TOPICS OF DISCUSSION

• Excise Taxes – Who pays them and where do the funds go?
• Innovative Senior Living Options
• Main Street Living
• Section 3
• Development with Safety in Mind
• Cost vs. Amenities – How to decide
• Exhibit 4
• Universal Design Requirements
• Construction Do’s and Don’ts
• Ideas for 2020 SDHDA Allocation Plans
• Ideas for 2020 SDHDA Housing Conference
• SAM System – DUNS
• HOME – Cost Allocation Tool
• Lead Based Paint
• Environmental Reviews
• Re-homesteading South Dakota – Incentive to sell small acreages
Excise Taxes — Who pays them and where do the funds go?

Prime Contractors:
- Owe a 2% excise tax on their gross receipts.
- Include the value of material furnished by the owner.
- Contractor must pay applicable state and municipal sales or use tax on all materials including those furnished by the owner.
- Must issue prime contractor exemption certificates to all subcontractors.

Subcontractors:
- Do not owe contractor’s excise tax IF a prime contractor’s exemption certificate is received for the project.
- Owe state and applicable municipal sales or use tax on material the subcontractor furnishes for the contract.

2019 contractor’s excise tax collected was $113.2 million (7% of state budget).

Goes to State General Revenue Fund – for education, health, human and social services, corrections and other operations of state government.

Excise tax is added to cost of the Governor’s House and remitted to Department of Revenue.

More information on excise tax can be found at –

https://dor.sd.gov/taxes/
Senior Living — Innovative ideas for the future

By 2030 — it is projected that 20% of the US population will be over the age of 65 (last of the Baby Boomers).

• Indicates a need for additional senior housing in the years to come

Levels of Senior Living
- Independent Living
- Home Health
- Assisted Living
- Skilled Nursing & Enhanced Care

• Independent Living Communities
- Residents want to and are capable of living on their own but still like the idea of living with other people close in age and appreciate the community lifestyle.

• Activities, Travel, Social Events, Dining
  - Example — Grand Living at Lake Lorraine in Sioux Falls

Senior Living - (cont.)

• Baby Boomers have higher expectations — they are “with the times”
  • Priority on convenience — easy access to shopping, dining, healthcare, etc.
  • Technology is a necessity — as families move farther away from each other, seniors rely on technology to stay in touch with their children, grandchildren, and friends. It’s very common for them to be on tablets, playing games, reading the news or blogs, and scrolling thru social media.

  • Do not like to be bored — want activities
    • Organized travel / Bus trips
    • Wood Shop / Arts & Crafts Studio
    • Greenhouse / Gardening Area
    • Golf Simulator
    • Movie Theatre
    • Fitness Center - Daily Wellness Classes
    • Chapel – Bible Studies / Devotion groups
    • Library – Book Clubs / Card Clubs
    • Clubhouse / Bar – Happy Hour events
**Senior Living - (cont.)**

Housing and commercial space within the same building or complex

- Diversify the source of income from residents only to commercial rental space as well.
  - Clinic / Pharmacy / Chiropractor
  - Telehealth – (AveraNOW)
  - Fitness Center / Pool / Yoga Studio
  - Salon / Massage Therapy
  - Restaurant
  - Bank
  - Coffee Shop
  - Mail Service
  - After School Program

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**Main Street Living - Encourage housing development in commercial buildings**

Benefits of developing main street living

- Access to services and amenities
- Reuse of existing buildings
- Provide additional housing options — greater density and variety
- Makes city core more vibrant
- Preserves historic buildings
- Existing infrastructure
Main Street Living - Encourage housing development in commercial buildings

Things to consider —
- Building Code Requirements
- Fire Code – means of egress and sprinkler system
- Accessibility
- State Historic Preservation Office
- Parking
- Separation of costs for residential and commercial

Financial Resources —
SDHDA - https://www.sdhda.org/housing-development

Section 3

HUD recipients and their subcontractors - required to provide financial assistance, training, employment, contracting and other economic opportunities to low and very low-income persons.
https://www.hud.gov/section3

Opportunity Portal – help HUD grantees and Section 3 businesses meet Section 3 obligations. Employers can post jobs and contract opportunities.

Business Registry – listing of companies who have self-certified that they meet regulatory definitions of Section 3 business. Searchable database.
Section 3

Who is a Section 3 business?
- 51% or more owned by Section 3 residents (low (80% AMI) or very low income (50% AMI));
- Employs Section 3 residents for at least 30% of its full-time, permanent staff; or
- Provides commitment to subcontract to Section 3 businesses, 25% or more of the dollar amount of the HUD awarded contract.

Type of employment can include administration, management, clerical support and construction.

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Section 3

South Dakota Section 3 businesses
- Generation – Rapid City – plumbing business
- Generation Plumbing, LLC – Rapid City – plumbing and septic tanks
- TSquare Enterprises – Rapid City – general contractor, masonry, lead hazard control, painting dry wall
- Sioux Falls Handyman – Sioux Falls – carpentry, electrical, HVAC, landscaping, maintenance, painting dry wall, plumbing
Development with safety in mind

SDHDA Mission: to provide decent, safe, and affordable housing to low and moderate income South Dakotans

- Tenants want to feel safe and secure in their homes – for themselves and their property
- At least three things to consider when designing your property
  - Project site layout
  - Building design
  - Property management

- Site Layout
  - Lighting
  - Security cameras
  - Good parking
  - Sidewalks
  - Vegetation
  - Playgrounds
  - Proper Drainage

Development with safety in mind

Building Design
- Meet or exceed building code: fire suppression system
- Secure entry into buildings
- Solid core unit entry doors
- Eliminate hallways
- Use quality building materials
- Drainage
- Maintenance
- ADA

Property Management
- Good tenant selection policy – Tenant lease
- Onsite property manager if possible
- Frequent but reasonable inspections
- Enforce the rules
- Participate in Crime free multifamily Housing Program

http://www.crime-free-association.org/multi-housing.htm

- Always remember Fair Housing and treat all tenants the same
Cost vs. Amenities - How to decide and get the most bang for your buck

Costs are always under review from public and government agencies.

The SDHDA Project Cost Limits are expected to be maximum project cost limits, not target or average costs that SDHDA determines to be sufficient for development of affordable housing projects.

Proposed projects are encouraged to incorporate the features of brick, energy efficiency, 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, installation of low-cost high-speed internet service and other amenities where appropriate.

Cost vs. Amenities - How to decide and get the most bang for your buck

Things to consider:
1. Work with your architect and contractor to determine if amenities are reasonable.
2. Be aware of building requirements.
3. Will you or your tenant get a benefit from the amenity (washer and dryers)?
4. Build smart not necessarily, “green” (geothermal vs. high efficient heat pump).
5. Is it necessary or does it fit the project (play ground at an elderly property)?
6. Use good quality, durable products — but don’t have be extravagant.
7. Is it practical, will it get used?
8. Can you get a packaged deal?
9. Avoid high maintenance items.
Exhibit 4

- Reviewed once a year and put up for public comments if changes are made. Open to suggestions.
- Pass this on to your Architect and General Contractor
- Know what you are signing up for
  - HERS rated
  - Energy Star
  - Universal Design
- Single Family and Multi Family versions
  - Both are available in our allocation plans on our website

Universal Design Requirements

- 15 point option in the Exhibit 4
- Most misunderstood item
- Cannot include your Section 504 units, 5% accessible and 2% HI/VI

Universal Design Requirements

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<td>1.1 Accessible Route</td>
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<td>2.7 Access to All Common Areas</td>
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<td>3. Approach</td>
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<td>3.2 Reach Range</td>
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<td>3.3 Operation</td>
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<td>3.4 Accessible Windows</td>
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Construction Do’s & Don’ts

• Don’t always hire the low bid
• Check references

• Install materials per manufacturer’s instructions and install guides
• This is a building code requirement should the official in charge enforce it
• Certainteed Shingles https://www.certainteed.com/residential-roofing/products/
• Proper Flashing of windows and where windows should be caulked
• Proper attic vent installation

• Require sub contractors to carry insurance and workman’s comp
2020 Allocation Plans

February 2020 host public meetings
Two year allocation plans
30 day comment period
Topics for discussion:
   How to control project costs

2020 SDHDA Housing Conference

What should we change?
Length of conference
Location

Topic ideas?
**SAM System - DUNS**

To apply for any of HUD's grant programs, organizations must have a DUNS and have an active registration with SAM.gov.

System for Award Management (SAM)
- Register to do business with U.S. government (formerly Central Contractor Registry (CCR))
- Search for companies with suspensions and debarments
  - [https://sam.gov/SAM/](https://sam.gov/SAM/)

Dun & Bradstreet website – [https://fedgov.dnb.com/webform/](https://fedgov.dnb.com/webform/)

Any SDHDA applicant requesting federal funds must have a DUNS number.

Process to sign up for SAM or get a DUNS is free - many websites look authentic but require a fee.

How to obtain a Data Universal Numbering System (DUNS) and register with System for Award Management (SAM) – [https://files.hudexchange.info/resources/documents/DUNS-Number-and-SAM-Instructions.pdf](https://files.hudexchange.info/resources/documents/DUNS-Number-and-SAM-Instructions.pdf)

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**HOME Program – Cost Allocation Tool**

Participating Jurisdictions (SDHDA) required to perform cost allocation and identify the number and characteristics of HOME designated units.

Performed when HOME units are fewer than 100% of the units in the project.

May result in additional HOME units or change in which units are designated as HOME units.

If units are not comparable (size or characteristics) anticipate having fixed HOME unit designations.


Lead Based Paint (LBP)

Lead Safe Housing Rule applies to all pre-1978 housing federally assisted.
- LBP inspection and risk assessment
- Abatement of LBP hazards
- Notice to occupants of inspection/abatement results
- Visual assessment
- Paint stabilization
- Provision of pamphlet
- Ongoing LBP maintenance
- Response to EBL (elevated blood level)

If project exceeds $25,000 in federal rehab assistance, abatement is required.

https://www.hud.gov/program_offices/healthy_homes/healthyhomes/lead
https://www.hud.gov/program_offices/healthy_homes/HomeInspectors

Environmental Reviews

Environmental review (ER) is process of reviewing a project and its potential environmental impact to ensure it meets federal, state and local standards.

Required for projects receiving HUD assistance. Must be completed before federal funds are committed.

Different levels of review based on type of activity and dollar amount.

30 – 120 day process depending on level of review required.

ER is different than Phase I reviews.

https://www.hudexchange.info/programs/environmental-review/
Re-Homesteading SD — Incentive to sell small acreages

Small acreages and a little place in the country are a dream of many. Acreages are quickly purchased and there is a strong the market. There are also many vacated homesteads. What if we gave land owners an incentive to sell small acreages that are less than 20 acres?

Counties would collect more taxes on acreages than for ag-land. Incentive for landowner to sell more than 5 acres but less than 20 acres that includes old farm site — such as 50% assessment reduction for 5 years on adjoining 160 acres.