

Grant Application: Single-Family Affordable Replacement Housing Project

INTRODUCTION

The SC State Housing Finance and Development Authority (SC Housing) is collaborating with the South Carolina Department of Transportation (SCDOT) to assist with the construction, sale, and mortgage financing of forty-five (45) affordable housing units in and around the communities impacted by the I-526 Lowcountry Corridor WEST interstate improvement project: Ferndale, Russelldale, Liberty Park, and Highland Terrace. This initiative aims to support displaced individuals and households, as well as the local community, by providing interested individuals the opportunity for homeownership.

SCDOT will partner with a local non-profit that specializes in developing or constructing affordable housing to implement a Single-Family Affordable Replacement Housing Program (SFARHP). SCDOT and the Applicant will work to secure vacant lots to accommodate 45 affordable housing units within the impacted communities (or in close proximity), zoned for single-family or duplex homes for the purpose of constructing housing for displaced residents who would like to remain in their community. If SCDOT or the Applicant is unable to acquire all lots within the impacted communities, additional lots for the program will be purchased in nearby communities. Some of these lots will be preserved for the construction of replacement market rate homes for displaced families that do not fall into the low-income category. The single-family housing units for qualified tenants will be built and ready for occupancy prior to these qualified residents being displaced by the project. Qualified displaced residents/tenants will be allowed to stay in their existing units until replacement housing is available.

State funding of up to \$6,750,000 is available for development and construction costs under this grant application, with another \$1,500,000 available for land acquisition. Allocation of these funds will be according to the process and criteria specified in this grant application.

GRANT APPLICATION TIMELINE

DATE	ACTIVITY
June 17, 2025	Grant Application Release Date
July 1, 2025	Deadline for Grant Application Questions
July 22, 2025	Application Submission Deadline
July 13-30, 2025	Application Review
July 31, 2025	Grant Award Announced
August 5, 2025	Project Kick-off

GENERAL INFORMATION

All questions regarding this application shall be directed to KirwanEi@scdot.org.

All information regarding the application can be found at <https://www.scdot.org/business.html> under Grant Opportunities

SCOPE OF WORK

SCDOT is soliciting grant applications from qualified nonprofits for all phases of planning, financing, and development required for the construction and sale of forty-five (45) affordable housing units. The selected Applicant will be responsible for the design, construction, and sale of the housing units in alignment with community needs and sustainable practices.

PROJECT REQUIREMENTS

- **Parcels for Development:** SCDOT has acquired, or is in the process of acquiring, thirteen (13) parcels, which will accommodate the construction of twenty-four (24) housing units in the affected communities (see parcels attached as **Exhibit A**). The selected Applicant is responsible for securing the additional parcels needed to complete the remaining twenty-one (21) units. The Applicant should make diligent efforts to acquire parcels within or near the affected neighborhoods: Ferndale, Russelldale, Liberty Park, and Highland Terrace. Please see Priority Map attached as **Exhibit B** for guidance.
- **Housing Unit Specifications:** The housing units must be single-family homes or duplex/townhome-style units, consistent with the character of the surrounding community.
- **Transfer of SCDOT Parcels:** Upon Applicant's acceptance of grant award, SCDOT will transfer the parcels it has purchased to the selected Applicant, who will assume ownership.
- **Liability and Insurance:** The selected Applicant will assume full responsibility for all liabilities, including insurance and property security, related to both the land and any homes constructed on the properties.
- **Long-Term Affordability:** The selected Applicant is required to ensure long-term affordability for the housing units through the use of restrictive covenants, with a preferred affordability period of thirty (30) years. Alternative models, such as Community Land Trusts or longer affordability periods, may be considered if mutually agreed upon by the Applicant and the homebuyer.
- **Right of First Refusal:** The selected Applicant must provide qualified displaced households (as determined by SCDOT) with a right of first refusal to purchase the units, prior to offering them for sale to other low- to moderate-income residents within North Charleston.
- **Market Rate Units:** Given that some displaced households may not meet income eligibility requirements but wish to remain in the community, the selected Applicant will initially reserve five (5) units as replacement market-rate homes. If it is determined that

none of the displaced families wish to occupy the market-rate units, the Applicant may then offer the five (5) units for sale to qualified income-eligible households within the community.

- **Resale/Recapture:** Homeowners will have their subsidy debt forgiven at a rate of 1/15 per year. In the event of a sale before full forgiveness, the funds must either be returned to SCDOT or reinvested by the Applicant in future affordable housing projects within the North Charleston region. If the funds are reinvested, the Applicant is required to place them in a separate bank account and provide annual reports to SCDOT and FHWA until the funds are fully used. The selected Applicant may, if desired, also include Resale provisions in the Restricted Covenants.

The selected Applicant must have demonstrated experience and expertise in the following:

- Affordable housing design and construction, adhering to all local, state, and federal laws and regulations.
- Developing conceptual site plans and building layouts.
- Developing operating financial proformas and project development budgets.
- Incorporating sustainable building practices and materials.
- Maximizing the use of various financing vehicles/tools.
- Obtaining permits and working with local government authorities necessary for development efforts.
- Ensuring accessibility and compliance with the Americans with Disabilities Act (ADA).
- Preparing marketing materials and other documentation necessary for the sale of the properties.
- Must be or must hire a contractor or residential builder licensed in SC to perform all construction activities.

The responsibilities of the selected Applicant may include, but are not limited to, the following:

- Conduct pre-development activities, such as site surveys, architectural and engineering work, and analysis of existing utilities and site conditions.
- Create architectural plans that comply with federal, state, and local guidelines, and secure all necessary approvals and permits.
- Develop and manage a comprehensive implementation schedule.
- Identify and obtain additional financing sources to leverage SCDOT funds.
- Coordinate all development activities, ensuring adherence to reporting and budget requirements.
- Solicit bids and negotiate contracts for construction.
- Oversee the construction process to ensure timely completion.
- Target displaced households for priority placement and solicit eligible households from the local community as needed to sell the homes in a timely manner.
- Sale of the homes to eligible households, engaging with First-Time Homebuyer programs offered by SC Housing, SCDOT, and other agencies offering similar programs.
- Provide routine progress and financial reports.

Applicants must submit a preliminary set of plans and specifications for intended housing models, which should include, but not be limited to:

- Between 1000 – 1200 sq. ft of living space per unit (up to 1400 sq. ft for 4+ bedrooms)
- Two (2) bathrooms minimum per unit, two (2) bedrooms minimum per unit, with an initial estimated 33 of the 45 units being 3+ bedroom units. Selected Applicant should consider the SCDOT Relocation Study, the needs of the community, and the availability of suitable parcels for acquisition throughout the life of the project.
- Energy efficient appliances
- Modern finishes
- Attractive exterior design
- The home plans submitted should consider, and be compatible with, the physical and design context of the existing neighborhood housing stock
- Other requirements as described in the Minimum Design Standards attached as **Exhibit C**.

LEVERAGING

SCDOT encourages applicants to pursue additional funding from state, federal, and private sources that are readily available and committed to the project. Leveraged funds can include cash, loans, or in-kind resources to help cover project costs. In-kind contributions must be assigned a specific dollar value in accordance with generally accepted accounting principles. The method for determining the value of personal services, as well as donated materials and supplies, should be clearly identified.

Volunteer services may also be counted, provided they are essential to the project's success. To assess the value of in-kind volunteer contributions, use the estimated earnings of a paid worker performing similar tasks (verification documentation may be requested).

PROJECT TIMELINE

SCDOT anticipates the Project will generally follow this timeline and funding allocation; however, the selected Applicant may accelerate the timeline if desired.

Year	Total Units	Construction Funding	Land Acquisition Funding
2025	15	\$2,250,000	\$1,000,000
2026	15	\$2,250,000	\$500,000
2027	10	\$1,500,000	
2028	5	\$750,000	
Total	45	\$6,750,000	\$1,500,000

ESCALATION CLAUSE

Recognizing the potential for fluctuations in the cost of materials, fuel, and labor, the yearly Funding Allocation may be subject to an upward adjustment of up to three percent (3%) per contract year. Any request for an annual escalation must meet the following requirements:

1. The Awardee shall provide SCDOT with written notice no later than thirty (30) days prior to the anniversary of the Effective Date for each contract year in which an adjustment is sought.
2. The notice shall include:
 - A detailed explanation and justification for the requested escalation;
 - Supporting documentation, such as supplier invoices, labor rate notices, or fuel costs that directly impact the cost of performing the work; and
 - A calculation of the proposed adjustment and confirmation that it does not exceed 3% of the Funding Allocation for that year.

No escalation shall take effect without SCDOT's written approval, which shall not be unreasonably withheld, delayed, or conditioned. Failure to provide timely notice or sufficient justification shall constitute a waiver of the Applicant's right to request an adjustment for that year.

DRAWING FUNDS DURING CONSTRUCTION

Recipients electing to draw down funds during construction may submit requests for payment in conjunction with the required inspections (at 25/50/75/100% completion), or, if necessary, additional inspection requests may be submitted as needed for disbursements. All requests for payment for construction expenses must be submitted with the-SFARHP 5 or 6 Inspection Request Form (samples provided as Exhibit D). An SC Housing inspector will inspect for work in place as identified in the Application for Payment documents, which must be signed off on by the project architect. The inspection and disbursement requests must be submitted with the appropriate Application for Payment demonstrating the completed work in place for which funds are being requested. Disbursement requests will not be processed if the work in place being inspected is not approved.

CHANGE ORDERS

Change orders are necessary when changes arise to the scope of work, costs or timing identified in executed construction contracts. Change orders should be kept to an absolute minimum and are for unforeseen problems or issues that arise during construction. Change orders will not be used to correct bidding computation errors or errors made by the contractor. Any change orders should be agreed upon, signed by the owner and contractor and submitted to SC Housing for review and approval. Change orders will be evaluated for cost reasonableness and necessity. Change orders will also be reviewed to determine whether or not the change in cost or scope of work will affect the approved development budget, lead-based paint exemption status or calculated levels of assistance. To request approval for a change order, the change order must

be submitted to the Project Manager along with a Change Order Request Form. All change orders must be approved by SC Housing before the work is undertaken. Failure to follow this requirement may result in disallowed costs. In situations where the change order is extremely time sensitive, notify your assigned inspector for guidance on how to proceed. All change orders must be submitted and reviewed by SC Housing inspection staff prior to submitting a request for final inspection.

PROCESSING INSPECTION REQUESTS

Final Plans and specifications must be submitted to SC Housing for approval before construction begins, including, but not limited to, geotechnical reports, site layout plan, project specifications, architectural plans, landscape plans, structural plans, mechanical plans, electrical plans, and plumbing plans. Inspection requests should be made at 25%, 50%, and 75% completion of each housing unit. Upon receipt of a complete-SFARHP 5 Inspection Request Form, an email notification will be sent from the Project Manager stating that the inspection request has been provided to inspection staff for scheduling. The contractor will be contacted by an inspector to schedule the inspection within seven (7) business days from the date of the email. Be aware that delays may occur during the holidays or during severe weather conditions. When completing the-5 Inspection Request Form, provide the contact information for the staff person you want the inspection staff to contact to schedule the inspection. The Recipient must be present at the project site during the inspection.

SUBMITTING FINAL INSPECTION REQUESTS

When submitting final inspection requests, refer to the SFARHP 100% Inspection Checklist to ensure that all requested items are included. In addition, depending on the scope of the project, other documentation may be required to be submitted with the final inspection request. Required documentation is based on the specific scope of work being undertaken by the Recipient and may vary based on particulars to each housing unit. Developments requiring LBP hazard reduction work must submit a copy of the clearance report, and developments funded to construct Energy Star Certified properties must submit documentation of the Energy Star Certification. If unsure, contact the Project Manager for the requirements specific to the project.

BONDING & INSURANCE REQUIREMENTS

A payment and performance bond or letter of credit is required for ALL projects drawing funds during construction, regardless of the amount of the contract. Contractors that cannot meet bonding and insurance requirements cannot be awarded contracts for the project. In addition, the project is required to follow local procedures relating to bonding and insurance. Applicants should consult with their engineers in order to protect their interests. For projects drawing during construction, the minimum bonding and insurance requirements are as follows:

- A payment and performance bond or Letter of Credit from contractors for 100% of the contract shall be executed in connection with each construction contract that the

Recipient elects to draw funds for during construction. Irrevocable Direct Pay Letters of Credit are acceptable to provide in place of payment and performance bonds; however, they must be payable directly to SCDOT and be for an amount equal to the contract amount to ensure payment in full for all completed work in place. All Letters of Credit will be reviewed to limit SCDOT's liability.

- Recipients must require adequate liability/hazard, automobile, and workers' compensation insurance from contractors. Builder's Risk insurance coverage amounts at a minimum must be equal to the entire contract amount.

APPLICATION REVIEW AND EVALUATION CRITERIA

Prior to the evaluation panel receiving applications, the Grant Officer will review the following for eligibility:

1. Articles of Incorporation, Current Bylaws, Copy of 501(c)(3) / IRS Letter of Designation, Certificate of good standing with the SC Secretary of State.
2. Please respond to the following:
 - a. Has the Applicant been debarred or suspended from participating in Federal or State Programs?
 - b. Is the Applicant in good standing with SCDOT and SC Housing?
 - c. Does the Applicant have any outstanding items in noncompliance with SCDOT or SC Housing that have not been corrected within the required cure period?
 - d. Is the Applicant delinquent on any loan payments or compliance monitoring fees owed to SCDOT or SC Housing?
 - e. Has your organization been involved in any litigation, claims, or legal proceedings (including pending, ongoing, or resolved cases) within the past five (5) years? Additionally, please disclose any outstanding liabilities, judgments, or regulatory actions that may impact your ability to fulfill the requirements of this solicitation. Provide a detailed explanation, including the nature of the issue, current status, and any resolutions or settlements, if applicable.

SCDOT will conduct a thorough, fair, and impartial evaluation of all applications submitted in response to this grant solicitation. An Evaluation and Selection Committee, composed of SCDOT and SC Housing personnel, will assess the applications to identify the most qualified Applicant based on the Evaluation Criteria outlined below. This committee will evaluate each application's responsiveness and acceptability and may request additional information from applicants as needed. Each application will be reviewed based on the following criteria:

CAPACITY, QUALIFICATIONS, AND EXPERIENCE

SCDOT will conduct a review of the experience and capacity of the Applicant. At a minimum, the Applicant must have been in business for a minimum of five (5) years and the Applicant must provide the following in the application:

1. Organizational chart, staff roster, list of governing/board members and the resumes of key development staff within the organization that will be responsible for the oversight of this project. Briefly describe the agency's existing staff positions and qualifications, its capacity to carry out the proposed activity.
2. A narrative of previous experience with programs and/or projects of similar scope and nature to the Program. The applicant must demonstrate that the development team has the requisite experience and capacity to execute the proposed project. For each project, please include, at a minimum:
 - name of the project
 - location
 - project type (rental or for-sale)
 - number of units completed
 - total development costs vs. original budget
 - funding source(s) used
 - estimated construction start/end dates vs. actual
 - Color photos of completed developments
3. The agency's number of years of similar program experience and the total number of households assisted with similar projects within the last five (5) years. Please include an example of the restrictive covenants that have been used for similar projects and will be used for this project.
4. References from other projects.
5. Outline project approach.

FINANCIAL CAPACITY

SCDOT finance staff will evaluate financial capacity to determine if the Applicant is financially sound and has the financial sustainability to demonstrate the ability to maintain general operations for the long term. Applicants are required to submit the following to demonstrate they have the financial capacity to undertake Program activities:

1. The Applicant's audit or compiled financial statements that include a Statement of Activities documenting five (5) years of activities, a Statement of Financial Position, and tax returns. The financial statement must be compiled, reviewed, or audited by a licensed certified public accountant. Applicants in existence less than five (5) years will not be considered.
2. The Applicant's current Operating Budget.

FINANCIAL RECORDS

All records and correspondence pertaining to the grant must reflect the grant name "SCDOT Single-Family Affordable Replacement Housing Program". Financial records must be fully supported with source documentation and must be retained for the full duration of the affordability period to ensure compliance with applicable regulations and program guidelines and to support monitoring and audit activities. Examples of source documentation include: contracts,

canceled checks, wire transfers, paid bills, invoices, draw request documents, deposit slips, or other original documents supporting income or expenditures.

PROJECT DESIGN

Briefly describe your preliminary development concepts for the project, including proposed housing descriptions, construction elements, and any other design components that you would like to highlight. Please include how you would incorporate the following:

- a. **Functionality and Space Utilization:** Design that maximizes usable space and accommodates various household sizes and needs. Flexibility of layout to adapt to different family structures or future modifications.
- b. **Community Integration and Aesthetics:** Design that harmonizes with the surrounding neighborhood and reflects community character, and considers outdoor spaces and landscaping.
- c. **Energy Efficiency and Sustainability:** Design that meets ENERGY STAR guidelines, Green Build, LEED, etc.

Attach a copy of preliminary site plans, elevation renderings, and floor plans for each type of housing unit that you are proposing to include in the project (i.e. 3 bedroom/2 bath single family unit vs. 2 bedroom/2 bath duplex townhome). Plans must be to scale. Preliminary plans do not have to be completed by architects or engineers.

BUDGET

The applicant should demonstrate that the project adheres to cost reasonableness and effectiveness. Design choices should optimize construction and operational costs while maintaining quality. The applicant should demonstrate use of cost-effective materials and techniques that do not compromise safety or durability. The applicant must provide all required financial information, demonstrating that project costs are necessary and reasonable, along with explanations for calculations or estimates. SCDOT expects applicants to leverage additional funding sources, including private foundations, local government support, and debt financing.

Please attach the following:

- a. Unit Mix, AMI, and Price Schedule
- b. Development / Construction Budget
- c. Pro Forma
- d. All of the project financing Sources and Uses (attach commitment letters if applicable)
- e. Terms of repayment, interest, and repayment schedule

READINESS TO PROCEED/TIMELINE

The application should include a timeline that demonstrates project readiness with a feasible completion schedule, including projected dates for securing commitments, closing, construction start, substantial completion, final completion, and occupancy. Timeframes should be realistic and achievable. Indicate how Applicant intends to secure the property and prevent theft, vandalism, and property damage during construction and pending occupancy of the homebuyer.

HOMEBUYER AFFORDABILITY (SEE BELOW FOR POINTS GIVEN)

All units must be occupied by low-to-moderate-income households earning at or below 150% of the Area Median Income (AMI). Projects that reserve units for lower-income households will earn additional points. Special populations and those with incomes at 30% or below the AMI will receive the highest points.

Target Population and AMI Category	Points Per Unit**
80 – 150% of AMI	1 pt per unit
31 – 80% of AMI	2 pts per unit
30% or below AMI	3 pts per unit
Special Populations (ADA Compliant for disabled/elderly and 4+ bedroom units)	3 pts per unit

**A unit is a single, self-contained living space designed to be occupied by one or more persons in a household (i.e. a duplex consists of 2 units).