



# GCRA

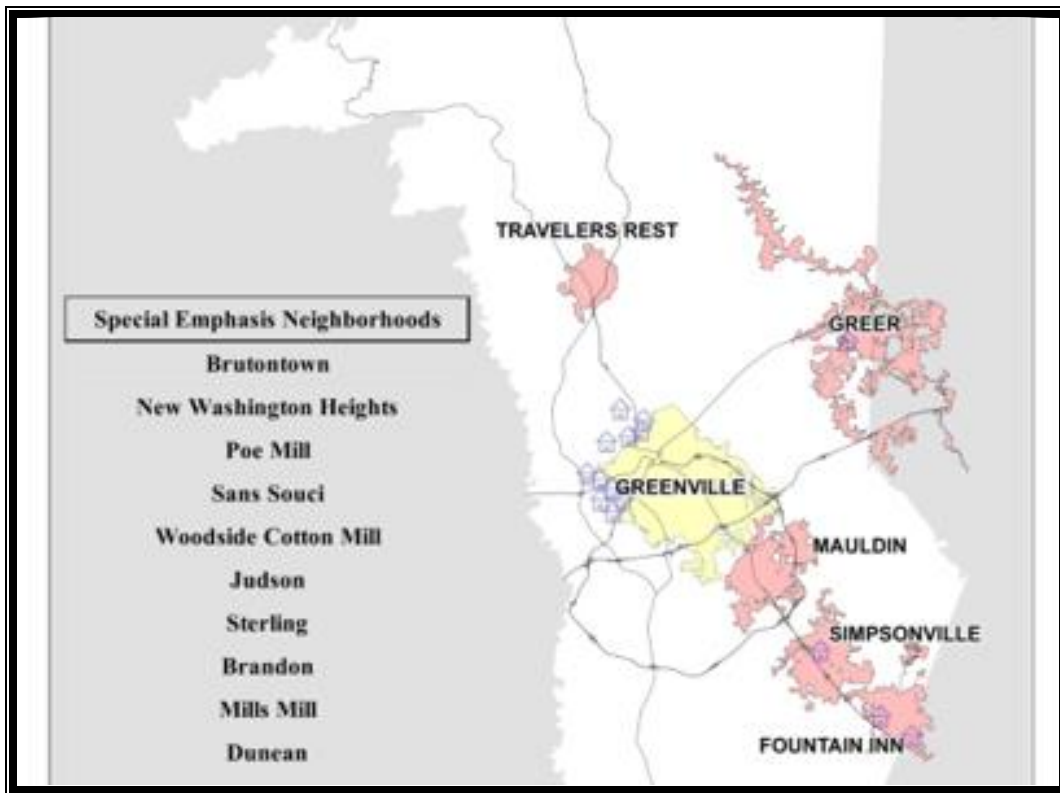
## Greenville County's HOME Investment Partnership Program and Greenville County Affordable Housing Fund (GCAHF) Underwriting Criteria & Developers Guide

The Greenville County Redevelopment Authority (GCRA) administers the HOME Investment Partnership Program and the Greenville County Affordable Housing (GCAHF) on behalf of Greenville County, SC. The HOME Investment Partnership Program was created under Title II of the National Affordable Housing Act of 1990. THE GCAHF was established in 2019 as a result of the recommendation of the 2018 Affordable Housing Study for Greenville County to support production and supply of affordable and workforce housing in the County. The general purposes of HOME and GCAHF are expanding the supply of decent and affordable housing and workforce housing, particularly rental housing, for very low income-, low-, moderate-, and middle-income residents (GCAHF only), strengthening the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent housing affordable to the residents. The Programs are meant to extend and strengthen partnerships among all levels of government and the private sector, including for profit and nonprofit organizations, in the production and operation of affordable housing.

1. **PURPOSE:** The HOME and GCAHF are used to gap finance affordable and workforce housing projects carried out by GCRA housing partners and developers for homeownership and rental units in Greenville County including projects in the city limits of Fountain Inn, Greer, Mauldin, Simpsonville, and Travelers Rest. The purpose of the Greenville County's HOME and GCAHF Underwriting Criteria and Developer's Guide is to highlight the Greenville County's affordable housing priorities, identify the activities available to advance said priorities and the criteria by which housing development proposals will be evaluated, underwritten, and selected for funding. **The funds support affordable housing for households with incomes at or below 80% of the area median income for HOME funds, and up to 120% of AMI with GCAHF, including seniors, families with young children, the homeless, persons with disabilities and veterans.** This Guide is to introduce Greenville County's "HOME" Program and GCAHF in a quick reference format. The Guide is designed to assist affordable housing developers and sponsors in assessing the appropriateness of applying for HOME and AHF funds in Greenville County and provided through a competitive process. The competitive programs support single family and multifamily projects as well as new construction and rehabilitation projects. The projects may use multiple funding sources, including other federal funds. Only the program's principal features are described here, and applicants are advised to become acquainted with detailed requirements of the program as set forth in the Regulations at 24 CFR Parts 92, and new HOME final rule.
2. **ELIGIBLE APPLICANTS:**
  - Community Housing Development Organizations (CHDOs)
  - Nonprofit organizations
  - For-profit organizations

**3. Eligible Areas and Locations:**

- a. GCAHF- Greenville County:** Available for projects in the Unincorporated areas of Greenville County and the five participating Municipalities ( Fountain Inn, Greer, Mauldin, Simpsonville, and Travelers), including boundaries of Greer and Fountain in the Counties of Spartanburg and Laurens, respectively. This excludes city limits of Greenville.
- b. HOME-Greenville County:** Available for projects in the Unincorporated areas of Greenville County and the five participating Municipalities ( Fountain Inn, Greer, Mauldin, Simpsonville, and Travelers), including boundaries of Greer and Fountain in the Counties of Spartanburg and Laurens, respectively. This excludes city limits of Greenville.



**4. TARGET POPULATION:**

- **HOME:** Units for rent or sale will have **very low-, low-, or moderate-income** house holds
- **GCAHF:** Units for rent or sale will have **very low-, low-, moderate-, or middle-income** households.

**5. TYPES OF FUNDING AVAILABILITY**

The Greenville County is required to set aside a minimum of 15 percent of its annual HOME allocation from the U.S. Department of Housing and Urban Development (HUD) for Community Housing Development Organizations (CHDOs). Additional set aside is funding for down payment assistance to

first Time Homebuyers for the purchase of their first homes. For households earning 80 percent and below of the Area Median Income will have approximately \$10,000 of subsidy towards the purchase of their homes. Household earning beyond 81% - 120% will have a total subsidy of up to \$5,000 per housing unit. To further affordable housing development and strengthen public-private partnerships, the County also earmarks approximately 20 percent of its annual HOME allocation to finance development proposals in the unincorporated areas of Greenville and approximately 30 percent for projects proposed in the five participating municipalities: Greer, Mauldin, Fountain Inn, Travelers Rest, and Simpsonville. Expected funding levels are subject to change based on HUD funding levels. Outside of the annual CHDO set aside and earmarks for housing partners, additional funding for housing development projects may be available subject to the availability of HOME Program Income.

**6. GAP FINANCING CRITERIA:** The funds are available based on the following criteria

- Gap funding for the housing development projects
- Affordability period is consistent with HOME regulations – (see section 9.vii)
- 10% of total funding request available to non-profit agencies. Not to exceed \$100,000
- 1 – 4 housing units, maximum threshold fund request not to exceed 20% of the total development cost or \$40,000 per unit, or whichever is the lesser amount.
- Multifamily development (consisting of 5 or more units): maximum threshold fund request to be \$12,500 for assisted proposed units.

**7. ELIGIBLE HOME and GCAHF ACTIVITIES**

HOME and GCAHF fund may be used for the rehabilitation, conversion of non-residential buildings to residential and new construction of affordable housing and assistance to first time homebuyers.

Eligible Uses:

- a) Rental of units to very low, low and moderate -income families or individuals for HOME funds
- b) Rental of units for low-, moderate- and middle-income families of individuals for GCAHF.
- c) Sale to very low, low, and moderate - income homebuyers for HOME funds.
- d) Sale to very low, low-, moderate- and middle-income homebuyer for GCAHF.
- e) Assistance to first-time Homebuyers – low, moderate, and middle income

Eligible Project Costs:

- a) Site acquisition - (*directly associated with specific housing development project*).
- b) Pre-development cost - (*directly associated with specific housing development project*).
- c) Hard costs for construction and rehabilitation activities.
- d) Site improvements- (*directly associated with specific housing development project*).
- e) Infrastructure and/or utility connections specific to the site.

**8. FORMS OF FUNDING ASSISTANCE**

- a) Nonprofit Organizations & Public Agencies:

Investment of HOME funds will be in the form of a secured, one-percent interest loan amortized for a period of twenty years to thirty years. Ten percent At the GCRA's discretion, repayment may be deferred for a period during the affordability period. To increase project sustainability, the GCRA may consider reducing loan interest and/or allocating a portion of the financing as a grant at the applicant's request.

- b) Community Housing Development Organizations (CHDO):

Investment of HOME funds will be in the form of a grant subject to affordability requirements.

c) For-profit Organization:

Investment of HOME and GCAHF funds will be in the form of a secured, two percent interest loan amortized for a period of twenty years. (

<b>Type of Applicant</b>	<b>Type of Fund</b>	<b>Available funding options/Types</b>
CHDO	HOME	100% of Grant funding subject to affordability requirement and subject to 15% HOME set aside amount for CHDO.
CHDO	GCAHF	10% grant fund and remainder of request is loan at 1% interest rate
Non-Project or Public agencies	HOME and GCAHF	<b>Rental units:</b> 1% interest loan amortized for a period of up to 20 years (30 years on specific request). 1 year deferment period during construction. Homeownership: 1% Interest rate. Repayment upon sale of the unit.
For Profit Organization	HOME and GCAHF	Rentals Units: 2% interest loan amortized for a period of up to 20 years (30 years on specific request). 1 year deferment period during construction. Homeownership: 2 % interest rate. Repayment upon sale of the unit.

**9. PRIORITIES**

The priorities set forth in the Greenville County 2020-2024 Consolidated Plan include:

- Projects that provide housing for very low- and low-income renters (50% or below AMI) who are:
  - large families with children (3+ bedroom units)
  - small families (2 bedroom unit)
  - persons with special needs (handicap modified property)
  - seniors
- Projects that increase the availability of homeownership opportunities for low income families
- Projects that provide new rental and/or homeownership units in the County’s special emphasis or target revitalization areas for low and very low-income residents (see Consolidated Plan for a list of special emphasis neighborhoods).

**10. SELECTION & UNDERWRITING CRITERIA:**

- i. Program Eligibility & Application Completeness -The application is complete, and the proposed use is eligible under the HOME and GCAHF programs.
- ii. Developer Experience– the application must demonstrate the financial management and programmatic expertise to successfully develop, design, implement and monitor the proposed activities. This expertise is demonstrated through previous experience in successfully developing projects similar to the one proposed, either by partners or key staff within the organization. The development timeline must be reasonable, and all identified activities must be consistent with the proposed development.
- iii. Developer Capacity- the developers financial reports and audits must demonstrate that the organization is liquid enough to initiate and complete the project. A minimum current ratio of 1 and an earned income ratio of 50 percent is preferred.

- iv. Site Control – Evidence that the applicant has control of the site in the form of title, purchase and sale agreement, option-to-purchase agreement, long term lease agreement, or other acceptable method.
- v. Consolidated Plan Consistency & Market Demand – current market data must be submitted that demonstrates adequate demand for the project at the proposed price point, the specified location, amenities and within the regulatory timeframe for completion. The applicant must submit a market analysis discussing the need for the proposed project. It should be clear that project can be expected to be rented or sold within the regulatory timeframes and at the price estimated by the developer. The proposed project should also be consistent with the goals and objectives of the Consolidated Plan.
- vi. Cost Reasonableness-the project sources and uses statement must demonstrate necessary and reasonable cost. The applicant must provide documentation and/or explanation for the basis of the calculation or estimate. Development costs will be evaluated based on the costs comparable to similar projects in the same geographical area, the validity of calculations and comparable costs published by recognized industry cost index services. The sources and uses statement will be assessed to determine the necessary funding gap but may not exceed the HOME maximum per unit subsidy limit shown in the table below. A minimum subsidy of \$1,000 per unit is required.
- vii. Project Feasibility & Profit Reasonableness – the applicant must submit: 1) an annual gross potential revenue which should include proposed number and type of units by AMI Income category, maximum monthly allowable rent, utility allowance, actual rent, total monthly and annual rent revenue, 2) an annual operating expense statement including all applicable administrative, utility, operating/maintenance, taxes/insurance, and replacement reserves and 3) an operating pro forma representing the affordability requirement period. The pro forma must include annual rents, vacancy rate (no less than 7 percent), operating expenses, percent of annual change in income (no less than 2 percent) and expenses (no less than 3 percent) and debt service for all anticipated funding sources. Project feasibility and profit reasonableness factors evaluated will include but are not limited to:
  - Assessment of whether rents are reasonably targeted to the market, within affordability guidelines.
  - Assessment of operating expenses for the project.
  - Adequate funding and the project’s ability to support any must-pay debt, over the affordability period.
  - Debt coverage with a minimum Debt Service Coverage of 1.15.
  - Leveraging of other resources to the County funds. Projects with higher leveraging ratios will score more competitively for available funding.
  - The developer’s fee should not exceed 15 percent of total development cost.

<u>Rental Housing Activity</u>	<u>Minimum Period of Affordability in Years</u>
<b>Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under \$15,000</b>	5 years
<b>\$15,000 to \$40,000</b>	10 years
<b>Over \$40,000 or rehabilitation involving refinancing</b>	15 years

<b>New construction or acquisition of newly constructed housing</b>	20 years
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<u>Homeownership Activity</u>	<u>Minimum Period of Affordability in Years</u>
<b>Less than \$15,000</b>	5 years
<b>\$15,000 to \$40,000</b>	10 years
<b>Greater than \$40,000</b>	15 years

- viii. Readiness to Proceed- the application must demonstrate readiness to proceed and reasonable project completion schedule. The applicant must describe projected dates by which commitments will be obtained; the closing will take place, construction start-up, substantial completion, final completion, and occupancy. Timeframes must be realistic and achievable. All funded projects must be able to start construction within 12 months of notice of award. All HOME assisted homebuyer units must be sold within 9 months of construction completion and rental units must be occupied within 18 months.

**11. APPLICATIONS SCORING (100 maximum points)**

**Application Completeness, Program Eligibility and Site Control 20 points**

Maximum points will be awarded for those applications that meet threshold criteria such as program eligibility, site control and completeness.

**Consistent with County’s goals and address demonstrated need. 25 points**

Maximum points will be awarded for those applications that demonstrate sufficient market demand and support the goals and priorities of the Consolidated Plan.

**Financial feasibility. 20 points**

Maximum points will be awarded for those applications that contain a realistic set of sources and uses development budget, a pro forma operating budget, and long-term financial sustainability of the project is highly likely.

**Development team experience, capacity, project readiness and timeframe for completion. 25 points**

Maximum points will be awarded for those applications that demonstrate a development team with a successful track record in projects of similar size, scale, type and complexity to the proposed project and capacity to fulfill their responsibilities and the readiness of the project to proceed.

**Neighborhood Impact . 10 points**

Maximum points will be awarded for those applications where site selection is appropriate for use, the design is consistent with neighborhood design characteristics or master plans, and the project proposes considerable benefits to the neighborhood and/or special populations such as services or amenities.

**12. SELECTION PROCESS & TIMEFRAME:**

Between December and January of each year, a public notice in the local newspaper and on the GCRA website is published announcing the availability of HOME funding for private and not for profit organizations focused on developing affordable housing in Greenville County. Training sessions on the HOME and GCAHF application process are conducted in January and the applications are due 2<sup>nd</sup> or 3<sup>rd</sup> week in February. Applications are evaluated by the GCRA staff, and the following approval and underwriting process and the following schedule is used:

- A conditional letter of approval is issued based on staff recommendations at the end of February. The conditional letter of approval is contingent upon: 1) the GCRA Board’s final commitment of funds during their meeting held on 4<sup>th</sup> Tuesday of March, 2) County Council approval in May and 3) the availability HUD funding-typically announced in June for the new fiscal year beginning July 1<sup>st</sup>.
- An updated award letter is issued in May outlining the terms and conditions of GCRA Board approval and funding commitment.
- Prior to executing an agreement committing HOME funds to the approved project, the following items must be addressed:
  - On or before November 30<sup>th</sup>, the applicant must submit proof of commitment of other funding sources, an updated development budget, project completion schedule and legal description of the proposed properties including tax parcel numbers.
  - GCRA must be able to complete a satisfactory environmental review and receive a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. Approved funding for the project is conditioned on GCRA’s determination to proceed with, modify or cancel the project based on the results of the completed environmental review.

**13. APPLICATION SUBMISSION REQUIREMENTS**

Complete responses to this application, should include: one (1) original printed version of the application and a full electronic version, submitted via provided safe portal.

Applications must be submitted electronically and in paper form to:

GCRA  
Attention: Imma Nwobodu, Program Director  
301 University Ridge, Suite 2500  
Greenville, SC 29601  
864-242-9801 x115

**Application Required Documentation:**

<b><u>Application Documentation</u></b>	<b><u>Exhibit Name</u></b>
Legal name of organization and executive director, type of organization (corporation, limited liability corporation, general partner, etc.), and list of board members including name, position, address, and phone number.	A
Evidence of site control	B
Market Study, discussing demand and need for proposed project.	C
Site plan, building elevations, & photos of building, if applicable	D
Articles of Incorporation, current by-laws, IRS 501 c(3) determination letter	E
Most recent financial statement for current and previous year (independent audit, 990 form, and auditor's management letter)	F
Completed CHDO Certification form	G
A brief development team summary, including: List all members of the development team, their role in the project, relevant skills/education and relevant experience from other projects. List and describe projects completed by the organization similar to the proposed project in size, type of development, and complexity.	H
Sources and uses statement, operating budget identifying rents and expenses for first year, & 20 pro forma for the project or minimum affordability period	I
Evidence of financial commitments	J
Marketing plan for the sale of home ownership units, if applicable	K