Safeguarding Tomorrow RLF Program

State of South Carolina

Intended Use Plan

Safeguarding Tomorrow Through Ongoing Risk Mitigation Revolving Loan Fund

May 2023
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1. **Introduction**

1. **Purpose and Scope of the SC STRLF Intended Use Plan**

   This Intended Use Plan outlines the structure and implementation process of the South Carolina Safeguarding Tomorrow Revolving Loan Fund (SC STRLF) in its initial two years from award of a capitalization grant to 24 months beyond date of award or as otherwise specified in federal policy or grant guidance.

   The Intended Use Plan will guide administration of the SC STRLF to provide for adherence to grant requirements and consistency in implementation, alignment with state hazard mitigation priorities, and coordination with partners and complementary resources. The Intended Use Plan will be updated annually.

1.1. **Need for SC STRLF**

   South Carolina has experienced 10 federally declared disasters in the past nine years. The state has seen increased interest in implementation of hazard mitigation activities; however, front-end costs and non-federal cost-share for grants often create barriers for communities that would benefit from hazard mitigation assistance. The SC STRLF is intended to provide an additional financial tool to support long-term actions to reduce hazard risk and future damage and injury.

As of the 2020 Census, South Carolina was the 11th fastest growing state in terms of population. U.S. Census data shows that from 2021 to 2022, the state had the third-highest percentage population growth (1.7%). While South Carolina’s overall economic outlook has improved in recent years, almost 15% of the state’s population live in a household with income below the federal poverty line. Many counties and communities have significant numbers of residents with high social vulnerability to hazard impacts (see Social Vulnerability Index map above). Population and infrastructure growth, development, and continuing social vulnerability indicate the need for a multi-pronged approach to incentivizing and supporting hazard mitigation.
1.2. SC STRLF Administration Overview

The South Carolina Emergency Management Division (SCEMD) is the state entity responsible for state-level emergency management in South Carolina (S.C. Code §25-1-420, et seq.) and is the managing entity for the SC STRLF, including programmatic and financial administration of loan activities.

SCEMD is experienced in grants management as a federal grant recipient as well as pass-through entity for multiple hazard mitigation and disaster recovery grant programs. SCEMD will administer the SC STRLF using one or more separate state government accounts to track loan fund disbursements, payments, interest, and expenses in accordance with generally accepted accounting principles and state fiscal policy. The SC STRLF account will include deposits from the capitalization grant, non-federal share from state funds, and loan interest and will only be used for SC STRLF disbursements and STRLF management and technical assistance costs. SC STRLF funds will not be commingled with other grant or loan funds. SCEMD does not currently administer other revolving loan funds.
II. Uses of the SC STRLF

2.1. South Carolina STRLF Program Goals and Objectives

The state’s hazard mitigation goals identified in the 2023 South Carolina State Hazard Mitigation Plan (SHMP) drive the goals and objectives of the SC STRLF. The state’s hazard mitigation goals are:

Goal 1: Implement policies and projects designed to reduce or eliminate the impacts of hazards on people and property.

Goal 2: Obtain resources necessary to reduce the impact of hazards on people and property.

Goal 3: Enhance training, education, and outreach efforts focusing on the effects of hazards, importance of mitigation, and ways to increase resilience.

Goal 4: Collect and utilize data, including studies and analyses, to improve policymaking to support hazard resilience and identify appropriate mitigation projects.

Goal 5: Improve interagency coordination and planning to reduce the impact of hazards on people and property.

Goal 6: Enhance policies and compliance to reduce risk and damage, incorporating current trends and projections regarding population growth and climate change.

Goal 7: Maximize use of natural resource protection measures and nature-based solutions as cost-effective means to reduce the impacts of hazards on people, property, and infrastructure.

Goal 8: Pursue and prioritize mitigation actions that include and benefit multiple stakeholders and geographic areas to achieve broad, comprehensive results and leverage available resources.

2.1.1. Mitigation and Resilience Goals

South Carolina expects to use the SC STRLF to complement and further the work of other hazard mitigation and resilience-building programs that SCEDM and other state entities manage, including Hazard Mitigation Grant Program (HMGP), Building Resilience Infrastructure and Communities (BRIC), Flood Management Assistance (FMA), Community Development Block Grant-Mitigation (CDBG-Mit), state resilience funds, and others. Overarching mitigation and resilience goals of the SC STRLF are:

- Reduce future damage and loss from identified hazards.
• Improve hazard resilience of infrastructure and community lifelines, particularly in low-income and underserviced communities.

• Expand low-resource community participation in hazard mitigation opportunities.

• Reduce the number of repetitive and severe repetitive loss structures in the state.

The SC STRLF will work toward these goals through outreach regarding mitigation activities and project application ranking using priorities aligned with program goals and objectives.

2.1.2. Short-Term SC STRLF Activities and Goals

The SC STRLF will use the state’s Hazard Mitigation Interagency Coordinating Committee (ICC) as an advisory board to guide policy and provide oversight to SC STRLF operations. The ICC includes representatives of: SCEMD, SC Department of Health and Environmental Control, SC Department of Insurance, SC Department of Natural Resources, Governor’s Office, and the SC Office of Resilience.

SC STRLF program goals for 2023-2025 to support the above-stated objectives are:

• Within one month of capitalization grant award, develop clear, concise communications and explanatory materials regarding the SC STRLF, including loan terms.

• Develop and maintain staff capabilities to support mitigation project development, successful project management, and loan repayment.

• On an ongoing basis, conduct outreach to and coordinate with local governments that would benefit from participation in hazard mitigation grant and loan programs but historically have not been able to do so, including low-income geographic areas and underserved communities.

• Complete or refine initial (two-year) financial plan for SC STRLF based on capitalization grant award, information from expected loan recipients, and repayment and interest projections.

• Maintain processes and technical assistance that support low-resource local governments in developing and implementing effective hazard mitigation actions.

• Within nine months of capitalization grant award, prepare at least one SC STRLF loan package for review.

• Support three to 10 viable hazard mitigation projects, initiatives, or non-federal match needs with low interest loans in the first two years of the program.
2.1.3. Long-Term SC STRLF Goals and Activities

The ICC will meet at least bi-annually to review SC STRLF project and loan status and financial reporting. The ICC will provide guidance and recommendations to SCEMD to improve financial viability of the loan fund and to adjust loan processes or priorities if needed.

Ongoing and long-term goals of the SC STRLF are to:

- Maintain ongoing loan funding through monthly repayments of disbursed loans and deposit in an interest-bearing account.
- Continue technical assistance and project support through the life of each SC STRLF loan.
- Report on loan repayment status quarterly, with a goal of 100% loan repayment in accordance with loan terms.
- Each year, provide notice of its annual project proposal deadline and project ranking criteria six months before the project proposal deadline.
- Review program outreach, communications, and project ranking criteria no less frequently than annually to enhance SC STRLF reach and accessibility for low-income geographic areas and underserved communities.

2.2. South Carolina STORM Act RLF Program Priorities

2.2.1. Increase Resilience and Reduce Risk

2.2.1.1. Hazard Mitigation

The SC STRLF is designed to provide an optional funding source for local government entities that want to pursue significant mitigation or resilience projects or that have difficulty funding front-end costs or non-federal share match to take advantage of mitigation grant opportunities. SCEMD will use an annual outreach and application schedule to provide information about the SC STRLF and solicit project proposals. SCEMD mitigation staff will work with interested potential local government loan applicants to identify project scope and proposal details. Once proposals are received, SCEMD will review submitted project letters of interest/proposals using SC STRLF program priorities and rank proposed projects based on those criteria. Criteria will be reviewed and updated annually.

The SC STRLF accepts project proposals that address hazard mitigation for one or more natural hazard identified in the 2023 SHMP or in the local entity’s respective local hazard mitigation plan (LHMP). Mitigation actions also may address cascading or secondary hazards resulting from a natural hazard occurrence or resilience-building to minimize the impacts of a natural hazard occurrence. Natural hazards identified in the SHMP:
139 Coastal Hazards
140 Drought
141 Earthquake
142 Extreme Temperatures (Heat and Cold)
143 Flood
144 Hail
145 Infectious Disease
146 Landslides and Mass Wasting
147 Lightning
148 Severe Thunderstorm
149 Tornado
150 Tropical Cyclone
151 Wildfire
152 Wind
153 Winter Weather

Storm surge and sea level rise are covered in relevant hazard sections, i.e., coastal hazards, flood, and tropical cyclone.

2.2.1.2. Zoning and Land Use Planning

In future years, the SC STRLF expects to include projects that focus on strengthening land use planning and zoning as hazard mitigation tools at the local level of government. South Carolina is a home rule state, which means significant authority rests in local government decisionmaking. SC STRLF project ranking criteria for year one includes a point for incorporation of nature-based solutions in the proposed mitigation project and for projects that incentivize or improve enforcement or adherence to sound land use and zoning practices, including land use planning that incorporates hazard mitigation and resilience for local hazards.

2.2.1.3. Building Code Adoption and Enforcement

South Carolina maintains a statewide building code, the 2021 South Carolina Building Codes, maintained by the state Building Codes Council. Enhancements to local capability and capacity to enforce are needed. Projects that address county or municipal enhancement of building codes to improve hazard resilience can be supported under the SC STRLF.

2.2.1.4. Administrative and Technical Assistance

In the capitalization and initial implementation phase, the SC STRLF will pay a percentage of two to four SCEMD personnel’s time and salary to administer the STRLF from available management costs capped at $100,000 or 2% of the initial capitalization grant received (projected at roughly $179,000 over two years). Staffing levels and types may be adjusted in future years based on information and measurement in the first and second year of the STRLF program. Initial staffing allocations are planned as:
Mitigation manager 15%

Mitigation specialist(s) 20%-40%, depending on number of loans to administer and funding for technical assistance

Fiscal technician/analyst 30%-50%, depending on number of loans

One or more mitigation specialist(s) will provide technical assistance. Existing hazard mitigation contract support may be used as needed to augment staff in providing technical assistance to loan recipients and potential applicants, depending on need and funding.

2.2.2. Partnerships

SC STRLF initial project ranking criteria includes a half-point for multi-jurisdictional mitigation projects. Implementation of mitigation measures in South Carolina is by organizational structure a partnership, given that multiple state and local agencies are involved in identifying, scoping, funding, and implementing mitigation measures, per 42 USC §5135(d)(3)(B). Local communities seeking SC STRLF loans are likely to use locally generated revenue from business fees, tourism/accommodation taxes, and other broad-sector contributions to support mitigation efforts. State, regional, and national environmental organizations provide technical expertise and in some cases funding to support mitigation initiatives. An important role for SCEMD is to guide loan recipients to connect with partnership resources and in-kind support.

2.2.3. Regional Impacts

The SC STRLF will use the updated hazard identification and risk assessment/analysis in the State Hazard Mitigation Plan 2023 to support development of regional hazard mitigation projects for hazards that lend themselves to broad-based approaches, such as riverine flooding that affects an entire watershed or river basin. The SHMP represents a systematic and strategic approach to improving resilience to the full range of hazards that could occur in the state. Based on risk analysis and the SHMP, the SC STRLF will consider regional impacts of natural hazards on features that do not necessarily align with political boundaries. Initial project ranking criteria provides an additional half-point for multi-jurisdictional benefits of a proposed project. An additional point is available for nature-based solutions, which can be beneficial in implementing watershed and coastal mitigation, in particular. Staff communication and outreach regarding the SC STRLF and hazard mitigation project development generally will focus attention on the regional nature of hazard impacts and the development of regional solutions.

2.2.4. Major Economic Sectors and National Infrastructure

SC STRLF project ranking criteria includes a weighting point for mitigating natural hazard impacts on one or more community lifeline. Key economic drivers for South Carolina include tourism, agriculture, and manufacturing, which inform a focus on lifeline sectors in proposed project ranking criteria for the SC STRLF.
2.3. Cost Share

SC STRLF funds may be used for up to 25% of non-federal share for eligible hazard mitigation projects. STRLF project letter of interest information and outreach includes explanation that SC STRLF funds can be used for non-federal share. Grant programs for which SC STRLF can be used for non-federal match include BRIC, FMA, and HMGP. Match for other mitigation or resilience grant-funded projects will be considered on a case-by-case basis based on STRLF program requirements and the goals and objectives of the SC STRLF.
III. Criteria and Method for Distribution of Funds

3.1. Loan Management Information

Availability of loan assistance is guided and constrained by the STORM Act, associated regulation and policy, and the notice of funding opportunity (NOFO) for the Safeguarding Tomorrow Revolving Loan Fund program. Under this Intended Use Plan, no project loan will be issued for more than $5 million.

Eligible applicants are local government entities in South Carolina that are covered by a local hazard mitigation plan.

Once a proposed project is approved for loan based on federal eligibility criteria, SCEMD will create a loan initiation packet for review and execution by the loan applicant. The loan initiation packet will include clearly described proposed loan terms and the loan application. Staff will schedule and convene a meeting or conference call to review and begin loan counseling. Upon completion and submission of the loan application, a loan agreement will be prepared for review and execution.

Loans of $100,000 or less will include repayment terms of no more than five (5) years. Loans of $100,001 to $1 million are anticipated to have loan terms of no more than 15 years. Loans of more than $1 million will have loan repayment terms up to 20 years, or up to 30 years for a small, impoverished community.

Program funds and loan reimbursements will be held in interest-bearing accounts in accordance with state law and policy. Interest will return to the SC STRLF account(s) to support programmatic sustainability and future loan disbursements. SCEMD will track loan disbursements and payments and program expenditures and staff time on a monthly basis to compare against budget projections to support trend analysis and future year budget projections.

Short-term financial projections include a lean first year assuming at least two project loans are initiated and disbursed and assuming program start-up costs. Request for additional federal funds is potentially needed to support years three and four given that loan repayments will have started in year two, so there will be little accumulated interest or repayments in fund accounts. State match funds of 10% will have been paid to loan recipients.

See loan application process/timeline and financial planning overview in Appendix A.

3.2. Criteria and Method for Loan Distribution

Project proposals are evaluated based on criteria described in subsection 3.3.1 and Appendix C, which will be reviewed and may be revised annually.

To gauge whether loan applicants have the technical, financial, and managerial capacity to comply with SC STRLF program requirements, loan applicants under the SC STRLF will be reviewed using
SCEMD’s Single Audit and Risk Assessment and Monitoring Policy. The policy and process are used on an ongoing basis to review mitigation and recovery grant subrecipients. The resulting risk assessment rating of low, moderate, or high will be used to establish the loan applicant’s interest rate for an SC STRLF loan.

<table>
<thead>
<tr>
<th>Level</th>
<th>Interest Rate</th>
<th>Duration based on amount and applicant type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low risk</td>
<td>0.75%</td>
<td>5 to 30 years</td>
</tr>
<tr>
<td>Moderate risk</td>
<td>0.85%</td>
<td>5 to 30 years</td>
</tr>
<tr>
<td>High risk</td>
<td>1.00%</td>
<td>5 to 30 years</td>
</tr>
</tbody>
</table>

As noted below, project ranking criteria include points for being a small, impoverished community and for communities with Social Vulnerability Index (SoVI) scores that indicate high social vulnerability. These two criteria do not, however, affect interest rate provided.

Loan approval authority will rest with the SCEMD Director upon recommendation of SC STRLF staff and concurrence of the SCEMD Chief of Finance and Administration.

Staff administering the loan program will track project progress against milestones and loan repayment status monthly. Staff communicate with loan recipients no less frequently than monthly and report immediately to management any challenges or delays with project implementation or repayment via an updated SC STRLF Project Status Report. For moderate- or high-risk applicants, SC STRLF staff will meet with the loan recipient no less frequently than quarterly. See loan distribution and equity methodology in Appendix B.

3.3. Creating a Project Proposal List

For the initial year of loan availability, SCEMD solicited project proposals through a letter of interest form with a few months of notice about the potential opportunity and six weeks’ notice for specific proposals. In future years, outreach and development of potential loan projects will be an ongoing activity for SC STRLF staff. Staff will maintain a list/tracker of potential projects for outreach and provide regular information sessions on the SC STRLF. SCEMD will accept project letters of interest on a rolling basis with an annual deadline for submissions for proposed projects to be considered in the following year’s project list.

3.3.1. Prioritization Methodology

The SC STRLF prioritizes potential loan recipient projects based on alignment with state hazard mitigation goals and objectives and eligibility criteria in the STORM Act and implementation regulations and policy. Specifically, proposed project ranking review considers the following criteria:

- Prioritization of selected natural hazard mitigation activities:
  - Localized or regional flood reduction
  - Community lifeline resilience
  - Acquisitions, elevations, or mitigation reconstruction
- Weighting for:
288 o Nature-based solution(s)
289 o Climate resilience
290 o Mitigation-aligned land use or land use planning enhancements or enforcement
291 o Benefits to small, impoverished community and/or high social vulnerability area.
292
293 See ranking system for prioritization in Appendix C.

3.3.2. Tie-Breaking Procedure
1. Benefit Cost Ratio (BCR), if applicable.
2. Applicant is in a low-income geographic area or is an underserved community.
3. Applicant has had no Stafford Act-based hazard mitigation grant in past five years.

3.3.3. Project Proposal List
SCEMD submitted an initial SC STRLF Project Proposal List including totaling $8,968,548 in federal share. SCEMD is submitting the full Project Proposal List with its application.

- Bamberg County – Emergency Operations Center (EOC) resilience retrofit
- Bamberg County – Alternate EOC retrofit
- Horry County – Garden City Streetscape

See the Project Proposal List provided with application for additional detail including project rankings based on SC STRLF project ranking criteria.

Initial management cost funding also is requested.
IV. Financial Management

4.1. Financial Status of the South Carolina Safeguarding Tomorrow Revolving Loan Fund

This Intended Use Plan is for the initial capitalization and first year of the SC STRLF, so there is no prior or current fiscal year activity or information for the program. The 10% non-federal cost share will be provided from state funds.

In future years, the SC STRLF will provide fiscal year project and loan status as well as financial activity for the previous fiscal year.

4.2. Financial Terms of Loans

4.2.1. Standard Loans

In accordance with 42 USC §5135(g)(2)(F), SC STRLF loans are for five- to 30-year terms, depending on the project type, loan amount, and risk rating of the loan recipient. Loan terms will require monthly payments amortized over the period of the loan.

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Interest Rate</th>
<th>Loan Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low risk</td>
<td>0.75%</td>
<td>5 to 30 years based on amount and applicant type</td>
</tr>
<tr>
<td>Moderate risk</td>
<td>0.85%</td>
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</tr>
<tr>
<td>High risk</td>
<td>1.00%</td>
<td>5 to 30 years based on amount and applicant type</td>
</tr>
</tbody>
</table>

Loans to low-income geographic areas or underserved communities will be considered for 30-year loan terms. Other loan recipients will have up to 20-year terms based on risk and amount of loan.

Approved loans will include a 0.25% origination and processing fee applied at closing.

After a project is approved as eligible, SC STRLF staff will review the applicant’s financial status and will request information to gauge the applicant’s financial stability. The applicant’s most recent single audit or annual financial statement (if a single audit has not been required under 2 CFR 200) will be required.

SCEMD will schedule a project loan kickoff meeting/conference call to discuss standard terms, project schedule, and questions. SCEMD will prepare a loan repayment schedule, loan agreement, and promissory note, and allow time for review and revision or clarification, as needed, before closing is scheduled.

Loan repayments will commence in accordance with the repayment schedule and no later than 6 months after loan disbursement. In certain circumstances, deferred repayment schedules may be established.
4.2.2. Loans for Low-Income Geographic Areas or Underserved Communities

Because this is the initial capitalization and establishment of this loan fund, SCEMD will track and evaluate loan program and local government financial data before establishing preferential loan terms for low-income geographic areas or underserved communities. Weighting for small, impoverished communities and applicants with high social vulnerability is incorporated in project ranking criteria. With a loan rate capped at 1% under the STORM Act program and extended loan term availability for small, impoverished communities, the state will evaluate whether additional or adjusted provisions for low-income geographic areas and underserved communities are needed and viable. Loans to low-income geographic areas or underserved communities will be considered for 30-year loan terms.

4.2.3 Loan Monitoring and Assistance

SCEMD SC STRLF staff will be in regular contact with loan recipients regarding project progress and financial status. Staff will provide assistance to help identify project and payment options.

If a loan recipient is late or likely to be late making a payment, staff will communicate with the loan recipient to confirm the cause and whether minor loan adjustments would be beneficial; options include change in the due date of payments, temporary payment reductions, or payment deferrals with additional monitoring. Any adjustments will be in writing. A payment that is more than 30 days past due will be considered delinquent.

Missed payment for more than two months will initiate additional scrutiny into financial status and support to resolve the delinquency and establish a workplan for catchup and repayment. Arrearages extending beyond 90 days without a viable payment plan may be considered in default and require application of options under state law to recover or offset funds due to the loan recipient.

4.3. Loan Disbursements

SCEMD requested $9,147,919 in federal funds for an initial loan capitalization grant for the SC STRLF, including management costs. SCEMD anticipates that in FFY24 the SC STRLF will initiate and disburse loans for two projects in the initial Proposed Project List, assuming all are deemed eligible, at a total of $7,683,613 federal/$853,735 state. The remaining project loan is expected to be disbursed in FFY25.

In year 1, SCEMD projects 98.9% of SC STRLF funds will be used for loan disbursements, and 1.1% will be used for management costs and technical assistance.

Most mitigation actions underwritten by loan activity are not expected to be directly revenue-producing even though they are expected to result in cost-savings in the future. Potential revenue sources for repayment of loans include:

- Local property tax
- Business and occupational license taxes and fees
Service charges and use fees
Franchise taxes
Local special purpose assessments
Accommodations/hospitality tax
Local government bonds
State-shared revenues (passed to local governments)

In compliance with 42 USC §5135(f)(1)(A)(iii), this information is being provided to loan applicants and loan recipients as part of SC STRLF materials, information sessions, web pages, and loan initiation packets.
V. South Carolina Program Management

5.1. Program Management

SCEMD budgets to spend $98,654 in STRLF management cost funds in FFY24, including $17,937 in technical assistance expenses, which is 1.1% of total initial capitalization funds.

In its first year of operation, the SC STRLF will need to spend management costs to address program initiation activities including account setup, process and systems configuration, and personnel training. In subsequent years, management costs will focus on program administration, project and loan recipient monitoring, reporting, and outreach.

5.2. Local Capacity Development

SCEMD SC STRLF staff work with local governments on local capacity development in multiple ways:

- Hazard mitigation orientation, information, and tools – for staff and officials
- Hazard analysis and mapping to visualize mitigation needs and options
- Hazard mitigation opportunity scoping and project application development
- Project management

5.3. Environment and Historic Preservation Compliance

SCEMD will work with loan applicants to compile and provide to FEMA information needed for Environmental Planning and Historic Preservation (EHP) compliance review as needed in accordance with federal regulations and FEMA policy and process. In the initial phase (one to two years) of the SC STRLF, SCEMD expects that FEMA will conduct EHP reviews. Once the SC STRLF program is established, SCEMD will work toward state capabilities to conduct appropriate aspects of EHP review for sign-off by FEMA.
VI. Public Participation

6.1. Public Meetings and Comment Activities

SCEMD published the SC Hazard Mitigation Notice of Opportunity and Letter of Interest Form for the initial SC STRLF loan opportunity on its web site at www.scemd.org on March 3, 2023, on the page designated for public notices. The Notice of Opportunity and Letter of Interest Form also were emailed to county emergency managers on March 2, 2023, and reminder emails were sent before the closure of the public notice period on April 14. SCEMD communicated with several local jurisdictions that staff were aware might need non-federal share for planned mitigation projects.

On March 16, 2023, SCEMD offered a virtual information session on the SC STRLF. SCEMD provided a copy of its Intended Use Plan via its web site and via email to county emergency managers on May 23, 2023. Feedback on program priorities and management will be addressed as received and incorporated into the SC STRLF process and procedures as well as the annual Intended Use Plan update.

SCEMD will continue to update SC STRLF status, including annual updates to the Intended Use Plan and project list, on the notices web page and through distribution to county emergency managers and other local entities on a regular basis. SCEMD will provide an SC STRLF Annual Report through the same distribution channels as well as to state and federal partners.
VII. Audits and Reporting

7.1. Compliance with Federal Reporting Requirements

To provide for transparency and accountability, SC STRLF program materials are posted on the SCEMD web site (www.scemd.org). SCEMD will use the South Carolina Office of the State Auditor to conduct an independent audit to ensure financial integrity.

SCEMD commits to entering project and benefits data into the FEMA Non-Disaster Grants system (ND Grants) and financial data in Payment and Reporting System (PARS) to support the evaluation of the South Carolina Safeguarding Tomorrow RLF program. Among other parameters, FEMA will use the data from the audits and reporting to evaluate how the entity RLF:

- Efficiently administers the fund
- Provides project benefits to local communities
- Promotes equity

SCEMD will enter expected project benefits data into ND Grants by the end of the quarter in which the capitalization grant is received. SCEMD will enter required project benefits data into FEMA’s ND Grants by the end of the fiscal year of this Intended Use Plan and after the end of the period of performance.

7.2. Publication of Information

SCEMD published the SC Hazard Mitigation Notice of Opportunity and Letter of Interest Form for the initial SC STRLF loan opportunity on its web site at www.scemd.org on March 3, 2023, on the page designated for public notices. The Notice of Opportunity and Letter of Interest Form also were emailed to county emergency managers on March 2, 2023. On March 16, 2023, SCEMD offered a virtual information session on the SC STRLF. SCEMD communicated with local jurisdictions that were understood as possibly needing non-federal share for planned mitigation projects.

SCEMD will continue to update SC STRLF status on its public notices web page and through distribution to county emergency managers and other local entities on a regular basis. SCEMD will provide an SC STRLF Annual Report through the same distribution as well as to state and federal partners.

7.3. Loan Recipient Auditing and Reporting

SCEMD’s SC STRLF staff will monitor loan recipients monthly as to loan repayment status and quarterly as to project progress. Loan statements will be issued to recipients quarterly. Reports will be provided to SCEMD leadership on a quarterly basis and to FEMA and other state and federal partners.
partners quarterly, annually, and as needed. SCEMD will monitor for compliance with single audit requirements in 2 CFR 200 as applicable.
Appendix A

A.1. Loan Application Process

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<thead>
<tr>
<th>Expected Timeframe</th>
<th>Step/Action</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 months after project approval</td>
<td>Submit loan application</td>
<td>Applying local government</td>
</tr>
<tr>
<td>1-3 months after project approval</td>
<td>Loan counseling</td>
<td>SC STRLF/ SCEMD</td>
</tr>
<tr>
<td>1-2 months after loan application</td>
<td>Application review and underwriting; includes review of documentation to support financial and administrative capacity to manage project and repay loan</td>
<td>SC STRLF/SCEMD</td>
</tr>
<tr>
<td>3-4 months after loan application</td>
<td>Preparation of loan package (agreement, terms, promissory note)</td>
<td>SC STRLF/SCEMD</td>
</tr>
<tr>
<td>3-4 months after loan application</td>
<td>Review and approval of loan package</td>
<td>Applying local government</td>
</tr>
<tr>
<td>3-6 months after loan application</td>
<td>Schedule closing</td>
<td>SC STRLF/SCEMD</td>
</tr>
<tr>
<td>5-9 months after loan application</td>
<td>Execute loan agreement and promissory note</td>
<td>Applying local government and SCEMD for SC STRLF</td>
</tr>
<tr>
<td>Upon initiating project work</td>
<td>Notify SC STRLF of initiation of project activity</td>
<td>Loan recipient</td>
</tr>
<tr>
<td>Quarterly beginning quarter after loan disbursement</td>
<td>Quarterly reporting</td>
<td>Loan recipient</td>
</tr>
<tr>
<td>Based on terms of loan</td>
<td>Monthly payments based on terms of loan</td>
<td>Loan recipient</td>
</tr>
<tr>
<td>Quarterly</td>
<td>Provide loan statement to loan recipient</td>
<td>SC STRLF/SCEMD</td>
</tr>
</tbody>
</table>

A.2. Financial Planning Methodology

SCEMD staff managing the SC STRLF will maintain financial records and track financial status of loans and loan funds. SCEMD will track loan disbursements and payments and program expenditures and staff time on a monthly basis to compare against budget projections to support trend analysis and future year budget projections. Annually no later than three months before the project proposal application deadline, SCEMD will determine an estimate of loan funds available for disbursement during the next loan application cycle.
Staff will conduct ongoing loan monitoring with recipients based on risk rating:

- Low risk: Annually
- Moderate risk: Quarterly
- High risk: Monthly

A loan payment that is more than 90 days delinquent or has a material change (financial, legal, or other substantive) would be monitored monthly until the delinquency is cured or change is adequately resolved.
Appendix B

B.1. Loan Distribution Methodology

1. Loan distribution will be based on proposed project ranking criteria, eligibility with mitigation policy and STORM Act regulations, and capitalization grant requirements.

2. SC STRLF staff will support loan program accessibility for low-income geographic areas and underserved communities through:
   - Regular and ongoing communication, outreach, and offers of technical assistance to counties and local governments that meet federal definitions of underserved community and/or low-income geographic area.
     - At least one outreach initiative or event quarterly focused on underserved communities and/or low-income geographic areas.
     - Tracking and reporting of communications, training, and technical assistance provided and needs associated with underserved communities and/or low-income geographic areas to identify common needs, trends, and successful approaches.
   - Use of project ranking criteria that include points for high Social Vulnerability Index (SoVI) scores and small, impoverished community status. See Appendix D for information on SoVI.

3. The SC STRLF will prepare and negotiate loan documents and processing as efficiently as possible to support timely loan disbursement and initiation of projects.

4. The SC STRLF will track loan distribution to provide for and maintain at least 40% of benefits supporting low-income geographic areas and underserved communities.
### Appendix C

#### C.1. Project Proposal List Prioritization Methodology

**SC Safeguarding Tomorrow Revolving Loan Fund Priority Ranking Criteria, March 2023**

Threshold criteria:
- Addresses mitigation for one or more natural hazard
- Aligns with local or state hazard mitigation plan
- Meets federal Safeguarding Tomorrow Revolving Loan Fund eligibility criteria

<table>
<thead>
<tr>
<th>Item</th>
<th>Priority Ranking Criteria</th>
<th>If Yes, add listed point value(s)</th>
</tr>
</thead>
</table>
| 1    | The project includes one or more priority natural hazard mitigation activity:  
- Localized or regional flood reduction  
- Acquisitions, elevations, or mitigation reconstruction  
- Community lifeline resilience | +2  
+0.5 if more than one property |
| Or 2 | The project accomplishes one of the following natural hazard secondary priorities:  
- Retrofitting  
- Floodproofing | +1  
+0.5 if more than one property |
| 3    | Project incorporates nature-based solution(s) | +1 |
| 4    | Project addresses climate resilience | +1 |
| 5    | Project enhances or incentivizes mitigation-aligned land use planning or implementation/enforcement | +1 |
| 6    | Applicant is or serves small, impoverished community | +1 |
| 7    | Applicant has SoVI score higher than 1.5 | +3 |
| 8    | Applicant has SoVI score between 0.5 and 1.49 | +2 |
| 9    | Project benefits multiple jurisdictions/communities | +0.5 |

**Total:**  
Max possible: 10
Appendix D

D.1. Additional Information

Low-Income Geographic Area. Pursuant to 42 United States Code Section 5165(m)(6), a “low-income geographic area” is an area, pursuant to 42 United States Code Section 3161(a)(1), that meets one of the following criteria: (1) “the area has a per capita income of 80% or less of the national average,” or (2) “the area has an unemployment rate that is, for the most recent 24-month period for which data are available, at least 1% greater than the national average unemployment rate.”

Underserved Communities. Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, defines “underserved communities” as “populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life...” and includes communities such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

As used in this document, underserved communities also include “communities environmentally overburdened,” which are communities adversely and disproportionately affected by environmental and human health harms or risks, and “disadvantaged communities,” as referenced in Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, and defined in Office of Management and Budget’s Memo M-21-28: Interim Implementation Guidance for the Justice40 Initiative.

Social Vulnerability Index (SoVI®) is a quantitative index developed by the University of South Carolina’s Hazard Vulnerability Research Institute (HVRI) that is used to quantify potential social vulnerability to hazard impacts. Using U.S. Census five-year American Community Survey, 2016-2020, data, SoVI® synthesizes 29 socioeconomic variables that contribute to the reduction in a community’s ability to prepare for, respond to, and recover from hazard occurrences. In the State Hazard Mitigation Plan 2023 update, SoVI® comparative analysis was scaled to South Carolina census tract level to support social vulnerability analysis. In addition to other data and indices, SoVI® will be valuable to the SC STRLF in understanding underserved and socially vulnerable areas for the purposes of outreach for SC STRLF loan projects.

(https://www.sc.edu/study/colleges_schools/artsandsciences/centers_and_institutes/hvri/data_and_resources/sovi/index.php)