

South Dakota Housing **Opportunity** Fund



SOUTH DAKOTA HOUSING **OPPORTUNITY** FUND

PURPOSE

The South Dakota Housing Opportunity Fund (HOF) is designed to promote economic development in South Dakota by expanding the supply of decent, safe, sanitary and affordable housing targeted to low and moderate income families and individuals in South Dakota.

Housing Opportunity Fund

General Information

- \$2.7 million available for February 2015 application cycle
- \$2.25 million available for August 2015 application cycle
- Available for workforce housing: 115% of the area median income (AMI) or less
- May be used for rental housing, home ownership, or programs
- May be obtained in form of a loan or forgivable loan
- Details on how the HOF Program is administered is in the Allocation Plan

Housing Opportunity Fund

Distribution of Funds

February 2015 Application Round:		\$2,700,000
• Municipalities of 50,000 +	30%	\$ 810,000
• Other areas	70%	\$1,890,000

		50,000+	Other
• Rental Housing	50%	\$405,000	\$945,000
• Home Ownership	25%	\$202,500	\$472,500
• Programs	25%	\$202,500	\$472,500

Distribution of Funds

- No more than 25% of total funds to one developer/project (\$675,000 if doing multiple projects or programs)
- HOF can provide no more than 50% of the project/program funding
- 50% of other funding can be loans, grants, or other donations of services or goods

Notable Changes for HOF 2015

- Funding for Rental increased from 40 to 50%
- Funding for Home Ownership decreased from 40 to 25%
- Funding for Programs increased from 20 to 25%
- Pre-funding of programs up to 10% of award
- Selection Criteria
- Submission Requirements

Eligible Projects

- New Construction – MF or SF housing
- Acquisition of MF/SF housing (rental or homeownership)
- Homebuyer Assistance (Exhibit 7)
- Rehabilitation of MF or SF housing (Exhibit 8)
- Homeless prevention activities (Exhibit 9)
- Community land trusts

Eligible Applicants

- Private - for profit entities
- Non-profit entities
- Tribal governments
- State government agencies
- Political subdivisions
- Local housing authorities
- No applications from private individuals

Eligible Households

- Serve low to moderate low incomes
- Maximum income at or below 115% AMI
- Rent limits may be closer to those based on 60% to 80% AMI (can't exceed 30% of adjusted income for AMI being served)
- Rent caps are maximum amounts a tenant pays for housing which includes the rent, utilities, and other fees the tenant is required to pay

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Funding Process

- Applications will be reviewed with funding decision within 60 days
- SDHDA Board of Commissioners approve funding
- SDHDA will issue a Conditional Loan Commitment or a Subrecipient Written Agreement upon approval
- Applicant will have 6 months from the date of the agreements to provide the necessary documents (Exhibit 1), close the loan, and begin construction or rehab, or begin program services

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	Disbursement Procedure
Housing Development Projects	<ul style="list-style-type: none"> -Generally disbursed at 25%, 50%, 75%, and 100% of construction completion based on lien waivers from all contractors -SDHDA will retain 10% of final draw until all final project completion information is received -SDHDA will perform periodic site reviews throughout the construction period
Programs	<ul style="list-style-type: none"> -Funds generally disbursed monthly on a reimbursement basis -Up to 10% of the HOF award may be pre-funded -Administration fees may only be requested after services have been provided

Project Selection Criteria:

- Local Housing Need/Program Demand (100 pts)
- Income Targeting (100 pts)
- Extended Use (10 pts)
- Support from Local Sources (25 pts)
- Financing Type
 - Guaranty or Regular Amortization - 25 pts
 - Irregular Amortization Loan - 15 pts
 - Cash Flow/Deferred Mortgage - 5 pts

Income Targeting

- Must rent, sell, or assist persons with income of 115% of AMI or less
- May further restrict for points – must maintain that AMI for entire affordability period

% of Units Restricted	AMI Target	Points Awarded
10%	30%	10
10%	50%	7
10%	80%	5
10%	115%	2

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Period of Affordability- length of time the housing unit is restricted in AMI of households being served and rents being charged, as applicable

- Longer of period indicated or term of HOF financing

Activity	Years of Affordability			
	5	10	15	20
New construction of rental housing with HOF funds invested per HOF unit as follows:				
Under \$50,000		X		
\$50,000 to \$100,000			X	
Over \$100,000				X
Rental housing (rehabilitation or acquisition of existing housing) with HOF funds invested per HOF unit as follows:				
Under \$50,000	X			
\$50,000 to \$100,000		X		
Over \$100,000			X	
Homebuyer Assistance / Homeownership	X			

Selection Criteria just for **Programs**:

- Program Policy and Procedure Manual (30 pts)
- Other Program Funds (30 pts)
- Partnering w/ Other Agencies (25 pts)

Selection Criteria just for **Housing Development**:

- Service Enriched Housing (10 pts)
- Percentage of Soft Costs Used for Project Costs (40 pts)
 - 0-9.99%= 40 points
 - 10.00%-14.99%= 30 points
 - 15.00%-19%= 20 points

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Housing development criteria continued...

- Project Characteristics- Exhibit 3 (200 pts)
- Readiness to Proceed (130 pts)
 - Plans and Specifications (25 pts)
 - Site Control (25 pts)
 - Construction Financing (30 pts)
 - Permanent Financing (30 pts)
 - Zoning (10 pts)
 - Platting (10 pts)

Other Considerations

- May extend Affordability Period for 10 years for points
- Must maintain extended use and income targeting
- Funds may be used as construction and/or permanent financing
- Draw payments made to Owner/Developer
- Home Ownership – Owner/Developer responsible for loan servicing and remitting payment to SDHDA

Other Considerations

- Developers' selling price – can't exceed appraised value
- Recapture or resale restrictions will apply – if sold during Affordability Period

Application

- Competitive Application
- Hard copy – due by 5:00 pm. CST, February 27, 2015
- Separate application for rental and home ownership/
programs
- Program requirements and scoring criteria provided in
the HOF Allocation Plan

QUESTIONS?

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Contact Information

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