



**South Carolina  
Disaster Recovery Office  
Hurricane Matthew  
Housing Assistance Programs  
Policy and Procedure Manual**

**Revised November 30, 2017**

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**All South Carolina Disaster Recovery Programs operate in Accordance with the Federal Fair Housing Law (The Fair Housing Amendments Act of 1988)**

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# 1. OVERVIEW

The citizens of South Carolina struggled to recover from the catastrophic rainfall and flooding that impacted communities across the State in October of 2015. One year later, disaster struck again when Hurricane Matthew ravaged the coastal communities of the State. Hurricane Matthew made landfall near McClellanville, a small fishing community in Charleston County, as a category one hurricane on October 8, 2016. Neighborhoods were left in ruins as the storm cut a path of destruction through South Carolina. A large portion of South Carolina was under a State of Emergency for the second time in as many years. Wind damage from the storm demolished homes across the coastal counties of the State. Entire neighborhoods were underwater over forty miles inland. 833,000 homes were without electricity. 400,000 people evacuated from their homes in advance of the storm. Despite this, four South Carolina residents lost their lives. Hundreds more lost their homes.

As the State of South Carolina continues its recovery efforts, the focus of putting residents back in their homes will be key. Just as they did when the catastrophic floods struck in 2015, the people of South Carolina have come together to help each other in the wake of the disaster. Many residents assisted with the needs of the most vulnerable populations, and there has been an outpouring of assistance for the elderly, disabled, or those families in greatest need. The State, local governments, and volunteer organizations are working around-the-clock to support individuals and families who require basic services and to address conditions of immediate need. State and local government agencies, as well as civic organizations and community leaders will continue to address the fiscal, social, and environmental challenges of this event for years to come.

The Further Continuing and Security Assistance Appropriations Act, Public Law 114-254 (Appropriations Act), was enacted to set aside federal funds for disaster relief. The Appropriations Act provides funds to States or units of general local government for disaster recovery efforts in the affected areas. The federal government appropriated \$1.8 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to be made available to States that were declared a major disaster by the President of the United States in 2016. These funds are to be used to satisfy a portion of unmet need that remains after other assistance, such as funding from the Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), or private insurance, has been delivered.

The Department of Housing and Urban Development (HUD) determines how these federal funds will be distributed. HUD uses the “best available” data to identify and calculate unmet needs for disaster relief, long-term recovery, restoration of infrastructure, and housing and economic revitalization. Based on this assessment, HUD notified the State of South Carolina that it will receive \$65,305,000 in disaster recovery funds to assist in recovery from Hurricane Matthew.

## **1.1 PURPOSE AND OBJECTIVES OF SOUTH CAROLINA'S CDBG-DR FUNDED DISASTER RECOVERY PROGRAMS**

The purpose of the CDBG-DR funded South Carolina Disaster Recovery Programs (the Programs) are to provide assistance to those affected by Hurricane Matthew. Under the State's Hurricane Matthew Disaster Recovery Action Plan, construction services will be provided for rehabilitation, replacement, reconstruction, and demolition of homes (owner occupied and rental). The Programs will focus on unmet housing needs for applicants (applicants also means co-applicants) by providing safe, sanitary, and secure housing. The Programs will fulfill this goal by either, bringing existing affected housing units into compliance with applicable health and safety codes, or replacing those structures that cannot be technically or economically repaired.

All proposed activities within the Programs meet one of three CDBG-DR National Program Objectives:

- Principally benefit low and moderate income persons,
- Aid in the elimination of slum or blight, or
- Address Urgent Need.

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## 1.2 SINGLE FAMILY HOUSING PROGRAM

Applicants applying for assistance must have suffered documented damage to their housing units as a result of Hurricane Matthew. Such documentation may include an inspection report conducted by FEMA, SBA, NFIP and/or a privately contracted inspector.

All applicant homeowners will be held to the following criteria as a condition of eligibility:

- Applicant must own and have occupied a single-family home or mobile home unit (MHU) located within the 24 counties for which FEMA Individual Assistance (IA) was authorized in response to Hurricane Matthew.

Allendale	Dorchester
Bamberg	Florence
Barnwell	Georgetown
Beaufort	Hampton
Berkeley	Horry
Calhoun	Jasper
Charleston	Lee
Chesterfield	Marion
Clarendon	Marlboro
Colleton	Orangeburg
Darlington	Sumter
Dillon	Williamsburg

- The property must have documented damage as a result of the declared disaster.
- Applicants must provide evidence of Primary Residency at the location, which the applicant lived at the time of the event and for which they are seeking assistance.
- One person on the application must have an ownership interest in-part or in-whole in the property and must be able to demonstrate U.S. Citizenship or Lawful Permanent Residence.
- The homeowner must agree to own the home and use the home as their primary residence for a period of 3 years after rehabilitation, replacement or mitigation as secured through a forgivable promissory note and lien.
- If located in a flood plain, the applicant must acquire flood insurance and comply with obligations to notify future owners of flood-insurance requirements. Note: The State may pay the first-year flood insurance premium for those applicants required to have it.

In order to assist the most vulnerable populations with this disaster recovery funding, South Carolina intends to prioritize assistance for all housing Programs based on the following criteria:

- Individuals who are in the extremely low and very low income brackets;
- Persons with documented disabilities; and
- Age-dependent household members (aged 65 or older, or 5 or below).

Priorities will be addressed as follows, in accordance with the State's Action Plan:

APPLICANT AND/OR HOUSEHOLD MEMBERS HAVE A DOCUMENTED SPECIAL NEED	HOUSEHOLD'S LOW TO MODERATE INCOME (LMI) CATEGORY		
	Extremely Low Income 30% AMI or Less	Very Low Income 31% to 50% AMI	Low Income 51% to 80% AMI
Applicant's Household Includes Both Disabled & Age-Dependent or Multiple Disabled	1st Priority	3rd Priority	5th Priority
Applicant's Household Includes Either Disabled or Age-Dependent	2nd Priority	4th Priority	6th Priority
Applicant's Household Includes Neither Disabled or Age-Dependent	5th Priority	7th Priority	8th Priority

The Program is committed to serving vulnerable populations first which fully support the State's mission in prioritizing applications in this way. The application process will require disability verification, age verification, household member confirmation and supporting income documentation. Once provided, the Programs will verify the supplied information using nationally recognized third party data and prioritize each verified application, and rank the prioritized applications against the verified applicant pool. Applicants with the lowest verified income will receive assistance first within their priority until all applicants are served or all funds expended.

In order to expedite recovery and demonstrate immediate results, the Programs will service verified **Priority 1** applications immediately as identified. The intake process will mirror the State's priority in funding applications for the vulnerable population first while also educating other populations of this requirement.

## 1.3 HAZARD MITIGATION GRANT (HMGP) MATCH PROGRAM

The State of South Carolina has designated up to one million dollars to provide the required 25% match for Hazard Mitigation Grant (75%) Program activities in the HUD-designated Most Impacted and Distressed (MID) Counties. In order to receive matching funds, applicant households included in activities contained in a County HMGP grant must meet both HMGP eligibility requirements as determined by the South Carolina Emergency Management Division (SCEMD) and CDBG-DR eligibility requirements detailed in the Single Family Housing Program. HMGP activities may include but are not limited to: buyouts of housing units, structural elevation, localized flood risk reduction, infrastructure retrofit, and post-disaster code enforcement.

MID counties requesting matching funds will use the following procedure:

- An HMGP grant will be submitted to SCEMD.
- At the same time or shortly thereafter; the County will submit CDBG-DR household eligibility documentation for all households contained in their HMGP grant to SCDRO.
- SCDRO will make a CDBG-DR eligibility determination on each household submitted and create a list of the households submitted for the HMGP grant. The list will include their eligibility result and the amount of match funds required for their activities included in the grant.
- Once processed, SCEMD will send SCDRO a list of households it deems to be HMGP eligible and the amount of matching funds required for their buyout.
  - SCDRO will reconcile the two lists for each HMGP grant. Only households that are deemed HMGP eligible by SCEMD and CDBG-DR eligible by SCDRO can be funded.
  - Once a reconciliation on a grant is completed, SCDRO will:
    - Send notification of the results to the County, and
    - Copy SCEMD on the notification.
- SCDRO will then process the matching funds payment to the County and copy SCEMD on the payment.

**Note:** Should the number of eligible applicants who are in the same priority category exceed the available funding, the decision on which applicants to serve will be determined by an HMGP Program Panel.

## 1.4 AFFORDABLE RENTAL PROGRAM

The State of South Carolina has allocated up to \$500,000 in funding for an Affordable Rental Program to repair and restore affordable rental housing stock in MID counties. The Program will provide up to \$25,000 in assistance to rental property owners for eligible activities including rehabilitation and associated improvements, such as energy efficiency and resilience activities, of single-family stick-built rental properties. The Affordable Rental Program will repair up to two units per rental property owner, with a \$25,000 cap for each. The Special Case Panel may consider repairs beyond the \$25,000 cap on a case-by-case basis.

In order to receive assistance, property owners must agree to a five-year affordability requirement. The affordability requirement necessitates the property owner to lease the units to LMI households earning 80% or less of their County AMI and to lease the units at affordable rents. In order for rents to be considered affordable, they must comply with the maximum HUD HOME rent limits. The maximum allowable HUD HOME rent is the lesser of:

- Fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
- A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65% of the AMI, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

Property Owners interested in the Affordable Rental Program may apply at a Program Intake Office.

The Program is estimated to assist in the repair of approximately 20 rental homes, based on the \$25,000 cap per unit, therefore intake is limited. The availability of program assistance has been publicized and citizen participation encouraged following the program approved outreach plan. At the time of initiating the application process, using the methods outlined in the intake section, the applicant will designate their application as "Rental."

Landlord applicants will be served in a "first come first serve basis", with first come defined as having a completed application with all the required documentation submitted and verified by the program. Processing will be capped at 100 completed applications; however, intake of landlord information will continue to be accepted throughout life of program.

The Affordable Rental Program requirements outlined in this subsection supersede the requirements listed for the Single Family Program in instances where Single Family requirements differ.

**Program Requirements Include:**

- Properties located within a floodplain will not be considered for assistance under the affordable rental program.
- Primary Residence - Rental units are not expected to be the primary residence of landlord applicants.
- Ownership – Property owner must demonstrate ownership and all applicants/co-applicants will be verified through the Office of Foreign Asset Control (OFAC) and cleared of any potential fraud. Program staff shall positively identify, by an official government issued ID, all owners of a partnership, Limited Liability Corporation and officers of corporations designated to sign legal binding agreements before executing grant agreements.
- Income - While landlords will not be required to be Low-to-Moderate Income, they will be required to comply with a five-year affordability period that necessitates the owner(s) to lease the unit(s) to LMI households earning 80% or less of their County AMI and to lease the units at affordable rental fees.
- Vacancy - all units of the applicant's property must be vacant at the time of application and remain vacant through the completion of construction. If the owner's property was occupied at any time since Hurricane Matthew the owner shall disclose the name, current address and phone number of previous tenants. After submitting an application to the Rental program, owners shall not rent any units identified on the application as vacant until construction is complete.

**Note:** *Special Circumstances Related to Vacancy:* If any property owner is found to have improperly asked a tenant to leave, or some other illegal displacement has occurred, the owner is not eligible to receive an award from the program, and may be subject to legal penalties.

- Insurance - The property owner will maintain insurance such as flood, wind and/or hazard insurance as required by federal, state and local regulations. Landlord will be required to provide insurance policy within thirty days of construction completion which includes certificate of occupancy or its equivalent. Insurance requirements will not be covered (i.e. funded) by the program.
  - The property owner's hazard insurance shall be placed in an amount sufficient to cover replacement of the property or at a minimum to completely repay existing mortgages and the Program's investment.
  - In the event of a sale or transfer of the Real Property, Property owner shall, not later than the date on which such transfer occurs, notify the buyer/transferee in writing of the requirements to:
    - Maintain insurance with the understanding that the program or the state may require proof of the policy within the five-year affordability period.
    - The notification shall be contained in documents evidencing the transfer of ownership of the Real Property (and improvements thereon).

**Note:** If Property owner fails to provide notice as described above, and, subsequent to the transfer of the Real Property, the buyer/transferee fails to obtain or maintain flood insurance in accordance with applicable federal law with respect to the Real Property, the Real Property is damaged by a presidentially-declared disaster, and federal disaster relief assistance is provided for the repair, replacement, or restoration of the Real Property as a result of such damage, then the Property owner (the transferor) shall be required to reimburse the Federal Government in an amount equal to the amount of the federal disaster relief assistance provided with respect to the Real Property.

- Tenant Selection: Property owners shall screen and select their own tenants, however, tenant selection must comply with the requirements of the Fair Housing Act (42 U.S.C. 3601-3620), which prohibits discrimination based on race, color, religion, sex, national origin, familial status, and disability. Property owners are required to sign a fair housing and affirmative housing statement as part of the application. Property owners must ensure that the tenant is income eligible before the tenant signs a lease and/or occupies a Program assisted unit.
- Lead-Based Paint: In pre-1978 buildings the owner shall provide the lessee with an EPA approved lead hazard information pamphlet. Such pamphlets include the EPA document entitled Protect Your Family from Lead in Your Home (EPA – 747-K-94-001) or an equivalent pamphlet that has been approved for use by the SCDRO or South Carolina Department of Health Services. The owner shall also disclose any additional information available concerning the known lead-based paint and/or lead-based paint hazards, such as the basis for the determination that lead-based paint and/or lead-based paint hazards exist, the location of the lead-based paint and/or lead-based paint hazards, and the condition of the painted surfaces. The property owner shall include appropriate disclosures and notifications in the lease according to 24 CFR Part 35.

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## 2. INTAKE

South Carolina residents will be applying for the CDBG-DR funds for housing assistance. These funds are to be used to satisfy a portion of the unmet need for damage sustained to their housing units as a result of the presidentially declared disaster caused by Hurricane Matthew in October 2016.

The application process will require each applicant to authorize by signing a consent/release form in an electronic application that permits the Programs to obtain 3rd-party data. In addition, other documentation that requires each applicant's signature is the application, a subrogation agreement and a communication designee form, if applicable.

The Program will review completed applications and documentation submitted by affected property owners to determine if the applicant meets the eligibility criteria for assistance from the Programs. Application processing priority will be given to households with members who are disabled and households with age-dependent members (age 65 and older, or 5 and below), or those with multiple disabled household members. If the applicant is 65 at the time of intake, but not at the time of the storm, they will still be considered age-dependent for this program. Also, if a household member was 5 at the time of the storm in October 2016, but is older than 5 at the time of intake, they will still be considered age-dependent for the program. The Program will attempt to schedule a personal consultation and determine eligibility of homeowners from whom applications were received. Intake operations centers will include one (1) static location and one (1) mobile team, as well as a self-service appointment system available via website or mobile device for applicants to schedule appointments with the Intake team.

### 2.1 INTAKE CENTER ENVIRONMENT

Intake centers will be set up for Gold Standard customer service. Waiting areas will include a small play space with a few books and toys to accommodate families with small children, as well as accessibility features to serve the elderly and those with access and functional needs. Water will be available for all clients.

Reception areas will include information displays with brochures and other assistance material for available services that applicants might not be aware of such as homeowner education, financial management (important to address potential tax and insurance implications of new housing), and other social services. All intake center staff will be friendly and knowledgeable regarding all aspects of the intake process. Additionally, all applicants will be shown the 8-step recovery process via handout and video upon entering the intake center.

#### **Procedure:**

The goal is to ensure every homeowner "customer" who walks through the door is treated promptly with care, courtesy, and respect.

- Customer Service team members and greeters should acknowledge the arrival of a homeowner with a smile and "Hello, how can I help you?" upon the individual's arrival.

- Team members must ensure that the facilities are orderly, brochures and resource materials are available, water and cups are available, and the play area for children is kept clean and accessible.
- Families with children should be pointed to the play area for children upon their arrival in a reassuring manner so they will feel welcome and comfortable.
- Visitors with special needs should be assisted as needed and guided to the nearest accessible seats. Accessible seating should be reserved for homeowners with disabilities to the extent possible.

Greeters must ensure that all visitors sign in upon arrival and photo identification is verified to confirm applicant identity. All arrivals must be seen within 15 minutes of arrival time.

## **Safety and Security**

### **Operating Hours and Entrance/Exit Security**

Standard minimum operating hours for all intake centers will be Monday through Friday from 9:00 a.m. until 6:00 p.m. Saturday hours will also be offered from 10:00 a.m. until 3:00 p.m. Saturday hours may be adjusted depending on intake volume. Additional morning, evening and weekend hours will be added based on the need of the community where each office is located. Any variations to these core business hours will be posted at each facility. Security signs will be displayed prominently at all intake centers. The following rules are created in order to provide a secure environment for the staff as well as the protection of all applicant personal information.

The Customer Representative staff must adhere to the following at all times:

- Under no circumstances should anyone be in the facility alone. This ensures the employee's personal safety and protects the integrity of the information stored and maintained in the facility.
- Entrance for homeowners should be made available 15 minutes prior to scheduled opening time and 15 minutes prior to closing.
- Entrance for homeowners and general public may be denied prior to official or after official closing if there is not adequate staff on-site.
- Where possible, a separate entry should be established for employees allowing them to gain entry to the facility prior to the admittance of homeowners and the general public. This entrance should remain locked, and opened only to admit employees.
- Homeowners and the general public must be escorted by a Customer Representative staff member at all times while in the intake center. Homeowners are not allowed access to restricted work areas inside the facilities.
- All visitors to the facility are required to sign in upon arrival, and sign out upon departure.
- All contractor and sub-contractor staff, including customer representatives, must have a photo identification badge with them at all times at intake centers and job sites.

## After Hours Security

The following procedures are to be followed for all Intake Centers prior to departure at the end of the work day:

- A Team Lead and one other person must complete the closing checklist:
  - Ensure everyone has exited the facility.
  - Secure all entrances.
  - Secure all windows.
  - Ensure all case files documents are secured and nothing with personal identifiable information has been left on any desk, table or copy machines.
  - Secure and/or lock away all tablet computers, and all other internet access portals.
  - Ensure all entrances are locked and properly closed after exit.

Local police and the SCDRO Program Management Director should be provided with emergency contact information for all permanent facilities. The contact list should include all Production Managers and Team Leads. Team Leads should immediately notify the Production Manager in the event of any site security issues.

## Meeting Safety and Security

The primary role of the Customer Service Representative (CSR) is to meet with Program homeowners. The recovery situation homeowners are in creates an environment where applicant behavior may include frustration, impatience, or anger. In addition to the safety risk – Customer Service Representatives will also be handling large amounts of personal and private data, and must ensure that all of that data is handled and protected correctly.

To ensure the safety of Program staff, the following rules MUST be adhered to:

- There will always be at least two staff members present for any closed door meeting. This not only ensures the personal safety of the staff, but also ensures a 3rd-party witness in case of miscommunication or misunderstandings during the meeting.
- Home visits REQUIRE a minimum of two people in attendance (if available).
- Home visits REQUIRE a call to the Site Manager or designee upon arrival at the home, and again immediately after departure from the home.
- Home visits REQUIRE that a working cell phone be on and available during the meeting.
- If a customer becomes angry and is perceived to be out-of-control such that a staff member becomes concerned for their safety, they should immediately call 911.

Documentation provided by the homeowners is considered personal identifiable information and must be guarded for the security of the homeowner. To ensure the security of this information, the following rules MUST be adhered to:

- Print only the documents necessary to process the applications (this should be minimal due to the online nature of the mobile application).
- Ensure all printed documents are under cover at all times.

- Shred all printed documents that are no longer necessary.
- Properly file all case files in a secure area during non-productive time.
- Original documents used to support a homeowner application are to be scanned in the presence of the homeowner and returned.
- The password protection protocol on I-Pads must be followed at all times.
- To protect the privacy of personal identifiable information, no recordings or photos of intake activities will be allowed.
- The protection of personal identifiable information is an absolute and fundamental requirement of this Program. Personally identifiable information must be protected from the view of third parties and may not be shared with any other person outside of the Program.

## **Maintaining a Safe Work Space**

- All work locations must be kept clean and orderly.
- Ensure all spills, drips, and leaks are cleaned up immediately.
- Place trash in the proper receptacles.
- Report all injuries sustained in the workplace immediately to the Manager on duty.
- Report any unsafe condition or acts to your supervisor.

## **Emergency Contact Information**

Every employee must provide emergency contact information to their Team Lead or designee. This information will only be used in the event of an emergency.

## **2.2 LIMITED ENGLISH (LEP) & SPECIAL NEEDS APPLICANTS**

Applicants whose primary language is Spanish will be provided Program documents (e.g. brochures and any relevant forms) as well as other tools for guidance in Spanish. By translating the Program documents, such applicants are ensured the opportunity to genuinely understand Program requirements. At least one Spanish-speaking Customer Service Representative will be available at each static center and on each mobile deployment team.

### **Resources and Procedure for LEP Cases**

#### **Written Communication:**

All sites must display Multi-language signage in the applicant reception area (see "I Speak" language indicator card). This includes the HUD Fair Housing poster in both English and Spanish prominently displayed in the front lobby as well as the "I Speak" language chart depicting 16 different languages to serve as a tool for identifying the applicant's preferred language in the case of a communication barrier.

An applicant who identifies a language need other than Spanish on the "I Speak" card must be contacted in their native language using an interpreter service if forms are not available in their language.

## **Verbal Communication:**

Front desk receptionists and/or Greeters should follow the steps below to communicate with LEP applicants:

- Front desk receptionist or Customer Service Representative identifies an applicant with an LEP need and determines the preferred language for communication. If not Spanish, the Greeter or CSR will refer to the language tool chart to identify the applicant's preferred language. If necessary, the CSR will contact the interpreter service line to set up an appointment with a professional translator and work through the translator to set a follow-up meeting.
- Intake meetings are conducted in the applicant's preferred language and forms and the intake application are reviewed and discussed with the aid of a translator.
- Where available, the applicant will sign translated documents as part of the application process.

## **2.3 COMMUNICATION STANDARDS**

All communication (in person and via telephone, text and emails) with applicants must be professional and pleasant. Any communication with elected officials, the media, and/or attorneys should be directed to their supervisor or a manager. Any substantive contact with these individuals will be handled by management, unless directed otherwise.

The CSR MUST log all communication with applicants into the Grant Management System throughout the life of the project. All entries should include appropriate language, describe the nature of the communication, and describe the nature of transmitting documentation. No entries should be negative about the applicants.

If an applicant is rude, vulgar or offensive on the telephone or in person, the CSR is not obligated to continue the conversation. If the applicant is present, the CSR should notify their Team Lead and/or security immediately to defuse the incident. If the applicant is on the telephone, the CSR should give the applicant their Team Lead's name and telephone number, as well as immediately notify their Team Lead of the applicant's name, telephone number and details concerning the incident. The Team Lead should call the applicant as soon as possible, but no later than 24 hours after the initial conversation.

All communication with or inquiry from elected officials, the media, or attorneys must be referred to and coordinated with the SCDRO Program Management Director and SCDRO Public Information Director. No contractor or sub-contractors personnel may make public statements about the Program without first coordinating and clearing such communication with the SCDRO Program Management Director and SCDRO Public Information Director.

## **2.4 CRITICAL INFORMATION REQUIREMENTS**

The contractor will notify SCDRO within 2 hours if any of the following critical events occur:

- Achievement of contractual performance measure(s);
- Any injury associated with the Program resulting in immediate movement to a Hospital or Clinic for further treatment;

- Any vehicle wreck associated with the Program resulting in or which may result in a Program delay;
- Viable evidence that a citizen has attempted or completed fraud against the Program;
- Any citizen fraud complaint lodged against the State, its Implementation Contractor, its contractors or sub-contractors associated with the Program;
- Any non-routine inspection conducted by any entity regarding the Program;
- Any complaint by any person regarding harassment or discriminatory conduct regarding any aspect of the Program or operations;
- Any allegation that the State's Implementation Contractor, its contractors, or sub-contractors have committed a crime while performing their work; and
- Any loss or potential loss of citizen Personally Identifiable Information (PII) in any form to include the loss of a computer containing PII, or the loss or compromise of a paper or electronic communication containing PII.

## **2.5 SEEKING CUSTOMER FEEDBACK**

SCDRO is committed to the success of this project. We care about what our citizen customers have to say as well as their expectations. Customer Service Representatives will provide a customer survey to each applicant at the conclusion of their appointment to obtain their level of satisfaction with Program services. Surveys with negative feedback will be contacted within 24 hours to mitigate any potential complaints.

Using the information in the customer survey will ensure the Program is focused on improving services while maintaining a finger on the pulse of the overall project. The goal is to continually improve internal processes as well as customer service skills. Program staff will contact any applicant who indicates a concern to discuss a possible resolution, if applicable.

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### **3. CONFLICTS OF INTEREST**

A conflict of interest is, by definition, a conflict between the private interests and the official or professional responsibilities of a person in a position of trust. It is the intent of SCDRO to encourage confidence in the integrity of all Program staff.

This includes the Management Team, CSR's, Greeters, South Carolina State Employees, Contractors, Subcontractors and any additional team members. SCDRO has a firm expectation that all staff will be diligent in the avoidance of potential and actual conflicts of interest, as well as perceptions of conflicts of interest. A conflict of interest may occur when the private interests of a person in a position of trust are inconsistent with or impede his/her official responsibilities. This is especially true when applicants are selected to receive assistance and when contracts for goods or services are awarded.

To establish internal controls for identifying potential conflicts of interest, all team members, employees, and other parties participating in the determination of eligibility and/or the distribution of funds, are expected to practice good judgment when presented with a situation, which may involve a potential or actual conflict.

All Program staff are required to make a full disclosure to their Team Lead of any interests, relationships, and holdings, which could potentially result in a conflict of interest. Potential conflicts of interest may include relationships with neighbors, acquaintances, friends, family members, and other members of the community. As soon as a project team member is aware they have a current or prior relationship or familiarity with a potential applicant they are required to immediately notify their Team Lead. Team Leads will ensure project team members do not process or interact with applications with potential conflicts of interest.

This separation of responsibility will ensure an unbiased approach to the processing of all applications and final eligibility determinations. The goal is for every South Carolina citizen to have confidence their application is being processed with expedient efficiency and integrity. In the event a potential or actual conflict is reported, the Program Manager will review the circumstances in depth and be responsible for determining the course of action to be taken if a conflict is found to exist. If a team member has any doubt as to whether a current or prior relationship poses a potential conflict of interest, they should escalate the matter to their Team Lead for guidance.

### **4. RECORD KEEPING**

A Grant Management System will be maintained to document compliance with applicable regulations, by Program activities and defined operational processes. Files and records will be maintained in electronic format and be available at the Program's place of business or via secure access. Program staff will ensure that all applicant files and supporting documentation will be uploaded to the System of Record activity file as work is completed, reviewed for quality, and audited on a regular basis. The Program will utilize a paperless record in the Grant Management System that will guarantee all documents are readily available for review at any time in the future. Safeguards to protect records, files and transactions will be in place. Stringent information, personnel, technology, and physical security controls will protect all

personal information contained in hard copy and electronic format. Personal information will also be protected from sabotage, manipulation, theft, or breach of confidentiality from the point of receipt until final disposition.

All applications and other key housing documents will be copied and scanned, and indexed to provide a permanent and easily accessible record of applicant information, regardless of whether assistance is provided. Applicant information residing in any and all systems used to manage and operate the Program will be maintained and retained for the period specified by HUD.

## **5. COMMUNICATION DESIGNEE**

The Program understands there may be circumstances when an applicant may prefer another individual to be able to assist with obtaining information, Program status, and being a secondary contact.

Each applicant will be able to designate a third party to communicate with the Program on their behalf by completing the Communication Designee section of the application. A communication designee is authorized to make inquiries with the Program regarding the status of an applicant's application. Communication designees are not authorized to sign documents or affidavits, nor make decisions on behalf of the applicant unless he or she also has Power of Attorney. Communication designees must have the identification information necessary to prove their identity in their possession at all times.

## **6. POWER OF ATTORNEY**

Applicants may have circumstances that require an appointment of an individual (agent) as Power of Attorney, which gives another person the authority to act on their behalf in specified or all legal or financial matters. The person receiving the power of attorney (agent) is the "attorney in fact" for the person giving the power.

There are multiple types of Power of Attorney to include: General (which covers all activities); Medical (can be used only for medical decisions and is not applicable for Program use); Special (limited to specific powers only); and Durable (generally covers all activities and is not affected by subsequent disability or incapacity of the principal). A power of attorney generally is terminated when the principal dies or becomes incompetent, but the principal can revoke the power of attorney at any time.

Any applicant or their agent may submit a signed and notarized Power of Attorney (POA) which will allow the agent the right to act in the same capacity as the applicant for all actions related to the application. In the event a Power of Attorney for an applicant is received, Program staff will do the following:

- Review the document to determine the type of power granted (durable, limited, medical, etc.) to the named agent, and that it has been signed and notarized.
- Obtain contact information for the agent with POA and a copy of valid identification for placement in the applicant file.
- Secure or make a physical or electronic copy of the Power of Attorney to be maintained with the applicant file.

## 7. IDENTIFICATION

### 7.1 IDENTITY

It is the intent of the Program to ensure household compliance with the Low-to-Moderate Income National Objective. The Program will confirm the identity of all applicants using Nationally recognized 3rd Party database services to validate Program eligibility. Any event of conflicting information will be reviewed by the Program on a case-by-case basis.

All applicants will be required to submit documentation to prove their identity. This documentation may include, but is not limited to, the following:

- Government Issued Photo Identification (Federal or State issued),
- Driver's License,
- Passport,
- Military ID Card, and
- Certificate of Naturalization or Permanent Resident Card.

**Note:** Applicants are required to submit proof of birth verification for all household members for identification purposes. Examples include: birth certificate, passport, driver's license, vaccination/medical records, school records, and tax forms.

### 7.2 CITIZENSHIP/RESIDENCY

U.S. Citizens or lawful permanent residents are eligible to receive benefits under this Program. At least one person on the application with an ownership interest in-part or in-whole on the property, must be able to demonstrate U.S. Citizenship or Lawful Permanent Residence to ensure Program eligibility. The documentation needed may include, but is not limited to, the following:

- If the applicant who also appear on the ownership data/documentation, has a valid South Carolina Driver's License, the Program will consider this validation complete (Note: The State of South Carolina requires proof of Citizenship in order to receive a Driver's License).
- Other State Driver's Licenses that require proof of Citizenship for issuance will also be considered to validate Citizenship.
- In the event a Driver's License is not available, applicants that have confirmed assistance using FEMA IA or SBA data for property assistance will be considered verified using this method since both FEMA and SBA validate legal residency as part of their application process.

Applicants without a Driver's License, or FEMA IA or SBA assistance, must submit one of the following:

- Resident Alien Card,
- Birth Certificate (verified against government issued photo ID),
- US Passport or Certificate of Naturalization, or
- In the event the applicant is unable to provide any of the above documentation, a SAVE search may be conducted to determine citizenship or residency.

## 8. ELIGIBILITY

Individual homeowners who occupied a storm/flood damaged structure as their principal residence as of October 2016 (depending upon geographical location), may be eligible for this Program. Applicants to the disaster recovery Programs will be screened for eligibility and to ensure all criteria meets primary objectives of the housing Programs. Applicants will be required to provide complete and accurate information regarding their household composition, household income, and housing situation. Failure to disclose accurate and complete information may affect eligibility requirements and all such instances will be referred to SCDRO for further action.

Applicants may be required to make full restitution to the State of South Carolina, including the forfeiture of a deferred forgivable lien position, if they are found to have submitted inaccurate or incomplete information in order to appear to meet eligibility requirements. Each application will be reviewed for the following eligibility and benefit determination criteria:

- Property Location,
- Property Structure/Type,
- Ownership,
- Occupancy at the time of the storm,
- Disaster damage,
- Duplication of Benefits, and
- Income.

Other social vulnerability factors such as disability and/or age dependency may affect an applicant's eligibility priority.

### 8.1 DISASTER DAMAGE

The property must have been damaged by the Disaster and the applicant has not been able to complete repairs, or rebuild since the named disaster. Disaster damage is defined as rain, wind, and/or flood damage received as a direct result of the Disaster to the damaged property in October 2016 plus subsequent damage related to the original Disaster damage. Using a 2-Prong process, the Program will determine if a property received damage from the disaster.

**Prong 1:** Applicants will provide reasonable confirmation of damage to their property from the disaster at the application stage.

Verification of a benefit paid to the applicant for damage to their property will be attempted using third Party data in an attempt to expedite the determination process. A data search for information will be conducted, but not limited to, the following items:

- FEMA (3rd party data match will suffice to prove damage, no other documentation needed).
- SBA (3rd party data match will suffice to prove damage, no other documentation needed).

- NFIP (3rd party data match will suffice to prove damage, no other documentation needed).

If no match is identified through the displayed data searches, applicants may submit documentation that verifies their home received damage from the disaster. This documentation may include, but is not limited to, one of the following items:

- FEMA Claim Letter for housing repair demonstrating payment for structure damage,
- SBA Loan documentation demonstrating payment for structure damage,
- NFIP Claim payment for structural damage,
- Private Insurance Claim paid for structural damage,
- Litigation payment resulting from a denied Insurance Claim or potential payment due to pending litigation, and
- Photos submitted by the applicant, and attested to as disaster-damage, as part of the application.

The purpose of Prong 1 Damage Validation is to reasonably confirm applicant eligibility in advance of the On-Site Damage Inspection (Prong 2).

**Prong 2:** A qualified Program inspector will perform a damage assessment complete with photos and written assessment of the damage to confirm the presence of disaster related damage to the property, if existent. If disaster related damage to the property cannot be confirmed by the damage assessment and the applicant is unable to provide documentation to reasonably confirm damage, the property will be deemed ineligible for assistance.

**\*\*NOTE:** An exception to the Disaster Damage Policy may be made on a case-by-case basis in the event that an applicant's home received damaged from the disaster and was subsequently demolished. The applicant must provide sufficient documentation from the listed items in Prong 1 **OR** supply alternate documentation, such as private, certified third party property inspection completed prior to the demolition of the structure.

## **8.2 PRIMARY RESIDENCY**

All applicants must provide evidence that they occupied the property for which they are seeking assistance as their principal residence in October 2016 to satisfy the Primary Residency eligibility criteria. The Program will attempt to validate the applicant's primary residence address using Nationally recognized third party database services, such as FEMA/SBA/NFIP Data or Melissa Data, in an effort to expedite applicant processing. Any event of conflicting information received or submitted will be reviewed by the Program on a case-by-case basis.

Applicants that have confirmed assistance using FEMA IA or SBA data for property assistance will be considered verified. Other Nationally recognized third party data will be used to confirm primary residence when FEMA IA or SBA data are unable to match the applicant and/or co-applicant information. Third party data that matches the applicant application data for primary residence will be considered verified.

Additional types of documentation that may be considered as proof of primary residency includes, but is

not limited to, the following:

- FEMA correspondence to applicant demonstrating the applicant applied for and received FEMA IA (Individual Assistance) for the damaged property address (Letters from FEMA).
- Federal or state income tax return with permanent home and damaged property address matching (2016 returns for applicant or co-applicant).
- Government-issued identification issued prior to date of the affected-storm, and expiring after date of the affected-storm.
- Property Tax Homestead Exemptions for damaged property address (confirmed with county appraisal districts).
- Insurance documentation indicating the insured property matching the damaged property address as the primary residence.
- Utility Bill for the home with the name applicant (major utilities, such as electricity, gas, or water with the service address matching the street address of the home).
- Vehicle registration or renewal for impacted year or Certificate of Title issued for vehicle in impacted year with the applicant's name and damaged property address listed.
- Receipt of government benefits received for at least one month between the three months before or after the qualifying storm showing applicant's name and damaged property address (Examples include: Social Security, Medicare, LIHEAP, Medicaid, WIC, and Unemployment).
- Voters Registration with damaged property address valid at the time of the disaster.
- Merchant's Statement addressed to the applicant at the damaged home address and dated during the disaster time period (Examples include: merchant statements, credit card bills, delivery notices, or other first class mail).
- Employer's Statement addressed to the applicant at the damaged home address and dated during the disaster time period (Examples include: pay stubs and similar documents).
- Current Driver's License or State-Issued Identification Card showing the damaged home address and dated during the disaster time period.

### **Primary Residency Verification Procedures:**

All documentation will be reviewed to ensure the documents include the applicant's name, the damaged property address, and is dated at the time of the disaster (if applicable) to reasonably substantiate the damaged property was the applicant's principle place of residence at the time of the disaster.

### **Primary Residency Exceptions:**

Exceptions to this Policy include the following:

- An Owner/Occupant that is/was in the United States military and was deployed outside of the United States may still qualify for an award as long as he or she was not renting the property to another person.
- An Owner/Occupant was temporarily living in a nursing home, assisted living facility or other medical facility may still qualify.

If the Owner/Occupant of the damaged property in October 2016 died after the disaster, the applicant (heir)

must provide evidence that the damaged property was also the applicant's primary residence in October 2016.

## **8.3 OWNERSHIP**

All primary applicants must be able to demonstrate they had ownership/ownership interest at the time of the disaster and they are the current owner of the damaged property for which they are requesting assistance to repair.

In all cases possible, the Program will validate applicant ownership of the damaged property using nationally recognized third party database services, such as FEMA/SBA/NFIP Data or Melissa Data, in an effort to expedite applicant processing. Any event of conflicting information received or submitted will be reviewed by the Program on a case-by-case basis.

If an applicant owned a damaged structure, such as a Mobile Home Unit, as of the date of disaster but did not own the land where the structure is/was located, they may still be considered eligible. The Owner/Occupant must present evidence that they owned or had an ownership interest in the damaged structure in October 2016. In cases in which the applicant has an ownership interest, but not the land it sits on, an MHU Land Ownership Authorization Form may be used to authorize any potential repairs or replacement taking place on the land.

Applicants that own their damaged property and have confirmed assistance using FEMA IA or SBA data for property assistance, or Melissa Data will be considered verified. FEMA IA data that designates applicants as "Owner" will be considered verified.

In the event that applicant ownership cannot be confirmed through third party data, applicants will be required to submit documentation to satisfy the ownership criteria. This documentation may include, but is not limited to, one the following:

### **A. MOST COMMON PROOF OF OWNERSHIP DOCUMENTATION (STICK-BUILT):**

- Deed or Official Record for the home,
- Mortgage Payment Book or other mortgage documents,
- Real Property Insurance Policy, and/or
- Property Tax Receipts or Tax Bill.

### **Alternative Forms of Ownership documentation that may be considered:**

- Life Estate Deed-must show the applicant as grantee of the damaged property (if transferred upon the death of another - death certificate of prior owner required);
- Probated Will\Court Order\judgment granting applicant an ownership interest in the damaged property;
- Divorce Decree - if ownership was obtained consequent to divorce the decree must specify the damaged property was granted to the applicant;
- Contract for Sale/Deed (Rent to Own) – If the applicant purchased the property in a private owner sale via contract for deed/sale the contract must be satisfied and a warranty deed granting the property to the applicant must be recorded in the property records. The original contract and

subsequent warranty deed are required; and

- Other documentation that will be reviewed and considered on a case-by-case basis.

## **B. MANUFACTURED HOUSING UNIT (MHU):**

The Owner/Occupant must present evidence of ownership interest in the damaged MHU as of October 2016 and that the MHU was located on land within an eligible County. Ownership documentation for MHUs may include, but are not limited to, one the following items:

- Property Title or Mobile Home Certificate of Title;
- Bill of Sale dated prior to the disaster showing applicant name as owner;
- State issued Manufactured Certificate of Origin dated prior to the disaster showing the name of applicant as owner. If the applicant was under a Lease Purchase Agreement for the property and/or damaged MHU in October 2016, the contract must be satisfied and a warranty deed granting the property to the applicant must be recorded in the property records. The original contract dated prior to the disaster and subsequent Warranty deed are required; and
- Other forms of MHU ownership, which may be considered on a case-by-case basis.

## **C. OWNER OF RECORD DEATH:**

If the applicant is applying for a property of where the owner of record died after the October 2016 disaster, the applicant may be eligible for assistance if they can demonstrate they have an ownership interest in the damaged property AND show proof the damaged property was their primary residence (refer to Primary Residency Policy) at the time of the disaster. The applicant must submit one of the following items to prove an ownership interest in the property:

- A Probated Will for the deceased owner, which is legally enforceable, granting the property to the applicant in the estate administration; or
- An Heirship Affidavit that has been recorded in the property records that demonstrates the applicant is a direct heir to the property, accompanied by a copy of the deceased owner's death certificate (or a verified report from the Social Security Death Index), and the deceased owner's warranty deed or other proof to show the deceased's ownership of the property.
- In cases in which the death of the deceased owner cannot be proven by a death certificate, an official obituary or document from a funeral home that indicates the death of the owner will be accepted if coupled with a signed and attested to heirship affidavit.

## **D. 99-YEAR LEASE:**

An applicant may be considered to fulfill the ownership requirement if the owner/occupant is the lessor on a lease of the real property, which has a 99-year term or greater.

## **E. OWNERSHIP BY TRUST:**

If any percentage of the damaged property was transferred to the applicant through a family trust by the prior owner of the property, a copy of the Trust document that has been recorded in the property records will satisfy the ownership requirement.

## **8.4 LOCATION**

The damaged property for which assistance is being requested must be located within the 24 counties designated as eligible for FEMA Individual Assistance as a result of Hurricane Matthew. Homes located

within Floodways will not be eligible to receive funding, but may be able to participate in the Hazard Mitigation Grant Program.

In all cases possible, the Program will validate the damaged property address using Nationally recognized third party database services in an effort to expedite applicant processing. In the event the damaged property location is unable to be validated via third party data sources, property addresses and locations will be verified using the local Municipality Central Appraisal District (CAD) website or documentation from the CAD office to confirm the damaged properties are located within an eligible county.

## **8.5 STRUCTURE TYPE**

To be eligible for assistance with the Program, a property must be a Stick-Built home, Modular home, or MHU.

If the damaged property is anything other than these structure types listed above, the Program may approve an exception if the applicant can meet the following requirements and the structure type can be confirmed by a certified inspector:

- Structure must have been connected to active utilities as of October 2016 in the name of the Applicant,
- Structure is generally fixed in a permanent location (if structure is found to be mobile, the inspector will flag the file for further investigation), and
- Structure was not used for recreational purposes (recreational vehicles are ineligible for assistance).

## **8.6 INCOME**

The Program will use the Internal Revenue Service (IRS) Form 1040 definition of income, as set forth in HUD regulations, for the purpose of determining all applicants' eligibility for this South Carolina CDBG-DR funded Program. The IRS Form 1040 method of calculating income is often referred to as the Adjusted Gross Income or AGI method.

To ensure Program compliance with HUD's National Objective applicant households must be low to moderate income with a total household annual gross income that does not exceed 80% of Area Median Income (AMI), adjusted for family size, as published annually by HUD. Applicants will be screened for income eligibility through submission of specific required income documentation or third party data sources.

A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. Household members are all persons (minors and adults) who are living in the damaged home. For housing activities, the test of meeting the low to moderate income objective is based on the total adjusted gross income of all of household members.

- The Program will use the following rules to determine the income of household members to be included in the household income calculation: Minors - Earned income of minors, including foster children (under 18) is not counted. Unearned income attributable to a minor is included in the household income

calculation (Examples include payments from trusts, stocks, bonds, etc. if the payments are taxable at the Federal level).

- The income of temporarily absent family members is counted in the annual income, regardless of the amount the absent member contributes to the household. Temporarily absent family members are also counted as a member of the household when determining the household size.
- In situations where family members are permanently absent such as when a spouse is in a nursing home, the head of household has the choice of excluding the individual in the household composition, as well as any taxable income they receive. However, if the absent family member is included in the household composition, the taxable income must also be included in the total household income calculation.

In the event that one of the following special circumstances applies, the income of the referenced individuals will be excluded from the total household income calculation:

- Persons who are temporarily living with the applicant,
- Persons who are employed by the household as a live-in aide and/or are a child of that aide. Note: A live-in aide/caregiver that is related does not qualify. In such cases, their income will be included in the total household income calculation and the live-in aide and any child of the aide will be included in the total household composition; and
- If an applicant is married and their spouse is absent from the household, the income absent spouse will not be included in the total household income if documentation of a separate residence for the absent spouse is provided.

All household members included in the AGI calculation, if required to file, must provide a copy of their previous year's filed tax return or tax return transcript, if available, in order for the AGI of the household to be calculated. The Program will allow use of the previous tax year's tax return in determining household AGI and no other documentation will be required. (For example, an applicant applying for disaster recovery assistance in October 2017 will use the 2016 tax year's return or tax return transcript from tax year 2016).

There may be situations where a household member may have had no obligation to file a return, have not yet filed it, or filed an extension. If any household member did not file a prior year income tax return, the household member is required to submit current documentation that reflects their current income. The following income documentation will be required for each household member only if the type of income is applicable and if a prior year income tax return is not available:

- Wages:
  - o 3 paystubs from most recent 90-day period prior to date of application, they do not need to be consecutive unless pay frequency is monthly;
- Retirement/Social Security:
  - o Current Social Security Benefits letter (including benefits paid to minors),
  - o Current Pension/Retirement Benefit letter (if applicable), or prior year 1099, and
  - o Current Annuity Payment letter (if applicable), or prior year 1099;
- Self-Employment Income:
  - o Most recent tax return (1040 or 1040A), and/or

- o Current year profit and loss statement;
- Rental Income:
  - o Current lease agreement(s);
- Unemployment Benefits:
  - o Current benefit letter with gross benefit amount;
- Court Ordered Alimony/Spousal Maintenance:
  - o Copy of court order documentation;
- Taxable Interest and Dividends (including amounts received by, or on behalf of minors):
  - o Most recent statement or prior year 1099; and
- Documentation for other less common types of income which may be taxable at the federal level and will be assessed by the Program based on type of income reported.

If an applicant submits paystubs as proof of income, the annual income will be calculated by taking the average of the gross income of the 3 paystubs provided and multiplying that figure by the corresponding number of pay periods in one year. If the paystubs indicate a federal taxable income line that is less than the gross income, that figure will be used for the income calculation using the average of the 3 paystubs multiplied by the corresponding number of pay periods in one year.

## **8.7 FEMA NON-COMPLIANCE**

Applicants found to be non-compliant with FEMA regulations or who failed to comply with the requirements of the National Flood Insurance Reform Act are not eligible for CDBG-DR assistance.

An applicant is FEMA non-compliant if they failed to obtain and maintain flood insurance after receiving federal funding for a previous disaster.

This is verified by reviewing FEMA IA eligibility codes in the federal dataset for the event. Any records with ineligible code “NCOMP - non-compliant with Flood Insurance Requirement” or “NPND - NFIRA - Non-Compliance” are FEMA non-compliant applicants and therefore ineligible for program assistance.

The entire FEMA IA dataset for both the 2015 Storms and Hurricane Matthew will be reviewed for the applicable eligibility code to identify non-compliant households. The FEMA registrant numbers for the non-compliant households are cross-checked against the FEMA registrant numbers for the CDBG-DR applicant universe to ensure that no ineligible applicants are served.

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## 9. DUPLICATION OF BENEFITS

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C.5155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he or she has received financial assistance under any other Program or from insurance or any other source. CDBG-DR funds issued through South Carolina Disaster Recovery Programs may not be used for any costs, when other disaster recovery assistance was previously provided by another source for the same purpose.

The Stafford Act directs administrators of Federal assistance to ensure that no person, business, or other entity will receive duplicative assistance and imposes liability to the extent that such assistance duplicates benefits available to the person for the same purpose from another source. The amount of the duplication is the amount of assistance provided in excess of need. (Federal Register/Vol.76, No. 221/Wednesday, November 16, 2011). The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance. A Duplication of Benefits (DOB) occurs when:

- A beneficiary receives assistance, and
- It comes from multiple sources (examples: private insurance, FEMA, NFIP, non-profits, etc.), and
- The total assistance amount exceeds the need for a particular recovery purpose.

In accordance with the Stafford Act, the Implementation Contractor (IC) will check all potential duplicative benefits received by applicants for the October 2015 Storm Recovery Program and the 2016 Hurricane Matthew Recovery Program. As the two programs are ongoing simultaneously, it is important that all possible funding sources are identified and examined.

All Site Inspections (for BOTH programs) occurred or will occur after both the 2015 Severe Storm and 2016 Hurricane Matthew. While the inspections do verify damage related to the named storm associated with the program being applied for, the repair estimates developed do not separate out the damage from storms. The repairs address all items that are required to bring a home to a safe, sanitary, and secure condition. For this reason, the following will occur:

1. The program will evaluate any federal or private funding received by applicants for both storms (regardless of the specific program the applicant applied for). This entails:
  - a. Running all cases against both 2015 and 2016 datasets for all forms of federal funding; and
  - b. Capturing all private housing funds received in response to both the 2015 and 2016 disaster.

In accordance with the Stafford Act, the Program will use the following framework to assure that any funds provided by the Program are not a DOB:

- Step 1: Identify the total need for assistance prior to any assistance being provided,
- Step 2: Identify all potentially duplicative assistance received or to be received,
- Step 3: Deduct assistance determined to be duplicative,
- Step 4: Determine the maximum eligible award,
- Step 5: Determine the Program cap (if applicable), and
- Step 6: Determine a Final Program Award.

## BASIC FRAMEWORK FOR CALCULATING DISASTER RECOVERY AWARDS

(Amounts in calculation are for example purposes only and not necessarily reflective of actual amounts)

1. Identify Applicant's Total Need Prior to Any Assistance being provided,	\$100,000
2. Identify All Potentially Duplicative Assistance,	\$35,000
3. Deduct Assistance Determined to be Duplicative,	\$30,000
4. Determine the Maximum Eligible Award (Item 1 less Item 3),	\$70,000
5. Determine the Program Cap (if applicable), and	\$50,000
6. Determine Final Program Award (lesser of Items 4 and 5).	\$50,000

Eligible applicants may have previously received assistance from other sources. Under the requirements of "The Robert T. Stafford Disaster Assistance and Emergency Relief Act" (42 U.S.C. 5121, et seq.), as interpreted and applied by HUD, the Program must take into account certain aid received by applicants in determining the amount of assistance which can be granted. The following are sources of funding assistance provided for structural damage and loss that may be considered a DOB and under federal law must be deducted from the assistance provided:

- FEMA Individual Assistance for Structure (IA),
- FEMA National Flood Insurance Program (NFIP) and/or Increased Cost of Compliance (ICC),
- Private Insurance,
- Small Business Administration (SBA),
- Charity, and
- Any other funding source that may duplicate assistance.

### 9.1 FEMA INDIVIDUAL ASSISTANCE (FEMA IA):

The Program will verify the FEMA IA amount provided by the FEMA database. If an applicant is able to provide documentation demonstrating that the FEMA IA amount provided by the FEMA database includes non-structural related amounts or repair assistance outside the SCDRO Housing Quality Standards, the documentation provided by the applicant will be used to adjust the FEMA IA payout amount.

### 9.2 NATIONAL FLOOD INSURANCE PROGRAM (NFIP) AND INCREASED NATIONAL COST OF COMPLIANCE (ICC) PAYMENTS:

The Program will verify if an NFIP claim payment was provided to an applicant using third party data. In the event of a match, the verified amount paid will be used to determine if a DOB exists and may be deducted from the amount the applicant is eligible to receive. Payments for contents or other expenses that are not related to structural loss are not deducted from the applicant's award.

### 9.3 PRIVATE INSURANCE AND WIND INSURANCE:

All private insurance settlement amounts for loss to dwellings are considered a DOB and may reduce the amount of disaster assistance for which an applicant may be eligible. Private insurance payments for anything other than the damaged structure (contents, fences, storage sheds, etc.) are not deducted from the applicant's award. Applicants that have private insurance are required to file a claim against their private

insurance prior to receiving assistance from the SCDRO Housing Program.

### **Private Insurance and Wind Insurance Required Documentation:**

- Validated external data-source information,
- Insurance Policy Declarations page, and
- Insurance award or claims letter (if applicable) and Insurance/Benefit Certification.

### **Private Insurance and Wind Insurance Verification Procedures:**

Insurance proceeds are determined and verified by the Program by contacting the insurance company and verifying proceeds if confirmed data is unavailable from a third-party data source. If the Program is unable to obtain a response from the insurance company within two weeks, it will use the amount provided by the applicant on the insurance/benefit certification.

## **9.4 THE SMALL BUSINESS ADMINISTRATION (SBA):**

If the SBA has approved loan funds, the assistance is considered a DOB, and the amount of the loan may be deducted from the disaster assistance award.

### **SBA Required Documentation (if applicable):**

- SBA 3<sup>rd</sup>-party data set
- SBA award letter (if applicable)

### **SBA Verification Procedures:**

SBA awards will be determined and verified by the Program through the SBA database. See SBA Hardship section for details on benefit calculation. If it is not possible to verify the SBA qualifying loan amount through the SBA database, the Program will use the qualified loan amount provided by the applicant at the time of application. If an applicant is able to provide documentation demonstrating the amount provided the SBA database includes amounts not loaned to cover structural loss, the Program will use the documentation provided by the applicant to adjust the SBA loan amount. The documentation provided by the applicant must come from SBA.

If the applicant was offered an SBA award and declined that award, the program will document the amount of the declined award and the circumstances that caused the applicant to decline the award. The Special Case Panel will review the applicant's file to determine:

1. if allocating CDBG-DR resources to the applicant's home is necessary and reasonable, and
2. If the CDBG-DR award should be offset by the amount of the declined SBA loan.

## **9.5 SBA HARDSHIP**

If a current Small Business Administration Real Estate Loan Award is greater than the Disbursed Real Estate Amount or the Current Mitigation Loan Funds are greater than Disbursed Mitigation Loan Funds (from SBA data set), then the customer service representative is to verify the Current Loan Funds are no longer available to the applicant. This verification may be calculated in the Grant Management system.

1. If 6 months has elapsed from the date of either the “Last Disbursement Date” or the “Loan Cancellation Date,” then funding is no longer available to the applicant and only the disbursed amount is considered Duplication of Benefits (DOB), not the full award amount.
2. If either are under 6 months, then the applicant may choose to provide the documentation to support demonstrable hardship in order to decrease the DOB calculation.
  - a. If the applicant can prove demonstrable hardship, then the approved undisbursed portion of the loan is not considered DOB.
  - b. If the applicant cannot prove demonstrable hardship, then the full approved loan amount will be applied as DOB.

**Note:** The duration of 6 months is used in order to be consistent and follow the standard operating procedures of the SBA. Per the SBA’s operating procedures, after 6 months have passed from the time an SBA loan was cancelled or partially disbursed, the approved loan amount is no longer considered to be available to the applicant.

### **Types/Examples of Hardships**

Demonstrable Hardship may include:

1. Job Loss
2. Failure of Business
3. Divorce
4. Severe Medical Illness or Injury
5. Death of a Family Member or Spouse
6. Unexpected and Extraordinary Medical Bills
7. Disability
8. Substantial Income Reduction
9. Unusual and Excessive Amount of Debt due to a natural disaster, etc.

**Note:** None of the examples listed above, individually or together, automatically establish a demonstrable hardship, nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in particular cases.

### **Using AMI to Calculate Hardship**

Another acceptable “necessary and reasonable” circumstance for homeowners of disaster affected properties that have declined SBA loans is that the cost burden of housing, to include: insurance, taxes, principal, interest, and utilities, exceeds 30% of the household income. HUD considers these households to be “cost-burdened.”

To determine this, the program will multiply household income by 0.3. If that amount is less than the rent or mortgage payment, plus utilities and other owner associated fees, the household is “cost-burdened.” For this reason, the SBA undisbursed loan will not be considered DOB and the homeowner can receive the full award. If, however, at any point the homeowner cannot prove there is hardship, and this changes, DOB may be deducted at a later date.

## **9.6 CHARITY:**

### **Charity Required Documentation (if applicable):**

Documentation provided by a nonprofit organization.

### **Charity Verification Procedures:**

The Program will contact the charity agency and verify the value of any assistance provided for structural repairs. If an applicant is able to provide documentation demonstrating the amount provided by the nonprofit agency, the Program will use the amount provided by the applicant.

## **9.7 ALLOWABLE ACTIVITIES:**

Any portion of DOB funds that has been determined to have been spent by the applicant on Allowable Activities, as defined below, will reduce the amount considered to be a DOB. When an applicant is eligible for rehabilitation or reconstruction funds, the amount of Allowable Activities that are allocated to the specific Program award to offset the DOB is determined based on the percentage of specific Program DOB of the total DOB. This percentage method is used in lieu of allocating the total of allowable activities to only one of the Program's awards. The applicant will be responsible for accurately reporting the specific amounts spent on the Allowable Activities. Such activities include:

- Repair Expenses, Including Emergency Repairs,
- Contractor Fraud,
- Forced Mortgage Payoffs,
- Legal Fees, and
- Temporary Living Expenses.

### **REPAIR EXPENSES:**

Applicants will be able to deduct from their DOB insurance, SBA, and FEMA amounts spent to repair their home due to damage by the Disaster.

### **Examples of Allowable Eligible Repair Expenses:**

- Structure repairs (roof, foundation, electrical, plumbing, and windows),
- Limited debris removal,
- Mold remediation,
- Labor, material, and equipment rental to permanently or temporarily repair the damaged residence (carpeting, cabinetry, appliances, flooring, fixtures, doors, walls, and ceilings),
- Demolition costs,
- Installation or repair of wells, septic tanks, electricity, HVAC and plumbing,
- Grading or leveling of property,

- Rental of Disposal and Removal Equipment (backhoes and dumpsters),
- Other costs or expenses associated with repairing, stabilizing, or reconstructing the property,
- Tree/shrub removal if tree/scrub blocked access to the home or presented a safety hazard, and
- The following more specific examples are considered to be allowable activities:
  - Tarps,
  - Building Supplies,
  - Siding,
  - Sewer/Septic,
  - Paint,
  - Weather head, and
  - Water heater.

**Required Repair Expenses Documentation:**

- Receipts (if applicable),
- Paid invoice(s), and/or
- Validation by Construction Inspector.

**Repair Expenses Verification Procedures:**

A certified Program inspector must determine with reasonable assurance that any repairs claimed for DOB offset were made after the date of the event and will document confirmed repairs with a written assessment, cost estimate and photographs.

Copies of receipts that support repairs to the home may be provided to the Program to document eligible expenditures in support of the inspection. All receipts will be reviewed for fraud and/or post-dating. Invalid receipts will not be included in cost of repairs. Applicants will be required to document repairs made to the home if a construction inspector is unable to validate the repairs on site.

**9.8 CONTRACTOR FRAUD:**

If an applicant was a victim of contractor fraud, the amount paid to the contractor will not be counted as a DOB. The following documentation is required to allow the Program to determine if any amount paid to a Contractor can be excluded in the DOB calculation:

- Police report or complaint dated before the date of the application,
- Proof of cancelled check (if applicable),
- Bank statement reflecting payment (if applicable), and
- Contract between applicant and contractor, if applicable.

Reported Contractor fraud will be verified through review of the police report and complaint. If no amount is included in the complaint, the applicant will complete an affidavit to accompany the complaint that lists an amount to reduce the DOB total. In scenarios where a police report, complaint, or contract, are not available, information provided by the applicant will be reviewed on a case-by-case basis.

## **9.9 FORCED MORTGAGE PAYOFF:**

In the event an applicant's mortgage requires any insurance proceeds to be applied to reduce the lien balance, the mortgage holder (not the homeowner) is considered to have legal control over those funds making the homeowner legally obligated to use insurance proceeds for that purpose.

Under these circumstances, the amount of the insurance proceeds required by the mortgage company to be applied to the mortgage balance will be excluded from the DOB calculation.

To be considered for exclusion, the applicant must provide a copy of the correspondence or letter from the mortgage company on company letterhead and signed by an authorized representative stating the applicant was required to use the disaster assistance funds for this purpose. This will demonstrate they were required to apply the insurance proceeds to their mortgage balance.

### **Forced Mortgage Payoff Verification Procedures:**

The Program will verify the correspondence/letter is on mortgage company letterhead, includes the damage address, and lists amount forced to pay off principal. The amount of the involuntary payoff will reduce the amount of DOB.

## **9.10 LEGAL FEES:**

Legal fees/expenses incurred by the applicant due to litigation related to an Insurance policy claim for the named disaster will be excluded from the DOB calculation. To be considered for exclusion, an applicant must submit the following documentation:

- Evidence of payment to a legal firm (Attorney Fee and Expense statement), and/or
- Settlement agreement (if applicable).

The Program will review submitted documentation and verify if the amount paid to the Attorney can be excluded and reduce the DOB.

## **9.11 TEMPORARY LIVING EXPENSES:**

Funds spent by an applicant for temporary housing from the date of the storm, which can be established by the Program can be deducted from the DOB total.

### **Temporary Living Expenses Required Documentation:**

- Hotel receipts, apartment leases, rental agreements, rental receipts, and/or proof of payment for other temporary living arrangements.

### **Temporary Living Expenses Verification Procedures:**

- A calculation of all monthly payments made by the applicant may be necessary. If sufficient documentation for Temporary Living Expenses is provided, the DOB total will be reduced.

## **9.12 DUPLICATION OF BENEFITS GAP FUNDING**

The difference between eligible financial assistance received and documented work completed is the duplication of benefits gap (DOB Gap). The applicant will be required to provide the DOB gap funds in order to be eligible for assistance. After the applicant has been approved for assistance, he/she will be notified of any existing DOB gap amount. A cashier's check or money order must be provided within 30 days of notification. If a cashier's check is not provided within 30 days, the application will become inactive. Applicants who fail to provide the DOB gap funding by May 1, 2018 will be at risk of not being served by the program.

### **Gap Contact Process:**

- The Program will attempt phone contact with applicants to explain the DOB gap. The DOB gap funding calculation will be available in the Grant Management System. Upon request, applicants will be provided with their specific DOB gap funding calculation.

### **Rehabilitation DOB Gap Funding Process:**

- The Program will attempt to reduce or eliminate the DOB gap by reducing the amount of eligible construction funding the applicant receives. A reduction in the construction Scope of Work may be used to offset the identified DOB gap.
- As a last resort, if the Program is unable to reduce the DOB gap by reducing the construction Scope of Work, the applicant must provide a cashier's check or money order with the outstanding gap amount within 30 days. This is a requirement for the System of Record application status to be updated and the application to continue through processing.
- DOB gap cashier's checks or money orders will be made out to the contractor and held by the SCDRO in a secure location.
- DOB gap funds will be released to the contractor at the time the contractor is paid for completing the Scope of Work.
- The Program will ensure the contractor's payment does not duplicate DOB gap funding, and
- If an applicant is not able to provide proof of gap funding within 30 days, the applicant's System of Record application status will become inactive and follow the Inactive Process.

### **Reconstruction DOB Gap Funding Process:**

- The Program will attempt to mitigate the DOB gap by reducing the amount of eligible construction funding the applicant receives. The SCDRO minimum housing reconstruction solution is a 2 bedroom, 2 bathroom solution. In an effort to reduce the DOB gap, SCDRO will consider providing a 2 bedroom, 1 bathroom solution to offset the DOB gap, on a case by case basis.
- As a last resort, if the Program is unable to reduce the DOB gap by reducing the construction Scope of Work, the applicant must provide a cashier's check or money order with the outstanding DOB gap amount within 30 days. This is a requirement for the System of Record application status to be updated and the application to continue through processing.
- DOB gap cashier's checks or money orders will be made out to the contractor and held by the SCDRO in a secure location.
- DOB gap funds will be released to the contractor at the time the contractor is paid for completing the Scope of Work.

- The Program will ensure the contractor's payment does not duplicate gap funding, and
- If the applicant is not able to provide proof of DOB gap funding within 30days, the applicant's System of Record application status will become inactive and follow the Inactive Process.

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## 10. DAMAGE ASSESSMENT

This section is designed to provide guidance to the assessment/inspection staff with inspection protocol and preparation of a damage assessment, scope write up and verification of DOB (if applicable). The purpose of these procedures is to establish routineness and standardization when conducting assessments. The desired result of this process is to produce a complete Scope of Work as efficiently as possible with the highest degree of completeness and quality assurance for South Carolina Disaster Recovery Housing Programs.

In order to accomplish the desired result, the damage assessment, cost estimate, environmental site questionnaire, and builder site reconnaissance will be consolidated into a single coordinated inspection (if applicable). By involving the builder in the estimate process, the risk of change orders will be reduced and agreement on the best approach to serving each applicant will be achieved from the beginning.

### Overview:

1. Right of Entry will be provided by applicants during the application/intake process.
2. Applicants will be contacted to schedule their site visit with a 72-hour notice given prior to the site visit. Scheduling will be made and tracked in the Grant Management System.
3. A Joint Site Visit will be conducted at the physical address of the dwelling applicants have provided. The Program Damage Assessor (DA), General Contractor (GC), and the applicant will be present during each site visit.
4. The purpose of the site visit is to do an initial environmental assessment, verify storm damage, observe, measure and quantify the repairs needed to repair, replace or rebuild the applicant's structure in accordance with the Program policies.
5. The inspector must ensure any repairs suggested are in-line with local code and housing quality standards "HQS".
3. The inspector will use Xactimate estimating software to produce the Scope of Work write up and DOB verification (if applicable). Each inspector's Xactimate software will be uploaded with the approved universal price list including sales taxes and Overhead and Profit to ensure that consistent and correct pricing is used throughout the project.
4. After a complete exterior and room-by-room assessment of the dwelling has been completed, the DA and the contractor GC, will record the quantities of eligible and damaged items throughout the structure and agree on what will be needed to repair the house in accordance with Program policies.
5. Based on the assessment, the GC will coordinate with Saint Bernard Project (SBP) for VOAD support groups to determine if the Scope of Work and location are areas that VOAD groups can serve.
  - a. For each house, the GC will work with SBP to define their interest in specific components of both the rehabilitation and modular construction projects. The GC and SBP will discuss the regions, which SBP wants to focus their efforts, and the GC will attempt to assign work to SBP in their desired locations. The GC will perform the work that SBP is not interested in or in regions where SBP is not interested in working.

- b. The Program will be looking to leverage VOAD strengths and add even more long-term resilience to the State.
- 6. Once a Scope write-up and "DOB" are produced they will be sent to the Quality Control team. The DA team will review documents for overall accuracy and completeness, and the GC team will review documents for scope and quantities. Documents will then be uploaded to the online management system to be reviewed for verification and program eligibility determination.
- 7. Repair, replace or rebuild will be determined by the Construction Manager depending on the type of structure, amount of the Scope write up and DOB relative to the value of the house and program guidelines.
- 8. After the Scope of Work has been completed, all parties will review and approve it. Once approved the Scope of Work will then be provided to the Contractor for incorporation into the work order.

**Procedures:**

- 1. Damage Assessment & Initial Environmental Assessment Process (in order of occurrence):
  - a. **INSPECTORS ARE NOT TO PLACE THEMSELVES IN HARMS WAY DUE TO UNSAFE CONDITIONS OR HAZARD** (refer to example of Hazardous Conditions sub-section below). If unsafe or hazardous conditions exist, the inspector is to document the condition via photographs taken from a safe area, and in the Scope of Work coversheet narrative section state a narrative summary of the unsafe existing conditions. Do not continue with the inspection. However, in most cases a structure can be assessed from the exterior by getting a measurement of the exterior perimeter of the house which can be used to determine the estimated cost of repairs. This method is only allowed in cases where the structure is unsafe to enter.
  - b. Upon receipt of a work order for inspection, the Damage Assessor (DA) is to familiarize themselves with the route(s) required to allow for adequate travel time to arrive at the applicant's dwelling in a timely fashion.
  - c. The DA will also coordinate with the General Contractor (GC) rep to confirm the start time for the site visit.
  - d. The DA and GC rep will greet the applicant, present their photo ID badges, explain the purpose of the visit, and provide a brief overview of the assessment process. The DA will provide the applicant with a copy of the approved Program guidelines, fact sheet or pamphlet and answer any follow-on questions the applicant may have.
  - e. The DA will document the description of the structure inclusive of roofing type, exterior building envelope type, electrical system size, electrical breaker type, electrical wiring type, plumbing system type, domestic water distribution piping type, water utility type (public service or well), gas utility type (public service or tank), sewer service (municipal service, septic tank or waste water treatment plant), and Heating/HVAC system.
  - f. The DA will jointly observe each space within the home with the General Contractor rep and his team to identify damages and repair items to produce a scope write up and duplication of benefits report.
  - g. Photographs will be taken in each space of the dwelling to adequately document the existing

condition of each scope item that is determined.

1. Order of photos should be:

- Reference photos from street,
- Exterior photos with address verification,
- Roof Photos (from best advantage point to identify damages/no damages), and
- Interior photos - Damaged and Undamaged Areas to include:
  - Living Area,
  - Kitchen Area,
  - Dining Area,
  - Bedroom(s),
  - Closets,
  - Bathrooms, and
  - Laundry.

h. The DA will measure and provide a sketch of the entire structure including each room or space in the house.

i. The on-site damage assessment will be complete once all damages are observed, measured and quantified, and each item has been agreed upon by the DA and the GC rep.

j. Once the on-site damage assessment is complete, the DA will produce a Scope of Work and DOB report, which will be sent to QA/QC and then sent to the online Grant Management System to be verified for eligibility.

1. Access:

- Inspectors will not access the roof.
- Inspectors will not access crawl spaces (but may take photos from outside if there is availability of access).
- Inspectors will normally not enter the attic but in some cases "if needed" could access partially to view any damages that would be required for a full Scope of Work determination. The utmost safety should be taken while entering any attic.

2. Environmental:

- Any repair items that require the abatement of asbestos or mitigation of lead based paint will be included in a revised Scope write up.

3. Unsafe Entry:

- If a dwelling is deemed unsafe for entry by verbal advice of the applicant or visual confirmation of the Damage Assessor (DA), photos of the exterior will be taken only. The DA is not to enter the property and take pictures. A short narrative describing the unsafe conditions should be included in the narrative of the Scope of Work. The structure can still be assessed from the exterior by getting a measurement of the exterior perimeter of the house, which can be used to determine the estimated cost of repairs.

4. Hazardous Conditions Sub-Section:

This chart contains only examples of hazardous conditions. Inspectors are to be cognizant of any hazardous conditions observed.

Low headroom ceiling, damaged or failing framing	Fallen trees on the structure	Subflooring removed or open floor joists
Presence of extreme suspected mold or toxic substances	Debris	Electrical Hazards
Severely damaged or undermined Foundation	Aggressive Pets	Crumbling Foundation
Dead/live animals, vermin and/or insect infestation (termites, carpenter ants, carpenter bees) – interior (including attic), exterior, basement/crawl space	Aggressive Neighbors	Visibly observed weapons
Condemned signs affixed	Contaminated Soil	Poison Ivy or other toxic plants impeding assessment
Suspected asbestos (chipping, friable or converts to dust), heating pipes, siding (clapboards, shakes), floor tiles (usually 9 x 9), some sheet flooring (may be able to tell from the backing), fireplace flues, duct work, ceiling and wall tiles		

## 12. CONSTRUCTION MANAGEMENT

The Program will provide Construction Management and Construction Oversight services for the rehabilitation of damaged properties. Construction management services include contracting for rehabilitation, reconstruction, replacement of manufacturing housing units and modular homes, construction management, and continuous inspections.

Construction Oversight services include inspections for each rehabilitated/reconstructed house.

The Program will also prepare a Construction Estimate for damaged properties. The Construction Estimate is a vital part of the Construction Management / Oversight process and includes the Initial Inspection, Contractor Assignment between the general contractor and SBP, and Eligible Construction Activities. Once the initial damage assessment is completed the process will continue with construction activities.

### Threshold for Home and MHU Replacement

Prior to conducting any rehabilitation on a disaster-damaged Home or MHU, a viability analysis will be conducted to determine if the rehabilitation will be cost effective, support a long-term housing solution for the applicant, and improve the health and safety risk for the applicant's household. For homes, this analysis will vary for each housing unit based on its pre-disaster value, site location and resilience needs. However, because of the difficulty of repairing damaged MHUs and their lower initial resilience, the Program has established specific threshold criteria to determine if replacement of an MHU may be necessary. If an MHU has a total rehabilitation cost above \$15,000; or fails the DA's viability analysis for another reason allowed by HUD, the MHU may be classified as "Not Suitable for Rehabilitation" and may be replaced.

## Construction Pricing and Selection

### Policy:

#### Rehabilitation of Houses:

- For each house requiring rehabilitation, the GC will work with the SBP to define their interest in specific components of both the rehabilitation and modular construction projects. The GC and SBP will discuss the regions in which SBP wants to focus their efforts and the GC will attempt to assign the work to SBP in their desired locations. The GC will perform the work that SBP is not interested in or in regions where SBP is not interested in working.
- As mentioned in the initial damage assessment section, the GC will be part of the scheduled site visit with the homeowner to review the proposed work.
  - o The GC will identify any other rehabilitation and/or remediation items necessary to complete the work and identify the quantities and bid amount for each.
- The GC and SBP will work with the Construction Manager and utilize approved standardized pricing for all projects.
- The Construction Manager will evaluate and determine the most cost effective and comprehensive scope of repairs; while ensuring that all work conforms to local code requirements and SCDRO Housing Quality Standards (HQS), whichever is more stringent.
- The Construction Manager will convert the scope of work into the work order using the standardized pricelist as approved by the State.
- The approved scope and pricing will be maintained in the Grant Management system capturing the final approval.
- In the event the Scope of Work is over the financial cap for a specific type of structure (applies to stick-built, modular, and mobile homes) there are two (2) options:
  1. The Construction Manager can coordinate with SBP for a non-CDBG-DR funded VOAD to supply services that exceed the cap, or
  2. Policy exception may be considered through a demonstrable hardship for extreme cases and will be evaluated by the Special Case Panel.
- Once the Scope of Work, pricing, and work order are acceptable to the Construction Manager, the GC or SBP will schedule a signing event with the applicant to review the Scope of Work and complete contract signing.

#### Reconstruction of Homes:

- The GC or SBP will perform the following reconstruction activities, to include but not be limited to: build new homes including modular construction (if applicable), provide all related appurtenances to complete new construction, confirm septic and water access or provide the cost to provide such access, and obtain a Certificate of Occupancy, or equivalent by meeting all applicable codes.

- Reconstruction activities will also include replacement of MHUs.
- Reconstruction pricing is based on the fixed price agreement between the State and the GC for both MHU and “stick built” reconstruction/replacement.

**Procedures:**

- The Construction Manager will review, approve, and upload all required documentation into Grant Management System.

**Eligible Construction Activities**

**Policy:**

The following policy applies to eligible reconstruction, new construction, and relocation activities for stick-built structures, modular homes and MHUs.

The activities described below are considered eligible reconstruction and rehabilitation construction activities under the Program. The following priorities in ranked order will serve as the basis for decisions regarding the eligibility of specific items within the allowable Program budgets:

- Mandatory work items resulting from damage caused by storm and necessary to bring the property into SCDRO Housing Quality Standards (HQS) compliance including room additions and improvements to address occupancy issues within program guidelines.

Construction activities may also include the items below if they are deemed as necessary by the Construction Manager to ensure safe and sanitary conditions are met:

- International Residential Code (IRC) applicable to the location, and applicable building/housing/municipal requirements of the applicable jurisdiction, including requirements for elevation, storm weatherization, and mitigation for future storm events,
- Other items that are necessary to deal with conditions detrimental to the health or safety of residents such as upgrades to basic structural elements; mechanical, electrical, and plumbing systems, etc.
- Other necessary items to mitigate environmental issues such as:
  - Noise abatement,
  - Cleanup of environmental contamination,
  - Abatement and disposal of lead based paint (LBP),
  - Abatement and disposal of asbestos containing materials (ACM), and
  - Modifications to increase accessibility for occupants who have a verified disability.

**Ineligible:**

- Additions to an existing structure, unless it is necessary to meet housing and building codes or occupancy standards,
- Purchase of tools or equipment, or other similar items, and

- Purchase of washers, dryers, dishwashers or removable air conditioning/heating units not attached to the house structure.

### **Procedures:**

- Upload, review, and approve inspection data into Grant Management System.
- Upload, review, and approve required documentation into Grant Management System.

## **Reconstruction Unit Pricing**

### **Policy:**

- The GC and/or SBP will provide floor plans with a unit price to include:
  - o Construction of new houses,
  - o Adherence to the International Residential Code (IRC) and local building, and health and safety codes, and
  - o All utility hookups and other construction requirements necessary to obtain a Certificate of Occupancy or equivalent.
- Pricing will be inclusive of construction required activities such as:
  - o Demolition of existing houses and slab, including disposal in accordance with Federal and State environmental regulations,
  - o Elevating houses for flood zone requirements, and
  - o Providing ramps for accessibility for qualifying applicants.

The Program will submit multiple floor plans for each of the three housing sizes (2, 3 or 4 bedroom).

- The unit prices will reflect the various floor plans of each particular housing unit size.

### **Procedures:**

- Floor plans and specifications for reconstruction will be reviewed by the Construction Manager.

## **Contractor Responsibilities**

### **Policy:**

- For rehabilitation:
  - o The Program will utilize Nationally recognized Xactimate estimating software to produce the Scope of Work and DOB verification, and
  - o The GC or SBP will be bound by the contract with the owner/applicant for rehabilitation activities.
- For reconstruction projects:

- o The GC or SBP will use approved standardized pricing to complete new reconstruction projects, and
- o The GC or SBP will be bound by the contract with the applicant /owner for reconstruction activities.
- The GC or SBP will be responsible for:
  - o Performing construction as specified in a timely manner,
  - o Performing all work in accordance with International Residential Code (IRC) and local building and health and safety codes,
  - o Obtaining all building permits throughout the construction process,
  - o Disposal of all construction debris at a licensed construction waste landfill,
  - o Warranties for all materials and workmanship in accordance with requirements following completion of the work,
  - o Performing all work in accordance with regulatory requirements for accessibility,
  - o If the property is located in a floodplain, the Program will ensure the base flood elevation is above the currently published Advisory Base Flood Elevation (ABFE) or the local code requirements, whichever is more stringent;
  - o Rehabilitation project responsibility includes:
    - Performing Lead Based Paint (LBP) inspections and encapsulation/remediation in accordance with Department of Housing and Urban Development (HUD), Environmental Protection Agency (EPA) and State Health Services environmental requirements;
    - Performing asbestos containing material (ACM) inspections and remediation in accordance with EPA, National Emissions Standards for Hazardous Air Pollutants (NESHAP) and State Health Services environmental requirements;
    - Demolition of the existing house and foundation;
    - Replacement MHUs will be destroyed and disposed of following Federal and State requirements; and
    - Disposal of all household hazardous waste in accordance with State and Federal environmental regulations.

For all new construction or rehabilitated structures, the State requires construction to meet an industry-recognized standard that has achieved green building certification under one or more of the following:

- ENERGY STAR;
- Enterprise Green Communities;
- LEED;
- ICC-700 National Green Building Standard; or
- any other an equivalent comprehensive green building program.

## **Procedures:**

- Review and approve the Contracts and all required permits.

## **Performance Evaluation**

### **Policy:**

- The GC and SBP will be subject to a Program Performance Evaluation by the Construction Manager on a re-occurring basis to assess their performance under the Program. This evaluation may include, but is not limited to, the following:
  - o Demonstrated professionalism,
  - o Adherence to construction schedules,
  - o Quality of work performed to date,
  - o Demonstrated safety performance,
  - o Capacity (financial and construction) related to number of jobs in progress,
  - o Applicant/Owner satisfaction, and
  - o Other PM defined performance criteria.
- These criteria will be used by the Construction Manager as a consideration factor in awarding additional work orders. The associated quality score will factor into the assignments' process.

### **Procedures:**

- Review the completed Performance Evaluations.

## **Labor Standards**

### **Policy:**

- Contractors will adhere to all labor standard requirements unless exempted.

### **Procedures:**

- Where applicable, verification will be handled on a case-by-case basis for specific issues referred.

## **Construction Signing Event**

Once the Scope of Work has been confirmed and approved, the GC or SBP will conduct a construction signing event meeting with the applicant/owner.

### **Attendance Policy:**

- A signing event meeting will be held prior to any construction work being performed,
- Applicants or agent(s) with POA are required to attend the signing event and sign documents,
- Authorized Signatory from the GC or SBP must attend, and

- The meeting purpose is to cover all aspects of construction to include:
  - Applicant expectations,
  - House plan selection,
  - Accessibility options,
  - Construction schedule,
  - Preferences of colors and materials, as available,
  - DOB and Gap Funding availability (if applicable),
  - Applicant move-out,
  - Construction Contract Signing,
  - Grant Agreement, and
  - All other Program required documents for signing event.

**Note:** Applicant/owners will be provided all signing event documents at least 72-hours prior to the meeting.

**Procedures:**

- A meeting will be held between each applicant and Program representatives to ensure they fully understand the construction Scope of Work, Construction Contract, Grant Agreement, and other Program required signing event documents,
- Applicants will be given the opportunity to sign their Construction Contract, Grant Agreement and other Program required signing event documents digitally,
- Executed contracts, grant agreements, and corresponding signing event documents will be housed in the Grant Management System, and
- Applicants and contractors will provide copies of all signed documents via email or printed copy when necessary.

**Special Needs Policy:**

- Applicants who are illiterate or otherwise unable to sign their name, may sign with an "X" if there is:
  - Third party witness at the signing,
  - Photo identification of the applicant in the file, and
  - A proper notarized notation on all documents the applicant signs that address special circumstances.
- Accommodations will be made when it is determined that an applicant is out-of-state and unable to attend their signing event appointment, or homebound due to disability or illness.

## **Procedures:**

- Signing Event documents will be available to be signed digitally and paper documentation may be available on a case-by-case basis. The needs of all applicant will be taken into consideration in an effort to provide a high level of customer service.

## **Courtesy Rescission Period**

### **Policy:**

- The Program will grant all applicants a courtesy 3-day Right of Rescission, which they may choose to waive.

### **Procedures:**

- Prior to disbursement of Gap Funds, recording and/or the filing appropriate documents, the signing event agent will confirm the rescission period has expired, and
- In the event an applicant rescinds the transaction, the signing event agent will notify their supervisor immediately and the Program will return Gap Funds, if applicable, to the applicant.

## **Permits and Codes**

### **Policy:**

- The GC or SBP will be responsible for documenting and obtaining all necessary permits for each job site.
- The permits will be posted at each site in plain view. A permit box in the front yard, or posted in the front window of the home is acceptable.
- The GC or SBP will ensure work performed satisfies all International Residential Code (IRC), International Energy Conservation Code (IECC), applicable green building standards, and all other Federal, State, and local construction, health and safety code requirements upon project completion.
- PM or designee will oversee the work of the construction contractor for each rehabilitation and reconstruction project.

### **Procedures:**

- Review and confirm that all permits were obtained by the contractor.

## **Quality Control Inspections**

### **Policy:**

- Inspections for the purpose of quality control will be performed for each site by the Construction Manager to determine consistency within the Program and across contractors and inspectors.

### **Procedures:**

- Review and approve the inspection notes and photographs, and
- Inspections will be recorded with photographs and log notes and uploaded into the Grant Management System.

## Construction Change Orders

### Policy:

- The GC or SBP will conduct all due diligence activities prior to starting construction to discover any potential unforeseen circumstances.
- If in the event any unforeseen conditions are discovered during the course of construction, the contractor will then prepare a *Change Order*, with supporting documentation, and submit to the area Construction Manager for review and determination.
- If project costs including the change order do not exceed the allowable construction budget caps and the Construction Manager deems the repairs necessary to achieve SCDRO Housing Quality Standards, the change order will be approved. It will then be added to the contract, provided the costs are reasonable and in accordance with similar services provided on other construction projects as determined by the Construction Manager.

### Procedures:

- Review and approve/deny the *Change Order* and supporting documentation, and
- Update the Grant Management System with versioned ECR and adjustments to award.

## Construction Close-Out

Once construction is completed the contractor and inspector will complete closeout requirements of the construction project.

### Policy:

- Once all construction is completed in accordance with the Contract and all local permit inspections, construction close-out will commence.
- The contractor will notify the area construction manager once the construction (including punch list) items are complete.

### Procedures:

- The construction inspector will conduct a final inspection of the structure and document that all scope items are complete and to program guidelines. The construction inspector will either pass or fail the inspection. In the event that the final inspection fails, all parties will be notified of the deficiencies and a request for completion will be documented. Once any deficiencies are repaired and the structure has been re-inspected as a pass then all documentation will be submitted to the online management system.

- The contractor and inspector will agree that the construction is complete.
- The contractor will obtain a Certificate of Occupancy or comparable documentation.
- The contractor will conduct the key turnover to the homeowner, authorizing the homeowner to move into the home. The key turnover is not complete until the homeowner has received a magnet identifying the warranty phone number and expiration date.
- The contractor will ensure that all applicable documentation required by the Finance Checklist is included in the online management system prior to final construction closeout and submission of an invoice.

## **Warranty Issues and Construction Complaints**

The Implementation Contractor (IC) is responsible for addressing and correcting all warranty issues and construction complaints. All communications pertaining to warranty issues or construction complaints received by SCDRO personnel must be forwarded to the IC as soon as practical, but no later than one business day.

### **Policy:**

All warranty issues and construction complaints must be corrected within 7 business days of receiving the initial complaint. All issues must be documented in the grant management system within 1 business day of initial complaint, at every interval of the process involving communication with the citizen, and after the issue has been corrected. Citizens must be contacted within 2 business days to confirm the issues and schedule corrective actions.

Issues that cannot be corrected within the designated 7 business days must be reported to the SCDRO management team via email. If the IC identifies any failure pattern in products or services, the IC must notify the Program Management Director of such pattern and the IC's course of action for resolving the failure pattern within two business days.

The IC shall provide a report to the SCDRO on a weekly basis documenting, at minimum, the following:

1. Open Warranty Issues/Complaints with date received, client name, issue, and status
2. Open Warranty Issues/Complaints as a percentage of total homes completed

### **Procedures:**

- The IC's designated customer service representative will receive warranty and construction complaint calls.
- The call will be logged in the appropriate case file in the grant management system within 1 business day of receiving the initial call.
- The applicable subcontractor will contact the citizen within 2 business days to confirm the issues and schedule corrective actions if necessary. The call must be documented in the grant management system.

- The subcontractor will correct the issue within 7 business days of the initial call and document the completion in the grant management system.
- If the IC believes that the issue has been addressed, but the citizen has further concerns, the IC should forward the issue to the SCDRO Constituent Services Manager.

## **Disbursement**

Funds will not be distributed for program costs associated with construction until all appropriate documentation required by the Finance Checklist is properly input into the online management system.

### **Policy:**

All payment requests will be made by invoicing the State. Invoiced amounts must match the pre-existing work order and any applicable change orders. Invoices shall not be submitted for construction costs prior to completion of the applicable Finance Checklist items in the online management system. Only the State's Implementation Contractor is authorized to invoice the State. The State's Implementation Contractor will pay its contractors and sub-contractors within 30 days of passing a final inspection, and secure lien waivers from sub-contractors upon payment to avoid any mechanic's liens. The request for payment will include all agreed upon signatures or certifications as needed.

### **Ineligible:**

- A contractor is ineligible for a disbursement if the work is not done according to local or other applicable building code.
- A contractor is ineligible for a disbursement if the work fails the inspection conducted by the Program Manager.
- A contractor is ineligible for a disbursement if payment is requested for work not included in the original work order or subsequent change order.
- A contractor is ineligible for a disbursement if the Finance Checklist has not been completed.

### **Procedures:**

- The Program will review and approve payment requests prior to requesting disbursement from the State of South Carolina, and
- Funds will be disbursed as indicated by South Carolina.

## **Homeowners Remaining On Property During Construction**

The typical procedure and sequence of events when an applicant is provided a new home under the Program is for the homeowner to secure temporary housing away from the site of the damaged property, and then vacate the damaged property during the demolition and reconstruction phases of the project. In a limited number of cases, homeowners may be unable to secure suitable temporary housing while their new homes are being constructed.

### **Policy:**

In some limited circumstances and after exhausting all possible sources of temporary housing, homeowners

may be allowed to remain on the property during the construction or rehabilitation phase, subject to the prior approval of the Contractor and the Construction Manager, or Program designee.

- Homeowners must execute documents demonstrating their agreement for waiver of liability, payment of additional utility connection fees, and, when applicable, the demolition of the damaged structure upon completion of the new structure.
- The request to remain on the property during construction or rehabilitation must be initiated by the homeowner. **Under no circumstances should contractors or other program personnel offer this option to the homeowner.**
- A request to remain on the property during construction or rehabilitation should be made only after the homeowner has exhausted all possibilities for obtaining temporary housing from family, friends or community services agencies. The homeowner will attest to his or her inability to obtain temporary housing.
- The homeowner must establish a dire need before a request to remain on the property during construction or rehabilitation will be granted. The definition of a dire need includes:
  - o The absence of any family or friends in the area who can house the homeowner during construction;
  - o The inability for the homeowner to obtain temporary housing assistance from a community services organization, faith based organization, church, etc.; and
  - o In the case of handicapped or special needs individuals, the absence of a temporary alternative providing the required accommodations.
- Granting the homeowner's request to remain on the property during construction or rehabilitation will be contingent on the following:
  - o There exists no municipal zoning or other prohibition to the homeowner remaining on the property during construction or rehabilitation;
  - o The building contractor agrees to allow the homeowner to remain on the property during construction or rehabilitation;
  - o In cases of new construction, the homeowner agrees in writing that the original home damaged by the storm will be vacated and available for demolition within 10calendar days after the issuance of a Certificate of Occupancy for the new home;
  - o In the opinion of the contractor, the lot is of sufficient size to allow the construction of the new home at a safe distance from the original home, or, as applicable, the living area of the home is located at a safe distance from the rehabilitation work, such that the rehabilitation can proceed in a safe and expeditious manner;
  - o The homeowner signs a Waiver of Liability and Hold Harmless Agreement indemnifying the construction contractor(s), the Program and the State of South Carolina from any loss or injury sustained while inhabiting the property during construction or rehabilitation; and

- o In cases of new construction, any additional cost incurred in installing any electrical, sewer or water connection due to building the new home on a site other than the original footprint of the damaged home must be paid by the homeowner.
- The decision to allow a homeowner to remain on the property during construction or rehabilitation is vested solely in the Construction Manager or their designee.

**Procedures:**

- The homeowner makes a request to remain on the property during demolition and/or construction or rehabilitation,
- Staff refers homeowner to assigned contractor to obtain written agreement to remain on property,
- The homeowner agrees in writing to the demolition of the damaged property, when applicable, and executes Waiver of Liability and Hold Harmless Agreements, and
- The request is forwarded to the Construction Manager for final review and determination.

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## 13. ENVIRONMENTAL CRITERIA AND STANDARDS

In accordance with HUD Environmental Criteria and Standards, application site environmental reviews will be a factor in determining eligibility, environmental and historic preservation mitigation requirements, and resultant project Scope of Work and funding needs.

### **Policy:**

It is possible that sites may be determined in close proximity to major noise sources such as but not limited to airports, industrial facilities, railroads, or major thoroughfares. HUD has established policy in 24 CFR Part 51 Subpart B for its Programs to protect beneficiaries from excessive noise in their communities and place of residence. The purpose of these regulations is to establish acceptable noise exposure standards and guide noise attenuation approaches for HUD-assisted projects. Noise attenuation needs will be identified during the environmental review. Under these circumstances, the Program policy is that it will fund within the Program maximum benefit noise attenuation measures required to reduce noise levels to HUD's standards. Although not required for rehabilitation work, noise attenuation will be encouraged within the Program maximum benefit.

### **Exceptions:**

For reconstruction/new construction activities where excessive noise is identified or the site is in an unacceptable noise zone, and attenuation will be cost prohibitive relative to reconstruction costs, the Program will evaluate applications for an approval on a case-by-case basis.

### **Procedures:**

- The Program will perform a site-specific environmental review to determine project site location proximity relative to major noise sources with the use of a Geographic Information System application and direct field observation during initial construction inspection;
- The Project Manager will complete a noise impact assessment for project sites close to major noise sources (within 1000 ft. of major road, 3000 ft. of railroad or 75 miles of military or commercial airport with jet service) consistent with HUD regulations at 24 CFR Part 51 Subpart B and technical guidance from HUD Region VI Noise Assessment Guidelines; and
- A review of reconstruction Scope of Work and/or site design, and Cost to Rehabilitate or Reconstruct will be conducted, where noise attenuation is required.

## **Hazardous Operation Definitions**

### **Policy:**

Definitions related to the HUD-assisted projects relative to their proximity to hazardous operations are provided in the Environmental Criteria and Standards regulations at 24 CFR Part 51 Subpart C. These include: acceptable separation distance, blast overpressure, danger zone, hazard, hazardous substance, HUD-assisted project, and thermal radiation level. The purpose of these regulations is to establish safety standards for HUD-assisted projects, raise awareness to inherent potential dangers, and to provide guidance on identifying hazardous facilities, and determining acceptable separation distances.

**Procedures:**

These definitions will be employed during the environmental review.

**Hazardous Operations and Project Site Proximity****Policy:**

Properties may have above ground storage tanks with capacity in excess of 100 gallons for residential Liquefied Natural Gas (LNG) or Propane use. It is possible that project sites for on-site reconstruction (e.g. new construction) may be determined in close proximity to hazardous operations.

Under these circumstances and consistent with HUD's Environmental Criteria and Standards at 24 CFR Part 51 Subpart C relative to hazardous operations, it is the Program policy that it will not approve an application for reconstruction at a project site that is less than the pertinent acceptable separation distance, unless practicable mitigation measures are included as possible within the target property parcel.

**Exceptions:**

For reconstruction activities where hazards mitigation costs will be cost prohibitive relative to reconstruction costs, the Program will evaluate applications for approval on a case-by-case basis.

**Procedures:**

- The Program will perform a Site-Specific Environmental Review to determine project site location proximity relative to hazardous operations with the use of the Geographic Information System application;
- Direct field observation during initial construction inspection for visible hazardous operations;
- Acceptable separation distance (ASD) per facility type will be determined consistent with HUD technical guidance at 24 CFR Part 51 Appendix II and using their web-based ASD tool; and
- A review of reconstruction Scope of Work and/or site design, and Cost to Rehabilitate or Reconstruct will be conducted, where mitigation measures are required.

**Airports and Airfields Definitions****Policy:**

Definitions related to HUD-assisted projects relative to Runway Clear Zones at a Civil Airport or Runway Clear Zones or Accident Potential Zones at a Military Airfields are provided in the Environmental Criteria and Standards regulations at 24 CFR Part 51 Subpart D.

These include: accident potential zone, airport operator, civil airport, runway clear zone and clear zone. The purpose of these regulations is to establish compatible land uses around civil airport and military airfields along with standards for HUD assistance therein.

**Procedures:**

These definitions will be used during the environmental review.

## **Airports and Airfields and Project Sites**

### **Policy:**

It is possible that project sites for major rehabilitation and on-site reconstruction may be determined within a Runway Clear Zone at a Civil Airport or Runway Clear Zone or Accident Potential Zone at a Military Airfield.

Under these circumstances and consistent with HUD's Environmental Criteria and Standards at 24 CFR Part 51 Subpart D to avoid incompatible land uses relative to these zones, it is the Program policy that such applications will not be approved. This will be a benefit eligibility factor.

### **Exceptions:**

An application may be considered eligible in these zones where extenuating circumstances exist, but must be approved by the Program Certifying Officer as defined in 24 CFR Part 58.2(a)(2).

### **Procedures:**

- Site-Specific Environmental Review will determine project site location proximity relative to civil airports and military airfields with the use of the Geographic Information System application;
- Direct field observation will be conducted during the initial construction inspection; and
- Sites within one (1) mile of such facilities will be compared with pertinent operator provided zones.

## **Contaminated Properties**

### **Policy:**

During the application review, it may be determined that the project site or adjacent property is potentially contaminated with hazardous materials, toxic chemicals and gases, or radioactive substances. These do not include common household chemicals.

In accordance with HUD policy outlined at 24 CFR Part 58.S (i) (2) Environmental Standards, HUD-assisted projects must be free of such substances; therefore the Program will not approve assistance where the project site review results in observable environmental conditions (as defined by the Standard Testing and Material E1527-05 American Environmental Site Assessment Process) on the target property or affecting it. This policy does not apply to conditions in the structure such as lead-based paint, asbestos containing materials or mold as these conditions are addressed in separate policies.

A portion of the benefit proceeds may be used to better characterize and delineate an identified environmental condition through completion of a Phase I Environmental Site Assessment (ESA) which may include an estimate for additional Phase II work and plan/estimate for abatement thereafter.

A portion of the assistance may be used for abatement, where costs are not prohibitive. The Program will consider, review, and approve in advance, on a case-by-case basis, proceeding to Phase I and II ESA work along with abatement proposals.

The identified environmental condition must be successfully resolved or addressed in accordance with applicable state and federal requirements as documented with "no further action" findings from either the State Commission on Environmental Quality (SC DHEC) or the US Environmental Protection Agency in order for the application to be considered eligible.

### **Procedures:**

- Site-Specific Environmental Review will determine project site location proximity relative to known and reported sources with use of Geographic Information System application;

- Coordination with local authorities on known contaminated properties, as necessary;
- Direct field observation will be conducted of environmental conditions during initial construction inspections;
- Review of regulatory agency documentation, as necessary; and
- Review of Phase III Environmental Closure Reports, as necessary.

## **Lead Based Paint**

### **Policy:**

For houses built before 1978 (when EPA banned lead based paint) and that are to be demolished to clear a lot for new house construction, home builders will retain demolition contractors to properly demolish and dispose of construction debris.

For houses that were built before 1978 (when EPA banned lead based paint) and are eligible for rehabilitation, a lead based paint assessment will be conducted by a licensed lead based paint assessor subcontracted to the rehabilitation contractor assigned to the applicant by the Construction Manager.

The lead based paint assessor will be notified of houses qualifying for an assessment by the rehabilitation subcontractor assigned to them, and will be given a Construction Work Order Packet with the specific house and Construction Quantities information.

The lead based paint assessor will provide an estimate of the assessment to the rehabilitation subcontractor and the rehabilitation subcontractor will provide this estimate to the Construction Manager. The Construction Manager will then review the estimate to determine if it is within the assessment cap. Assessment amounts above the cap will be presented to the Project Manager for consideration. Upon approval, the lead based paint assessor will prepare an assessment report to be uploaded to the Grant Management System.

The report will include at a minimum:

- Delineation of existing lead based paint areas within the house,
- List of Requirements for lead based paint remediation as required by HUD, EPA and State Department of Health Services (SC DHEC) regulations, and
- Any other required section based on HUD, EPA and State Department of Health Services regulations.

In the cases where lead based paint is found and remediation is required, the rehabilitation subcontractor will retain a lead based paint remediation contractor to prepare an estimate of the remediation. This estimate will be provided to the Construction Manager by the rehabilitation subcontractor for comparison to the remediation cap prescribed the MOD. Remediation amounts above the cap will be presented to Project Manager for consideration.

Upon approval the lead based paint remediation subcontractor will perform the work and the lead based paint assessor will make interim inspections and prepare a clearance report at the end of the rehabilitation construction project. The homeowner will be given a home hazards pamphlet upon positive identification of the lead hazard as well as the assessment report and the clearance report.

For houses built before 1978 and rehabilitated or reconstructed, lead based paint shall be disposed of in accordance with applicable HUD, EPA, State Department of Health Service (SC DHEC) and any other applicable regulations unless lead based paint inspection and testing have been performed to show that the house does not contain lead based paint. For houses that were built in or after 1978, when EPA banned lead based paint, it is assumed that lead is not present.

**Procedures:**

Lead based paint assessments will be conducted, as necessary.

## **Coastal Barrier Resource Areas**

**Policy:**

The Coastal Barrier Resources Act precludes federal assistance such as residential rehabilitation and reconstruction in designated Coastal Barrier Resource System (CBRS) units. The damaged property for which assistance is being requested cannot be in a CBRS unit.

The current FEMA (FIRM) Flood Insurance Rate Map will be used to determine if the damaged property is in a CBRS unit. Applications for damaged property in a designated CBRS unit will be determined ineligible for federal assistance.

**Procedures:**

The PM will ensure the most current FIRM is used for determination. Where it is unclear if the damaged property is in a CBRS unit, the PM will consult with the US Fish and Wildlife Service for a written determination.

## **Asbestos Containing Materials (ACM)**

**Policy:**

The State's Implementation Contractor, its contractors and sub-contractors will familiarize themselves with SC DHEC Regulation 61-86.1 regarding Standards of Performance for Asbestos Projects, and provide notice to SC DHEC and secure proper permitting, if required to do so. Note: Residences of 4 units or less are exempt unless work is performed by a Licensed Asbestos Contractor.

The EPA National Emission Standards for Hazardous Air Pollutants (NESHAP) residential exemption for ACM applies to residents served under the Program for reconstruction (new construction) only. In addition, for houses that are eligible for reconstruction, home builders are required to retain demolition subcontractors to perform all demolition and disposal activities in accordance with applicable federal, state and local regulations and utilize industry accepted techniques to complete the demolition work. For houses that are eligible for rehabilitation, an ACM assessment will be conducted by a certified ACM assessor subcontracted to the rehabilitation subcontractor assigned to the applicant by the Construction Manager. When an ACM assessment is needed, the following will take place:

- The ACM assessor will be notified of houses qualifying for an assessment by the rehabilitation subcontractor assigned them and will be given a Construction Work Order Packet with the specific house and Construction Quantities information.
- The ACM assessor will provide an estimate of the assessment to the rehabilitation subcontractor

and the rehabilitation subcontractor will provide this estimate to the Construction Manager. The Construction Manager will then review the estimate to determine if it is within the assessment cap.

- Upon approval, the ACM assessor will prepare an assessment report and upload it into the Grant Management System.
- The report will include at a minimum:
  - o Delineation of existing ACM areas within the house,
  - o List of Requirements for ACM remediation as required by EPA and State Department of Health Services (SC DHEC) regulations, and any other required sections based on HUD, EPA regulations, and
  - o In the cases where ACM is found and remediation is required, the rehabilitation subcontractor will retain an ACM remediation contractor to prepare an estimate of the remediation. This estimate will be provided to the Construction Manager by the rehabilitation subcontractor for comparison to the remediation cap prescribed in the MOD.
- Upon approval the ACM assessor will make interim and/or final inspections and prepare a clearance report at the end of the rehabilitation construction project.
- The homeowner will be given a home hazards pamphlet upon positive identification of the ACM hazard as well as the assessment report and the clearance report.

For each rehabilitation or reconstruction project, ACM is to be disposed of in accordance with applicable EPA, and any other applicable regulations unless an ACM inspection and testing have been performed to show that the house does not contain ACM.

### **Procedures:**

ACM assessment estimates, ACM assessment reports, ACM remediation estimates, and ACM remediation will be conducted, as necessary. ACM clearance reports and ACM notification documents will be completed and delivered as necessary.

## **Historic Properties**

### **Policy:**

In accordance with the National Historic Preservation Act, the Program will conduct a review. For rehabilitation or reconstruction benefit applications involving historic properties (structures) as defined at 36 CFR Part 800.16 or 44 CFR Part 59.1 Subpart A, mitigation measures may need incorporating to avoid or reduce adverse effects to the historic property, including historic districts.

In the case of substantial improvements to historic properties in the floodplain, per the National Flood Insurance Program at 44 CFR Part 60 Subpart A, the variance provisions at 44 CFR Part 60.6 will apply as implemented by the applicable local floodplain ordinance. In order to retain the architectural integrity of historic structures so they maintain their National Register of Historic Places eligibility, flood proofing approaches other than structure elevation may be more appropriate.

The variance will be the minimum necessary to retain each historic property's integrity. Similarly, historic properties not in the floodplain may require use of certain construction materials, design features, or workmanship to retain their integrity; whether in a historic district or not.

Construction activities will be closely coordinated with the applicant and South Carolina SHPO. SCDRO will sign the HUD SC FEMA Programmatic Agreement ("PA") regarding National Historic Preservation Act Section 106 compliance or execute the PA between the region IV of the U.S. Department of Housing and Urban Development and the South Carolina State Historic Preservation Office for the review of HUD-Funded activities. The PA provides for a more efficient means of compliance with Section 106 requirements. The costs associated with historic property mitigation are eligible costs up to the maximum benefit.

### **Procedures:**

- Site-Specific Environmental Review Tier II will determine whether a property is listed on the National Register of Historic Places or located in a National Register Historic District;
- An SOI qualified person will draft a Determination of Eligibility (DOE) and send it to SHPO for eligibility concurrence, as necessary;
- Consultation with the South Carolina SHPO will be obtained if any project will have an adverse effect determination, a Memorandum of Agreement will be prepared, and guidance and policy from the Advisory Council on Historic Preservation (ACHP) will be followed; and
- Reviews of rehabilitation inspection reports and/or construction Scope of Work, and elevations to confirm historic character defining features will be conducted, as required.

## **Environmental Reviews**

Grantee funding assistance from HUD is contingent on compliance with the National Environmental Policy Act and related environmental and executive orders. Accordingly, environmental review activities will be carried out for each funded Program activity.

### **Policy:**

The HUD Environmental Review Procedures are outlined in 24 CFR Part 58 and allow grantees to assume environmental review responsibilities. The Program assumes the role of the Responsible Entity, as outlined in 24 CFR Part 58 Subpart B, to undertake compliance effort for the Program. The Program will be responsible to perform required environmental reviews.

The Program will conduct environmental analysis and prepare compliance documentation in support of the Tier I and Tier II Site Specific environmental reviews in accordance with HUD's regulations. The Program will review all environmental draft documents as outlined in the required documentation and sign all documents requiring Responsible Entity or agency official signatures.

Once the Program has satisfactorily reviewed and signed off on the Site Specific Checklists and all supporting documentation, it will provide written clearance to the Project Manager for each activity. Applicants are responsible for fully completing the Program applications and working in good faith with the Project Manager where additional documentation may be necessary to resolve an outstanding environmental/historic preservation compliance factor.

### **Procedures:**

Project Managers will monitor the environmental review implementation and audit Environmental Review

Records (ERR).

## **Tier II Site Specific Reviews**

### **Policy:**

The HUD Environmental Review Procedures are outlined in 24 CFR Part 58 and other compliance requirements are outlined in their Environmental Criteria and Standards at 24 CFR Part 51. Because site-specific environmental analysis may not be possible early in Program implementation, HUD's Procedures allow for a tiered approach by conducting a broad scale environmental review to eliminate some unnecessary and repetitive review at the site-specific level. A site-specific environmental review strategy is also developed at this stage to implement when specific locations are identified.

The Program's approach to aggregating projects by activity and geographic area is defined in the Project Descriptions. The approach of conducting site-specific environmental reviews is outlined in the respective Tiering Plans, and Site-Specific Checklists developed as part of the Project's Broad Review. Furthermore, specific policies and procedures to implement environmental reviews have been developed for the Program. Accordingly, it is the Program's policy that environmental reviews will be carried out per the above HUD regulations before any site-specific activities or funding is approved to proceed.

Site-specific environmental reviews will be achieved through application review desktop research, direct field observation during the initial construction inspection, and agency coordination/consultation, as necessary. Reviews will be documented through Environmental Review Records. Any resultant implementation conditions resulting from environmental reviews will become part of the benefit agreement.

### **Procedures:**

- The Program will conduct monitoring of environmental review implementation,
- The Program will obtain written clearance of Site-Specific Checklists, and
- The Program will audit the Environmental Review Record.

## **14. MORTGAGE OBLIGATIONS**

The Program requires applicants to disclose circumstances that may affect their home ownership.

### **Required Documentation:**

- 3<sup>rd</sup>-party ownership information (preferred)
- Current mortgage/lien holder statement with company contact information (if applicable)

The program will ensure the home is not in active foreclosure by verifying ownership status through 3<sup>rd</sup> party data feeds (title/ ownership verification process). In the event that clear ownership cannot be established, an applicant may supply mortgage statements showing current status on payments for Program consideration.

## **15. SUBROGATION OF FUNDS**

All applicants will be required to sign a Subrogation Agreement as a part of participating in the Program. Applicants must subrogate any additional funds received for damage caused by the disaster back to the State. CDBG-DR funding must be funding of last resort, and if additional funds are paid to an applicant for

the same purpose as the housing assistance they receive through State CDBG-DR funding after the State has completed repair/rehabilitation of their home or replacement of their MHU, those funds must be returned to the State of South Carolina.

If it can be established that an applicant has additional need, the subsequent funds would not be considered a DOB (76 FR 221,71062). However, if additional need is not demonstrated, disaster recovery funds must be recaptured to the extent they are in excess of the need and duplicate other assistance received by the applicant for the same purpose. If CDBG-DR funds were provided last and unknowingly create duplication, the method of recapturing those CDBG-DR funds will be consistent with HUD2 CFR200.

## **16. DUE DILIGENCE**

The Program will follow a due diligence process to contact applicants to schedule personal consultations (PC) and required meetings.

### **Required Documentation:**

- Due Diligence Letter, and/or
- PC Cancellation Letter.

### **Due Diligence Process:**

- The Program will record three (3) phone contact attempts in System of Record,
- If contact has not been made with the applicant, the System of Record application status will be updated and a Due Diligence Letter will be mailed and/or emailed. The Due Diligence Letter will be available in the System of Record;
- If contact has not been made with the applicant within seven (7) days of the date of the mailed Due Diligence Letter, the applicant's System of Record application status will be updated and a PC Cancellation Letter will be mailed. The signed PC Cancellation Letter will be copied, scanned and uploaded into the System of Record; and
- If contact has not been made with the applicant within fifteen (15) days of the date of the mailed PC Cancellation Letter, the applicant's System of Record application status will be updated to "inactive" and follow the Inactive Process.

## **17. MISSING DOCUMENTATION**

Applicants must submit all required documentation for their application to be complete. Only after all documentation has been received, can an application be processed to completion and a final eligibility determination to be made. Applicants will be encouraged to submit all requested documentation before the Intake process is complete.

## **18. VOLUNTARY WITHDRAWAL**

An applicant may request to withdraw from the Program at any time before construction begins. The voluntary withdrawal process will be followed in the event an applicant requests to withdraw from the Program.

### **Required Documentation:**

- Withdrawal request or Letter, if applicable.

### **Voluntary Withdrawal Process:**

- The applicant's desire to withdraw must be recorded in System of Record,
- The System of Record application status will be updated and a Withdrawal Letter will be mailed to the applicant,
- Applicants will also be provided an opportunity to voluntarily withdraw using an electronic method.
- Upon receipt of withdrawal request, as noted, a withdrawal confirmation letter will be sent to the applicant and the System of Record application status will be updated to "Withdrawn."

## **19. INACTIVE PROCESS**

An application may result in an inactive status if any of the following conditions exist:

- Insufficient documentation has been submitted to verify all eligibility requirements,
- An applicant does not have the ability to fund a required gap amount,
- An applicant has not been responsive to all required meetings,
- Due to lack of information, a program assistance award calculation cannot be completed, and
- Due to a program decision concerning damage to a home and the resulting program outcome,
- Inactive files will be reviewed on a case-by-case basis to determine reactive status, as applicable.

### **The Inactive Process:**

- The applicant's CSR will designate the application as Inactive with a detailed reason, and ensure all documentation is recorded in the System of Record,
- An Inactive Letter will be generated and sent certified mail to the applicant. This letter will include the reason for the inactive status and Program contact information as needed.

## **20. DEMONSTRABLE HARDSHIP**

The Program may consider exceptions to Program policies for applicants who demonstrate an undue hardship. Applicants in this situation will be reviewed to determine whether their program priority ranking or denial of program assistance will further perpetuate the circumstances attributing to such hardship. A demonstrable hardship may include, but is not limited to, the following: prolonged job loss, substantial reduction to household income, death of a family member, unexpected and extraordinary medical bills, a disability, etc. Requests for an exception to Program policy based on an undue hardship will be evaluated on a case-by-case basis.

## **21.APPLICANT CONCERNS, REQUESTS, SUGGESTIONS, AND APPEALS**

During the course of the program's operations, decisions will be made on housing assistance applications and/or housing unit projects to be delivered. These decisions will be made based on applicable statutes, codes of federal regulation, state and local codes and ordinances, local guidelines, and program operational procedures, as each is interpreted by the State of South Carolina.

During the course of these activities, it is possible that citizens may decide they have a legitimate concern, request or suggestion. In addition, once they receive a response to their petition, they may believe they have a legitimate reason to appeal a decision. In order to allow for such circumstances, applicants are allowed to communicate their program concerns, requests, and suggestions; and appeal program decisions related to one of the following activities:

- A program eligibility and/or priority determination;
- A program assistance award calculation;
- A program decision concerning housing unit damage and the resulting program outcome; or
- A demonstrable hardship.

Citizens may submit a written concern, request, suggestion or appeal through the Disaster Recovery email at [ContactSCDR@scdr.sc.gov](mailto:ContactSCDR@scdr.sc.gov) or submit by postal mail to the following address:

**Attention: Citizen Services Team  
South Carolina Disaster Recovery Office  
632 Rosewood Drive, Columbia, SC 29201**

SCDRO's Citizen Services Team (CST) will make every effort to provide a timely written response upon receipt of a citizen's petition, usually within fifteen (15) business days, as expected by HUD, where practicable. If a citizen is not satisfied by the CST response, the citizen may file a written appeal by following the instructions contained within the letter of response. If at the conclusion of the appeals process the citizen has not been satisfied with the response, a formal complaint may then be sent directly to the regional Department of Housing and Urban Development (HUD) at:

**U.S. Department of Housing & Urban Development  
1835 Assembly Street, 13th Floor  
Columbia, SC 29201**

## 22. KEY TERMS

**AFN:** AFN refers to applicants with household member(s) that identify as needing assistance for functional needs.

**Age Dependent:** Age Dependent refers to applicants with household members either 65 or over, or 5 years old or younger.

**IA:** IA stands for FEMA Individual Assistance. In South Carolina, 24 counties are eligible for Public Assistance. Of these, 22 fall in to the SGAOR.

**LMI – Low Income:** The Low-Income category describes applicants with household income levels between 51% and 80% of the Area Median Income level.

**LMI – Very Low Income:** The Very Low-Income category describes applicants with household income levels between 31% and 50% of the Area Median Income level.

**LMI – Extremely Low Income:** The Extremely Low-Income category describes applicants with household income levels between 0% and 30% of the Area Median Income level.

**MHU:** MHU stands for Manufactured Home Unit, or commonly referred to as a Mobile Home.

**PA:** PA stands for FEMA Public Assistance. In South Carolina, 35 counties are eligible for Public Assistance.

**Recipients:** As defined in 24 CFR 8.3(c) “Any State or its political subdivision, any instrumentality of a State or its political subdivision, any public or private agency, institution, organization, or other entity, or any person to which Federal financial assistance is extended for any program or activity directly or through another recipient, including any successor, assignee, or transferee of a recipient, but excluding the ultimate beneficiary of the assistance. An entity or person receiving housing assistance payments from a recipient on behalf of eligible families under a housing assistance payments program or a voucher program is not a recipient or sub-recipient merely by virtue of receipt of such payments.” (24 CFR 8.3(c) under Qualified individual with handicaps)

**SCDRO:** SCDRO represents the “South Carolina Disaster Recovery Office,” and is the State office in charge of the Disaster Recovery Program. SCDRO falls under the SC Department of Commerce.

**SGAOR:** The SGAOR represents the “State Government Area of Responsibility,” which consists of 22 of the 24 counties deemed eligible for Individual Assistance, not including Richland and Lexington counties.

**U.S. Citizenship or Lawful Permanent residence:** Refers to CBDG-DR Fund eligible individuals. In determining eligibility for benefits, SC will comply with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (“PRWORA”); Attorney General Order No. 2353-2001, F.R. Doc. No.: 01-1158; and the guidance provided in the August 5, 2016 joint letter from US Attorney General Lynch, HHS Secretary Burwell, and HUD Secretary Castro. PRWORA provides that with certain exceptions, only US citizens and eligible noncitizens are eligible for federal, state, and local benefits.

**Those eligible for benefits is similar to those in Section 214, with some slight exceptions:** They include US Citizens or Nationals, Lawful Permanent Residents (“Green Card” holders), Refugees and Asylees, An alien paroled into US for a period of more than one year, All aliens with deferred deportation, Cuban/ Haitian Entrants, and Battered immigrants where battery causes the need for the benefit. Note: If a potential SCDRO disaster relief recipient is not a citizen or eligible non-citizen, SCDRO will refer that person to the VOADs for possible assistance.