Amended 2013 – 2014
HOME PROGRAM
ALLOCATION PLAN

Approved by Board for Public Comment
September 17, 2013

Public Comments Due
5:00 p.m. CST, October 25, 2013

Proposed Applications Due:
The last working day of February
5:00 p.m. Central Time

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY

P.O. Box 1237 • Pierre, SD 57501-1237
(605) 773-3181/TTY (605) 773-6107
FAX (605) 773-5154
www.sdhda.org

Alternative formats of this document are available to persons with disabilities upon request.

Equal Opportunity
Housing and
Employment

Contents

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY **1**

I. SDHDA PURPOSES AND GOALS **1**

II. POLICIES AND PROCEDURES **2**

A. THE PLAN 2
1. Set-asides *2*
2. Application Cycle(s) - General Pool and CHDO Set-Aside *3*
3. Limitations *4*
4. Application Eligibility *4*
5. Disclaimers *5*
B. AMENDMENTS TO THE PLAN 6
1. Administrative Amendments *6*
2. Substantive Amendments *6*
3. Deferral to Federal Law *6*

III. GENERAL REQUIREMENTS **6**

A. ELIGIBLE ACTIVITIES 6
1. Homebuyer Programs *7*
2. Homeowner Rehabilitation *7*
3. Rental Acquisition and/or Rehabilitation *7*
4. Rental Acquisition/Conversion *8*
5. Rental New Construction *8*
6. Security Deposit Assistance Program *9*
B. INELIGIBLE ACTIVITES 9
C. PROJECT PERIOD OF AFFORDABILITY 9
D. MINIMUM AMOUNT OF ASSISTANCE 10
E. MAXIMUM PER-UNIT SUBSIDY AND SUBSIDY LAYERING 10
F. TENANT RELOCATION AND DISPLACEMENT 10
G. MATCH 11

IV. PROGRAMS **11**

A. RENTAL HOUSING 11
1. Occupancy Requirements *11*
2. HOME Rents *12*
3. Subsequent Rent Schedule, Utility Allowances, and Rent Adjustments *13*
4. Mixed Income Project *13*
5. Mixed Use Project *14*
6. Public Housing Notification *14*
7. Tenant Certifications and Recertifications *14*
8. Tenant Income Increases (Not applicable for combined HOME/Housing Tax Credit Properties) *14*
9. Tenant Protections *14*
B. HOMEOWNERSHIP 15
1. Qualifications *15*
2. Recapture/Resale Restrictions *15*
3. Eligible Homeownership Programs *16*

V. APPLICATION PROCESS **17**

A. APPLICATION STAGE 17
1. Underwriting Review Criteria *18*
2. Project Cost Limits *18*
3. Reserves *19*

4. Determination of HOME Amount *20*
B. RESERVATION STAGE 20
C. COMMITMENT STAGE 20
D. DISBURSEMENT OF FUNDS 21
1. Loan Documentation *21*
2. Construction Start *21*
3. Draws *21*
4. Cost Certification *21*

VI. PROJECT SELECTION CRITERIA 22

A. LOCAL HOUSING NEEDS (MAXIMUM 150 POINTS) 22
B. PRIMARY SELECTION CRITERIA 22
1. Deep Income Targeting (Maximum 90 points) *22*
2. Extended Use Commitment (Maximum 60 points) *23*
3. Construction Type (Maximum 70 points) *23*
4. Concerted Community Revitalization Plans (Maximum 40 points) *23*
5. Mixed Income Use (Maximum 40 points) *23*
6. Financial Support from Local Sources (Maximum 25 points) *24*
7. Applicant Characteristics (Maximum 30 points) *24*
8. Tenant Ownership – Lease Purchase (Maximum 50 points) *25*
9. Service Enriched Housing (Maximum 25 points) *25*
10. Units for Persons with Disabilities – HUD Section 811 (Maximum 40 points) *26*
11. Accessibility (Maximum 20 points) *26*
12. Leveraging (Maximum 50 points) *26*
13. Percentage of Soft Costs Used for Project Costs (Maximum 40 points) *27*
14. Project Location (Maximum 20 points) *28*
15. Individuals with Children (Maximum 10 points) *28*
16. Public Housing Notification (Maximum 10 points) *28*
C. READINESS TO PROCEED CRITERIA 29
1. Plans and Specifications (Maximum 25 points) *29*
2. Site Control (Maximum 25 points) *29*
3. Financing Commitments (Maximum 60 points) *29*
4. Utilities (i.e. water, sewer, electric, heat) (Maximum 20 points) *30*
5. Zoning (Maximum 10 points) *30*
6. Platting (Maximum 10 points) *30*
D. PROJECT CHARACTERISTICS (MAXIMUM 200 POINTS) 30

VII. GENERAL FEDERAL REQUIREMENTS 31

A. EQUAL OPPORTUNITY 31
B. FAIR HOUSING 32
C. ENVIRONMENTAL REVIEW 34
D. LABOR STANDARDS 34
E. LEAD-BASED PAINT 34
F. CONFLICTS OF INTEREST 35
G. DEBARMENT AND SUSPENSION 35
H. HISTORIC PROPERTIES 35
I. FLOOD INSURANCE 35
J. REPAYMENT 35

VIII. MONITORING FOR COMPLIANCE 35

IX. FEES 36

A. APPLICATION/UNDERWRITING FEE 36
B. MONITORING FEE 36

X. DEFINITIONS 36

EXHIBITS

1. **Required Submissions**
2. **Market Study Requirements**
3. **Local Governing Body Approval**
4. **Project Characteristics**
5. **Community Housing Development Organization (CHDO)**
6. **HOME Tenant Questionnaire**
7. **Matching Contribution Requirements**
8. **South Dakota HUD 221 (d)(3) Subsidy Limits**
9. **Prohibited Lease Terms**
10. **Tenant Selection Criteria**
11. **Summary of Lead-Based Paint Requirements by Activity**
12. **Rental - Lead-Based Paint Disclosure of Information**
13. **Residential Purchase - Lead Based Paint Disclosure of Information**
14. **Application Checklist**
15. **Self-Scoring Worksheet**

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
HOME PROGRAM ALLOCATION PLAN

I. SDHDA PURPOSES AND GOALS

Within the Federal Housing and Urban Development (HUD) HOME Investment Partnerships Program the purposes and goals are to:

Expand the supply of decent, safe, sanitary and affordable housing, with primary emphasis placed on affordable housing, for very low-income and low-income South Dakotans.

Mobilize and strengthen the abilities of the State of South Dakota and units of local government to implement strategies for achieving an adequate supply of decent, safe, sanitary, and affordable housing.

Provide participating entities, on a coordinated basis, with the various forms of federal housing assistance.

SDHDA will focus on the following purposes and goals:

Assist in the construction or preservation of decent, safe, sanitary, and affordable housing in the areas of greatest demonstrated need in the community and in the State, ensuring distribution, both urban and rural, where and when possible, taking into consideration the historical significance of the property and area, the current housing market, and the prospects for future demand.

In those areas where greatest need is identified, give preference to those projects which provide the highest quality of qualified affordable units compared to the lowest amount of HOME funds allocated while giving consideration to serving the lowest income South Dakotans, and where appropriate, provide mixed-income housing.

Make such units affordable to households for the longest time period possible (extended use).

Assist in the provision of housing to meet the needs and priorities outlined in the State Consolidated Plan and its corresponding Update.

Provide opportunities to a wide variety of developers, both for profit and nonprofit, and for a variety of housing projects.

Encourage innovative approaches that are cost effective in providing affordable housing, including planning, design, construction quality, energy efficiency, and financing.

Give preference to those applications that show a greater degree of readiness to proceed with the project.

Increase the investment of private capital to leverage HOME funds in so far as practicable, and use existing agencies and private sector mortgage finance institutional resources while retaining the affordability of housing with local and private investment.

In accordance with these stated purposes and goals, SDHDA will not process any application that is not consistent with the purposes and goals of this HOME Program Allocation Plan (the Plan), the State Consolidated Plan, or the Updates made thereto.

Furthermore, in carrying out the duties of the aforementioned purposes, SDHDA will provide only that amount of HOME funds as are necessary to make a project financially feasible and viable as a qualified low-income housing project.

II. POLICIES AND PROCEDURES

A. THE PLAN

SDHDA is the agency responsible for the administration of the HUD HOME Program in accordance with Title 24 Code of Federal Regulations Part 92. The Plan provides a system for allocation of HUD HOME formula and SDHDA program income funds. Funding under the Plan is available throughout the State of South Dakota, including the City of Sioux Falls and Indian reservations. Eligible activities for the City of Sioux Falls and Indian reservations are any activities that otherwise qualify under the Plan. SDHDA reserves the right with respect to any future HOME Program Allocation Plan to restrict the use of HOME funds for the City of Sioux Falls and Indian reservations.

1. Set-asides

SDHDA will distribute HOME funds geographically throughout eligible areas of the State, in accordance with Section A. above, taking into consideration the following HOME formula fund set-asides:

CHDO	15%
Homeowner Rehabilitation Program	$500,000 (Maximum of $200,000 per Subrecipient per year)
Governor's House Homebuyer Program	$200,000
Security Deposit Assistance Program	$125,000
Difficult to Develop Grant	$500,000

In accordance with federal regulations, SDHDA has designated 15 percent of the HOME formula funds from HUD to Community Housing Development Organizations (CHDOs). A CHDO is a nonprofit entity that has received a tax-exempt ruling under Internal Revenue Service (IRS) Code section 501(c) (3) or (4) and meets the CHDO requirements in Exhibit 5. Once the 15 percent set-aside for CHDOs has been committed, CHDO applications will then be referred to the SDHDA Board of Commissioners (the Board) for possible funding from the General Pool.

Funds for the Governor's House Homebuyer Program are set aside to provide gap financing to qualified homebuyers approved for the purchase of a Governor's House. The maximum loan available under this program is limited to $14,900 or 30 percent of the total acquisition costs minus all grants and donated items, whichever is less, taking into consideration the maximum first mortgage for which the borrower is qualified. Funds will be set aside for 12 months following the grant agreement from HUD. If at the end of the 12-month period, the set-aside funds have not been awarded, they will revert to the General Pool. Funds are awarded on a first-come, first-serve basis as applications are deemed complete.

Funds for the Homeowner Rehabilitation Program are set aside for Community Action Program (CAP) agencies and qualified nonprofit entities for the purpose of enhancing the rehabilitation of single family, owner-occupied properties. Funds are awarded on a first-come, first-serve basis as applications are deemed complete. Funds will be set aside for 12 months following the grant agreement from HUD. If at the end of the 12-month period, the set-aside funds have not been awarded, they will revert to the General Pool. These entities will be eligible for an administrative fee based on program expenses.

Funds for the Security Deposit Assistance Program are set aside for qualified Public Housing Authorities (PHAs) and qualified nonprofit entities primarily for the purpose of providing security deposits to qualified families. Funds are awarded on a first-come, first-serve basis as applications are deemed complete. Funds will be set aside for 12 months following the grant agreement from HUD. If at the end of the 12-month period, the set-aside funds have not been awarded, they will revert to the General Pool. These entities will be eligible for an administrative fee based on program expenses.

Up to $500,000 annually will be set-aside for grant funding for projects that are difficult to develop. The funds will be allocated to projects at SDHDA's discretion based on site location, size of development, and inability to repay with normal underwriting procedures. This financing cannot be used for cost overruns or unanticipated project costs. Applicants should not anticipate receiving the entire $500,000 set aside for a single project.

2. Application Cycle(s) - General Pool and CHDO Set-Aside

February Application Cycle: Applicants may apply (using SDHDA forms) to receive a HOME funds allocation. Complete applications (refer to Exhibit 1) must be received at SDHDA by 5:00 p.m. Central Time the last working day of February. Applications may be hand delivered or delivered via postal or private mailing service by that time and date. Applications via facsimile or e-mail will NOT be accepted.

July Application Cycle: If after the February application cycle, HOME funds remain unallocated or additional HOME funds become available, SDHDA may hold a July application cycle. Complete applications (refer to Exhibit 1) must be received at SDHDA by 5:00 p.m. Central Time the last working day of July. Applications may

be hand delivered or delivered via postal or private mailing service by that time and date. Applications via facsimile or e-mail will NOT be accepted.

If the applications received exceed the available HOME funds, SDHDA may prepare a waiting list. If a waiting list is developed, SDHDA will notify each applicant to whom HOME funds were neither awarded nor denied. Any such applicant may then submit a written request to be maintained on the waiting list to compete for any additional funds that become available during that calendar year ending December 31. SDHDA will permit each applicant on the waiting list to submit additional information to support the applicant's readiness to proceed with development of the project and to receive an award of HOME funds without due risk of such funds subsequently being returned or rescinded by SDHDA.

SDHDA reserves the right, in its sole discretion, to (i) hold back a portion of the annual allocation of HUD HOME formula funds and/or available SDHDA program income for later use, (ii) issue an award for all or some portion of the next year's HUD HOME formula funds and/or available SDHDA program income, (iii) hold another application cycle, or (iv) award HOME funds for applications submitted to SDHDA under another program that need additional funds for feasibility. If SDHDA holds another application cycle, it will provide an announcement thereof. Please refer to SDHDA's web site at www.sdhda.org for availability of funds.

3. Limitations

During the February application cycle, no more than 50 percent of the available General Pool may be allocated to any one community, no more than 25 percent to any one developer/sponsor/owner, and no more than 20 percent to any one project. If funds remain in the General Pool after the February application cycle, funds exceeding the foregoing limitations may be allocated to any project (i) that was allocated funds in the February application cycle and (ii) whose allocation was limited due to the foregoing limitations.

4. Application Eligibility

SDHDA may reject applications that are incomplete or that contain incomplete or inaccurate information.

Additional documentation required and requested to complete the evaluation of the application must be received 30 days prior to the next scheduled Board meeting in order to be considered at such Board meeting.

SDHDA will not process any application that SDHDA determines is not:

1. Consistent with the purposes and goals of this Plan;
2. Proposing an eligible activity; or
3. Financially feasible.

This determination may be made at initial review or at any time during processing of the application.

5. Disclaimers

SDHDA reserves the right to reserve and allocate HOME funds to any project. Further SDHDA reserves the right to deny HOME funds for any project, regardless of ranking under the project selection criteria, if it determines, in its sole discretion, the project is unacceptable based on, but not limited to, the following:

a. comments from or lack of support from officials of local governmental jurisdictions,
b. information indicating that a particular market is saturated with affordable housing projects,
c. likelihood that the project may not comply with HOME program requirements in a timely manner,
d. applicant's (including any related party's) lack of or unacceptable prior experience and performance related to project reservations, construction, and compliance with housing assistance or other government-sponsored programs, regardless of type and location, or
e. desirability of site based on SDHDA inspection.

If SDHDA determines not to reserve HOME funds on such basis, it will set forth the reasons for such determination.

All funding decisions made under this Plan will be made solely at the discretion of SDHDA. SDHDA in no way represents or warrants to any applicant, investor, lender, or any other party that the project is, in fact, feasible or viable.

SDHDA reserves the right to place special conditions on reservations and to reserve HOME funds for lower ranking projects if the amount of HOME funds available is insufficient to fund higher ranking projects.

SDHDA reserves the right to modify or waive, on a case-by-case basis for good cause, any condition of this Plan that is not mandated by the 24 CFR Part 92.

SDHDA may request additional information and perform additional project evaluation as deemed necessary and appropriate to verify project costs, feasibility, and need. SDHDA reserves the right to exchange information with other State and Federal allocating agencies and with other parties as deemed appropriate. By submitting an application for HOME funds, the applicant is acknowledging and agreeing to this exchange of information.

If HOME funds are expended on a project that is terminated prior to completion, the funds must be repaid with interest calculated based on one year Treasury rates as of the date of cancellation.

No executive, employee or agent of SDHDA or any other official of the State of South Dakota will be personally liable concerning any matters arising out of, or in relation to, the allocation of HOME funds or the approval or administration of this Plan.

B. AMENDMENTS TO THE PLAN

1. Administrative Amendments

This Plan may be amended by the Board for any one or more of the following purposes, and at any time or from time to time, and such amendments will be fully effective and incorporated herein upon the Board's adoption of such amendments:

a. To reflect any changes, additions, deletions, interpretations, or other matters necessary to comply with 24 CFR Part 92 or regulations promulgated thereunder;

b. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Plan;

c. To insert such provisions clarifying matters or questions arising under this Plan as are necessary or desirable and are not contrary to or inconsistent with this Plan or 24 CFR Part 92;

d. To modify identified housing needs and selection criteria reflecting those needs, based upon SDHDA's continuing assessment of such needs, provided that no such amendment will retroactively affect a reservation of funds previously made under this Plan; and

e. To facilitate the award of HOME funds that would not otherwise be awarded.

2. Substantive Amendments

This Plan may be amended for substantive issues at any time following public notice and public hearing. Any substantive amendments will require approval of the Board.

3. Deferral to Federal Law

To the extent that anything contained in the Plan does not meet the minimum requirements of federal law or regulation, such law or regulation will take precedence over this Plan.

III. GENERAL REQUIREMENTS

A. ELIGIBLE ACTIVITIES

Applicants may pursue homeownership and rental opportunities or any combination thereof.

At the discretion of SDHDA and where allowable under federal law, activities allowed under HOME may include:

1. Homebuyer Programs

Assistance to qualifying homebuyers in purchasing a home, including those related to gap financing, lease-purchase, and self-help type programs. Other activities are described under Section IV. B.

2. Homeowner Rehabilitation

Rehabilitation of owner-occupied housing under the Homeowner Rehabilitation set-aside awards administered by the Community Action Program (CAP) agencies or qualified nonprofit entities to enhance the rehabilitation of single family homes.

3. Rental Acquisition and/or Rehabilitation

Acquisition or refinancing of affordable housing projects (permanent or transitional) that need rehabilitation and require financial assistance to maintain the affordable status of the project.

Rehabilitation must meet the applicable rehabilitation standards in effect at the time a building permit is obtained from the locality. This includes the costs of essential improvements including energy-related repairs or improvements, modifications necessary to permit use by persons with disabilities, abatement of lead-based paint hazards, and repair or replacement of major housing systems in danger of failure. The application must describe in detail the level of rehabilitation and the cost necessary for the exterior and for the interior by apartment unit, if applicable. If the description is not detailed, the application may be rejected.

Within 60 days of reservation, SDHDA will require submission of an appraisal that complies with Uniform Standards of Professional Appraisal Practice (USPAP) and a physical needs assessment. If there are significant variances between the original application and the appraisal or the physical needs assessment submitted later, the award of HOME funds may be withdrawn. The selected appraiser and physical needs inspector must be approved by SDHDA. The applicant must pay for all costs for these services, which are eligible project costs.

Three years of historical financial information must be submitted with the application. If the proposed transaction is an arm's-length transaction, the applicant must submit the last three years' operating statements. If the proposed transaction is not an arm's-length transaction, the applicant must submit three years audited financial statements. SDHDA reserves the right to request additional years of financials or supporting documentation if necessary.

Management practices will be reviewed by SDHDA. The applicant must provide documentation that Disinvestment of the property has not occurred, the long term needs of the project can be met, and the feasibility of serving the targeted population over an extended affordability period (no less than 15 years) can be maintained. If SDHDA determines that Disinvestment has occurred, SDHDA will finance the property only if the property is purchased through an arm's-length transaction and the current owner and management are completely removed from the proposal.

The new investment must be made to maintain current affordable units or create additional affordable units. The cost in terms of assistance to acquire and rehabilitate an existing property may not exceed the amount of assistance to construct a new property of like quality.

The HOME funds must be limited to 90 percent of the market value of the property as determined by an appraisal of the property (excluding all subsidies) or the total cost of the project, whichever is less.

In all cases, an analysis will be made to determine the risk of prepayment or opt out of any existing federal rental subsidy contract (e.g. HUD Section 8 contract) and the resulting risk of losing the affordable housing supply. Those properties that are financially feasible, that are located in a market with substantiated need, and that indicate the greatest risk for converting to market-rate housing will be given priority for funding.

At financing, and after completion of rehabilitation, if applicable, all major systems (roof, windows, heating, etc.) of the property must be in like new or new condition. If these systems are not in need of repair at the time of application, sufficient reserves must be established to allow for replacement of such components if the normal life span would require replacement prior to the end of the affordability period. Consideration will be given to functional obsolescence of the property. If it is not cost effective to overcome structural problems, the property may not be eligible for financing. Modifications to allow a higher level of care to elderly residents of a property are eligible if there is an identified need for such level of care and the property is financially feasible upon completion.

Under no circumstances will the term of the loan exceed the expected remaining useful life of the property.

For refinancing with rehabilitation projects, under no circumstances can HOME funds be used to refinance multifamily loans made or insured by any federal program, including Community Development Block Grant (CDBG).

4. Rental Acquisition/Conversion

Acquisition and conversion of a non-residential structure to an affordable housing project (permanent or transitional) is considered rehabilitation or reconstruction, unless the conversion entails adding one or more units beyond the existing walls, in which case the project is then considered new construction.

5. Rental New Construction

New Construction of affordable housing projects (permanent or transitional) in which costs to acquire the land and meet the construction codes in effect at the time a building permit is obtained from the locality. When practicable, priority will be given to projects with 16 units or less.

Eligible costs include demolition of existing structures, improvements to the project site that are comparable with the surrounding projects, and utility connections including off-site connections from the property line to the adjacent street.

Improvements to the project site may include on-site roads and sewer and water lines necessary for the development of the project. The project site consists only of that property owned by the project owner and upon which the project is located.

Acquisition of vacant land or demolition will be undertaken only in conjunction with a specific housing project intended to provide affordable housing under this Plan and for which construction funds have been committed prior to and conditioned only upon the SDHDA commitment of HOME funds for the acquisition or demolition.

6. Security Deposit Assistance Program

HOME funds will be set aside for qualified PHAs or other qualified nonprofit entities to administer security deposit assistance in accordance with 24 CFR Part 92.209. Preference will be given to entities administering a program for families that are homeless or at-risk populations. Please refer to the SDHDA Security Deposit Assistance Term Sheet and application, which can be downloaded from SDHDA's web site at www.sdhda.org.

B. INELIGIBLE ACTIVITES

HOME funds may not be used to:

1. Provide project reserve accounts, except as provided in 24 CFR Part 92.206(d)(5), or operating subsidies;
2. Provide tenant-based rental assistance for the special purposes of the existing Section 8 Program, in accordance with section 212(d) of the Act;
3. Provide non-federal matching contributions required under any other Federal program;
4. Provide assistance authorized under Section 9 of 1937 Act (Public Housing Capital and Operating Funds);
5. Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR Part 248.101;
6. Provide assistance to a project previously assisted with HOME funds during an existing affordability period. However, additional HOME funds may be committed to a project up to one year after project completion (24 CFR Part 92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy limit established under 24 CFR Part 92.250;
7. Pay for the acquisition of property owned by SDHDA, except for property acquired by SDHDA with HOME funds; or property acquired in anticipation of carrying out a HOME project;
8. Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds;
9. Pay for any cost that is not eligible under 24 CFR Part 92.206 through 92.209; or
10. Purchase or rehabilitate a Manufactured Home.

C. PROJECT PERIOD OF AFFORDABILITY

The applicant must keep the property in compliance with SDHDA and HOME guidelines for the minimum affordability period specified below.

Activity	Years of Affordability			
	5	10	15	20
New Construction or Acquisition of Newly Constructed Rental Housing				X
Rental Housing (Rehabilitation or Acquisition of existing housing) or Homeownership Assistance: With HOME funds invested per unit as follows:				
Under $15,000	X			
$15,000 to $40,000		X		
Over $40,000 or Rehabilitation involving Refinancing (Rental Housing Only)			X	

D. MINIMUM AMOUNT OF ASSISTANCE

The minimum amount of HOME funds invested in a project involving rental housing or homeownership is $1,000 per each HOME assisted unit in the project.

E. MAXIMUM PER-UNIT SUBSIDY AND SUBSIDY LAYERING

The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250. HOME funds may not exceed the per unit dollar limits established by HUD under the 221(d)(3) Subsidy Limits provided in Exhibit 8. Please refer to Exhibit 8 for the listing of counties located within each zone.

For those projects which combine HOME and other governmental subsides, SDHDA must perform a subsidy layering review in accordance with SDHDA HOME Subsidy Layering Policy, which incorporates HUD CPD Notice 98-01, dated January 22, 1998. A copy of this policy and notice is available from SDHDA upon request.

F. TENANT RELOCATION AND DISPLACEMENT

SDHDA typically will not allow permanent displacement of current residents of any project funded with HOME funds. If the project is currently occupied, the applicant must comply with Federal Relocation Requirements found in 24 CFR Part 92.353 and a HOME Tenant Questionnaire, Exhibit 6, must be completed for each current resident. All residential tenants in place prior to the submission of the application through the completion of the proposed construction and issuance of the certificate of occupancy are candidates for relocation assistance. The applicant may only request relocation assistance for vacant units or those occupied by eligible tenants. Please notify SDHDA before proceeding with an application to ensure that proper procedures are followed per SDHDA's Relocation Plan, which can be downloaded from SDHDA's web site at www.sdhda.org. Improper procedures may substantially increase the costs to the project or render the project infeasible or ineligible. Relocation payments and other relocation assistance will be paid by the project owner. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred

in the relocation of tenants. Applications involving rental acquisition and/or rehabilitation must include a relocation plan and budget.

G. MATCH

In accordance with 24 CFR Part 92, all HOME funds disbursed require a 25 percent match contribution. All HOME participants will be required to provide a 12.5 percent match of HOME funds awarded for their projects. SDHDA will provide the remaining 12.5 percent. Applicants should contact SDHDA to determine the appropriate matching requirements, because properties located in counties that have been declared a disaster area may be eligible for a waiver of match requirements. Refer to Matching Contribution Requirements, Exhibit 7.

IV. PROGRAMS

A. RENTAL HOUSING

1. Occupancy Requirements

HOME-assisted rental housing must be occupied by low-income households within 6 months from the date of project completion. If a rental unit remains unoccupied, the owner must provide information about current marketing efforts, and if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. If efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant within 18 months, the HOME funds invested in the unit will be required to be repaid. HOME Program requirements with respect to the occupancy and affordability of the units apply:

- at the time HOME assistance is initially provided, and
- over an extended period of time.
    a. Rental housing will qualify as affordable only if, initially, the project:

        i. Has at least 20 percent of the HOME assisted rental units occupied by families who have annual incomes that are 50 percent or less of Area Median Income (AMI). Rents for these units must not exceed the Low HOME Rents as described in the following section.

        ii. Has at least an additional 70 percent of the HOME assisted rental units occupied by families who have annual incomes that are 60 percent or less of AMI. Rents for these units must not exceed the High HOME Rents as described in the following section.

        iii. Has the remainder of the HOME assisted rental units occupied by families who have annual incomes that are 80 percent or less of AMI. Rents for these units must also not exceed the High HOME Rents as described in the following section.

b. Subsequent to initial occupancy, at least 20 percent of the HOME rental units must continue to be occupied by families who have annual incomes that are 50 percent or less of AMI with unit rents at or below the Low HOME Rent while the remaining 80 percent of the HOME rental units must be occupied by families who have annual incomes that are 80 percent or less of AMI with unit rents at or below the High HOME Rent.

NOTE: A project which includes less than five HOME assisted units is exempt from the 20 percent occupancy requirement.

Refer to the following for current HUD HOME Program income limits: www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm

2. HOME Rents

Every HOME assisted rental unit is subject to rent limitations designed to ensure that rents are affordable to very low-income and low-income tenants. These maximum rents are referred to herein as HOME Rents. There are two HOME Rents established for projects: High HOME Rents and Low HOME Rents. Proposed HOME Rents for HOME assisted units subject to maximum rent limitations referred to in paragraph a., b., or c. of this subsection must be approved by SDHDA. Final HOME Rents for initial occupancy will be set at the time of project commitment.

a. High HOME Rents

High HOME Rents means rents which do not exceed the lesser of:

i. The Fair Market Rents (FMRs) for existing housing for comparable units in the area established by HUD under 24 CFR Part 888.111; or

ii. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

b. Low HOME Rents

Low HOME Rent is defined as rents which meet one of the following rent requirements:

i. A rent that does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under paragraph a. of this section, then the maximum rent for units under this paragraph is that calculated under paragraph a.

ii. The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

Note: In rental projects with five or more HOME-assisted units, 20 percent of the HOME-assisted units must be occupied by very low-income families and meet paragraph b. rent requirements.

Note: SDHDA will underwrite, (i) all projects located within the city limits of Sioux Falls and Rapid City at a minimum of 85 percent of the maximum housing tax credit rent limits, and (ii) all other projects at a minimum of 80 percent of the maximum housing tax credit rents limits. If an applicant proposes rents lower than the minimum requirement; the applicant must submit with the application a rent comparability study that supports the lower rents.

c. Initial rent schedule and utility allowances

SDHDA establishes maximum monthly allowances for utilities and services (excluding telephone) based upon the HUD Utility Schedule Model or the specific utilities used at the project. For all units subject to the maximum rent limitations in subparagraph a. b. or c. of this subsection for which the tenant is paying utilities and services, SDHDA will ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.

In addition to these maximum rent limitations, an applicant must consider keeping the established rents at or below the actual market rent and the established FMRs in the community of the proposed project to ensure marketability. Refer to the following for current HUD HOME Program rent limits:
www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm

3. Subsequent Rent Schedule, Utility Allowances, and Rent Adjustments

SDHDA will review all rent and utility allowances. The utility allowance has to be updated annually. Any increase in rents to HOME assisted units is subject to any outstanding lease and SDHDA approval. The owner must have received SDHDA approval and provide 30 day written notice to tenants prior to any increase in rents. If the HOME Rent decreases for projects for which HOME funds have been previously committed, an owner may continue to use the rents in effect at the time of project commitment.

4. Mixed Income Project

All HOME funds used in conjunction with a mixed income project must be used solely for the benefit of the affordable units in the project. Housing that accounts for less than 100 percent of the dwelling units in a project qualifies as affordable housing if the HOME

assisted units meet the occupancy requirements and rent limitations as stated in Section IV.A.1 and Section IV.A.2. Each building in a project must contain housing that meets these requirements.

For purposes of meeting affordable housing requirements for a project, the dwelling units specified as affordable housing may be changed over the affordability period, so long as the total number of affordable housing units remains the same and the substituted units are, at a minimum, comparable in terms of size, features, and number of bedrooms to the originally designated affordable housing units.

Common area costs will be prorated based upon the number of affordable units and other units.

5. Mixed Use Project

A building that is designed in part for other than residential housing may qualify as affordable housing under the HOME Program if such housing meets the occupancy and rent limitations in Section IV.A.1 and Section IV.A.2. The laundry or community facilities that a project contains for the exclusive use of the project residents and their guests are considered residential use. Costs for common areas shared by both residential and commercial tenants will be prorated. Each building in a project must contain residential living space.

Main street buildings, rehabilitated for rental use, are eligible for funding under the HOME Program. Adequate off-street parking must be provided for each tenant.

6. Public Housing Notification

All proposed properties must notify local public housing agencies of the impending project and of vacancies after lease-up.

7. Tenant Certifications and Recertifications

Tenant eligibility must be determined by the owner at the time of occupancy and must be reexamined at least annually.

8. Tenant Income Increases (Not applicable for combined HOME/Housing Tax Credit Properties)

Tenants who no longer qualify under the HOME income restrictions must pay rent of not less than 30 percent of the family's adjusted monthly income, as recertified annually, and the unit must be marketed to HOME eligible families when vacated.

9. Tenant Protections

a. Lease. The lease between a tenant and the owner of rental housing assisted with HOME funds must be for at least one year, unless by mutual consent the tenant and the owner agree to a lesser term.

b. Prohibited Lease Terms. A list of prohibited lease terms is attached as Exhibit 9.

c. Termination of Tenancy. An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local law; or for other good cause. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

d. Maintenance and Replacement. An owner must maintain the total project in compliance with all applicable HUD Housing Quality Standards (HQS) and local code requirements.

e. Tenant Selection. An owner of rental housing assisted with HOME funds must adopt written tenant selection policies and criteria. A list of the minimum criteria is attached as Exhibit 10. A sample tenant selection policy is available upon request.

   Owners may not refuse to lease a HOME assisted unit to a family because the family holds a rental voucher (Rental Voucher Program).

B. HOMEOWNERSHIP

1. Qualifications

The homeowner or homebuyer must have an annual income that does not exceed 80 percent of AMI and must utilize the HOME assisted residence as his or her principal residence. Refer to following for current HUD HOME Program Income Limits: www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm

For homebuyer activities involving acquisition of newly constructed housing or existing housing, the purchase price shall not exceed the appraised value, SDHDA's Project Cost Limits, or the HUD published 95% of area median purchase price at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/limits/maxprice. For homebuyer activities involving acquisition and rehabilitation, the estimated value after rehabilitation shall not exceed the appraised value or the HUD published 95% of area median purchase price of existing housing. Use the greater of the 95% of area median purchase price for the area or 95% of the statewide nonmetropolitan area median purchase price. For homeowner rehabilitation, the estimated value after rehabilitation shall not exceed SDHDA's Project Cost Limits.

To ensure the suitability of families receiving assistance under HOME homeownership programs, all purchasers must participate in homebuyer education, and if warranted, homebuyer counseling and credit counseling.

2. Recapture/Resale Restrictions

Homebuyers assisted under the HOME Program will be required to adhere to the following recapture or resale guidelines as specified by 24 CFR Part 92.254.

Recapture: If the house is sold prior to the end of the affordability period defined in Section III.C., SDHDA will recapture the entire amount of the HOME investment if the homebuyer acquired the home through the direct assistance of HOME funds.

Resale: For HOME projects that are provided assistance of HOME funds as a development subsidy, the following resale requirements apply:

a. The housing must remain affordable to low-income homebuyers for the period of affordability per Section III.C. starting at the date of initial purchase. The purchaser's family income must be at or below 80 percent of area median income as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy the property as the purchaser’s principal residence.

b. The percentage of the purchaser's family income that can be used to pay the principal, interest, taxes, and insurance (PITI) is equivalent to the underwriting standards established by the purchaser's lender. However, if a non-traditional lender is underwriting the financing, the PITI must be 30 percent or less of the purchaser's family income.

c. The seller receives a "fair return on investment", which is defined as no more than the seller's initial investment and up to five percent appreciation for each year the seller owned the home.

3. Eligible Homeownership Programs

a. Lease-Purchase

A lease-purchase housing option is designed to bring homeownership within reach of very low-income and low-income. The homebuyer must purchase the housing within 36 months of signing the lease-purchase agreement. If at the end of the 36-month period, the household occupying the lease-purchase unit is not eligible or able to purchase the unit, SDHDA may allow an additional six months to identify an eligible homebuyer to purchase the unit. In all cases, if the unit is not purchased by the end of the 42-month period, the unit must turn into a HOME rental unit and the HOME affordability requirements for rental housing will apply. The homebuyer must qualify as a low-income family at the time the lease-purchase agreement is signed.

Eligible structures include single family dwellings, townhouses, and condominiums. The homebuyer must participate in homeownership and credit counseling while living in the unit. A qualifying homebuyer may choose to purchase the unit immediately or may lease the unit for up to three years while preparing for homeownership. A portion of the rent is set aside to assist with down payment and closing costs. The set aside must equal a minimum of five percent of the structure’s predetermined purchase price. If the homebuyer violates the purchase contract for any reason, the homebuyer forfeits the down payment set aside. The owners may then select another homebuyer to

continue the lease. The new homebuyer will receive any down payment set aside remaining after necessary repairs are made.

b. Homeownership Activities
Funds may be used for new construction, acquisition and rehabilitation of single family housing units, or the development of affordable lots in housing subdivisions only if construction of single family housing units will begin within 12 months of land purchase. Land banking is prohibited. The purchase price of the single family housing unit must not exceed the appraised value or the HUD published Purchase Price Limits as stated in Section IV.B.1.

Units that have not been sold to an eligible homebuyer within 9 months of completion must be converted to a HOME rental unit and meet the rental requirements under Section IV.A., including the affordability requirement of Section III.C.

Funds may be used for utility connections including off-site connections from the property line to the adjacent street and to make improvements to the project site that are in keeping with improvements of surrounding projects. Site improvements may include on-site roads and sewer and water lines necessary for the development of the project.

The developed lots must be sold to persons with an income not exceeding 80 percent of AMI. The applicant will have six months from the time the loan commitment is executed to begin construction on the proposed project.

c. Governor's House Homebuyer Program
The Governor’s House Homebuyer Program will provide gap financing to qualified households who are able to obtain a portion, but not all, of the financing for the purchase of a Governor’s House. The maximum loan available under this program is limited to $14,900 or 30 percent of the total acquisition costs minus all grants and donated items, whichever is less, taking into consideration the maximum first mortgage for which the borrower is qualified.

V. APPLICATION PROCESS

Applicants are to use this Plan and the HOME/Housing Tax Credit Application to request funding for qualified projects.

Requests for HOME funds are considered in a three-step process: Application Stage, Reservation Stage, and Commitment Stage. No construction or acquisition or rehabilitation activities may begin until the process is fully complete (including SDHDA Environmental review) and a start order has been issued by SDHDA.

A. APPLICATION STAGE

The applicant will submit a complete application and all documentation referenced in Exhibit 1.

1. Underwriting Review Criteria

Project Cost Evaluation consists of reviewing:

a. Land value
b. Site Improvements (including existing buildings)
c. Construction or rehabilitation costs
d. Fees (architectural, legal, consulting, etc.)
e. Developer's and/or Builder's Profit and risk conclusions
f. Financing and carrying charges
g. All other related soft costs
h. Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.15 for the entire affordability period. Compensating factors such as developer's experience, types of financing utilized and financial strength of the applicant/owner may vary this requirement. The debt coverage ratio is the net operating income to the total annual debt service. Furthermore, the application must reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the period of affordability. Annually, income will be trended at two percent, expenses and replacement reserves will be trended at three percent, and vacancy will be projected at seven percent. A higher vacancy rate may be used for an acquisition/rehabilitation project if the project is currently sustaining higher vacancies and it is not reasonable to expect the project to achieve a seven percent vacancy rate within the first year. Balloon loan repayments will not be allowed.

SDHDA will not process any application that is not financially feasible.

2. Project Cost Limits

The SDHDA Project Cost Limits are maximum cost limits, not target or average costs that SDHDA determines to be sufficient for development of affordable housing projects. Total project costs are not limited to the Project Cost Limits, however, SDHDA will utilize them as the basis for the calculation of SDHDA financing and Developer Fees. All costs to be determined in excess of the Project Cost Limits will not be included in eligible basis for the calculation of the housing tax credits. SDHDA reserves the right to reject any project that it determines, in its sole discretion, to have excessive total project costs.

Project Cost Limits will be determined for each project by multiplying the number of corresponding units by the respective per unit cost limit and summing the products. The per unit type cost limits are:

Unit Type	Cost Limit
Group Home	$ 67,000 (per bedroom)
SRO Unit	$ 80,400
0 bedroom	$ 94,600
1 bedroom	$108,400
2 bedrooms	$131,800
3 bedrooms	$152,900
4+ bedrooms	$167,700

Refer to Exhibit 8 for the maximum HOME funds subsidy per HOME assisted unit.

Projects are encouraged to incorporate the features of brick, energy efficiency systems, additional handicap-adapted units, second bathrooms (for three and four bedroom units), community rooms, townhouse style units with an accessible bathroom on the main floor, creative design features, and other amenities where appropriate. For the purpose of the above calculation, any employee unit will be calculated as a unit type and not as common space.

The SDHDA Project Cost Limits may be evaluated annually.

In addition, rental new construction or Reconstruction projects must meet the following minimum residential unit living square footage (sq. ft.):
Group Home – 130 sq. ft. (per bedroom)
Single Room Occupancy (SRO) – 300 sq. ft.
0-bedroom (efficiency) – 500 sq. ft.
1-bedroom – 600 sq. ft.
2-bedroom – 750 sq. ft.
3-bedroom – 900 sq. ft.
4 bedroom – 1050 sq. ft.

Acquisition and/or rehabilitation projects are not subject to the above minimum square footage requirements.

3. Reserves

The reserves listed below, at a minimum, will be subject to a Regulatory Agreement between SDHDA and the property owner. The reserve accounts may be maintained by SDHDA.

a. Taxes and Insurance: Escrowed at levels estimated to meet those expenses.

b. Replacement: Minimum of $400 per unit, per year, must be initially funded and maintained for the full affordability period. If not all major systems are replaced or repaired in a rehabilitation project, sufficient reserves must be established to allow for replacement of such components if the normal life span would require such replacement prior to the end of the affordability period. The replacement reserves will be trended at three percent annually.

c. Operating: One year operating reserve from a non-HOME funds source may be used only to pay debt service and operating expenses to prevent an event of default. This account may be closed three years from the placed in service date. A three year Irrevocable Letter of Credit will also satisfy this requirement. For projects unable to meet this requirement, SDHDA will consider the use HOME funds for an initial operating deficit reserve as per 24 CFR Part 92.206 (d) (5).

4. Determination of HOME Amount

HOME funds are intended to be used as gap financing and will be provided as a zero percent loan. The difference between total project costs and total available financing resources (including owner equity requirements) is referred to as the gap. A typical HOME financing project includes ten percent owner equity, 40 percent conventional financing and a HOME loan to fill the gap. The payback schedule for the HOME loan will be determined based on the project's feasibility. Based on this evaluation, SDHDA will estimate the amount of HOME funds to be reserved for each application. The analysis to determine the necessary amount of HOME funds will be done at the time of application, at the time a reservation is approved, at the time a commitment is approved, and at the time the project is placed in service, provided all project costs are finalized and certified. Current rents, along with any anticipated changes in operating expenses, will be utilized at each underwriting stage.

Applications may be reviewed and ready for consideration by the Board within 75 days of receipt of the fully completed submission. Upon Board action, each applicant will be notified, in writing, whether or not its application has been selected to advance to the second (reservation) stage.

B. RESERVATION STAGE

Upon notification from SDHDA of a reservation, the applicant will have approximately 120 days in which to provide SDHDA with all necessary documentation needed to complete the evaluation required to provide a commitment of funds. The information must be received 30 days prior to a scheduled Board meeting to be considered at the Board meeting. Failure to provide the required information within this time period may result in SDHDA cancellation of the reservation. In the reservation stage, the applicant must provide the details of the proposed project, including a detailed analysis of the financial feasibility of the project and final architectural plans, owner's organizational documents, binding financial commitments from private sources, site control, etc. (refer to Exhibit 1). SDHDA will evaluate the proposal based on the additional information required for the commitment stage and again determine the amount of HOME funds necessary to make the project feasible.

C. COMMITMENT STAGE

Upon a commitment from the SDHDA Board of Commissioners, SDHDA will issue a Loan Commitment to the applicant outlining the terms and conditions of the HOME loan. The applicant will have six months from the time the Loan Commitment is executed to begin construction or rehabilitation on the proposed project. Failure to start within this timeframe may result in loss of the Commitment.

Changes to Project. The award of HOME funds is based upon information provided in the application and the preliminary plans submitted with the application. Any significant change in a project, once it has been ranked and awarded HOME funds, will jeopardize a reservation or commitment and the Board may require the HOME funds to be returned. A significant change may mean, but is not limited to, any reduction in the number of bedrooms per unit or square footage of the units, decrease in number of total units, financial feasibility, increase in overall density, a change in unit or project amenities, or

any change that, had it been in the original project, might have resulted in the project receiving a different ranking, or may have influenced the reservation or commitment of HOME funds. SDHDA reserves the right to determine, at its sole discretion, if change(s) warrant a significant change to the project. Any changes to the project must be pre-approved by SDHDA prior to implementation.

D. DISBURSEMENT OF FUNDS

1. Loan Documentation

Loan documentation will include the HOME SDHDA Mortgage Note, Mortgage 180 Day Redemption, Security Agreement, and Fixture Filing, Assignment of Rents and Leases, Declaration of Land Use Restrictive Covenants, Regulatory Agreement, Building Loan Agreement and Sworn Construction Statement.

The Declaration of Land Use Restrictive Covenants will include all extended or reduced rent elections made by the applicant and any other special use restriction elections made by the applicant which may or may not give rise to points under Primary Selection Criteria section of this Plan. If the property is held by contract for deed, all contract owners will be required to sign all commitment and loan documentation.

2. Construction Start

The new construction or rehabilitation of the building may begin when SDHDA has received all executed loan documentation and the owner has received a written construction/rehabilitation start order from SDHDA. Construction must commence no later than six months after execution of the loan commitment.

3. Draws

SDHDA will make periodic site reviews of the project throughout the construction period and at the completion of construction. With respect to the construction of projects, SDHDA assumes no liability for construction quality or code compliance.

The local building official will be required to approve both the proposed project and completed work. SDHDA may disburse funds at 25 percent, 50 percent, 75 percent and 100 percent of construction completion based on receipt of lien waivers from all contractors, bills and receipts for all costs outside of the construction contract, an updated Sworn Construction Statement, AIA Forms G702 Application and Certificate for Payment and G703 Continuation Sheet evidencing the percent of project completion. SDHDA will retain ten percent of final draw until all final project completion information is received (i.e., CPA cost certification). All owners or representatives of the owner must complete a two hour training session with SDHDA staff.

4. Cost Certification

The owner will be required to submit a complete cost certification on SDHDA approved forms prepared by a Certified Public Accountant prior to the final disbursement of HOME funds. All cost overruns are the responsibility of the owner. SDHDA may reduce the amount of HOME funds committed to a project based on a cost certification indicating reduced total project cost, change in financing, or increase in cash flow since the time of

the HOME funds commitment. SDHDA is charged with allocating only that amount of HOME funds as are necessary to make any given project financially feasible and viable as a qualified low-income project. This decision will be made solely at the discretion of SDHDA, and in no way represents or warrants to any applicant, lender, or any other party that the project is, in fact, feasible or viable.

VI. PROJECT SELECTION CRITERIA

Proposals will be reviewed initially for completeness, including all submission requirements referenced in Exhibit 1.

Applications must obtain a minimum of 400 points to be considered for funding. Applications that do not receive at least this cumulative total will be denied.

In situations where a calculation may not generate a whole number, figures will be rounded down at .49 or less and rounded up at .50 or more.

A maximum of 1,100 points per application may be awarded as specified below:

A. LOCAL HOUSING NEEDS (Maximum 150 points)

All applicants must submit a narrative addressing the local housing needs assessment and complete market analysis that is less than six months old. Refer to Exhibit 2. The applications from markets considered to be facing the highest overall need will receive the highest score. All other applications will be ranked against the highest scoring applicants. Each applicant will receive from zero to 150 points depending upon identified need. When determining the need, SDHDA may take into consideration including but not limited to the need for additional housing units in the community, the physical condition of the proposed project, the need of SDHDA funding sources to retain the proposed project, retention of existing project based rental subsidies, and the degree of rehabilitation necessary depending on the proposed project activity. Communities with two or more low-income housing projects under construction or in the process of rent-up (less than 90 percent occupied) may receive zero points in this category.

B. PRIMARY SELECTION CRITERIA

1. Deep Income Targeting (Maximum 90 points)

Required set aside: 20 percent of all the units less any market rate units, will be restricted to FMR and must be rented to tenants at or below 50 percent of the area median income.

To receive points for deep income targeting, a project must set the following rent limits for each target AMI in addition to the 20 percent FMR requirement.

A proposal which elects to set aside an additional 10 percent of the total units less any market rate units, for households not exceeding 50 percent of area median income will receive 30 points.

A proposal which elects to set aside an additional seven percent of the total units less any market rate units, for households not exceeding 40 percent of the area median income will receive 30 points.

A proposal which elects to set aside an additional three percent of the total units less any market rate units, for households not exceeding 30 percent of the area median income will receive 30 points.

Rents for these units must be set at 30 percent or less of adjusted annual incomes for households at the corresponding income levels to receive the above points.

2. Extended Use Commitment (Maximum 60 points)

Applicants who make a commitment to extend the affordability period for 10 years beyond the required affordability period as defined in Section III.C. Project Period of Affordability will receive 60 points. Applicants applying for both HOME and Housing Tax Credits must elect extended use under both programs to receive points.

Applicants claiming points for an Extended Use Commitment may not claim points for Tenant Ownership.

3. Construction Type (Maximum 70 points)

A rehabilitation project that takes existing rental buildings remodels them to like new or takes other types of existing buildings and converts them to new rental units will receive 50 points.

A rehabilitation project that uses buildings of historic nature will receive 20 points.

A new construction project creating buildings that contain 8 rental units or less per building will receive 10 points.

A new construction project that creates rental units for assisted living or congregate care will receive 10 points

4. Concerted Community Revitalization Plans (Maximum 40 points)

a. Projects within Qualified Census Tracts and that contribute to a Concerted Community Revitalization Plan that is documented at the time of application will receive 30 points.

b. Rehabilitation or Reconstruction projects that contribute to a Concerted Community Revitalization Plan that is documented at the time of application will receive 10 points.

5. Mixed Income Use (Maximum 40 points)

Projects that consist of low-income and market rate units will be eligible for up to 40 points. Points awarded will be based on the ratio of market rate units to total project units, according to the following scale:

10.0% - 20.0% Market Rate	10 points
20.01% - 30.0% Market Rate	20 points

30.01% - 40.0% Market Rate	30 points
40.01% - 50.0% Market Rate	40 points

6. Financial Support from Local Sources (Maximum 25 points)

Proposals containing one of the following will receive up to 25 points:

a. Local governmental/private incentives, including but not limited to cash, in-kind services, or tax abatements, to reduce project costs or enhance feasibility; or
b. Other private or foundation assistance to achieve greater affordability.

7. Applicant Characteristics (Maximum 30 points)

The applicant and all members of the development team as identified in Exhibit A of the HOME/Housing Tax Credit Application Form must be in good standing, as defined below. In addition, any applicant or member of the development team who has an Identity of Interest with any person or entity not in good standing may not be eligible in the sole discretion of SDHDA. An attorney's opinion that the applicant and all members of the development team are in good standing is required in all cases. Such opinion must also identify any persons or entities with whom the applicant or any member of the development team has as Identity of Interest. “Good standing” shall mean that the individual has not been (i) convicted of, entered into an agreement for immunity from prosecution for, or pled guilty, including a plea of nolo contendere, to: a crime of dishonesty, moral turpitude, fraud, bribery, payment of illegal gratuities, perjury, false statement, racketeering, blackmail, extortion, falsification or destruction of records, or (ii) debarred from any South Dakota program, other state program, or federal program. If any applicant or members of the development team are involved with a proposed project that has serious and repeated non-compliance issues at the time of application, the application may be rejected. The prior performance considered may include, but is not limited to, progress made with a previous reservation or commitment, project compliance and payment of monitoring fees under the HOME Program, Housing Tax Credit Program or other SDHDA or federal program.

HOME funds may not be provided to primarily religious organizations, such as churches, for any activity including secular activities. Wholly secular entities may participate under limited circumstances. Contact SDHDA with any questions regarding this qualifier.

Proposals, which include the following, will be awarded 10 points for each provable characteristic (maximum 30 points):

a. Participation by an entity with a demonstrated track record of quality experience in development or management of subsidized housing, or a new developer that contracts with a developer or consultant with a demonstrated record of quality experience in development or management of subsidized housing;
b. Participation by a minority- or woman-owned business enterprise* - Refer to the SDDOT Compliance Office web site address at: www.sddot.com/operations/compliance/certified.asp; or
c. Owner equity contribution in excess of ten percent of the total development costs (excludes developer fees).

Twenty-five points will be deducted from any project with respect to which the applicant or any member of the development team has any of the following characteristics:

1. Within two years prior to the HOME/HTC Application date has made a significant change to another Housing Tax Credit, HOME or other SDHDA administered project without the prior approval of SDHDA; or
2. Has unresolved compliance issues on other Housing Tax Credit, HOME or other SDHDA administered projects.

Further, any project with these characteristics shall not be eligible to receive any points for a demonstrated track record of quality experience. The foregoing shall not limit the right of SDHDA to reject an application pursuant to section II.A.4.

*To be considered a minority- or woman-owned business enterprise, at least 51 percent of the sponsorship must be owned by either a minority individual or a woman.

8. Tenant Ownership – Lease Purchase (Maximum 50 points)

Projects intended for eventual tenant ownership will receive 50 points. Applicants must submit with their application the proposed management plan, including information on homebuyer counseling, calculation of future purchase price, and other information requested by SDHDA to evaluate the feasibility of the development.

**Applicants claiming points for Tenant Ownership are not allowed to claim points for Extended Use Commitment.

9. Service Enriched Housing (Maximum 25 points)

Projects providing verifiable on-site services to the tenants of the following types of projects may receive up to 25 points depending upon the extent of the services. The services must be provided long-term and on a continuous basis. The services may be provided by the owner, the management company, or a third party entity. The application must include letter of intent from the service provider detailing the services, the tenants who will receive the services, the method of delivering the services, and the staffing for the service. A letter of need for housing is not adequate to obtain points in this section.

a. Homeless (For Transitional Housing the appropriate supportive services must be provided to persons, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children.)
b. Persons with physical disabilities
c. Persons with mental disabilities
d. Persons with developmental disabilities
e. Housing for Older Persons 62 or Older (Assisted Living or Congregate Care Facilities as defined under Definitions)
f. Families with children

Note: SDHDA, the Department of Human Services (DHS), and the Department of Social Services (DSS) have entered into an agreement whereby full integration of citizens with disabilities into individualized housing settings rather than group home

type housing will be promoted. All housing designed specifically for people with disabilities must receive prior approval from DHS and/or DSS. Applicants serving the homeless are required to participate in the Homeless Management Information System (HMIS), through SDHDA.

10. Units for Persons with Disabilities – HUD Section 811 (Maximum 40 points)

SDHDA will work with DHS to provide support services and rental assistance through the Section 811 program (811). The 811 program allows up to a maximum of 25 percent of the units within a development to be set aside for persons with disabilities. There is no requirement for additional accessible units over the required five percent accessible and two percent sensory units. Up to 40 points will be awarded to projects that provide Section 811 units. If SDHDA is not successful in receiving funding for the 811 program points will not be eligible.

Points	Total % of Section 811 units
20	10.01% to 15.00%
30	15.01% to 20.00%
40	20.01% to 25.00%

11. Accessibility (Maximum 20 points)

Multifamily rental housing projects containing five or more dwelling units must include five percent of the total units or one unit minimum for individuals with mobility impairments and two percent of the total units or one unit minimum setup for individuals with sensory impairments (i.e. hearing or vision impairments). The above unit requirements may NOT be consolidated so as to provide only one unit. For projects that must comply with Section 504 of the Rehabilitation Act of 1973, a roll-in shower with a seat must be installed in at least 50 percent of the units accessible to individuals with mobility impairments (but at a minimum, in at least one unit).

Up to 20 points will be awarded for projects with additional fully accessible units above the federal minimum requirements, a minimum of one additional unit must be added. Accessible units may not all be located in one building of a multi-building project.

Points	Percent
20	15.01 to 20.00
15	10.01 to 15.00
10	5.01 to 10.00

12. Leveraging (Maximum 50 points)

The owner will be required to provide a minimum of ten percent of the total project cost as equity in the project. SDHDA will award up to 50 points if HOME funds are leveraged against other financial resources used to cover costs allocated to the HOME assisted units as follows (note that points will not be awarded for funds utilized to finance market rate units):

Points	HOME Funds per HOME assisted unit
50	Less than $20,000
40	$20,000 to $29,999
30	$30,000 to $39,999
20	$40,000 to $49,999
10	$50,000 to $59,999

13. Percentage of Soft Costs Used for Project Costs (Maximum 40 points)

Reasonable and necessary soft costs incurred by the owner and associated with the financing or development (or both) of new construction, rehabilitation, conversion or acquisition with rehabilitation of housing assisted with HOME funds may include but are not limited to the following:

a. Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups.

b. Costs to process and settle the financing for a project, such as private lender origination fees; credit reports, title insurance, fees for recordation and filing of legal documents building permit fees, attorney's fees directly related to the project; appraisal fees and fees for independent cost estimates; and developer's fee or builder's fee.

c. Costs for an audit or cost certification that SDHDA may require with respect to the development of the project.

d. Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required in the Fair Housing section.

e. For rental projects, the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may only be used to pay project operating expenses, reserve for replacement payments, and debt service. Any HOME funds placed in an operating deficit reserve that remain unexpended when the reserve terminates may be retained for reserves at SDHDA's option.

Developer's Fees: The developer of a HOME project will be entitled to a Developer's Fee not to exceed 15 percent of the total project costs minus Developer's Fees and Consultant's Fees for projects of 16 units or less and not to exceed 12 percent of the total project costs minus Developer's Fees and Consultant's Fees for projects of 17 units or more. For purposes of the foregoing limitations, "total project costs" do not include any costs that exceed the Project Cost Limits. The Developer Fee will be limited to the fee calculated at the time of Board reservation.

Developers may choose to defer their Developer Fee. The amount of deferred Developer Fee or owner equity presented in the application will be underwritten as a project financing

source. The submitted pro forma must evidence sufficient project cash flow after all debt service applied; with repayment of the deferred Developer Fee within the first twelve years of operation.

Consultant's Fees: Consultant fees will be included within the Developer's Fees limitation and cannot exceed two percent of the total project costs minus consultant's fees. For purposes of the foregoing limitations, "total project costs" do not include any costs that exceed the Project Cost Limits. The Consultant will be expected to provide services through completion of the development and a copy of the Consultant Agreement/Contract must be submitted with the application.

Builder/General Contractor's Fees: Builder's Profit is limited to six percent, Builder's Overhead is limited to two percent, and General Requirements is limited to six percent of those respective amounts divided by the total project hard costs for the project.

An application with the percentage of soft costs compared to the total project costs as follows will be awarded up to 40 points. Soft costs include, but are not limited to, all items in a - e of this section and developer's fee, developer overhead, consultant fees, operating reserves, origination fees, partnership organizational fees, and rent-up reserves.

Points	% Soft Costs
40	0.00% - 9.99%
30	10.00% - 14.99%
20	15.00% - 19.00%

14. Project Location (Maximum 20 points)

Projects located in close proximity of community services will be eligible for up to 20 points. Five points will be awarded for each item. Close proximity will be defined as within one half mile of the property. Community services include but are not limited to:

Grocery/Retail Stores
Hospital/Medical Clinics
Schools/Senior Center (as applicable)
Special Service Offices

A project that has a bus stop within one city block or provides free transportation to the tenants on a regularly scheduled or on-call basis will receive 20 points.

15. Individuals with Children (Maximum 10 points)

Projects that will be serving tenant populations of individuals with children and provide written documentation at time of application will receive 10 points.

16. Public Housing Notification (Maximum 10 points)

A proposal which provides a written commitment to notify local public housing agencies of vacancies and give priority to households on waiting lists of those agencies will receive 10 points.

C. READINESS TO PROCEED CRITERIA

SDHDA, at its discretion, may allow up to 150 points to projects that most clearly demonstrate readiness to proceed. Such determination may include but is not limited to any of the following factors:

1. Plans and Specifications (Maximum 25 points)

Applications containing architectural plans/working drawings that are at least 50 percent complete or submission of a physical needs assessment prepared by an independent 3rd party provider.

2. Site Control (Maximum 25 points)

Applications containing documentation that the applicant and/or owner has a recorded warranty deed, a recorded long term lease, or approval of Transfer of Physical Assets (TPA) from the appropriate HUD, Rural Development, or SDHDA office for existing projects in the name of the applicant.

3. Financing Commitments (Maximum 60 points)

SDHDA assumes that financing and equity commitments within the Readiness to Proceed Criteria mean that the Owner/Developer has selected and obtained financing or an equity commitment from a business partner. If the Owner/Developer changes the lender or syndicator/investor between time of HOME Reservation and HOME Commitment which causes significant changes or delays in project underwriting, SDHDA reserves the right, in its sole discretion, to remove the points awarded for any affected category which may result in the loss of the HOME funds awarded to the project.

a. Construction Financing (Executed by Applicant and Lender) (Maximum 20 points)

Applications containing documentation of enforceable construction/interim financing commitments for the project that is executed by the Applicant and Lender, as applicable.

b. Permanent Financing (Executed by Applicant and Lender) (Maximum 20 points)

Applications containing documentation of enforceable permanent financing commitments must have a fixed rate and a term of at least 15 years and disclose all conditions. Generally, an enforceable financing commitment is a written approval of a loan or grant from a lender which is subject only to conditions of which are within the applicant's control (other than the award of other funding). The loan commitment must contain a representation and acknowledgement from the lender that such lender has reviewed the HOME funds application submitted by the applicant to SDHDA in support of the HOME funds for the project to which such commitment relates and that such lender acknowledges that the project will be subject specifically to rent and income restrictions and other special use restrictions

made by the applicant will receive 20 points. Commitment with fixed rate and term of less than 15 years will receive 10 points.

c. Equity Commitment (Executed by Applicant and Equity Investor) (Maximum 20 points)

Applications containing documentation of an equity commitment disclosing all conditions. The equity commitment must contain a representation and acknowledgement from the equity investor that such investor has reviewed the application submitted by the applicant to SDHDA in support of the credits for the project to which such commitment relates and that such investor acknowledges that the project will be subject specifically to rent and income restrictions and other special use restrictions made by the applicant.

4. Utilities (i.e. water, sewer, electric, heat) (Maximum 20 points)

Applications containing documentation from the utility providers stating utilities are currently at the project site and have the capacity to support the proposed project.

5. Zoning (Maximum 10 points)

Applications containing documentation that the project site is properly zoned for its proposed use.

6. Platting (Maximum 10 points)

Applications containing documentation that the project site has had a final plat recorded (includes referencing plat book and number).

D. PROJECT CHARACTERISTICS (Maximum 200 points)

Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. All housing assisted with HOME funds must meet, at a minimum, the Housing Quality Standards in 24 CFR Part 982.401. If rehabilitation standards in effect in the locality of the project are less restrictive, or there are no rehabilitation standards, then at a minimum, the Uniform Building Code (ICBO), National Building Code (BOCA), Standard Building Code (SBCCI), Council of American Building Officials (CABO) or the Minimum Property Standards (MPS) in 24 CFR Part 200.925 or 200.926 will apply.

Newly constructed housing must meet the current edition of the Model Energy Code published and maintained by the International Code Council and all applicable local and State building code requirements in effect at the time of project completion.

A newly constructed Manufactured Home must meet the Manufactured Home and Construction and Safety Standards established in 24 CFR Part 3280. In addition a Manufactured Home must meet the SDHDA First-time Homebuyer Program requirements of, but not limited to the home being permanently affixed to the land by a foundation and taxed as real property.

The housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and covered

multifamily dwellings, as defined at 24 CFR Part 100.201, must also meet the design and construction requirements at 24 CFR Part 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

The proposed site must be suitable for the proposed project. If the site includes any detrimental characteristic, the applicant must provide a remediation plan and budget to make the site suitable for the project. If any detrimental site characteristic exists on, or adjacent to the site, SDHDA may reject the application. Detrimental characteristics may include but are not limited to: location within 1/2 mile of pipelines, storage areas for hazardous or noxious materials, sewage treatment plant, sanitary landfill; location within 500 feet of an airport runway clear zone, 1000 feet of a railroad, commercial property or military operations; physical barriers; unsuitable slope or terrain; location within 1000 feet of registered historic property; or location in flood hazard area.

All rental property managers must attend the Crime Free Multi-Housing Program course administered through the South Dakota Law Enforcement Officers Standards and Training Commission, but are not required to certify the property itself if the program is not available in their community.

Points will be awarded to proposed projects based on the points as detailed in Exhibit 4. A completed copy of Exhibit 4 must be signed by the applicant and architect. Characteristics indicated by the applicant and architect will be verified by SDHDA staff based on final architectural plans and specifications and physical inspection prior to a final disbursement of HOME funds. A maximum of 200 points may be obtained.

VII. GENERAL FEDERAL REQUIREMENTS

A. EQUAL OPPORTUNITY

All entities applying for funds through the HUD HOME Program will provide certification of compliance with all federal requirements under the Equal Opportunity legislation. In addition, HOME funds will be made available in accordance with the following:

1. The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100; Executive Order 11063, as amended, (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1;

2. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8;

3. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60;

4. The requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that:
   a. To the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with HOME funds be given to low-income persons residing within the general local government area or metropolitan area or non-metropolitan county in which the project is located; and
   b. To the greatest extent feasible, contracts for work to be performed in connection with any such project be awarded to business concerns, including, but not limited to individuals or firms doing business in the field of planning, consulting, design architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the same metropolitan area or non-metropolitan county as the project; and

5. The requirements of Executive Orders 11625 and 12432 (concerning Minority Business Enterprise) and 12138 (concerning Women's Business Enterprise). Consistent with HUD's responsibilities under these Orders, each applying entity must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funded activities. An applying entity must prescribe procedures acceptable to SDHDA to establish activities to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women.

   To encourage the use of minority and women's business enterprises in bids for the HOME Program, SDHDA will include the latest list of such business from the SDDOT Compliance Office web site address:
   ww.sddot.com/operations/compliance/certified.asp
   In order to maintain statistical data on the use and participation of minority and women's business enterprises as contractor/subcontractors in HOME assisted program contracting activities, the owner will be required to identify jobs which have been bid by minority owned, women owned, and/or small or disadvantaged businesses. In addition, SDHDA may inspect the site to confirm the percentage of minority and women laborers working at the site.

B. FAIR HOUSING

It is SDHDA's policy for Affirmative Marketing that SDHDA informs the public, homebuyers, homeowners, landlords and potential tenants about the Federal Fair Housing laws and the affirmative marketing goals by:

- Making the SDHDA programs available for public review;
- Notifying proposed HOME project owners of Equal Opportunity requirements;
- Including the Equal Housing Opportunity logo or slogan on all advertising and literature used for the HOME Program;
- Maintain for public review, copies of media releases, advertisements, and paid ads where the HOME Program was presented;
- Placement of Public Notices and Ads in local newspapers; and

- Attending and providing information at meetings on a statewide basis with developers, realtors, lenders, and other housing and community officials.

Participants in the SDHDA HOME Programs will be required to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions. Each participating entity must affirmatively further fair housing according to 24 CFR Part 92.351.

1. Advertising with respect to vacant units must include the equal housing opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, or may involve simply a sign in a window.
2. SDHDA will require the owner to solicit applications for vacant units from persons in the housing market who are least likely to apply for the affordable housing without benefit of special outreach efforts. In general, persons who are not of the race/ethnicity of the residents of the neighborhood in which the affordable project is located and persons with disabilities will be considered those least likely to apply. In many communities, these persons have been identified as either Native American persons or persons with physical, mental, or developmental disabilities. In addition to advertising in local newspapers, the owner will be required to notify community organizations, places of worship, employment centers, fair housing groups, housing counseling agencies, social service centers or medical service centers to reach applicants who are least likely to apply for units.
3. The owner must maintain a file available for inspection by SDHDA containing all marketing efforts (i.e., copies of newspaper ads, memos of phone calls, copies of letters, etc.) and the records necessary to assess the results of such efforts.
4. The owner must maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.

SDHDA will assess the affirmative marketing efforts of the owner by comparing predetermined occupancy goals (based on the area from which potential tenants will come) to actual occupancy data that the owner is required to maintain. Outreach efforts on the part of the owner will also be evaluated by reviewing marketing efforts.

SDHDA will assess the affirmative marketing efforts of the owners during the rent-up and marketing of the units, by use of a compliance certification or personal monitoring visit to the project.

If an owner fails to follow the affirmative marketing requirements, corrective actions will include extensive outreach efforts to appropriate contacts to achieve the occupancy goals as well as other sanctions SDHDA may deem necessary.

An applicant requesting HOME funds for projects containing five or more units must include with its application details of proposed marketing efforts designed to inform and attract, to the available housing, eligible persons from all racial, ethnic and gender groups in the housing market area (does not apply to families with tenant based rental assistance).

The owner must provide SDHDA with an annual assessment of the affirmative marketing program of the project and the assessment must include:

1. Method used to inform the public and potential tenants about federal fair housing laws and affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logo or slogan in print advertising);
2. Method used to inform and solicit applications from persons in the housing market area who are not likely to apply without special outreach (e.g., use of community organizations, places of worship, employment centers, etc.); and
3. Records describing actions taken by the owner to affirmatively market units and records to assess the results of these actions.

C. ENVIRONMENTAL REVIEW

The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58. Each applicant must complete the HOME/Housing Tax Credit Application Form Exhibit D regarding site information of its proposed activity.

D. LABOR STANDARDS

Owners of buildings projects which contain 12 or more HOME assisted units must comply with the requirements of the Davis-Bacon Act, applicable provisions of the Contract Work Hours and Safety Standards Act, and other applicable federal laws and regulations pertaining to labor standards. These requirements are triggered by using HOME funds for any project costs (not just construction) and will apply to the entire project (not just the HOME assisted units).

Federal labor standards require that all persons working on the site be paid at an hourly rate not less than the minimum rate specified in the Wage Determination issued for each particular property. The owner will be required to submit to SDHDA, or ensure that the general contractor and subcontractors submit to SDHDA, payroll reports and certifications to verify wage payments. The prevailing wage provisions do not apply to an individual who receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and who is not otherwise employed at any time in the construction work. Any project which receives assistance from the Community Development Block Grant Program in any form is required to abide by the Federal Regulation under the Barney Frank Amendments.

E. LEAD-BASED PAINT

Housing assisted with HOME funds constitutes HUD assisted housing for the purpose of the Lead-Based Paint Poisoning Prevention Act and is therefore subject to 24 CFR Part 35 as summarized in Exhibit 11. Applicants are responsible for complying with these requirements and up to $2,000 per unit of HOME funds awarded toward the encapsulation, abatement, or stabilization of lead-based paint and the corresponding inspection costs will be considered as grant funds and will not be required to be repaid. These costs must be pre-approved by SDHDA. Refer to Exhibit 12 (Rental) and Exhibit 13 (Residential Purchase) for notification disclosure information.

F. CONFLICTS OF INTEREST

No person who (a) is an employee, consultant, officer, or elected or appointed official of SDHDA or of any designated public agency that received HOME funds and who exercises or has exercised any functions or responsibilities with respect to assisted HOME Program activities or (b) is in a position to participate in a decision making process or gain inside information with regard to such activities may obtain a personal or financial interest or benefit from his or her activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds hereunder, either for such individual or for those with whom such individual has family or business ties, during the individual's tenure or for one year thereafter. HUD may grant exceptions to this rule under circumstances as outlined in 24 CFR Part 92.356.

G. DEBARMENT AND SUSPENSION

Owners and contractors are prohibited from employing, awarding contracts, or funding any contractors or subcontractors that have been debarred, suspended, proposed for debarment or placed on ineligibility status by HUD. In addition, any owners who are debarred, suspended, proposed for debarment or ineligible will be prohibited from participating in the HOME Program.

H. HISTORIC PROPERTIES

An application proposing rehabilitation in a structure which is over 50 years old must provide documentation from the State Historical Preservation Office that notification of the rehabilitation has been received and that the proposed rehabilitation will have no effect on the historical significance of the structure or that cooperation and adherence to the National Historic Preservation Act (16 U.S.C. 470) is being met through continued correspondence and mutual agreement on the proposed rehabilitation.

I. FLOOD INSURANCE

HOME funds may NOT be used in connection with acquisition, conversion, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless the locality in which the site is located is participating in the National Flood Insurance Program or less than a year has passed since FEMA notification regarding such hazards, and flood insurance is obtained as a condition of approval of the commitment. A flood certification will be obtained by SDHDA.

J. REPAYMENT

Any housing assisted with HOME funds which is not completed or does not meet the affordability requirements for the specific period of time per the loan documents, must repay all HOME funds extended to the project. Penalties, including interest for the period of time for which the property was out of compliance, may apply.

VIII. MONITORING FOR COMPLIANCE

SDHDA will monitor housing projects for compliance with HOME Program requirements. Program compliance will be assessed through annual certification of compliance and on-

site reviews conducted by SDHDA staff. SDHDA's HOME Program Rental Compliance Manual details the required responsibilities for continuing program compliance.

SDHDA will require the owner or management company to attend compliance training at a minimum of once every three years from the date of final disbursement of funds. All extended or reduced rent elections made by the applicant and any other special use restriction elections made by the applicant will be made part of the Declaration of Land Use Restrictive Covenants, whether or not such election resulted in points under the Primary Selection Criteria section of the Plan.

IX. FEES

A. APPLICATION/UNDERWRITING FEE

A non-refundable application/underwriting fee of $500 is due with a HOME only application. This fee does not apply to the Homeowner Rehabilitation Program, Governor's House Homebuyer Program, or the Security Deposit Assistance Program.

B. MONITORING FEE

Annual fees of $50 per development and $25 per HOME-assisted unit are payable each year throughout the entire affordability period. Annual fees will be imposed after the first full year in service, which is measured from the month the last building in the project is placed in service. The HOME Compliance Manual is available from SDHDA.

X. DEFINITIONS

Adjusted Income: For rental housing, SDHDA uses the adjusted income definition as defined in 24 CFR Part 5.611. Adjusted income is also used to compute the level of payments to tenants when HOME funds are used for tenant based rental assistance.

Affirmative Marketing: Consists of actions to provide information and attract eligible persons from all racial, ethnic, and gender groups in the housing market area, to the available housing.

Affordability: Affordability refers to the requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule. Affordability requirements vary depending on the nature of the HOME assisted activity (i.e., homeownership or rental housing) and the amount invested.

Annual Income: For rental housing, SDHDA uses the annual income definition as defined in 24 CFR Part 5.609 (Part 5 Annual Income). For homebuyer activities, SDHDA uses the adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

Applicant: Applicant refers to the owners, developers, and/or sponsors involved with the project.

Area Median Income (AMI): The income determined by HUD on which program income and rent limits are based.

Assisted Living Facility: Living arrangement that offers tenants assistance with activities of daily living, including eating, bathing, dressing, and personal hygiene; three meals per day every day of the week; supervision of self-administration of medication; laundry services; housekeeping; 24 hour staffing and activities. Transportation to and from doctor's appointments and personal errands, counseling services, and companion services are optional. Note: Projects in which continual or frequent nursing, medical, or psychiatric services are provided do not qualify as residential rental property.

Builder's Profit: Compensation to the builder for completing the construction contract.

Builder's Overhead: Builder's business expenses (e.g., rent, insurance, heating, etc.) not chargeable to a particular part of the work or product to build the project.

Commitment: The written, legally binding agreement between SDHDA and the project owner providing HOME funds to a project.

Community Development Block Grant (CDBG): Federal funding that allows communities to create flexible, locally designed comprehensive community development strategies to enable them to develop viable urban communities (Title I, Housing and Community Development Act of 1974).

Community Housing Development Organization (CHDO): A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations. CHDOs must receive at least 15 percent of a Participating Jurisdiction's annual allocation of HOME funds. CHDO's may own, develop, or sponsor HOME financed housing.

Completion: A project is considered complete when construction is completed and the units are ready for occupancy as verified by the certificate of occupancy.

Concerted Community Revitalization Plan: Locally approved revitalization plan targeting specified areas of the community for housing and economic development through the rehabilitation of existing and construction of new housing. Local housing need surveys and consolidated housing plans do not qualify as Concerted Community Revitalization Plans.

Congregate Care Facility: Housing units which provide a semi-independent living environment which offers residential accommodations, central dining facilities (where at least one meal a day is provided seven days a week), related facilities, and supporting staff and services to persons of at least 62 years of age or with disabilities. The cost of the meals and other services must be covered in an agreement separate from the lease. A practical alternative must exist for tenants to obtain meals other than from the dining facility.

Consolidated Plan: A five year housing and community development planning document for the State of South Dakota. The Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and HOME Investment Partnerships Program (HOME are covered under this Plan.

Developer's Fee: Compensation to the developer for time and risk involved to develop the project.

Disinvestment: Withdrawal of capital that otherwise could have been utilized to sustain the viability of a project.

Fair Market Rents (FMRs): Rents for existing housing for comparable units in the area established by HUD under 24 CFR Part 888.111.

General Pool: The remaining pool of HUD HOME Formula and/or available SDHDA program income funds after taking into consideration the Plan set-asides.

General Requirements: An allowance for the contractor's project-related expenses, such as building permits, fencing around the site, temporary storage for materials, and the cost of a performance and payment bond, etc.

Group Home: A congregate residential facility, other than a supervised apartment, for individuals with developmental disabilities which is certified by the State Department of Human Services according to ARSD 46:11 to provide residential services, training in skills needed for independent living, recreational activities, and basic supervision for individuals with developmental disabilities.

HOME Assisted Units: Units within a HOME project where HOME funds are used and rent, occupancy, or resale restrictions apply.

Housing for Older Persons: Housing intended and operated for, and solely occupied by, persons 62 years of age or older as per 24 CFR Part 100.303 OR housing intended and operated for persons 55 years of age or older as per 24 CFR Part 100.304.

Housing Quality Standards (HQS): The performance standards for housing as established in 24 CFR Part 882 and amended by the Lead Paint Regulations in 24 CFR Part 35.

HUD: U.S. Department of Housing and Urban Development.

Identity of Interest: An identity of interest means any relationship, including any financial, business, or family relationship, that the applicant or any member of the development team has with others involved in the project.

Low-Income Family: Family whose annual income does not exceed 80 percent of the area median income for that area (adjusted for family size). HUD may establish, on an exception basis, income ceilings higher or lower than 80 percent of median income for an area.

Manufactured Home: A structure transportable in one or more sections, which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein (24 CFR Part 3280). In addition a manufactured home must meet the SDHDA First-time Homebuyer requirements regarding the home being permanently affixed to the land by a foundation and taxed as real property.

New Construction: Any project involving adding units outside the existing walls of the structure, the construction of new residential units, the acquisition of land or the demolition of an existing structure for the purpose of constructing a new structure, and acquisition of a structure that has received an initial certificate of occupancy within a one year period prior to acquisition.

Other Federal Funds: Other Federal Funds include, but are not limited to, USDA Rural Development sources, CDBG funding, Federal Housing Administration sources and Housing and Urban Development sources.

Participating Jurisdiction (PJ): The term given to any State or local government that HUD has designated to administer a HOME Program. HUD designation as a PJ occurs if a State or local government meets the funding thresholds, notifies HUD that it intends to participate in the program, and obtains approval by HUD of a Consolidated Plan. SDHDA is the PJ for the State of South Dakota.

Reconstruction Project: A project that replaces an existing building's floor plan with an overall new floor plan for residential living units or that replaces an existing building's residential unit plans with new residential unit living plans.

Service Enriched Housing: Projects providing affordable rental housing (permanent or transitional) that include services and assistance that are available to residents upon request. The services and assistance can be provided directly by the project or through collaboration with service organizations but must be tailored to individual residents and managed by the property. Services and assistance are not a requirement for tenancy but there must be a mechanism for immediate support and assistance when requested by any resident.

Single Family Purchase Price Limits: Maximum purchase price limits as determined by HUD that represent 95 percent of area median purchase price.

Single Family Project: A project consisting of individual single family dwellings or a project with one or more buildings containing four or less units per building.

Single Room Occupancy (SRO): Housing (consisting of single room dwelling units) that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities (and may contain both) if the project consists of new construction, conversion of non-residential space, or Reconstruction. For acquisition or rehabilitation of an existing residential structure or hotel, neither food preparation nor

sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants.

Townhouse Project: A multifamily housing project where each unit has no more than two common walls.

Transitional Housing: A housing project that is designed to provide housing and appropriate supportive services to persons including, but not limited to, deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children, and that has as its purpose facilitating the movement of individuals and families to independent living within a two-year time period.

Very Low-Income Family: Family whose annual income does not exceed 50 percent of the area median income for that area (adjusted for family size). HUD may establish, on an exception basis, income ceilings higher or lower than 50 percent of median income for an area.

Wage Determination: The wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act.

EXHIBIT 1
REQUIRED SUBMISSIONS FOR HOME PROGRAM

A. Application Requirements. Applications must be submitted on the SDHDA HOME/Housing Tax Credit Application Form. If you are applying for funding under both the HOME and Housing Tax Credit programs, the original and a copy of the complete application must be submitted. SDHDA may reject applications with incomplete or incorrect application information. The application must be signed by at least one general partner.

1. Local housing needs assessment and complete market analysis. The assessment and analysis must have been completed within six (6) months of submission by a market analyst who is unaffiliated with the developer and has experience with multifamily rental housing. A South Dakota licensed appraiser who is MAI certified and meeting the criteria listed may also complete the market study. The minimum includable items to be addressed in the needs assessment are listed in Exhibit 2.

   A modified market analysis may be submitted at SDHDA's discretion for projects involving rehabilitation or acquisition and rehabilitation of an existing affordable multifamily housing project, or for homebuyer projects.

2. Applicants must submit a project narrative outlining the project characteristics (tenants being served, amenities provided, financing in place, etc.). The narrative is intended as a summary of the proposed project to assist SDHDA in reviewing the information in the application and exhibits.

3. Letter from the chief executive officer of the local governing body, in the format prescribed in Exhibit 3, evidencing approval from such body. Documentation of local approval must be in the form of meeting minutes or resolutions of the governing body and must reference the market study provided. If the local charter expressly gives the chief executive officer the power to approve a project and does not require approval of the governing body, a certified copy of such charter provision must be included with the letter of approval from the chief executive officer. The letter of approval must identify the number of units approved, the type of units approved and the exact location of the proposed project.

   All applicants are encourage to contact the local governing body in which they intend to develop HOME properties early in the development process to determine whether the local governing body has adopted procedures and submission dates for approving projects under the HOME program.

4. Copy of utility allowance calculation and supporting documentation.

5. Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.15 for the entire affordability period and for the term of the HOME loan. Compensating factors such as developer's experience, types of financing utilized and financial strength of the applicant/owner may vary this requirement. The debt coverage ratio is the net operating income to the total annual

debt service. Furthermore, the application will reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the period of affordability. Annually, income must be trended at two percent, expenses and replacement reserves must be trended at three percent, and vacancy must be projected at seven percent. A higher vacancy rate may be used for an acquisition/rehabilitation project if the project is currently sustaining higher vacancies and it is not reasonable to expect the project to achieve a seven percent vacancy rate within the first year.

6. Three years of annual financial statements.

7. Calculation and supporting documentation of all annual operating expenses evidencing how the applicant arrived at the submitted amounts (e.g., calculation of real estate taxes from county assessor). If the proposed project involves rental acquisition and/or rehabilitation, this requirement may be met with the submission of historical financial information.

8. The submittal of an attorney's opinion stating that to the best of his or her knowledge, the applicant and all members of the development team (See Exhibit A of the HOME/Housing Tax Credit Application Form) are in good standing as described in Section VI. B. 4. The submittal of applicant information, including but not limited to, the applicants past experience with housing concerns and documentation of capacity to perform, based on other federal, State, and local programs and the ability to carry out the activities and requirements associated with this application.

9. Site control; during the application process, the following is acceptable:
   a. purchase agreement or option to purchase, signed by both the buyer and seller;
   b. warranty deed or title (must include purchase agreement);
   c. long term lease equal to or greater than the term of affordability; or
   d. contract for deed.

   To obtain points under Section V1.C.2. (Readiness To Proceed Criteria) Documentation must be submitted evidencing that the applicant and/or owner has a recorded warranty deed, a recorded long term lease, or approval of Transfer of Physical Assets (TPA) from the appropriate HUD, Rural Development, or SDHDA office for existing projects in the name of the applicant.

   Applicants should be cautioned that a reservation of HOME funds is site specific, therefore any changes to the site will require a full review of the application and reconsideration by the SDHDA Board.

10. Drawing of proposed project site plan showing the general build-up of the site including the location of all proposed building, streets, parking areas, service areas, playgrounds, and any other significant details of the site.

11. Typical floor plan, dimensional plan for each typical living unit. To obtain points under Section V1.C. (Readiness to Proceed Criteria) 1. Architectural plans/working drawings must be at least 50 percent complete.

12. Documentation that the project site is properly zoned at the time of application and documentation that reflects the current status of a project's plat. To obtain points under Section V1. C. (Readiness To Proceed Criteria) 7. and 8. Documentation must be submitted evidencing that the project site is properly zoned for its proposed use and project site has had a final plat recorded (includes referencing plat book and number). These items may not be necessary for acquisition and/or rehabilitation applications.

13. Letters of notification to all applicable local housing agencies, e.g., local PHA's. The notification must identify the number and type of units and the exact location of the proposed project.

14. If the applicant is a nonprofit, a description of the organization and its activities.

15. To obtain points under Section VI. B. 14. (Project Location), proposals must include a local area map indicating other assisted housing, proximity to services (hospitals, schools, grocery stores, special services offices), etc.

16. To obtain points under Section VI. D. (Project Characteristics), a completed Exhibit 4 signed by the Applicant and Architect indicating the features included in the project must be submitted.

17. To obtain points under Section VI. B. 6. (Financial Support from Local Source), documentation of such support must be provided.

18. To obtain points under Section VI. B. 7. (Applicant Characteristics), documentation of such applicant characteristics must be provided.

19. To obtain points under Section VI. B. 9. (Service Enriched Housing), a letter of intent from the service provider detailing what will be available must be provided. Homebuyer counseling services for a lease-purchase project will not be considered for points under this category.

20. Letter of intent evidencing the preliminary arrangements for construction, interim, and permanent financing. The amount of the loan, the rate and the term must be included in the letter. For equity investment the price value of syndicated credits must be included. To obtain points under Section V1.C. (Readiness To Proceed Criteria) 3.. a. b. and c., the required documentation (executed by Applicant and Lender or Investor) must be submitted.

    NOTE: Interim financing (bridge loan) fees will not be allowable project costs if financing is provided by an entity having an identity of interest with the developer, builder, syndicator, or applicant. Only interest costs at or below market rate will be allowed.

21. Projects involving acquisition and/or rehabilitation of housing built before 1978, a Lead-Based Paint Disclosure of Information must be signed by each lessor and

lessee (Exhibit 12) or seller and purchaser (Exhibit 13) and the applicant as part of the notification requirements of the Lead-Based Paint Poisoning Prevention Act.

22. Projects involving rental acquisition and/or rehabilitation, the applicant must provide a relocation plan and budget; along with list of tenants for each of the four months previous to application submission. Each tenant presently occupying the project complete a Tenant Questionnaire (Exhibit 6). However, if the project has federal project based rental assistance, the applicant may submit source tenant documentation in lieu of a Tenant Questionnaire. SDHDA is required to send a General Information Notice to each tenant. If a unit is vacant, please note on the Tenant Questionnaire and submit with the owner's signature.

23. Projects involving rental acquisition and/or rehabilitation, three years historical financial information must be submitted with the application. If the proposed transaction is an arms-length transaction, the applicant must at a minimum submit the last three years' operating statements. If the proposed transaction is not an arms-length transaction, the applicant must submit three years' audited financial statements. SDHDA reserves the right to request financial information for additional years. In addition, if applicable, the submittal of the latest approved project based rental assistance contract.

24. Projects involving rental rehabilitation, a detailed description of the activities to be completed for the exterior and by apartment unit for the interior and the corresponding cost. The failure to include a detailed description may result in the application not being selected for a reservation of HOME funds. To obtain points under Section V1.C. (Readiness to Proceed Criteria) 1, applicant must submit a physical needs assessment.

    In addition, if there are large variances between the original application and the appraisal and physical needs assessment submitted for commitment of HOME funds, the reservation of HOME funds may be withdrawn.

25. If applicable, applicant must provide a copy of the Concerted Community Revitalization Plan and evidence that the housing is or will be located within the associated qualified census tract.

26. Projects intended for eventual tenant ownership must submit with their application the proposed management plan, including information on homebuyer counseling, calculation of future purchase price, and other information requested by SDHDA to evaluate the feasibility of the development.

27. Projects that will be serving tenant populations of individuals with children must provide written documentation.

28. Documentation of utility availability (i.e. water, sewer, electric, natural gas). If utilities are not available, an explanation, including dates, as to when all utilities will be available must be submitted. To obtain points under Section V1. C. 6. (Readiness To

Proceed Criteria) must submit documentation from the utility providers stating utilities are currently at the project site and have the capacity to support the proposed project.

29. HOME Match: All HOME participants will be required to provide a 12.5 percent match of HOME funds awarded for their projects as described in CPD Notice 97-03. Complete Exhibit 7 and attach verification If more than 50 percent of the units in a project are HOME-assisted units, then the match contribution to the non-assisted units may be counted as match. If not more than 50 percent of the units in a project are HOME-assisted units, then the match contribution is pro-rated.

30. Copy of Consultant Agreement.

31. Any other information requested by SDHDA.

B. Reservation Stage

All requirements in this section must be provided, within 120 days, before an actual commitment of HOME funds will be made.

1. Signed funding commitment documentation from all sources associated with the project including the amount, rate and term of the financing.

2. A description of any other governmental assistance and/or rental assistance associated with the project. This includes copies of any contracts/agreements executed or any applications made for rental assistance grants for the project.

3. Information on the ownership entity, including an executed copy of the partnership agreement or articles of incorporation, a copy of the certificate of registration from the Secretary of State in the State of South Dakota, and a copy of federal tax payer identification number.

4. An affidavit executed by the owner, general partner, an officer, a director or corporate officer stating that under penalties of perjury all facts and statements contained in all documents and exhibits submitted in conjunction with the application for HOME funds are true and accurate to the best of his or her knowledge.

5. Site ownership documented by a recorded contract for deed, warranty deed, or long term lease (lease must be for longer than the minimum affordability requirement or through the extended use period). All ownership by contract for deed must include an amendment to the contract which states the deed holder is knowledgeable of and agrees to comply with all requirements of SDHDA and HUD HOME Program regulations for the period of affordability and/or any extended use pledged in the application.

6. Final itemization of the costs related to the completion of the project, including both hard cost and soft costs.

7. Final plans and specifications stamped by the project Architect and Engineer.

8. Copy of the proposed HUD Affirmative Fair Housing Marketing Plan, management plan, management agreement, tenant selection policy (See Exhibit 10), Section 504 reasonable accommodation policy, and the intended lease to be utilized for the project, which may not include any prohibited lease terms as detailed in Exhibit 9. If a lease-purchase project, the management plan must include a homeownership counseling program for the homebuyers.

9. All other agreements and certifications required by SDHDA to comply with the federal regulations governing the use of HOME funds.

10. Projects involving acquisition of an existing property must submit a "Market Value As Is" appraisal meeting the USPAP and completed by an independent, State Department of Revenue and Regulation certified appraiser (http://dlr.sd.gov/bdcomm/appraiser/supervisor_log.aspx). SDHDA will approve the appraiser and the applicant will pay for all costs for this service, which can be included in the total project costs.

11. Projects involving rehabilitation or new construction must submit a "Market Value As If Completed" appraisal meeting USPAP and completed by an independent, State Department of Revenue and Regulation certified appraiser (www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm). In addition, projects involving acquisition and/or rehabilitation of an existing property must submit a physical needs assessment completed by an independent inspector. SDHDA must approve the appraiser and inspector and the applicant will pay for all costs for these services, which can be included in the total project costs.

12. Projects involving acquisition and/or rehabilitation of a pre-1978 property must comply with lead-based requirements as summarized in Exhibit 11. The applicant will pay for all costs for these services, which can be included in the total project costs.

13. Projects will be required to obtain a Dun & Bradstreet D-U-N-S number via www.dnb.com (For U.S. Government Federal Contractors, Vendors and Grantees) and D-U-N-S Number assignment is FREE for all businesses required to register with the US Federal government for contracts or grants

14. Any other information deemed necessary by SDHDA.

EXHIBIT 2
MARKET STUDY REQUIREMENTS FOR THE HOME PROGRAM

In order to be accepted with an application, a complete market study must be less than six months old at the time of submission and must be completed by a market analyst who is unaffiliated with the developer and who has experience with multifamily rental housing. A South Dakota licensed appraiser who is MAI certified and meeting the criteria listed may also complete the market study. The study must address in depth the following:

1. Review of proposed site including color photos of the site and adjoining property; definition of the primary and secondary market areas including a map that clearly marks the areas and an explanation of the basis for the boundaries; description of site characteristics including the size, shape and general topography; and evaluation of the accessibility and visibility of the site;

2. Review of the proposed project including the number of units by number of bedrooms and bathrooms, income levels to be served, rent to be charged, calculating utility allowances and amenities to be provided;

3. Review of existing community services and their proximity to the proposed project including a site map identifying such services;

4. Review and listing of existing multifamily projects in the market area for both affordable housing (Section 8, HOME and Rural Development) units and market-rate units listing the type of housing, location, number of bedrooms, number of bathrooms, size of units, condition of buildings, vacancy rates, waiting lists, amenities, utility allowances (whether included in rent or not), and rental rates;

5. Review of the total number of income eligible households* in the market area, (include a breakdown of households (both renters and owners) at 50 percent and 60 percent level of area median income and projections of the same, for the next five year period);

6. Review of projected new multifamily projects (BOTH affordable and market rate) including number and type of building permits issued in the past three years;

7. Review of current population characteristics, such as total population, income levels, age breakdown, migration trends, and five year projection of future changes to the population and its characteristics;

8. Review of the type of employment opportunities and entry-level wages including economic changes proposed that could potentially affect the number of jobs or wages

9. Review of existing and projected renter and owner occupied households indicating the total number of households, average number of persons per household, and number of households that are rent burdened (tenants paying more than 30 percent of their income for housing);

10. Review of existing housing conditions and projected rental housing demands, including the breakdown of the number, size and rent level of units necessary to fill the demands of the community;

11. Review of meeting/correspondence with the local Public Housing Authority highlighting the utilization of Section 8 vouchers and the affordable rental housing in the corresponding effective market area;

12. Review of meeting/correspondence with local planners, housing and community development officials, and market participants to evaluate the local perception of the need for additional housing; and

13. Executive Summary with a precise statement of the conclusions reached by the analyst. The statement must include the analyst's opinion of (i) market feasibility, (ii) the prospect of long-term performance of the property given housing and demographic trends and economic factors, (ii) recommended modifications to the proposed project, (iv) market related strengths and weaknesses, (v) positive and negative attributes and issues that will affect the property's lease-up and performance, and (vi) the impact the subject property will have on the existing multifamily projects.

* Income eligible households are defined as those whose incomes are at or below the percent of area median income option chosen by the applicant.

The following issues must be considered for each potential market before the development of additional units is pursued:

1. Whether the community experienced growth in recent years and is projected to continue to grow.
2. Whether there has been any significant changes in the economic arena for the area, such as major employers leaving or moving into the area or are expected to leave or move in. Note that the definition of "major" will vary by community.
3. A determination as to whether vacancies that may have existed prior to the population growth have been absorbed, or whether there are vacancies in the market area now. If there are the vacant units, they need to be evaluated to determine if they are obsolete, have deferred maintenance, have deep rental subsidies, or qualify for Section 8 Vouchers (if available).
4. Determine if the need is for housing for families, young professionals, retirees, or the elderly, and what the most suitable housing would be for the identified population; such as whether there is a need for single family homes, townhouse or condominium type housing units with lower maintenance requirements, independent apartments, congregate housing, or assisted living units. Also, determine if there are existing vacant units or structures in the community or region that could be rehabilitated or moved in to address the demand for housing in a more affordable manner than new construction.
5. A determination must be made as to whether there is a need for market rate housing or housing targeted to lower income households.

EXHIBIT 3
LOCAL GOVERNING BODY APPROVAL

Format of letter to be submitted evidencing local approval -
Must be submitted by chief executive officer on local governing body letterhead

I, _____, [Insert title of Executive Officer] of _____, am writing on behalf of the _____ [Insert name of local governing body, such as Sioux Falls City Council or Cheyenne River Sioux Tribe] in support of the following proposed project:

_____(Project Name)_____

_____(Street Address)_____

_____(Number of Units)_____

The project will be [Insert newly constructed or existing] units targeted to [Insert family or elderly].

The market study provided by the applicant which was undertaken by
_____ and completed on _____ has been provided to this governing body.

[Attached are the meeting minutes dated _____ evidencing approval from the local governing body.] or [The [Insert title of C.E.O.] has the express authority to approve the proposed project under the local charter, a certified copy of which is attached.]

_____ _____
Name Title

_____ _____
Signature Date

EXHIBIT 4
PROJECT CHARACTERISTICS

Applicant only eligible to receive up to 200 points.

Indicate if the project will include each characteristic by placing an X in the box to the left of each applicable line item. NOTE: No points are allowed for characteristics associated with previous phases.

Minimum standards apply to all new construction projects; however, rehabilitation or Reconstruction projects should also strive to meet these minimum standards.

General Project Scope:		
	Minimum Standards	Single Family Project must include individual exterior storage units at a minimum of 8'x12' or a garage.
	25 points	Single Family Project that includes an attached or detached garage capable of parking at least 1 vehicle
Site Exterior		
	Parking:	
	Minimum Standards	At a minimum, the parking lot will be engineered asphalt, having concrete curb and gutter where required. Single Family home developments must contain concrete off-street parking for two vehicles. Each efficiency, 1 and 2 bedroom units must have 1-1/2 parking spaces and each 3-4 bedroom must have 2 parking spaces. The number of handicap designated spaces must equal the amount of handicap units. In the event that local jurisdiction codes exceed this total then the local code supersedes these requirements.
	25 points	Off-street concrete parking lot that meets above requirements.
	Sidewalks:	
	Minimum Standards	A concrete Sidewalk will be provided from each primary entrance door and any accessible entry door to a public right of way.
	Exterior Landscaping:	
	Minimum Standards	New Construction should have a minimum of a live landscaped area of no less than 5% of the hard surfaced area of the project site.
	Minimum Standards	A Minimum of 2% slope for hard surfaces adjoining foundation and no less than 5% for landscaped surfaces.
	Minimum Standards	Multifamily rental project of 16-47 units must have at least one Section 504 compliant playground area. Projects of 48 or more units, must have at least two Section 504 compliant playground areas.
	5 points	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
	10 points	Installation of Section 504 compliant picnic area containing a grill and picnic table
	5 points	Downspouts day-lighted to at least 10 feet from foundation.

Signage:		
	Minimum Standards	The project must have permanent signage installed with Equal Housing Opportunity logo and the identification of the developer and South Dakota Housing Development Authority. This requirement may be waived for single family projects
Building(s) Exterior		
Exterior Siding/Finish:		
	Minimum Standards	Minimum of 30 year finish warranty/50 year substrate warranty solid cementious or composite prefinished siding. If vinyl siding is used, it must be a minimum of 0.44 mil thick and have a lifetime warranty. Prefinished soffits and fascia are required.
	10 points	At least 25% of building exterior finished in brick, stone or stucco.
	25 points	At least 80% of building exterior finished in brick, stone or stucco.
Roofing:		
	Minimum Standards	Minimum of 30 year warranty asphalt or composite shingle, 29ga metal roofing with a 50 year finish/fade warranty or 60mil rubberized roof with a 30 year warranty for flat roofs.
	15 points	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
Windows/Doors:		
	Minimum Standards	Energy Star qualified Exterior prefinished windows constructed of vinyl, wood, composite or fiberglass containing Low-E Glass
	10 points	Windows scored with better (lower is better) than a .25 U-Factor by the National Fenestration Rating Council.
	Minimum Standards	Exterior doors shall be insulated steel or composite in a metal clad wood or composite frame. Unit entry doors without windows shall have a peephole installed with 180 degree view. All unit entry doors must be equipped with a deadbolt with 1" inch throw into reinforced jamb.
	Minimum Standards	Main entrances for projects containing interior accessed units must be equipped with an ADA/ABA compliant automatic door opener.
	20 points	Main entrances for projects containing interior accessed units designed with a foyer and equipped with a security access system
	20 points	Townhome or single family projects that have exterior entrances for all units.
Construction and Energy Efficient Design Features.		
Wall/Roof Assembly:		
	Minimum Standards	2x6 exterior wall assemblies insulated to a minimum of R-19. Roof assembly insulated to a minimum of R-42. All assemblies must be constructed to the minimum of the local adopted code or the current state adopted IRC/IBC if no local code exists.
	10 points	All party walls and common walls containing at least 3.5" of sound attenuation insulation.
	10 points	Light weight concrete or Gypcrete surfacing on floors.

	Special and Accessible Design Features:	
	Minimum Standards	All projects containing more than 4 units must be compliant with Section 504 under the Rehabilitation Act of 1973. All other housing must meet the requirements of the Fair Housing Act. Rehabilitation of housing containing more than 15 units and costing at least 75% of replacement cost or that is vacant must also meet Section 504.
	20 points	Incorporation of Universal Design Principles in at least 25% of all units or single-family developments with accessible routes into and through the home including zero step entry, not including Section 504 units. Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.
	35 Points	Multi-family projects that have either a stand-alone Community Building or a Community Room. Rooms shall be 15 square feet per occupant, assuming 1-1/2 occupants per unit. Room shall include a fully functioning kitchen not included in square foot minimum. Only areas usable by occupants are to be included in square foot minimum. Areas such as offices or storage cannot be used to meet minimum.
	Energy Efficient Design Features:	
	20 points	HERS: Project scoring a HERS index of 70 or better as measured by a RESnet certified Rater
	35 points	Energy Star: Whole project certification to the latest version of Energy Star for New Homes or Energy Star for Multifamily High Rise as verified by a 3rd party Energy Star certified rater. Project cannot take points for both HERS and Energy Star certifications.
	Building Interior	
	Unit Entry Doors:	
	Minimum Standards	The unit entry doors must meet the code requirement of the wall assembly containing it. It must include a peephole with 180 degree viewer or have a window, a deadbolt with a 1" throw into a reinforced jamb.
	Unit Interior Doors:	
	10 points	Solid core doors with metal jambs for interior of units. (bathrooms, bedrooms, closets).
	Floor Covering:	
	Minimum Standards	Carpet must meet the standards of HUD use of material bulletin 44D. VCT, Vinyl Plank, LVT, sheet vinyl and other floor coverings must meet or exceed the ASTM standards for Resilient Floor Covering and carry a minimum of a 10 year Manufacturer Warranty.
	Laundry:	
	Minimum Standards	A common laundry room must be located in each building of a project and contain a window within or near the door. Projects with single family dwellings, townhomes, or apartments without common laundry space must provide washer and dryer hook-ups within each unit. Washers must meet Energy Star qualifications.
	5 points	A common laundry room for each building floor.

	10 Points	A washer and dryer provided for each unit.
	Unit Bathrooms:	
	Minimum Standards	Minimum of one-half bath per floor for multi-story townhouse or single family dwellings containing 2 or more bedrooms.
	Minimum Standards	Primary bath light and bathroom ventilation fan must be switched together. Bath fan cannot be used to meet mechanical ventilation code for local jurisdictions that have adopted 2012 IECC or other codes that require mechanical ventilation.
	Minimum Standards	For new construction projects that must comply with Section 504 of the Rehabilitation Act of 1973, a UFAS compliant roll-in shower must be provided in at least 50% of the Section 504 mobility impaired accessible units or at least one.
	Appliances and Fixtures:	
	Minimum Standards	All provided appliances including refrigerators, freezers, washers, dishwashers, ceiling fans, computers and exits signs must be Energy Star Qualified.
	Minimum Standards	A minimum of a 14 cu. Ft. frost free refrigerator for all 0 or 1 bedroom units. A minimum of 18 cu. Ft. refrigerator for all 2 or more bedroom units.
	Minimum Standards	Water Sense qualified faucets, toilets/urinals, showerheads.
	Window Coverings:	
	Minimum Standards	Window coverings or blinds shall be provided.
	Mechanical	
	Heating and Cooling:	
	Minimum Standards	At a minimum High efficiency cove heat. Electric baseboard heat is NOT allowed for new construction. 80% AFUE minimum gas furnace, Heat Pumps rated at HSPF of 8 or greater with a 13.0 SEER rating or higher (packaged or split).
	Minimum Standards	All units must have Energy Star qualified through the wall air conditioning or central air conditioning rated at 13 SEER or better.
	5 Points	Energy Star qualified central air conditioning. Split systems must be Energy Star matched.
	20 points	Forced air furnace greater than 92.5% AFUE or Energy Star qualified Air-source or Ground Source heat pump capable of providing heat to -15 F. Split systems must be Energy Star matched.
Note: Proposed heat pump systems used for primary heat must be submitted for approval.		
	Water Heating:	
	Minimum Standards	An Energy Star qualified water heater in each unit. Any central hot water systems must be submitted for approval.
	10 points	A gas condensing or electric heat pump water heater provided for each unit.
	Healthy Homes	
	Minimum Standards	1. Low VOC paints, stains, adhesives and sealants. 2. Formaldhyde free insulation. 3. Formaldhyde free or sealed particle board products such as shelving, cabinets and countertops. 4. Low VOC carpets and floor coverings. 5. Lead detection and abatement. 6. Radon detection and mitigation.

I certify that the above indicated characteristics will be incorporated into the final working drawings and that they must be provided prior to occupancy of the project.

I certify that the housing will meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR Part 100.201, must also meet the design and construction requirements at 24 CFR Part 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

_____

Applicant Date

_____

Architect Date

EXHIBIT 5
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

CHDO is defined as a private nonprofit organization that;

1. Is organized under State or local laws;

2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

3. Is neither controlled by, nor under the direction of individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, however:

   The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm;

   The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body, nor may board members appointed by the for-profit entity appoint the remaining two-thirds of the board members; and

   The CHDO must be free to contract for goods and services from vendors of its own choosing.

4. Has a tax exemption ruling from the Internal Revenue service under section 501(c) (3) or (4) of the Internal Revenue Code of 1986;

5. Does not include a public body or an instrumentality of a public body;

6. Has standards of accountability that conform to OMB Circular No. A-110;

7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as documented in its charter, articles of incorporation, resolutions or by-laws;

8. Maintains accountability to low-income community residents by;

   Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations; and

Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site, development, and management of affordable housing;

9. Has a demonstrated capacity for carrying out activities assisted with HOME funds; and

10. Has a history of serving the community within which the HOME assisted housing will be located.

11. Has paid employee staff with housing development experience.

If a CHDO's involvement in a project is as an owner, it must have control of the project, as documented by legal title or a valid contract of sale. If it owns the project in partnership, it or its wholly owned for-profit subsidiary must be the managing general partner. In any of the above specific capacities the CHDO must have effective management control.

Up to ten percent of the CHDO funds set aside may be used for the following activities;

Project specific technical assistance and site control loans. HOME funds may be used by SDHDA to provide technical assistance and site control loans to a CHDO in the early stages of site development for a project which is eligible for HOME Program funds. All costs must be related to a specific project.

A loan may be provided to cover project expenses necessary to determine project feasibility, consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement fees of a development team, site control costs and costs to obtain clear title. GENERAL EXPENSES OF THE CHDO ARE NOT ALLOWABLE EXPENSES.

Project specific seed money loans. HOME funds may be loaned to CHDOs to cover pre-construction project costs that SDHDA determines to be customary and reasonable, including but not limited to legal fees, the cost of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, and engineering studies. A loan under this part will be made only to a CHDO that has site control (documented by a deed, a sales contract, or an option contract to buy the property), a preliminary financial commitment, and a capable development team.

A CHDO that receives a loan under either of the above specific components must repay the loan of HOME funds to SDHDA from the construction loan proceeds or other project income.

EXHIBIT 6 - HOME Tenant Questionnaire

(Complete all sections requested, If a question does not apply, please put N/A)

Project Name: _____ Initial Certification Date: _____

Unit No. _____ Bedroom Size: _____ Annual Recertification Date: _____

Applicant Name: _____

Address: _____
Street, Box No. City State Zip

1. List all occupants of the unit

Occupant	Relationship	Social Security Number	Date of Birth	Sex
(a) _____	Head of House	_____	_____	_____
(b) _____	_____	_____	_____	_____
(c) _____	_____	_____	_____	_____
(d) _____	_____	_____	_____	_____
(e) _____	_____	_____	_____	_____

2. Are all members of the household U.S. Citizens? Yes ( ) No ( )

3. Race of Head of Household: Hispanic or Latino: Yes ( ) No ( )

( ) White
( ) Black/African American
( ) Asian
( ) Native Hawaiian/ Other Pacific Islander
( ) American Indian/Alaskan Native & White
( ) Asian & White
( ) Black/African American & White
( ) American Indian/Alaskan Native & Black African American
( ) Other Multi-Racial

4. The following question is optional. However, the information supplied may be used to determine any special needs you may have.

Do any family members have a disability? Yes ( ) No ( )
If so, what type of special accommodations may be needed?_____
_____

5. If tenant is already residing in the HOME project, complete this section. Otherwise, go to Question 6.

CURRENT RENT
Monthly $_____

CURRENT UTILITY ALLOWANCE
Monthly $_____

6. Do you currently receive rental assistance? Yes ( ) No ( )

			Amount Per Month
If yes, are you receiving:	Section 8 Certificate	( )	_____
	Section 8 Voucher	( )	_____
	Other	( )	_____

7. Please answer each of the following questions. For each "Yes" answer provide details in the chart below.

	Yes	No
Is any member of your household employed, full-time, part-time, or seasonally?	_____	_____
Does any member of your household expect to work for any period during the next 12 months?	_____	_____
Does any member of your household work for someone who pays them in cash?	_____	_____
Is any member of your household on leave of absence from work due to lay-off, medical, maternity, or military leave?	_____	_____
Does any member of your household now receive or expect to receive unemployment benefits?	_____	_____
Does any member of your household now receive or expect to receive child support?	_____	_____
Is any member of your household entitled to child support that he/she is not now receiving?	_____	_____
Does any member of your household now receive or expect to receive alimony payments?	_____	_____
Is any member of your household entitled to alimony payments that he/she is not now receiving?	_____	_____
Does any member of your household receive or expect to receive welfare assistance?	_____	_____
Does any member of your household receive or expect to receive Social Security benefits?	_____	_____
Does any member of your household receive or expect to receive income from a pension or annuity?	_____	_____
Does any member of your household receive regular cash contributions from individuals not living in the unit or from agencies?	_____	_____
Does any member of your household receive income from assets, including interest on checking or savings accounts, interest and dividends from certificates of deposit, stocks, or bonds, or income from the rental of property?	_____	_____

For each type of income that your household receives, give the source of the income and the amount of income that can be expected from that source during the next 12 months.

FAMILY MEMBER	SOURCE OF INCOME/ TYPE OF INCOME	ANNUAL INCOME

If additional space is needed attach a separate sheet.

8. List all checking and savings accounts (including IRA's, Keough accounts, and Certificates of Deposit) of all household members, including accounts disposed of during the past two years.

FAMILY MEMBER	FINANCIAL INSTITUTION	ACCOUNT NUMBER	TYPE	BALANCE

List value of all stocks, bonds, trusts, pension contributions, or other assets:_____

_____

_____

Do you own a home or other real estate?_____

_____

Did you have any assets in the last two years not listed above?_____

If yes, did you dispose of any assets for less than fair market value? yes or no _____

(This means that the assets were either given away or sold at less than the allotted market value.) What were the assets, the market value at the time of disposition, the amount received, and date you disposed of the assets?_____

_____

Any assets listed as disposed of for less than fair market value in the two years preceding the effective date of the certification or recertification will be counted as assets if the difference between the value and the amount received exceeds $1000.

RESIDENT'S STATEMENT: I understand that the above information is being collected to determine my eligibility for residency. I authorize the owner/manager to verify all information provided on this application and my signature is consent to obtain such verification. I certify that I have revealed all assets currently held or previously disposed of and that I have no assets other than those listed on this form (other than personal property). I further certify that the statements made in this application are true and complete to the best of my knowledge and belief and that I am aware that false statements are punishable under Federal law and grounds for eviction.

Signature of Head: _____ Date:_____

Signature of Spouse or Co-Tenant:_____ Date:_____

Property Name: _____

Federal law requires us to obtain criminal background and sex offender registration for all adult household members applying for assisted housing. To enable us to do this, all household members age 18 or older must answer the questions below. The questions regard drug-related, sex offender and other criminal activity that could adversely affect the health, safety or welfare of other residents. Failure to provide complete and accurate information will result in the rejection of the application.

1. Have you been evicted from a federally-assisted site for drug-related criminal activity within the past three years?
   ☐ Yes ☐ No

2. Do you currently use illegal drugs or abuse alcohol? ☐ Yes ☐ No

3. Are you currently subject to a lifetime registration requirement under a state sex offender registration program?
   ☐ Yes ☐ No

4. Have you been convicted of any drug-related crime within the past five years?
   ☐ Yes ☐ No

5. Have you been convicted of any felony within the past five years? ☐ Yes ☐ No

6. Have you been convicted of any crime involving fraud or dishonesty within the past five years? Yes ☐ No

7. Have you been convicted of any crime involving violence with in the past five years?
   ☐ Yes ☐ No

8. Are you currently charged with any of the above criminal activities? ☐ Yes ☐ No

9. Please list all states in which you currently and have previously resided.
   _____
   _____

10. Have you ever used or been known by any other name? ☐ Yes ☐ No

PENALTY OF PERJURY CLAUSE

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understands that providing false representation herein constitutes an act of fraud. False, misleading or incomplete information may result in the denial of subsidy, termination of the lease agreement and referral to the U.S. Inspector General's office.

Title 18, Section 1001 if the U. S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government, HUD, the PHA and any owner (or any employee of HUD, the PHA or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willfully requests, obtains or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the PHA or the owner responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the Social Security Act at 208 (a) (6), (7) and (8). Violation of these provisions are cited as violations of 42 U.S.C. 408 (a) (6), (7) and (8).

Applicant Signature _____ Date _____
Applicant Name (Print) _____

_____ does not discriminate on the basis of handicap status in the admission or access to, or treatment or employment in, its federally assisted properties, programs and activities.

The following person has been designated to coordinated compliance with the nondiscrimination requirements contained in the Department of Housing and Urban Developments regulations implementing Section 504: _____

EXHIBIT 7
MATCHING CONTRIBUTION REQUIREMENTS

By establishing the HOME Program, Congress intended to establish a partnership between the federal government, states, units of local government and nonprofit organizations to expand the supply of affordable housing for low-income families. According to 24 CFR Part 92.218, contributions must be made to qualified housing in an amount equal to 25 percent of appropriated HOME funds drawn down for housing projects. These contributions are referred to as “match”.

All HOME participants will be required to provide a 25 percent match of HOME funds awarded for their projects in accordance with 24 CFR Part 92 and CPD 97-03. SDHDA will provide up to one-half the match requirement. Applicants should contact SDHDA to determine the appropriate matching requirements, because properties located in counties that have been declared a disaster area may be eligible for a waiver of match requirements.

To be considered an eligible match, a contribution must be made from nonfederal sources and must be made to housing that is assisted with HOME funds or to housing that is not HOME assisted but meets the HOME affordability requirements 24 CFR Part 92.219.

Matching contributions may be in the form of one or more of the following. Please mark which kind of contribution you will be able to make.

____ Cash contributions from nonfederal sources and permanently contributed to the HOME project. This contribution cannot be made by the owner/developer. Nonfederal cash match contributions to HOME assisted or HOME eligible projects may be expended for activities that are eligible project costs, as well as for costs that are not eligible HOME costs.

____ Below-market interest rate loan from private lending institution.

____ The value of state or local taxes, fees, or other charges that are normally imposed but are waived, forgone, or deferred.

____ The value of donated land or other real property, before the HOME assistance is provided and minus any debt burden, lien, or other encumbrance.

____ The cost of on-site and off-site infrastructure directly required for affordable housing assisted with HOME funds, not paid with federal resources. (The cost of infrastructure related to affordable housing that is **not** HOME assisted is not an eligible form of match).

____ Proceeds from multifamily and single family affordable housing project bond financing validly issued by a State or local government, or an agency, instrumentality, or political subdivision of a State and repayable with revenues from the affordable housing project.

____ Donated site preparation and construction materials not acquired with federal resources and any donated or voluntary labor in connection with the site-preparation.

____ Other _____

_____

Please provide SDHDA with a list of contacts and SDHDA will determine the value of the eligible form of match to be utilized for the project.

_____	$ _____
_____	$ _____
_____	$ _____
_____	$ _____
_____	$ _____
_____	$ _____

If you have questions, please contact the Housing Development Officer responsible for your project at (605) 773-3181.

EXHIBIT 8

SOUTH DAKOTA
HUD 221 (d)(3) SUBSIDY LIMITS
(APPLIES TO ALL HOME PROJECTS)

	Zone I	Zone II	Zone III
0 bedroom	$103,484	$100,717	$100,717
1 bedroom	$118,629	$115,457	$115,457
2 bedrooms	$144,252	$140,395	$140,395
3 bedrooms	$186,615	$181,625	$181,625
4+ bedrooms	$204,845	$199,368	$199,368

Zone I (Sioux Falls - Base City)

Aurora
Beadle
Bon Homme
Brookings
Brown
Brule
Charles Mix
Clark
Clay
Codington
Davison
Day
Deuel
Douglas
Edmunds
Faulk
Grant
Gregory
Hamlin
Hand
Hanson
Hutchinson
Jerauld
Kingsbury
Lake
Lincoln
Marshall
McCook
McPherson
Miner
Minnehaha
Moody
Roberts
Sanborn
Spink
Turner
Union
Yankton

Zone II (Pierre - Key City)

Buffalo
Campbell
Corson
Dewey
Haakon
Hughes
Hyde
Jones
Lyman
Mellette
Potter
Stanley
Sully
Todd
Tripp
Walworth
Ziebach

Zone III (Rapid City - Key City)

Bennett
Butte
Custer
Fall River
Harding
Jackson
Lawrence
Meade
Pennington
Perkins
Shannon

This exhibit is subject to change based on updates from the Department of Housing and Urban Development.

EXHIBIT 9
PROHIBITED LEASE TERMS

The lease may NOT contain any of the following provisions per 24 CFR Part 92.253 b.:

1. Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

2. Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;

3. Excusing owner from responsibility. Agreement by the tenant not to hold the owner or owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

4. Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

5. Waiver of Legal Proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

6. Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury;

7. Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

8. Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

EXHIBIT 10
TENANT SELECTION CRITERIA

An owner must adopt written tenant selection policies and criteria that include as a minimum the following per 24 CFR Part 92.253 d.:

1. Policies and criteria that are consistent with the purpose of providing housing for very low-income and low-income families;

2. That are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;

3. That provides for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

4. That provides prompt written notification to any rejected applicant of the grounds for any rejection.

EXHIBIT 11
SUMMARY OF LEAD-BASED PAINT REQUIREMENTS BY ACTIVITY

	Rehabilitation (Subpart J)			TBRA (Subpart M)	A,L,SS,O (Subpart K)
	<=$5,000	>$5,000 - $25,000	>$25,000		Homebuyer and Special Needs*
Approach to Lead Hazard Evaluation and Reduction	1. Do no harm	3. Identify and control lead hazards	4. Identify and abate lead hazards	2. Identify and stabilize deteriorated paint	2. Identify and stabilize deteriorated paint
Notification	Yes	Yes	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment	Visual Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces Disturbed during Rehabilitation	Interim Controls	Abatement (Interim Controls on exterior surfaces not disturbed by rehabilitation)	Paint Stabilization	Paint Stabilization
	Safe work practices Clearance of work site	Safe work practices Clearance of unit	Safe work practices Clearance of unit	Safe work practices Clearance of unit	Safe work practices Clearance of unit
Ongoing Maintenance	For HOME Rental only	For HOME Rental only	For HOME Rental only	Yes	Yes (if ongoing relationship)
EIBLL Requirements	No	No	No	Yes	No
Options	Presume lead-based Paint Use safe work practices on all surfaces	Presume lead-based Paint and/or hazards Use standard treatments	Presume lead-based Paint and/or hazards Abate all applicable Surfaces	Test deteriorated paint Use safe work practices only on lead-based paint surfaces	Test deteriorated paint Use safe work practices only on lead-based paint surfaces
*Special Needs Housing may be subject to the requirements of Subpart J, M, or K depending on the nature of the activity undertaken. However, since most Special needs housing involve Acquisition (A), Leasing (L), Support Services (SS), and Operations (O), for the purposes of this table; it has been placed in this column.					

EXHIBIT 12

Lead-Based Paint Disclosure of Information

Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards

Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards is not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Tenants must also receive a Federally approved pamphlet on lead poisoning prevention.

Lessor's Disclosure (initial)

_____ (a) Presence of lead-based paint or lead-based paint hazards (check one below):

☐ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

_____

☐ Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

_____ (b) Records and reports available to the lessor (check one below):

☐ Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

_____

_____

☐ Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Lessor's Acknowledgment (initial)

_____ (c) Lessee has received copies of all information listed above.

_____ (d) Lessee has received the pamphlet *Protect Your Family from Lead in Your Home*.

Agent's Acknowledgment (initial)

_____ (e) Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

Lessor	Date	Lessor	Date
Lessee	Date	Lessee	Date
Agent	Date	Agent	Date

EXHIBIT 13

Lead-Based Paint Disclosure of Information

Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection of lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure (initial)

_____ (a) Presence of lead-based paint or lead-based paint hazards (check one below):

☐ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

_____

☐ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

_____ (b) Records and reports available to the seller (check one below):

☐ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

_____

_____

☐ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

_____ (c) Purchaser has received copies of all information listed above.

_____ (d) Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

Agent's Acknowledgment (initial)

_____ (e) Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

Seller	Date	Seller	Date
Purchaser	Date	Purchaser	Date
Agent	Date	Agent	Date

EXHIBIT 14

Application Checklist

The following items must be submitted with the completed Application form to ensure a complete application is received by SDHDA. Please refer to the HOME Program Allocation Plan and application for clarification of any submission items.

	Submission Item	Enclosed	Meet SDHDA requirements
1.	Completed and signed Application form	_____	_____
2.	Market Study	_____	_____
3.	Project Narrative	_____	_____
4.	Chief Executive Officer letter (Exhibit 3)	_____	_____
5.	Utility Allowance Calculation	_____	_____
6.	Pro forma	_____	_____
7.	Three years annual financial statements	_____	_____
8.	Documentation of Operating Expenses	_____	_____
9.	Legal opinion of good standing	_____	_____
10.	Site Control	_____	_____
11.	Architectural site plan	_____	_____
12.	Architectural floor and unit plan	_____	_____
13.	Zoning letter and project plat	_____	_____
14.	PHA Notification	_____	_____
15.	Nonprofit Description	_____	_____
16.	Local area map	_____	_____
17.	Executed Project Characteristics (Exhibit 4)	_____	_____
18.	Documentation of local financial support	_____	_____
19.	Applicant's Characteristics	_____	_____
20.	Service provider letters	_____	_____
21.	Documentation of financing	_____	_____
22.	Documentation of equity commitment	_____	_____
23.	Lead Based Paint Disclosure	_____	_____
24.	Relocation Plan	_____	_____
25.	Tenant Questionnaire	_____	_____
26.	Current tenant rent roll	_____	_____
27.	Detailed rehabilitation listing	_____	_____
28.	Community Revitalization Plan	_____	_____
29.	Lease purchase management plan	_____	_____
30.	Intent to serve families with children	_____	_____
31.	Availability of utility service	_____	_____
32.	HOME Match (Exhibit 7)	_____	_____
33.	Consultant Agreement	_____	_____
34.	Application Fee of $500 (HOME ONLY)	_____	_____

EXHIBIT 15

Self-Scoring Worksheet

	2013-2014 HTC Self Scoring Worksheet				
		Sub Points	Points Available	Points Awarded	Comments
A	**NEED**		**150**		
B	**PRIMARY SELECTION CRITERIA**				
1	**Deep Income Targeting**		**90**		
	a. 30% of Total Units less Market Rate Units at 50% AMI	30			
	b. 7% of Total Units less Market Rate Units at 40% AMI	30			
	c. 3% of Total Units less Market Rate Units at 30% AMI	30			
2	**Extended Use Commitment (10 years)**		**60**		
3	**Construction Type**		**70**		
	a. Rehabilitation or Reconstruction	50			
	b. Rehabilitation or Reconstruction with Historic Nature	20			
	c. New Construction with 8 units or less per building	10			
	d. New Construction Assisted Living Facility	10			
	e. New Construction Congregate Care Facililty	10			
4	**Concerted Community Revitalization Plan**		**40**		
	a. And in a Qualified Census Tract	30			
	b. And Rehabilitation or Reconstruction	10			
5	**Mixed Income**		**40**		
	a. 10.0% to 20.0%	10			
	b. 20.01% to 30.0%	20			
	c. 30.01% to 40.0%	30			
	c. 40.01% to 50.0%	40			
6	**Financial Support from Local Sources**		**25**		
7	**Applicant Characteristics**		**30**		
	a. Developer Experience - Track Record	10			
	b. Minority or Woman Owned	10			
	c. Owner Equity of 10.00% or more	10			
	d. Deduction if not in "Good Standing"	-25			
8	**Tenant Ownership**		**50**		
9	**Service Enriched Housing**		**25**		
	a. Homeless				
	b. Physically Disabled				
	c. Mentally Disabled				
	d. Developmentally Disabled				
	e. Frail Elderly (congregate care)				
	f. Families with Children				
10	**Section 811 Set-aside Units**		**40**		
	a. 10.00% to 15.0%	20			
	b. 15.01% to 20.0%	30			
	c. 20.01% to 25.0%	40			
11	**Accessible Units (required 5% mobility & 2% Sensory)**		**20**		
	a. 5.01% to 10.0%	10			
	b. 10.01% to 15.0%	15			
	c. 15.01% to 20.0%	20			
12	**Efficient use of Tax Credits or HOME Funds (Use Higher of the two)**		**50**		
	HTC **HOME**				
	a. $ 0 to $4,999 < $20,000	50			
	b. $5,000 to $5,999 $20,000 to $29,999	40			
	c. $6,000 to $6,999 $30,000 to $39,999	30			
	d. $7,000 to $7,999 $40,000 to $49,999	20			
	e. $8,000 to $8,999 $50,000 to $59,999	10			
13	**Soft Cost Ratio**		**40**		
	a. 0.00% to 9.99%	40			
	b. 10.0% to 14.99%	30			
	c. 15.0% to 19.00%	20			
14	**Project Location**		**20**		
15	**Families with Children**		**10**		
16	**Public Housing Authority Notification**		**10**		
C	**READINESS TO PROCEED**				
1	**Plans and Specifications**		**25**		
2	**Site Control**		**25**		
3	**Financing Commitments**		**60**		
	a. Construction Financing Commitment	20			
	b. Permanent Financing Commitment	20			
	c. Equity Commitment	20			
4	**Utilities**		**20**		
5	**Zoning**		**10**		
6	**Platting**		**10**		
D	**PROJECT CHARACTERISTICS**		**200**		
	TOTAL		**1120**		