

The background of the entire page is a technical drawing or map, rendered in white lines on a blue background. It features a complex network of lines, including solid, dashed, and dotted lines, which likely represent infrastructure such as roads, waterways, or utility lines. The drawing is dense and detailed, with various shapes and patterns that suggest a site plan or a topographic map. The lines are thin and precise, typical of a technical drawing.

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 I. Introduction

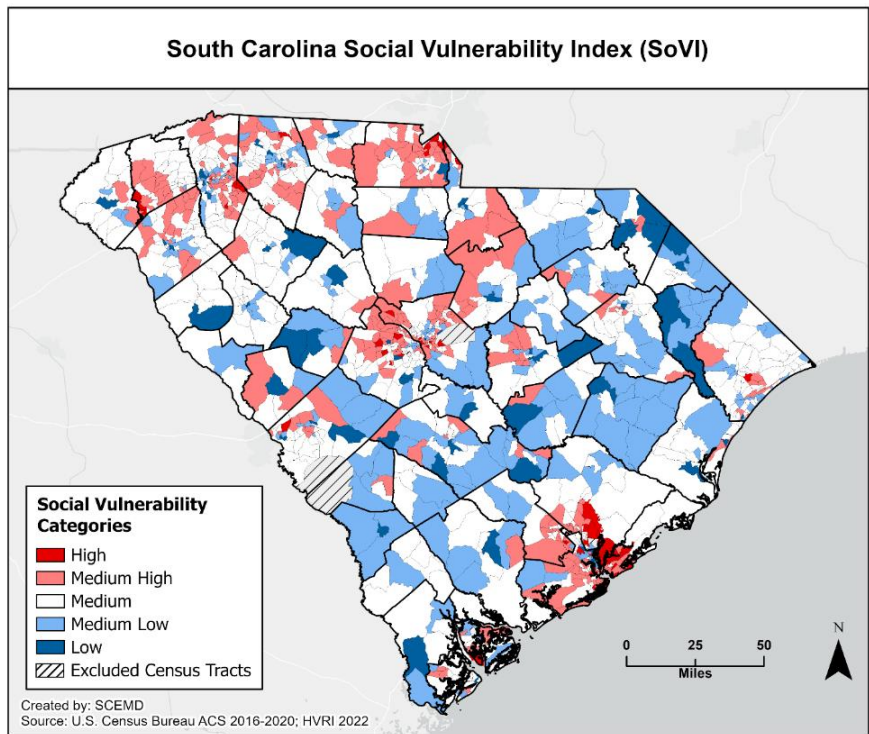
2 1. Purpose and Scope of the SC STRLF Intended Use Plan

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

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

11 1.1. Need for SC 12 STRLF

13 South Carolina has experienced
14 10 federally declared disasters
15 in the past nine years. The state
16 has seen increased interest in
17 implementation of hazard
18 mitigation activities; however,
19 front-end costs and non-federal
20 cost-share for grants often
21 create barriers for communities
22 that would benefit from hazard
23 mitigation assistance. The SC
24 STRLF is intended to provide an
25 additional financial tool to
26 support long-term actions to
27 reduce hazard risk and future
28 damage and injury.



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

37 **1.2. SC STRLF Administration Overview**

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

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

51 **II. Uses of the SC STRLF**

52 **2.1. South Carolina STRLF Program Goals and Objectives**

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

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

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

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

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

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

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

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

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

72 **2.1.1. Mitigation and Resilience Goals**

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

- 79 • Reduce future damage and loss from identified hazards.

80 • Improve hazard resilience of infrastructure and community lifelines, particularly in low-
81 income and underserved communities.

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

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

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

86 **2.1.2. Short-Term SC STRLF Activities and Goals**

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

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

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

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

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

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

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

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

106 • Support three to 10 viable hazard mitigation projects, initiatives, or non-federal match needs
107 with low interest loans in the first two years of the program.

108 **2.1.3. Long-Term SC STRLF Goals and Activities**

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

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

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

123 **2.2. South Carolina STORM Act RLF Program Priorities**

124 **2.2.1. Increase Resilience and Reduce Risk**

125 **2.2.1.1. Hazard Mitigation**

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

134 The SC STRLF accepts project proposals that address hazard mitigation for one or more natural
135 hazard identified in the 2023 SHMP or in the local entity's respective local hazard mitigation plan
136 (LHMP). Mitigation actions also may address cascading or secondary hazards resulting from a
137 natural hazard occurrence or resilience-building to minimize the impacts of a natural hazard
138 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

154
155 Storm surge and sea level rise are covered in relevant hazard sections, i.e., coastal hazards, flood,
156 and tropical cyclone.

157 **2.2.1.2. Zoning and Land Use Planning**

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

165 **2.2.1.3. Building Code Adoption and Enforcement**

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

170 **2.2.1.4. Administrative and Technical Assistance**

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

177	Mitigation manager	15%
178	Mitigation specialist(s)	20%-40%, depending on number of loans to administer and
179		funding for technical assistance
180	Fiscal technician/analyst	30%-50%, depending on number of loans
181	One or more mitigation specialist(s) will provide technical assistance. Existing hazard mitigation	
182	contract support may be used as needed to augment staff in providing technical assistance to loan	
183	recipients and potential applicants, depending on need and funding.	

184 **2.2.2. Partnerships**

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

194 **2.2.3. Regional Impacts**

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

207 **2.2.4. Major Economic Sectors and National Infrastructure**

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

212 **2.3. Cost Share**

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

219 **III. Criteria and Method for Distribution of Funds**

220 **3.1. Loan Management Information**

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

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

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

232 Loans of \$100,000 or less will include repayment terms of no more than five (5) years. Loans of
233 \$100,001 to \$1 million are anticipated to have loan terms of no more than 15 years. Loans of more
234 than \$1 million will have loan repayment terms up to 20 years, or up to 30 years for a small,
235 impoverished community.

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

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

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

247 **3.2. Criteria and Method for Loan Distribution**

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

250 To gauge whether loan applicants have the technical, financial, and managerial capacity to comply
251 with SC STRLF program requirements, loan applicants under the SC STRLF will be reviewed using

252 SCEMD’s Single Audit and Risk Assessment and Monitoring Policy. The policy and process are used
253 on an ongoing basis to review mitigation and recovery grant subrecipients. The resulting risk
254 assessment rating of low, moderate, or high will be used to establish the loan applicant’s interest
255 rate for an SC STRLF loan.

256	Low risk	0.75%	5 to 30 years based on amount and applicant type
257	Moderate risk	0.85%	5 to 30 years based on amount and applicant type
258	High risk	1.00%	5 to 30 years based on amount and applicant type

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

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

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

270 **3.3. Creating a Project Proposal List**

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

278 **3.3.1. Prioritization Methodology**

279 The SC STRLF prioritizes potential loan recipient projects based on alignment with state hazard
280 mitigation goals and objectives and eligibility criteria in the STORM Act and implementation
281 regulations and policy. Specifically, proposed project ranking review considers the following criteria:
282

- 283 ■ Prioritization of selected natural hazard mitigation activities:
 - 284 ○ Localized or regional flood reduction
 - 285 ○ Community lifeline resilience
 - 286 ○ Acquisitions, elevations, or mitigation reconstruction
- 287 ■ Weighting for:

- 288 ○ Nature-based solution(s)
- 289 ○ Climate resilience
- 290 ○ Mitigation-aligned land use or land use planning enhancements or enforcement
- 291 ○ Benefits to small, impoverished community and/or high social vulnerability area.
- 292
- 293 See ranking system for prioritization in **Appendix C**.

294 **3.3.2. Tie-Breaking Procedure**

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

298 **3.3.3. Project Proposal List**

299 SCEMD submitted an initial SC STRLF Project Proposal List including totaling \$8,968,548 in federal
300 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

301
302 See the Project Proposal List provided with application for additional detail including project rankings
303 based on SC STRLF project ranking criteria.

304 Initial management cost funding also is requested.

305

306

307 **IV. Financial Management**

308 **4.1. Financial Status of the South Carolina Safeguarding Tomorrow**
309 **Revolving Loan Fund**

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

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

315 **4.2. Financial Terms of Loans**

316 **4.2.1. Standard Loans**

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

320	Low risk	0.75%	5 to 30 years based on amount and applicant type
321	Moderate risk	0.85%	5 to 30 years based on amount and applicant type
322	High risk	1.00%	5 to 30 years based on amount and applicant type

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

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

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

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

334 Loan repayments will commence in accordance with the repayment schedule and no later than 6
335 months after loan disbursement. In certain circumstances, deferred repayment schedules may be
336 established.

337

338 **4.2.2. Loans for Low-Income Geographic Areas or Underserved Communities**

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

348 **4.2.3 Loan Monitoring and Assistance**

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

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

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

360 **4.3. Loan Disbursements**

361 SCEMD requested \$9,147,919 in federal funds for an initial loan capitalization grant for the SC
362 STRLF, including management costs. SCEMD anticipates that in FFY24 the SC STRLF will initiate and
363 disburse loans for two projects in the initial Proposed Project List, assuming all are deemed eligible,
364 at a total of \$7,683.613 federal/\$853,735 state. The remaining project loan is expected to be
365 disbursed in FFY25.

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

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

371 Local property tax

372 Business and occupational license taxes and fees

- 373 Service charges and use fees
- 374 Franchise taxes
- 375 Local special purpose assessments
- 376 Accommodations/hospitality tax
- 377 Local government bonds
- 378 State-shared revenues (passed to local governments)

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

382 **V. South Carolina Program Management**

383 **5.1. Program Management**

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

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

390 **5.2. Local Capacity Development**

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

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

396 **5.3. Environment and Historic Preservation Compliance**

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

403 **VI. Public Participation**

404 **6.1. Public Meetings and Comment Activities**

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

411 On March 16, 2023, SCEMD offered a virtual information session on the SC STRLF. SCEMD provided
412 a copy of its Intended Use Plan via its web site and via email to county emergency managers on May
413 23, 2023. Feedback on program priorities and management will be addressed as received and
414 incorporated into the SC STRLF process and procedures as well as the annual Intended Use Plan
415 update.

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

420

421 VII. Audits and Reporting

422 7.1. Compliance with Federal Reporting Requirements

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

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

- 430 ▪ Efficiently administers the fund
- 431 ▪ Provides project benefits to local communities
- 432 ▪ Promotes equity

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

437 7.2. Publication of Information

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

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

448 7.3. Loan Recipient Auditing and Reporting

449 SCEMD's SC STRLF staff will monitor loan recipients monthly as to loan repayment status and
450 quarterly as to project progress. Loan statements will be issued to recipients quarterly. Reports will
451 be provided to SCEMD leadership on a quarterly basis and to FEMA and other state and federal

452 partners quarterly, annually, and as needed. SCEMD will monitor for compliance with single audit
453 requirements in 2 CFR 200 as applicable.

454

455 **Appendix A**

456 **A.1. Loan Application Process**

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

457

458 **A.2. Financial Planning Methodology**

459 SCEMD staff managing the SC STRLF will maintain financial records and track financial status of
 460 loans and loan funds. SCEMD will track loan disbursements and payments and program
 461 expenditures and staff time on a monthly basis to compare against budget projections to support
 462 trend analysis and future year budget projections. Annually no later than three months before the
 463 project proposal application deadline, SCEMD will determine an estimate of loan funds available for
 464 disbursement during the next loan application cycle.

465 Staff will conduct ongoing loan monitoring with recipients based on risk rating:

466 Low risk Annually

467 Moderate risk Quarterly

468 High risk Monthly

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

472 **Appendix B**

473 **B.1. Loan Distribution Methodology**

- 474 1. Loan distribution will be based on proposed project ranking criteria, eligibility with mitigation
475 policy and STORM Act regulations, and capitalization grant requirements.
- 476 2. SC STRLF staff will support loan program accessibility for low-income geographic areas and
477 underserved communities through:
- 478 • Regular and ongoing communication, outreach, and offers of technical assistance to
479 counties and local governments that meet federal definitions of underserved community
480 and/or low-income geographic area.
 - 481 ○ At least one outreach initiative or event quarterly focused on underserved
482 communities and/or low-income geographic areas.
 - 483 ○ Tracking and reporting of communications, training, and technical assistance
484 provided and needs associated with underserved communities and/or low-
485 income geographic areas to identify common needs, trends, and successful
486 approaches.
 - 487 • Use of project ranking criteria that include points for high Social Vulnerability Index (SoVI)
488 scores and small, impoverished community status. See Appendix D for information on
489 SoVI.
- 490 3. The SC STRLF will prepare and negotiate loan documents and processing as efficiently as
491 possible to support timely loan disbursement and initiation of projects.
- 492 4. The SC STRLF will track loan distribution to provide for and maintain at least 40% of benefits
493 supporting low-income geographic areas and underserved communities.

494

495 **Appendix C**

496 **C.1. Project Proposal List Prioritization Methodology**

497

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

499 Threshold criteria:

500 - Addresses mitigation for one or more natural hazard

501 - Aligns with local or state hazard mitigation plan

502 - Meets federal Safeguarding Tomorrow Revolving Loan Fund eligibility criteria

503

Item	Priority Ranking Criteria	If Yes, add listed point value(s)
1	The project includes one or more priority natural hazard mitigation activity: <ul style="list-style-type: none"> ▪ Localized or regional flood reduction ▪ Acquisitions, elevations, or mitigation reconstruction ▪ Community lifeline resilience 	+2 +0.5 if more than one property
<i>Or 2</i>	The project accomplishes one of the following natural hazard secondary priorities: <ul style="list-style-type: none"> ▪ 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:		<i>Max possible: 10</i>

504

505

506 **Appendix D**

507 **D.1. Additional Information**

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

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

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

526 **Social Vulnerability Index (SoVI®)** is a quantitative index developed by the University of South
527 Carolina’s Hazard Vulnerability Research Institute (HVRI) that is used to quantify potential social
528 vulnerability to hazard impacts. Using U.S. Census five-year American Community Survey, 2016-
529 2020, data, SoVI® synthesizes 29 socioeconomic variables that contribute to the reduction in a
530 community’s ability to prepare for, respond to, and recover from hazard occurrences. In the State
531 Hazard Mitigation Plan 2023 update, SoVI® comparative analysis was scaled to South Carolina
532 census tract level to support social vulnerability analysis. In addition to other data and indices,
533 SoVI® will be valuable to the SC STRLF in understanding underserved and socially vulnerable areas
534 for the purposes of outreach for SC STRLF loan projects.
535 ([https://www.sc.edu/study/colleges_schools/artsandsciences/centers_and_institutes/hvri/data_a
536 nd_resources/sovi/index.php](https://www.sc.edu/study/colleges_schools/artsandsciences/centers_and_institutes/hvri/data_and_resources/sovi/index.php))