

# Greenville County Redevelopment Authority Investor Program



## Investor Program Outline

1. **Purpose:** The purpose of the Investor Program is to provide financial incentives for landlords to rehabilitate their rental unit(s), but also keep the units affordable, ensuring that rent is at 30% or less of tenant's gross income. The housing units must be available to target population at or below 80% Area Medium Income, adjusted to household size. The program will be available for properties located in the municipalities of Fountain Inn, Greer, Mauldin, Simpsonville, and Travelers Rest and as well as the unincorporated areas of Greenville County.
2. **Funding allocation:** \$100,000 in CDBG FY 2019.
3. **Terms of Loan**
  - a. Interest Rate: 1% Non-profit and 2% For-Profit Landlords
  - b. Loan Amounts
    - i. Per Unit: Up to \$25,000
      1. Dependent on the entire scope of work undertaken, the owner equity contributed, and the Target AMI
  - c. Length of Loan: Amortized 15 years
  - d. Investment – Owner Equity – 10% Match
4. **Guidelines for Eligibility:**
  - a. Applicant must own the property and building or have an option of purchase on the property from current property owner.
  - b. Property Age: 20+ ('99) years
  - c. Property owner must maintain insurance on the property for the terms of the loan and in an amount not less than the total of outstanding encumbrances on the property. The Redevelopment Authority shall be designated as mortgagee on the insurance policy for the term of the loan
  - d. Funding priority will be given to rental rehabilitation occurring in GCRA special emphasis neighborhoods and within the municipal boundaries of Greer, Travelers Rest, Simpsonville, Mauldin and Fountain Inn.
5. **Ownership**
  - a. Applicant(s) must have 100 percent interest in fee simple title and will be required to execute the Mortgage note and subsidy Agreement and all other requirements of GCRA.
6. **Uses of Funds**
  - a. Permanent Improvements to the unit: Interior or exterior improvements
  - b. All code violations are corrected at the end of the project
  - c. Correction of any incipient code violation and/or preventative maintenance items. An incipient code violation is present when apportion of the structure is not in violation of the time of the initial inspection, but in the opinion of the Construction Specialist it is likely to deteriorate within a period of two years to the point of violation.
7. **Funding Priorities:**
  - a. **Mandatory Improvements**
    - i. Correct all code violations.

- ii. All lead-based paint hazards must be addressed, and a Clearance Test performed on completion. GCRA will perform a Lead Paint Assessment and perform the Clearance Test.

**b. Other Priority Improvements**

- i. Repair/Updates to plumbing, electrical, heating
- ii. Handicap Accessibility
- iii. Kitchen, bath and other rehab projects are possible
- iv. Exterior repairs (roofing, porch, siding)

**c. Ineligible Use of Funds**

- i. Elaborate materials, fixtures, and land scaping which those customarily used in the locality
- ii. Purchase of appliances, except where required by codes.
  - 1. Owner Equity Match can be used to purchase of new appliances
- iii. Funds may not be used for improvements that are not permanent to the unit.
  - 1. Landscaping
  - 2. Furnishings

**8. Affordability Period**

- a. Units that receive funding must be occupied by income-eligible households for the affordability period. The affordability period depends on the funding amount and the type of activity.

Assistance per Unit or Buyer	Length of Affordability Period
\$1,000 – 10,000	5 years
\$10,001 - \$20,000	10 years
\$20,001 - \$25,000	15 years

- b. Target of rental units whose occupants are 80% AMI and below [HOME]. Priority to 50% and below AMI.
- c. Increase in Rent
  - i. A property will not increase in rent more than 3% than the previous year’s rent, while still staying at or below the [CDBG] 30% - 80% AMI for the Affordability Period. The rent limits are adjusted each year.

**9. Monitoring:**

- a. Borrowers must submit a self-certification form each year that testifies that rents were not increased above FMR. The borrower must annually submit certification of the tenant’s household’s annual income.
- b. GCRA will be a certificate holder on the Liability Insurance for the length of the loan.
- c. Unit must stay up-to-code for the period of the loan. Property may be inspected on an annual basis for consistent conditions.

**10. Project Process**

1. Download and submit pre-application
2. Meet with GCRA staff to discuss loan and units covered
3. Submit Full Application
4. Walk-through with GCRA Construction Specialist Staff Members
5. Inspection and Scope of Work Approval

6. GCRA Staff Approval Process (Sequence of Events)
7. Environmental Clearance
8. Title Search
9. Program, Operations, Finance and Executive Director Approval
10. Loan Closing Meeting
  - Discussion of Davis Bacon Documentation
11. Completion of Work (following DB regulations)
12. Submittal of Davis Bacon Documentation (for projects with more than 11 units)
13. Inspection by GCRA Staff
14. Continual Submittal of Payment and Updated household income Information for 15 years
15. 15-year amortization of loan

**11. Required Documentation:**

Verification of Property Ownership (copy of deed showing ownership). If the proposed use of fund includes acquisition of the property, an executed sales contract and appraisal report must be submitted with the Application.

Current Mortgage Statement

Current Insurance Declarations

Complete copies of last three month's bank statements – Every Financial Account for all applicants

Scope of work, timeline for project completion and total estimate of project budget

Proforma (if applicable)

Three third party quotes from qualified suppliers for specific aspects of the project that will be completed with the forgivable loan and a cover letter to GCRA identifying the contractor selected along with reasons for selection

Complete copies of Last 2 years Federal Income Tax Returns (Including W-2s/ \_\_\_ and 1099s)

Verification of Paid Real Estate Taxes

Background Check

Two electronic color photos showing the existing building (front & all side elevations)

Detailed sketches or drawings of the proposed improvements

Proof of liability insurance.

Completed W9 Form

Proof of owner equity. If source is other than the applicant's readily available funds, a letter of commitment or other documentation indicating availability and commitment of funds.

If an LLC/Corporation, operating agreement or letter signed by all board members authorizing the applicant to sign legal documents on behalf of the organization.

Prepared February 2021