 24 CFR 983.57 (e)(3), and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

- The site must promote greater choice of housing opportunities.

- The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

XVI. Lead Based Paint

The Lead-Based Paint Regulations described in 24 CFR Part 35 require that lead hazard evaluation and reduction activities be carried out for all single and multi-family residences constructed prior to 1978 that receive HOME Program assistance. Applications for rehabilitation funds for existing buildings constructed prior to 1978 must include a lead hazard evaluation by appropriate lead-certified personnel.

If lead-based paint is present in the unit, the application must also include a detailed lead hazard reduction plan, in accordance with the regulations, and separately identify within the rehabilitation budget, the costs associated with reduction of lead hazards in accordance with the regulation and guidelines.

All HOME program fund allocations are contingent upon the applicant agreeing to complete lead hazard reduction, evidenced by a clearance report performed by appropriate lead-certified personnel. HCHC permits use of HOME funds for lead-based paint testing, assessment, abatement and clearance report. In a multi-family project where HOME Program funds will be used for only a portion of the units, lead-based paint requirements apply to ALL units and common areas in the project.

XVII. Accessibility

All housing must meet the accessibility requirements in 24 CFR part 8, which implement Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). Rehabilitation may include improvements that are not required by regulation or statute that permit use by a person with disabilities.

XVIII. Disaster Mitigation

Where relevant, HCHC requires housing to be improved to mitigate the impact of potential disasters (e.g., earthquake, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements.

XXIX. Compliance with State/Local Codes, Ordinances, and Zoning Requirements

The HCHC's standards require that rehabilitated housing meet all applicable State and local codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council.

XXX. Uniform Physical Condition Standards

HCHC will use the Uniform Physical Conditions Standards (UPCS), HUD's prescribed physical inspection procedures. UPCS requires that upon completion, all HOME assisted projects and units will be decent, safe, sanitary and in good repair. UPCS will be utilized for monitoring purposes.

XXXI. Capital Needs Assessments

For multifamily rental housing projects of 26 or more total units, HCHC will determine all work to be performed on the rehabilitation of the housing and the long-term physical needs of the project through a capital needs assessment.

XXXII. Construction Documents and Cost Estimates

HCHC will ensure that work to be undertaken meets HCHC's rehabilitation standards. The construction documents (i.e., written scope of work to be performed) must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with the HCHC's standards. HCHC will review and approve a written cost estimate for rehabilitation after determining that costs are reasonable.

XXXIII. Frequency of Inspection

- The HCHC must conduct an initial property inspection to identify the deficiencies that must be addressed. HCHC inspectors will conduct progress and final inspections to determine that work was done in accordance with work write-ups.

- All other existing housing that is acquired with HOME assistance for rental housing must meet the rehabilitation property standards requirements.

- The HCHC inspector will document compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the property does not meet these standards, HOME funds will not be used to acquire the property unless it is rehabilitated to meet the standards.

XXXIV. Downpayment Assistance

- Existing housing acquired for homeownership, using down payment assistance, must be decent, safe, sanitary, and in good repair using HCHC's established standards or HUD's UPCS.

- HCHC's inspector will inspect the housing and document this compliance based upon an inspection conducted no earlier than 90 days before the commitment of HOME assistance. If the property does not meet these standards, HOME funds will not be used to acquire the property unless it is rehabilitated to meet the standards.

XXXV. Ongoing Property Condition Standards for Rental Housing

As with all other types of HOME assisted housing, HCHC's established construction standards will be used to ensure that owners of all rental housing maintain the housing as safe, decent, sanitary and in good repair throughout the affordability period.

XXXVI. Inspection Procedures

HCHC will establish written inspection procedures. The procedures must include detailed inspection checklists, description of how and by whom inspections will be carried out, and procedures for training and certifying qualified inspectors. The procedures must also describe how frequently the property will be inspected.

XXXVII. Contractor Procurement

HCHC requires all subrecipients to obtain a minimum of three (3) bids on planned repairs, based on approved work write-up prepared. Bids are to be returned on the specific due date. Subrecipient staff will record the total amount of the bid and the date and time the bid was received. The subrecipient will evaluate the bid documents to determine which bids are eligible. Bids are considered eligible when the following conditions are met:

- The submitting contractor currently meets all program requirements and is not debarred or suspended from participating in the HOME Owner-Occupied Rehabilitation Program.

- The contractor is not currently on probation, suspended, or debarred by the state licensure board.

- The total dollar amount of the bid is within 10% of the total cost listed on the initial work write-up prepared by the subrecipient.

XXXVIII. Compliance and Monitoring

Horry County is responsible for managing the day-to-day operations of their HOME Investment Partnerships Programs (HOME) and ensuring that HOME funds are used in keeping with program requirements. The regulations require that the performance of each subrecipient and contractor receiving HOME funds must be reviewed by the PJ as least annually. PJs must also monitor projects throughout the applicable affordability period.

Three primary goals of monitoring are to:

- Ensure production and accountability

- Ensure compliance with HOME and other Federal requirements

- Evaluate organizational and project performance as well as project viability (financial health, development capacity, management capability, etc.)

Effective monitoring is not a one-time event, but an ongoing process of planning, implementation, communication, and follow-up. During the course of a project, monitoring shall be implemented through periodic on-site visits so that any problems that may occur will be resolved as soon as possible. The Monitoring Team will consist of Horry County Community Development staff and/or any consultants they choose to employ. The goal of monitoring is to assist and support recipients in complying with applicable State, Federal, and Local requirements and in implementing their project activities in a timely manner.

Recipients are required to maintain complete financial and program files and to comply with program reporting requirements. Recipients must also provide citizens with reasonable access to records pertaining to the use of funds.

Monitoring and oversight rely on HUD tools in order to successfully evaluate performance. This includes, the HOME final rules, as amended; applicable cross-cutting regulations; CPD notices; and the HOME Monitoring Guidebook and any subsequent monitoring tools provided by HUD. Recipients will be provided a copy of the applicable HUD checklists as a part of project start up. HUD required checklists may be found at https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2

a. Technical Assistance Visit

A technical assistance visit is an informal visit. The intent of this meeting is to share information that will enable the recipient to meet the various State and Federal requirements for their grant. A technical assistance visit could consist of explanations of project start-up requirements and the establishment of program files. The recipient must demonstrate compliance with applicable regulations and document this by maintaining accurate and complete records and files. The filing system must provide a historical account of the recipient's activities, be easy to use, and centrally located.

b. Monitoring Visit

A monitoring visit is more formal than a technical assistance visit. The monitoring visit is utilized to determine if the project is being conducted in compliance with applicable Federal and State laws and requirements. The review also determines the recipients' ability to implement the program in a timely manner.

The monitoring visit consists of a review of project files, records and documentation, and may include a visit to the project site. The recipient should have all records, files, and documentation available for review at the monitoring visit. Where other public agencies, attorneys, or consultants have assisted in program implementations, these records must be available for review at the locality for the monitoring visit. Failure to produce such records upon request will result in issuance of either a program “concern” or “finding” of non-compliance, and will jeopardize the organization’s eligibility for future HOME project funding. Issuance of a program “concern” or “finding” may, at the discretion of the Horry County Council Administration Committee, result in recapture of funds provided by HCHC.

c. Entrance Conference

The monitoring visit begins with an entrance conference involving the project administrator and others the recipient feels should attend. The monitoring staff will briefly outline the purpose of the monitoring visit and the areas to be monitored, which are the items highlighted in the Monitoring Summary.

To ensure the success of HOME subrecipients, HCHC offers training and ongoing technical assistance for all HOME subrecipients. Training provides information and updates on all policies and procedures related to the initial compliance of HOME assisted projects, reporting and subsequent monitoring throughout the affordability period of the project.

HCHC will take action to correct slow progress for grantees who are not meeting the time frame outlined in the written agreement. All HCHC written agreements contain provisions that grant HCHC open access to records for review throughout the affordability period.

HCHC uses its regular monitoring and evaluation process to ensure that programs are carried out in accordance with the Consolidated Plan, written funding agreements, and HOME Program regulations. HCHC implements its monitoring program in accordance with requirements set forth by HUD. Monitoring of the implementation of the Consolidated Plan includes periodic telephone contacts, written communications (including email correspondence), data collection, submission of reports, analysis of report findings, periodic meetings and workshops, and evaluation sessions. General procedures used when monitoring sub-recipient and sub-grantee organizations include:

- Meetings with appropriate officials including an explanation of the purpose of the monitoring process.

- Review of appropriate materials such as reports and documents that provide more detailed information on the programs and their status.

- Interviews with members of staff and the community to discuss performance.

- Visits to project sites.

- If appropriate and necessary, a closed conference with program officials. Provision of comments and recommendations as needed.

- In case of project delays, an assessment will be made of the reasons for the delay, the extent to which the factors that caused or continue to cause the delay are beyond the organization's control, or the extent to which the original priorities, objectives, and schedules may have been unrealistic.

- Contributions to reserve accounts, i.e., operating and replacement reserves, are now required for projects with more than 26 units.

HOME rental projects receive an initial monitoring review during the lease-up period which serves not only as a monitoring review but provides the HOME participant/owner with technical assistance and guidance to ensure that the affordability requirements are adhered to for future monitoring visits. HOME participants/owners are required to annually review rent, utility allowances and tenant incomes. Ongoing project monitoring will be managed by the HCHC's program staff.

- HCHC will provide financial oversight of rental projects with more than ten (10) units for projects committed after July 24, 2014.

- During the period of affordability, HCHC will examine at least annually the financial condition of HOME assisted rental projects with ten (10) or more units to determine the continued financial viability of the housing and take actions to correct problems, "to the extent feasible".

- All HOME subrecipients will be monitored to ensure program compliance throughout the affordability period.

- Staff will utilize both "Desk Monitoring" and "Internal/On-site" monitoring to assess the quality of program performance over the duration of the affordability period.

- HCHC staff shall develop and implement a monitoring schedule to visit all new subrecipients.

- Monitoring visits include review of compliance by funded agencies and organizations of federal EEO and Section 504 ADA requirements.

- A record of monitoring visits and any subsequent action shall be maintained in the files of each HOME subrecipient.

d. Inspections

- On-site inspections will be performed within one (1) year following project completion and every one (1) to three (3) years during the affordability period.

- Property owners must annually certify to HCHC that each building and all HOME assisted units in the project are suitable for occupancy.

- For projects with one (1) to four (4) HOME assisted units, 100% of the HOME assisted units will be inspected for site, building exterior, building systems, and common areas for each building that houses HOME assisted units.

e. Corrective and Remedial Actions

A subrecipient's failure to perform under the terms of the contract and/or maintain records in the prescribed manner may result in a finding that the subrecipient has failed to meet the applicable requirement of the contract. Remedial actions may include technical assistance to bring the project into compliance, or recapture of HOME funds.

XXXIX. Qualification as Affordable Housing

All HOME-assisted rental units must be occupied by households that are low-income eligible with rents conforming to high and low HOME rents for the area median income and adjusted for household size.

- Rental units must have initial occupancy within 18 months of completion.
- If at six (6) months a unit is still vacant, HCHC may require changes to the marketing efforts.
- If the unit is still vacant at eighteen (18) months, repayment of HOME funds invested must be made.

a. Rent Limitation (High HOME Rents)

The maximum HOME rents (High HOME Rents) are the lesser of:

- The fair market rent for units by number of bedrooms, and the HOME 65% rents for a comparably sized unit. The lower of the two rents is the High HOME Rent.
- Rent plus monthly utilities, or the utility allowance, cannot exceed 30 percent of the adjusted income of a family whose annual income equals 65% of the area median income (AMI) for the area, with adjustments for number of unit bedrooms.
- The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

b. Additional Rent Limitations (Low HOME Rents)

In rental projects with five or more HOME-assisted rental units, at least 20 percent (20%) of the HOME assisted units must be occupied by very low-income families and meet one of the following rent requirements:

- The rent does not exceed 30 percent (30%) of the annual income of a family whose income equals 50 percent (50%) of AMI, as determined by HUD, with adjustments for smaller and larger families.
- The rent does not exceed 30 percent (30%) of the family's adjusted income, if the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent (30%) of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

c. **Additional Rent Limitations for SRO Projects**

- For SRO units that have both sanitary and food preparation facilities, the maximum HOME rent is based on the zero-bedroom fair market rent.

- For SRO units that have no sanitary or food preparation facilities or only one of the two, the maximum HOME rent is based on 75 percent (75%) of the zero-bedroom fair market rent. The project is not required to have low HOME rents, but must meet occupancy requirements.

d. **Initial Rent Schedule and Utility Allowances**

- HCHC will establish maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually. The HUD Utility Schedule Model http://huduser.org/portal/resources/utilmodel.html will be used to determine the utility allowance for the project based on the type of utilities used at the project.

- HCHC will review and approve rents proposed by the owner for units designated as high or low HOME rents. For all units subject to the maximum rent for which the tenant is paying utilities and services, HCHC will ensure that the rents do not exceed the maximum rents minus the monthly allowances for utilities and services.

XL. Affordability Periods

Rental Activities (24 CFR 92.252)

Activity	Affordability Period Years
Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under $10,000	5
$10,000 to $40,000	10
Over $40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed rental housing	20

Homeownership Activities (24 CFR 92.254)

Activity	Affordability Period Years
Rehabilitation, new construction, or acquisition of existing housing per unit amount of HOME funds: Under $10,000	5
$10,000 to $40,000	10
Over $40,000 or rehabilitation involving refinancing	15

<u>Owner-Occupied Rehabilitation (Local Affordability Period)</u>

Activity	Affordability Period Years
Owner-Occupied Rehabilitation: Under $50,000	10
$50,000 to $100,000	15
$100,000 and above	20

Affordability Periods: HOME-assisted units must meet the affordability requirements for not less than the applicable period specified in the table above, beginning after project completion.

- Affordability requirements will apply without regard to the term of any loan or mortgage, repayment of the HOME investment, or the transfer of ownership.
- HCHC will impose affordability requirements through a deed restriction, a covenant running with the land, an agreement restricting the use of the property, or other mechanisms approved by HUD.
- Purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure can be used to preserve affordability.

a. Subsequent Rents during the Affordability Period

For subsequent income determinations during the period of affordability, the HCHC will use one of the following methods:

- Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.
- Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines the family's annual income.
- The statement must indicate the tenant's family size and the amount of the family's annual income; or the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.
- HOME rents for a project are not required to be lower than the HOME rent limits established for the project at the time of project commitment.
- Annually, the owners of rental properties must provide HCHC with information on rents and occupancy for HOME assisted units to show compliance. HCHC will review and approve any rent increases.

- Owners must provide tenants of HOME assisted units with 30 day prior written notice before implementing any increase in rents.

- HUD may adjust the HOME rent limits for a project, only if HUD finds that an adjustment is necessary to support the project's continued financial viability, and only by an amount that HUD determines is necessary.

XLI. Tenant Income Eligibility

- Before a tenant occupies a HOME unit, the HCHC requires the project owner to determine that the tenant is income eligible with verification of household income documentation.

- Total household income includes the income of all persons, over the age of 18, who reside in the household.

- Required income source documentation includes 2 months of wage statements, pay stubs, or interest income (such as bank statements) which have amounts that can vary from month to month.

- Income sources also include pensions, social security disability and retirement, veteran's benefits, Supplemental Security Income (SSI) for children and adults, child support and alimony, and Temporary Assistance for Needy Families (TANF).

Over-income Tenants*:* HOME-assisted units can continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HCHC and HUD are being taken to ensure that all vacancies are filled in accordance with this section until the noncompliance is corrected.

- Tenants who no longer qualify as low-income families must pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent (30%) of the family's adjusted income.

- Tenants residing in HOME units designated as floating, who no longer qualify as low-income, are not required to pay as rent an amount that exceeds the market rent for comparable, unassisted units in the neighborhood.

XLII. Fixed Unit Projects

- If a tenant's household income increases over 80 percent (80%) of AMI at recertification, the project owner should take the following steps to maintain the correct numbers of High and Low HOME rent fixed units:

    - If the income of a tenant occupying a Low HOME rent unit increases above 50 percent (50%) of median, but does not exceed 80 percent (80%) of AMI, that unit remains a Low HOME rent unit until a HOME-assisted unit can be substituted.

- The owner may not increase the tenant's rent above the Low HOME rent limit for as long as the unit retains the Low HOME unit designation and is occupied by the low-income household whose income increased above 50 percent (50%) of median but does not exceed 80 percent (80%) of median.

- When a High HOME rent unit in the property vacates, that unit must be re-designated as a Low HOME rent unit. This unit must be rented to a very low-income tenant, at no more than the Low HOME rent.

- Once the new Low HOME rent unit has been designated, the previous Low HOME rent unit that is occupied by the tenant at between 50% and 80% of median must be re-designated as a High HOME rent unit. At this time, the owner can increase the tenant's rent up to the High HOME rent, subject to the terms of the lease.

- If a tenant's income increases above 80 percent (80%) of the area median income, the unit this tenant occupies is still considered to be a HOME-assisted unit, but the tenant's rent must be adjusted as described below:

  - Over-income tenants with incomes over 80 percent (80%) of the area median in HOME assisted "fixed" units must pay 30 percent (30%) of their adjusted income for rent and utilities. There is no rent cap for "fixed" units.

  - If the person whose income went over 80 percent (80%) of median was in a Low HOME unit and they elect to vacate the property, the new tenant must be at or below 50 percent (50%) of median income and rented at a Low HOME rent.

  - If the person whose income went over 80 percent (80%) of median was in a High HOME unit and they elect to vacate the property, the new tenant must be at or below 80 percent (80%) of median income and rented at a High HOME rent.

XLIII. Floating Unit Projects

- The owner must use the following procedures to maintain the correct numbers of High and Low HOME rent floating units:

  - The owner can draw on all the units in the property to designate High and Low HOME rent units. This means that the owner is not restricted to those units initially designated as HOME-assisted units when looking to re-designate a comparable unit as the new Low or High HOME unit.

    - At no point is the owner required to designate more HOME-assisted units than was agreed upon in the written agreement with the PJ.

    - When the income of a tenant occupying a Low HOME rent unit increases over 50 percent (50%) of the median, but does not exceed 80 percent (80%) of the area median income, the unit that is occupied by the over-income tenant is considered a Low HOME rent unit until a comparable unit can be substituted.

- The rent of the tenant whose income has gone above 50 percent (50%) of median must not exceed the Low HOME rent limit while the unit has a Low HOME rent unit designation.

- To replace the Low HOME rent unit, the project owner must rent the next available High HOME-assisted unit to a very low-income tenant. The newly designated Low HOME rent unit must be rented to a tenant whose income does not exceed the very low-income limit (50% of median), at a rent that does not exceed the Low HOME rent limit.

- Once a new Low HOME rent unit has been designated, subject to the terms of the lease, the rent of the initial tenant whose income has increased may be increased to the High HOME rent for the unit. This process should not increase the number of assisted units.

XLIV. Tenant Protections and Selection

Project Owners must adopt written tenant selection policies and criteria. These policies and criteria must be based on local housing needs and priorities consistent with HCHC's Consolidated Plan. Selection policies must:

- Comply with HCHC's affirmative marketing requirements

- Limit housing to very low and low income persons

- Not limit eligibility or give preference to a particular segment of the population unless specifically authorized in the written agreement

- Not exclude applicants with vouchers or TBRA

- HOME-assisted units in a rental housing project must be occupied by households that are eligible as low-income families and must meet the requirements of §92.252 to qualify as affordable housing.

- Utility allowances will be published annually by HCHC. If an independent analysis is not provided, projects calculate the allowance utilizing the HUD Utility Schedule Model. This model can be found at http://huduser.org/portal/resources/utilmodel.html

- Applicants for rental housing must submit, along with their application, the following documentation:

    - Picture ID, such as driver's license, state picture ID or passport

- Social Security Card
- Most recent year's state and federal income tax returns (additional years may be required if a potential homebuyer is self-employed or had 1099 income)
- Most recent year's W-2 statement
- Two (2) months of pay stubs
- Last six (6) months of bank statements for all accounts
- Proof of any additional household income that may include, but is not limited to: social security disability (for children as well as adults), veteran's pension or disability, social security retirement, child support payments or alimony, or TANF
- Credit score and statement of current debts.

- There must be a written lease for all HOME assisted rental units, and the statutory tenant protections must be integrated into the lease
- Mandatory supportive services: Lease terms that make tenant acceptance of supportive services mandatory are prohibited.
  - Tenants in transitional housing may be required to accept supportive services as part of an overall program.
  - Tenants must receive a 30-day written notice prior to evictions.
  - Tenants must also receive a 30-day written notice prior to rent increases.
  - Rental assistance subsidy holders cannot be turned down for HOME assisted housing because of the status of the prospective tenant as a holder of such a certificate, voucher, or comparable HOME tenant-based assistance document.

XLV. Displacement, Relocation, and Acquisition

Minimizing Displacement: The HCHC will ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with HOME funds. To the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary, and affordable dwelling unit in the building/complex upon completion of the project.

Temporary relocation*:* The following policies will cover residential tenants who will not be required to move permanently but who must relocate temporarily for the project. Such tenants must be provided:

- Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent/utility costs.

- Appropriate advisory services, including reasonable advance written notice of:

- The date and approximate duration of the temporary relocation;

- The location of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period;

- The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling in the building/complex upon completion of the project.

a. Relocation Assistance for Displaced Persons:

- A "displaced person" must be advised of his or her rights under the Fair Housing Act.

- In the event of any temporary or permanent relocation of residents as a result of HOME-funded activity, the HCHC will follow its policies on displacement, relocation, acquisition, and replacement of housing as applicable.

A person does not qualify as a displaced person if any of the following circumstances apply:

- The person has been evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable federal, State or local law, or other good cause, and the HCHC determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance.

- The effective date of any termination or refusal to renew must be preceded by at least 30 days advance written notice to the tenant specifying the grounds for the action.

- HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

- All prospective tenants, prior to signing the lease and beginning occupancy, must be informed and provided written notice of the displacement policy and all related rules.

Appeals: A person who disagrees with the project owner's determination concerning whether the person qualifies as a displaced person, or the amount of relocation assistance for which the person may be eligible, may file a written appeal of that determination with HCHC. A person who is dissatisfied with the HCHC's determination on his or her appeal may submit a written request for review of that determination to the Columbia, SC HUD Field Office.

XLVI. Troubled HOME-Assisted Rental Housing Projects

If rental housing is not fully leased by eligible tenants within six (6) months following the date of project completion, the HCHC will submit marketing information and, if appropriate, a marketing plan to HUD

- If HOME assisted rental units are not rented to eligible tenants eighteen (18) months after the date of project completion, the HCHC will be required to repay the HOME funds invested in any housing unit to HUD.

- The HCHC will also implement the recapture of HOME funds from the grantee for any rental units that are not rented by eighteen (18) months after the date of project completion.

- The affordability requirements also apply to the HOME-assisted non-owner-occupied units in single family housing purchased with HOME funds in accordance with §92.254. The tenant must have a written lease that complies with §92.253.

- 24 CFR §92.210 provides participating jurisdictions with flexibility to assist in averting foreclosures and would enable HUD to approve these actions without the process required to grant waivers, which can be time-consuming. However, 24 CFR §92.210 limits total investment in the project to the maximum per-unit subsidy in 24 CFR §92.250(a), and provides HUD with the option of requiring an extension of the period of affordability as a condition of permitting the investment of additional HOME funds in the project. 24 CFR §92.210 also permits a reduction in the number of HOME-assisted units, but only if the project contains more than the minimum number of units required to be designated as HOME assisted units under 24 CFR §92.205(d).

XLVII. Qualification as Affordable Housing

Sale of homebuyer units must occur within nine (9) months of completion. Unsold units will need to convert to rental and follow all rental requirements.

- A ratified sales contract within nine (9) months of completion will count as sold.

- If for any reason the unit is not able to be converted to rental, the HOME funds invested must be repaid to HCHC.

- The nine (9) month requirement applies to projects funded on or after July 24, 2013.

    - Housing must be purchased by a homebuyer whose household qualifies as low-income, and the housing must be the principal residence of the family throughout the period of affordability.

- All potential homebuyers must receive housing counseling.

- Income targeting: As expressed in its current Five-Year Consolidated Plan and Annual Action Plan, HCHC may make HOME funds available each fiscal year for homeownership assistance; with 100 percent (100%) of these designated homeownership funds targeting dwelling units that are occupied by households that qualify as low-income families.

- Purchase Price: Eligible housing must have a purchase price that does not exceed 95 percent (95%) of the median purchase price for the area.

- For acquisition with rehabilitation, the housing must have an estimated value after rehabilitation that does not exceed 95 percent (95%) of the median purchase price for the area.

- HCHC will use HOME affordable homeownership limits provided by HUD when funds are used for homebuyer assistance or rehabilitation of owner-occupied single family homes.

- For new construction, the HCHC will use HUD limits based on 95 percent (95%) of the median purchase price for the area.

a. Recapture

All properties receiving financial assistance from the Consortium for homeownership and homebuyer activities must ensure that the housing remains affordable to families with incomes of 80 percent or less of the area median for at least the minimum affordability period based on the initial amount of assistance provided. The affordability requirements will be enforced with restrictive covenants (or liens) and a promissory note that will be recorded with appropriate County Register of Deeds for either Horry County, Georgetown County, or Williamsburg County - based on the location of the property.

In the event of a voluntary or involuntary sale, the Consortium will recapture the HOME investment before the homebuyer receives a return. The recapture amount is limited to the net proceeds available from the sale. The Consortium shall reduce the HOME investment amount to be recaptured on a pro rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period. For example, a property with a 15-year affordability period will require that the pro-rata share, subject to recapture, will reduce by 1/15th annually on the anniversary date of the initial purchase closing.

Recapture provisions may permit the subsequent homebuyer to assume the HOME assistance (subject to the HOME requirements for the remainder of the period of affordability) if the subsequent homebuyer is low-income and no additional HOME assistance is provided. Recaptured funds must be used to carry out HOME-eligible activities in accordance with the requirements of this part.

All properties receiving financial assistance from the Consortium for rental activities must ensure that the housing remains affordable to families with incomes of 80 percent or less of the area median for at least the minimum affordability period based on the initial amount of assistance provided. The affordability requirements will be enforced with restrictive covenants (or liens) and a promissory note that will be recorded with appropriate County Register of Deeds for either Horry County, Georgetown County, or Williamsburg County - based on the location of the property.

In the event of a voluntary or involuntary sale, the Consortium will recapture the HOME investment before the owner receives a return. The recapture amount is limited to the net proceeds available from the sale. The Consortium shall reduce the HOME investment amount to be recaptured on a pro rata basis for the time the owner has owned the property and made it available for affordable rental housing to an income eligible tenant. For example, a property with a 15-year affordability period will require that the pro-rata share, subject to recapture, will reduce by 1/15th annually on the anniversary date of the initial purchase closing.

b. Termination of Affordability Restrictions

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD.

- HCHC may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability.

- The affordability restrictions will be enforced according to the original terms if, during the original affordability period, the owner of record, obtains an ownership interest in the housing prior to the termination event.

- Under the following conditions, certain housing may be presumed to meet the resale restrictions during the period of affordability without the imposition of enforcement mechanisms by HCHC:

    - The presumption must be based upon a market analysis/appraisal of the neighborhood in which the housing is located. The market analysis must include an evaluation of the location and characteristics of the housing and residents in the neighborhood (e.g., sale prices, age and amenities of the housing stock, incomes of residents, percentage of owner-occupants) in relation to housing and incomes in the housing market area.

    - An analysis of the current and projected incomes of neighborhood residents for an average period of affordability for homebuyers in the neighborhood must support the conclusion that a reasonable range of low-income families will continue to qualify for mortgage financing.

    - HCHC will periodically update its market analysis to verify continued affordability.

c. Preserving Affordability of Housing that was Previously Assisted with HOME Funds

To preserve the affordability of HOME-assisted housing HCHC may use additional HOME funds for the following costs:

- Costs to acquire the housing through a purchase option, right of first refusal, or other preemptive right before foreclosure, or at the foreclosure sale. (The foreclosure costs to acquire housing with a HOME loan in default are eligible. However, HOME funds may not be used to repay a loan made with HOME funds.)

- Costs to undertake any necessary rehabilitation for the housing acquired.

- Costs of owning/holding the housing pending resale to another homebuyer.

- Costs to assist another homebuyer in purchasing the housing.

- When HOME funds are used to preserve the affordability of such housing, the additional investment must be treated as an amendment to the original project. The housing must be sold to a new eligible homebuyer within a reasonable period of time, typically nine (9) months or less.

- The total amount of the original and additional HOME assistance may not exceed the maximum per unit subsidy amount.

- The cost can be charged to the HOME program as a reasonable administrative cost so that the additional HOME funds for the housing are not subject to the maximum per-unit subsidy amount. To the extent administrative funds are used, they may be reimbursed, in whole or in part, when the housing is sold to a new eligible homebuyer.

XLVIII. Rehabilitation not Involving Acquisition

Housing that is currently owned by a household qualifies as affordable housing only if:

- The estimated value of the property, after rehabilitation, does not exceed 95 percent (95%) of the median purchase price for the area; and

- The housing is the principal residence of an owner whose household qualifies as a low-income family at the time HOME funds are committed to the housing. The income of all persons living in the housing must be used to determine income eligibility.

XLIX. Types of Ownership Interest

- Inherited Property: Inherited property with multiple owners is defined as: housing for which title has been passed to several individuals by inheritance, but not all heirs reside in the housing, sharing ownership with other nonresident heirs. (The occupant of the housing has a divided ownership interest.) The owner-occupant may be assisted if the occupant is low-income, occupies the housing as his or her principal residence, and pays all the costs associated with ownership and maintenance of the housing (e.g., mortgage, taxes, insurance, utilities).

- Life Estate: The person who holds the life estate has the right to live in the housing for the remainder of his or her life and does not pay rent. The person holding the life estate may be assisted if the person is low-income and occupies the housing as his or her principal residence.

- A Living Trust: A living trust is created during the lifetime of a person. A living trust is created when the owner of property conveys his or her property to a trust for his or her own benefit or for that of a third party (the beneficiaries). The trust must be valid and enforceable and ensure that each beneficiary has the legal right to occupy the property for the remainder of his or her life. The person holding the living trust may be assisted if the person is low-income and occupies the housing as his or her principal residence.

- New Construction without Acquisition: Newly constructed housing that is built on property currently owned by a family which will occupy the housing upon completion. The household must qualify as low-income and the housing must be their permanent residence.

L. Converting Rental Units to Homeownership Units for Existing Tenants

- HCHC can allow the owner of HOME assisted rental units to convert the units to homeownership units by selling, donating, or otherwise conveying the units to the existing tenants to become homeowners. Refusal by the tenant to purchase the housing does not constitute grounds for eviction or for failure to renew the lease.

- If there are no additional HOME funds that can be used to assist tenants in becoming homeowners, the units are subject to a minimum period of affordability equal to the remaining affordable period if the units continued as rental units.

- If additional HOME funds are used to assist tenant to become homeowners, the minimum period of affordability will be based on the amount of direct homeownership assistance provided.

LI. Homebuyer Program Policies

HCHC will work to preserve and expand the area's affordable housing stock by providing grants, deferred loans and/or low-interest loans to housing partners including Community Housing Development Organizations (CHDOs) for the production of affordable housing units. HCHC HOME funds will be leveraged with other, non-HCHC funding in order to maximize the numbers of units produced while minimizing cost burden to new homeowners.

To qualify for homebuyer assistance, individual participants must complete a comprehensive housing counseling program.

In addition to the educational resource on housing and financial literacy that the counseling program provides, home buyer assistance may also provide for gap financing to make purchases more affordable, closing costs and/or down payment assistance.

To qualify for first-time homebuyer assistance the person must:

- Be at or below 80 percent (80%) of area median income;

- Qualify for a first mortgage through USDA Rural Development or another lending entity approved by the HCHC; and

- Have completed a qualified homebuyer education and counseling class, and be able to demonstrate ability to repay the loan.

The maximum price of the purchased home cannot exceed those limits published by HUD. The prospective homeowner's housing costs cannot exceed 33 percent (33%) of their gross income and debt to income ratio limits must meet standard underwriting guidelines.

These funds may be used with other available non-HCHC funding to assist the same segment of the regional population. As mentioned above, HCHC may use Local Programming Homeownership funds to directly assist homebuyers. HCHC may also use de-obligated subrecipient funding for homeownership local programming.

LII. TBRA Program Policies

HCHC will work to preserve and expand the area's affordable housing stock by providing Tenant Based Rental Assistance (TBRA) to eligible individuals and their households. Selection of TBRA candidates will be made using the HCHC's Tenant Selection Plan.

To qualify for TBRA assistance, individual participants must meet the income eligibility criteria outlined in this policy.

The minimum payment for rental housing for TBRA participants under the HCHC's program is 30% of the household's gross income. HUD fair market rent (FMR) standard for the county in which the candidate resides will be used to calculate the maximum amount of rental assistance to be provided. The amount of assistance for a TBRA program participant is capped at $500/month.

TBRA assistance agreements will be executed with each program participant, and a lease with the property landlord, HCHC, and the program participant will be signed. The base lease term will be twelve (12) months, with a HCHC option to extend assistance to a maximum of twenty-four (24) months for any single TBRA program participant.

HCHC TBRA program participants must reside in one of the three counties served by the HCHC, which are Horry, Georgetown, and Williamsburg Counties of South Carolina.

LIII. Underwriting Standards

Household income requires documentation of all persons living in the household over the age of 18.

Applicants for homeownership assistance must submit along with their application the following minimum documentation:

- Picture ID, such as driver's license, state picture ID or passport;
- Social Security Card;
- Two (2) months of pay stubs;
- Last six (6) months of bank statements for all accounts;
- Proof of any additional household income that may include, but is not limited to: social security disability (for children as well as adults), veteran's pension or disability, social security retirement, child support payments or alimony, or TANF; and
- Credit score and statement of current debts.

LIV. Income Determination

- Alternative documentation may be used for applicants receiving regular compensation on an hourly, weekly, bi-weekly, semi-monthly, or monthly basis such as a letter on company letterhead from the individual's employer (typically the payroll director). The standard format for required documentations are paystubs for the most recent consecutive 30 day period, the most recent W-2s, and copies of the most recent state and federal tax returns.
- Bonus, overtime or commission must be averaged for the past two years and year-to-date. If received for less than two years, but more than one year, an average of the actual months must be used. This income must be likely to continue in order to use income for qualifying.
- Alimony/child support may be used in qualifying if it is likely to continue for three years and has been received for the past six months. Adequate documentation, including a recorded separation agreement, to evidence receipt of such income is required, i.e. canceled checks, bank statements, tax returns, Clerk of Court documents. A recorded separation agreement or equivalent document must be provided to remove a spouse's income for the qualifying income calculation.
- A one year history of part time income is required when the borrower has part time income along with a primary job. However, an established work history of at least twelve months for the primary job is still required with a verifiable two year work history. The exception to the verifiable two year work history requirement is for a recent graduate who is employed.

- Seasonal employment must be likely to continue and must be verified for the past two years and continues year to date.

- Full documentation is necessary when using other income such as: social security, long term disability, retirement, pension, Veteran's Affairs (VA) compensation, public assistance, dividends, interest, and note receivable and trust income.

- Nontaxable income may be grossed up 25 percent (25%), if necessary, to assist in qualifying.

- Unacceptable incomes include: Unemployment, VA educational benefits, retained earnings in a company, rent from boarders, or income that cannot be verified.

- Compliance income should not exceed 80 percent (80%) of AMI, as calculated by HUD.

- Compliance income includes all adult members of the household 18 years of age and over.

LV. Underwriting Requirements for HOME Loans

The primary function is to gather the loan applicant's information and determine if the applicant meets program guidelines. (Applicants are required to attend homebuyer training classes conducted by HUD certified housing counselors.)

- For HOME deferred or low interest loans, the applicant must be provided a copy of the Real Estate Settlement Protection Act (RESPA). These documents must be provided within three business days of the submission of the application. The documents must fully disclose in writing the terms and conditions of the mortgage, including the Annual Percentage Rate (APR) and other charges.

- HCHC program staff will perform a credit and financial analysis to ensure that the applicants have the capacity to repay the loan.

- HCHC staff will ensure the loans are structured according to HUD guidelines. Staff will collect all supporting financial documents to support the loan request and confirm the purchase request with a signed purchase contract and appraisal. All supporting documents are thoroughly reviewed to solidify the loan request. The review must include verification of the borrower's capacity to repay the loan as well as review of the appraisal and condition of the home for verification of collateral.

- HCHC staff will be responsible for all documents and preparation as well as ensuring that all preclosing documents, funds, and other requirements are prepared and submitted to the closing attorney on time to accommodate closing schedule.

- HCHC staff will monitor the progress of existing loans to ensure that all loans remain in compliance with program guidelines.

LVI. Anti-Predatory Lending Policy

HCHC supports the expansion of affordable and equitable homeownership, and recognizes that predatory lending practices are inconsistent with advancing homeownership. To discourage predatory lending practices, HCHC establishes this Anti-Predatory Lending Mortgage Policy (the "Policy").

A residential mortgage loan is ineligible for funding from the HCHC's HOME Investment Partnership Program if it does not comply with all applicable federal, state and local predatory lending laws and other laws designed to prevent unfair or abusive lending practices (collectively, "Anti-Predatory Lending Laws"). HCHC, nor any of its funded subrecipients or CHDOs, will not knowingly fund a Mortgage Loan which involves any of the following practices or characteristics:

- Requiring the borrower to obtain prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance as a condition of the loan;
- Including in loan documents a mandatory arbitration provision with respect to dispute resolution;
- Charging prepayment penalties for paying off a loan;
- Lending without regard to a borrower's ability to make payments on the mortgage;
- Loans which violate the Home Ownership and Equity Protection Act of 1994 and its implementing regulations (collectively, "HOEPA Requirements") or other Anti-Predatory Lending Laws;
- Loans that are ineligible for inclusion in a structured finance transaction due to a rating agency's determination that it cannot rate a transaction which includes such loans;
- Loans where the terms of, or practices in connection with, such loans do not comply with the provisions of Regulation Z (12 CFR Part 226) relating to Higher-priced Mortgage Loans; or
- Loans that fail to comply with any requirement of the MPF Program relating to predatory lending, including with limitation, Section 2.6 of the MPF Origination Guide.

LVII. Program Income

All income derived from HCHC-approved and funded projects must be used to further the goal of improving the availability and quality of low-income housing in the region.

Proceeds generated from the investment of CHDO set-aside funds in a HOME-eligible project and that are retained by the CHDO **are not** subject to the requirements of HOME regulations, except in the event of repayment or recapture. Therefore, CHDO proceeds have no federal identity and are not subject to lead-based paint requirements, the Davis-Bacon Act, Uniform Relocation Act, etc. Once CHDO proceeds are used, there is no further HOME requirements which must be met. **Funds generated from the use of CHDO proceeds are not CHDO proceeds.**

If a CHDO is acting as a subrecipient, the funds generated from HOME-assisted activities are program income and are subject to HCHC program income requirements. In regard to administrative fees and CHDO proceeds, during the initial realization of CHDO proceeds, a CHDO may retain 10% for administrative costs. Thereafter, each time CHDO proceeds are realized, 20% may be retained for administrative purposes.

Unlike CHDO proceeds, program income earned for subrecipient projects never loses its federal identity and is always subject to HOME regulations. HOME funds that are a result of **repaymen**t or **recapture** are always considered program income, even if originally funded from the CHDO set-aside. **Repayment** occurs when a HOME-funded project, including CHDO set-aside, does not continue to be the principal residence of the HOME-assisted homebuyer for the full affordability period. No administrative fees may be retained on repaid or recaptured funds.

Income earned by CHDOs from HCHC-funded projects may be used in the following ways:

- Short-term new home construction or acquisition loans to qualified buyers

- Maintenance and upkeep of the buildings, taxes, insurance, and other documented direct costs for low to moderate-income apartment complexes funded in whole or in part by HOME funds.

LVIII. Probation/Suspension of CHDOs

Should a Horry County HOME Consortium-approved CHDO fail to achieve its stated objectives in using funds provided through the HOME Consortium, HCHC may place the CHDO on probation. CHDOs on probation may not apply for new funds from HCHC until their probationary status is lifted. HCHC will provide any CHDO identified for probation with opportunity to respond in writing prior to placement on probation. HCHC will provide notice in writing to the CHDO of placement on probation, as well as any subsequent decisions taken regarding the CHDO's probationary status.

The period of probation shall be determined by the Horry County Council Administration Committee, and will be re-evaluated annually. The factors that will be used to consider removal of a CHDO from probation are:

- Successful completion of any delinquent projects funded by HCHC;

- Demonstrated changes in the CHDO's policies or structure to address stated deficiencies;

- Overall responsiveness of the CHDO to HCHC; and

- Initiative taken to obtain technical assistance and training provided by HUD and/or HCHC.

LIX. Guidance Issued Annually

The following documents and calculations will be provided annually.

- Income Limits
- Rent Limits
- Maximum Purchase Price/After Rehab Value
- Per-Unit Subsidy

Information will be made available on the County webpage and as a part of the annual application process. It is the responsibility of the project owner to maintain each applicable threshold on file for their project to ensure compliance.

Appendix I: Acronyms

AAP – Annual Action Plan
ADA – Americans with Disabilities Act
AGI – Adjusted Gross Income
AMI – Area Median Income
CFR – Code of Federal Regulations
CDBG – Community Development Block Grant
CDC – Community Development Corporation
CHDO – Community Housing Development Organization
CPD – Community Programs Division (HUD)
ECHO – Elder Cottage Housing Opportunity
ECHO – Eastern Carolina Homelessness Organization
EEO – Equal Employment Opportunity
FHA – Fair Housing Act
FMR – Fair Market Rent
HIV/AIDS – Human Immunodeficiency Virus infection and Acquired Immune Deficiency Syndrome
HOEPA - Home Ownership and Equity Protection Act of 1994
HOME – Home Investment Partnerships Program
HOPWA – Housing Opportunity for Persons with AIDS
HUD – U.S. Department of Housing and Urban Development
IBC – International Building Code
IDIS – Integrated Disbursement and Information System
LMI – Low to Moderate Income
LURA - Land Use Restrictions Agreement
OMB – U.S. Office of Management and Budget
PJ – Participating Jurisdiction
RESPA – Real Estate Settlement Protection Act
HCHC – Horry County HOME Consortium
SRO – Single Room Occupancy
SSI – Supplemental Security Income
TANF - Temporary Assistance for Needy Families
TBRA – Tenant-based Rental Assistance
UPCS – Uniform Property Condition Standards
URA – Uniform Relocation Act
USDA – U.S. Department of Agriculture
VA – U.S. Department of Veterans Affairs

HORRY COUNTY HOME CONSORTIUM

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

POLICIES & PROCEDURES

Adopted: January 23, 2018

Community Housing Development Organization (CHDO)

A CHDO is a private non-profit, community-based organization with the mission, experience and capacity to develop affordable housing. Certified CHDOs must own, develop and/or sponsor affordable housing. Certification criteria include legal status of the organization, its capacity and experience, organizational structure and geographic service area.

- An organization cannot be certified as a CHDO unless an application for a CHDO set-aside project is received by the County.
- A CHDO is expected to maintain CHDO status for the duration of the project, which includes the period of affordability.

Organizational Requirements

Legal Status

- CHDO must be organized under state law.
- CHDO has no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.
- CHDO must have non-profit status under 501(c)(3) or (4) of the IRS, be a subordinate of a central nonprofit under IRC Section 905, or wholly owned subsidiary of an organization that has 501(c)(3) or (4) status and meets the CHDO definition.
- One of the purposes of the organization must be the provision of decent housing that is affordable to low- and moderate-income persons.
- CHDO is not a governmental agency.

Capacity and Experience

- CHDO must have financial management systems that meet the criteria outlined in 24 CFR 84.21. The most recent version of required financial management systems are located in 2 CFR 200.
- CHDO must have at least one (1) year of experience serving the community or if newly formed, its parent organization must meet this requirement.
- CHDO must show that its key staff members have the demonstrated experience relevant to the CHDO's role in undertaking the HOME activity to be funded. This does not include volunteers, board members, donated or shared staff, or consultants. Exception: During the first year of an organization's participation as a CHDO only, capacity can be demonstrated through a contract with a consultant

who has housing development experience to train appropriate key staff of the organization.

- CHDO must have completed at least one (1) CHDO-eligible development in the past two (2) years. Eligible developments are acquisition and/or rehabilitation of rental housing; construction of new rental housing; acquisition and/or rehabilitation of property for home ownership; and new construction for home ownership.

Organization and Structure

- At least one-third of the CHDO's board consists of representatives of the low-income community within the applicant's service area. These members can be:

  - Low-income

  - Residents of a low-income neighborhood as defined by the County (resident does not have to be low-income)

  - Elected representatives of a low-income neighborhood

**These board members must self-certify annually.

- CHDO must also involve low- and moderate-income program beneficiaries in affordable housing project design, siting, development and management of housing. This is in addition to serving on the board of directors. The involvement can include neighborhood meetings, design charrettes, surveys, etc.

- If the organization was created by a governmental entity, then:

  - No more than one-third can be representatives of the public sector and public-appointed members may not appoint the remaining 2/3; and

  - Officers and employees of a governmental entity cannot be officers or employees of a CHDO.

- If the organization was created by a for-profit entity, then:

  - The for-profit entity that created the organization may not be a housing builder, developer or manager;

  - The for-profit entity that created the organization may not appoint more than 1/3 of the board members and for-profit-appointed members may not appoint the remaining 2/3 of the board;

  - Officers and employees of the for-profit entity that created the organization cannot be officers or employees of the CHDO; and

- The organization must be free to contract for goods and services with others.

Geographic Service Area: CHDOs must have a clearly defined service area that includes Horry, Georgetown, and/ or Williamsburg counties.

CHDO Roles

CHDO as a Developer

A CHDO is a developer when it either owns a property and develops a project or has a contract with a property owner to develop a project. The CHDO must perform all the functions usually expected of for-profit developers.

- Rental Housing: The organization is or will be the owner in fee simple absolute (or will hold a ground lease) for at least the affordability period and will solely be in charge of all aspects of the development process.

- Homeownership: The organization is or will be the owner in fee simple absolute and developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for sale to low-income buyers.

CHDO as an Owner

- Rental Housing: A CHDO is an owner when it has valid title or a long term leasehold interest (for at least the compliance period). If the project involves rehabilitation or construction, the organization will oversee all aspects of development. A CHDO can own a rental property with other legal entities (including, but not limited to, individuals, corporations and partnerships). If it owns the project in partnership, the CHDO or its wholly owned nonprofit or for-profit subsidiary must be the managing general partner with effective control (i.e., decision making authority) of the project. The CHDO may be both owner and developer or may have another entity as the developer.

CHDO as a Sponsor

A CHDO may be a sponsor for a rental project. When a CHDO is a sponsor it must always own the property prior to the development phase of the project.

- Rental Housing

    - The organization develops a project that the CHDO solely or partially owns and agrees to convey ownership to a designated nonprofit (that was not created by a governmental entity) at a predetermined time prior to or during development or upon completion of the development of the project; or

- The project will be owned and/or developed by an eligible CHDO affiliate, including:

    - A wholly owned subsidiary of the CHDO; or

    - A limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner; or

    - A limited liability company of which the CHDO or its wholly owned subsidiary is the sole managing member

CHDO Set-Aside

HOME requires that participating jurisdictions set aside at least 15% of their annual HOME allocation of funds for housing that is developed, owned or sponsored by CHDOs. Nonprofits that do not meet CHDO criteria can receive HOME funding for projects they develop, own or sponsor that do not count towards the CHDO set-aside.

Eligible CHDO Set-Aside Activities

- Acquisition and/or rehabilitation of rental housing

- New construction of rental housing

- Acquisition and/or rehabilitation of properties for homeownership

- New construction for homeownership

Ineligible CHDO Set-Aside Activities

- Tenant based rental assistance

- Rehabilitation of owner-occupied properties

- Direct home buyer assistance for existing housing (not developed, owned, or sponsored by the CHDO)

Process for CHDO Certification

The following is the process to obtain CHDO certification:

- Complete the CHDO pre-application and provide the required supporting materials.

- Submit the completed application and materials to the Horry County Community Development Office consistent to the instructions on the application below.

- The County will notify the organization in writing if it has been certified as a CHDO.

- If all requirements are met, the applicant will be certified as a CHDO upon the notice of award of CHDO set-aside funds.

- If the organization does not complete or does not meet the requirements for CHDO certification, a letter will be sent to the organization which describes what it must do to meet the certification criteria.