

# Housing Trust Fund



## **2022-2023 HTF Allocation Plan**

As Approved by the SDHDA Board of Commissioners  
April 19, 2022

Applications Due:  
5:00 p.m. Central Time  
Last working day of August



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## **SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY HTF PROGRAM ALLOCATION PLAN**

### **I. SDHDA PURPOSES AND GOALS**

Within the U.S. Department of Housing and Urban Development (HUD) Housing Trust Fund (HTF) 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 extremely 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 HTF 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(s).

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 HTF funds, and use existing agencies and private sector mortgage finance institutional resources while retaining the affordability of housing with local and private investment.

SDHDA will not process any application that is not consistent with the purposes and goals of this HTF Program Allocation Plan (the Plan), the State Consolidated Plan, or the Updates made thereto. SDHDA may implement changes to this plan as mandated by the final rule when issued by HUD.

SDHDA will provide only that amount of HTF 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 HTF Program in accordance with Title 24 Code of Federal Regulations Part 93 Subparts C through J. The Plan provides a system for allocation of HUD HTF formula and SDHDA program income funds. Funding under the Plan is available throughout the State of South Dakota. SDHDA anticipates a minimum annual allocation of \$3,000,000.

#### 1. Application Cycle(s)

Application Cycle: Applicants may apply (using SDHDA forms) to receive a HTF 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 August 2022 and the last working day of August 2023. Electronic submission of applications is encouraged and may be accessed by following the instructions on the SDHDA website at <https://www.sdhda.org/housing-development/application-submission>. Applications may also 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 HTF funds, SDHDA may prepare a waiting list. If a waiting list is developed, SDHDA will notify each applicant to whom HTF 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 HTF 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 HTF 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 HTF formula funds and/or available SDHDA program income, (iii) hold another application cycle, or (iv) award HTF 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](http://www.sdhda.org) for availability of funds.

SDHDA will annually set-aside \$600,000 of the Housing Trust Fund allocation for applicants developing housing on Indian Reservations. In addition, SDHDA will annually set aside \$600,000 of the Housing Trust Fund allocation for applicants developing projects for special needs populations which provide Service Enriched Housing.

If no application for funds from the set-asides are received during the July/August application cycle, the funds will automatically revert to the General Pool and may be utilized for other eligible applications. Application for the funds from the set-asides must meet all eligibility requirements of the Plan to be considered. Applications for funds from the set-asides and awards of such funds are



subject to all other provisions of the Plan. Available funds under the set-asides do not guarantee funding for any applications.

## 2. Limitations

During the August application cycle, no more than 25 percent may be awarded 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 August application cycle, funds exceeding the foregoing limitations may be allocated to any project (i) that was allocated funds in the August application cycle and (ii) whose allocation was limited due to the foregoing limitations.

## 3. Applicant Eligibility

Eligible applicants must meet the requirements of 24 CFR 93.2 under the definition of Recipient. Recipient means an organization, agency, or other entity (including a public housing agency, a for-profit entity, or a non-profit entity). A recipient must meet the following qualifications:

- a. Make acceptable assurances to SDHDA that it will comply with the requirements of the HTF Program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
- b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- c. Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable housing development.

At this time, SDHDA will administer the HTF program and will not utilize subgrantees (unit of local government or state agency).

## 4. Application Eligibility

SDHDA will only process applications that it determines are:

- e. Consistent with the purposes and goals of this Plan;
- f. Proposing an eligible activity; and are
- g. Financially feasible.

Applications must contain a description of the eligible activities to be assisted with the HTF funds (as provided in 24 CFR 93.200) and a certification by the applicant indicating that each housing unit assisted with the HTF will comply with HTF requirements and be occupied by eligible households.

SDHDA may reject applications that are incomplete or that contain incomplete or inaccurate information. This determination may be made at initial review or at any time during processing of the application.

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

## 5. Disclaimers

SDHDA reserves the right to reserve and allocate HTF funds to any project. Further SDHDA reserves the right to deny HTF 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 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 HTF program requirements in a timely manner,
- d. applicant's (including any related party's) lack of prior experience or unacceptable 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 HTF 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 HTF funds for lower ranking projects if the amount of HTF 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 93.

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 HTF funds, the applicant is acknowledging and agreeing to this exchange of information.

If HTF funds are expended on a project that is terminated prior to Project 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 HTF 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 93 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 93;
- 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 HTF 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 meeting. 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**

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

### **1. Rental Acquisition and/or Rehabilitation, Rehabilitation as a primary eligible activity**

Acquisition or refinancing of affordable housing projects (permanent only) that need rehabilitation and require financial assistance to maintain the affordable status of the project, and rehabilitation only are eligible activities.

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 HTF 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 30 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 HTF 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. At the time of project completion, all rehabilitation must be met in accordance with 24 CFR 93.301 (b). 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 Project 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 HTF funds be used to refinance multifamily loans made or insured by any federal program, including Community Development Block Grant (CDBG) and HOME. Refinancing is only allowed if necessary to reduce the overall housing costs and to make the housing more affordable and proportional to the number of HTF-assisted units in the rental project. Refinance of existing debt must comply with requirements of 24 CFR 91.320 (k)(5)(viii) and 93.201(b). The proportional rehabilitation cost must be greater than the proportional amount of debt that is refinanced. Additionally, the affordability must be expanded by adding to the affordability period and/or adding additional affordable units.

## **2. Rental Acquisition/Conversion**

Acquisition and conversion of a non-residential structure to an affordable housing project 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.

### 3. Rental New Construction

New Construction of modest, affordable rental housing projects as defined under 24 CFR Part 93.302, 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 is an eligible activity.

Eligible costs include land acquisition, demolition of existing structures, improvements to the project site that are comparable with the surrounding projects, development hard costs, related soft costs, and relocation assistance.

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 HTF funds for the acquisition or demolition.

### B. INELIGIBLE ACTIVITIES

HTF funds may not be used to:

1. Provide assistance to a project previously assisted with HTF funds during the affordability period established by SDHDA in the written agreement under 24 CFR Part 93.404 (c)(2)(iv). However, additional HTF funds may be committed to a project up to one year after project completion (24 CFR Part 93.200), but the amount of HTF funds in the project may not exceed the maximum per-unit development subsidy amount established by SDHDA per Exhibit 6;
2. Pay for the acquisition of property owned by SDHDA, except for property acquired by SDHDA with HTF funds or property acquired in anticipation of carrying out an HTF project;
3. Pay delinquent taxes, fees, or charges on properties to be assisted with HTF funds;
4. Pay for political activities, advocacy, lobbying, counseling services, travel expenses (other than those eligible under 24 CFR Part 93.202 (b)) or preparing or providing advice on tax returns. The prohibited use of funds for political activities includes influencing the selection, nomination, election, or appointment of one or more candidates to any Federal, State, or local office as codified in Section 501 of the Internal Revenue Code of 1986 (26 U.S.C. 501).
5. Pay for administrative, outreach, or other costs to manage and operate SDHDA, except those administrative costs necessary to carry out the HTF program in 24 CFR Part 93.202;
6. Pay for Project Based Rental Assistance. Although PBRA is an eligible cost under 24 CFR Part 93.202, due to uncertainty of future HTF funding, and the inability to ensure long-term affordability to extremely low income families, SDHDA will not allow the use of HTF for PBRA at this time.
7. Pay for any cost that is not eligible under 24 CFR Part 93.201 and 24 CFR Part 93.202.

**C. AFFORDABILITY PERIOD**

The applicant must keep the property in compliance with SDHDA and HTF guidelines for the minimum affordability period of thirty (30) years plus any additional extended use period selected in the application.

**D. FORMS OF ASSISTANCE**

HTF funds may be provided as equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of the HTF. Each grantee has the right to establish the terms of assistance, subject to the requirements of 24 CFR Part 93.200.

**E. COST ALLOCATION**

HTF funds may be used to assist in the development of one or more housing units in a multi-unit project. Only the actual HTF eligible development costs of the assisted units may be charged to the HTF program. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a method of cost allocation. If the assisted and non-assisted units are comparable in terms of size, features, and number of bedrooms, the actual cost of the HTF-assisted units can be determined by prorating the total HTF-eligible development costs of the project so that the proportion of the total development costs charged to the HTF program does not exceed the proportion of the HTF-assisted units in the project. To assist in the cost allocation process, the HTF Cost Allocation Tool can be found on the SDHDA website. Please contact the SDHDA HTF Housing Development Officer for assistance using the tool.

**F. MINIMUM AMOUNT OF ASSISTANCE**

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

**G. MAXIMUM PER-UNIT SUBSIDY AND SUBSIDY LAYERING**

The amount of HTF funds that may be invested in an affordable housing project are regulated under 24 CFR Part 93.300(a). HTF funds may not exceed the per unit dollar limits in Exhibit 6. Please refer to Exhibit 6 for the listing of counties located within each zone.

For those projects which combine HTF and other governmental subsidies, SDHDA must perform a subsidy layering review in accordance with HTF Subsidy Layering Policy (24 CFR Part 93.300(b)). SDHDA has a Subsidy Layering Policy which incorporates the cost allocation requirements stated in HUD CPD Notice 15-11, dated December 22, 2015. A copy of this policy and notice is available from SDHDA upon request.

**H. TENANT RELOCATION AND DISPLACEMENT**

SDHDA typically will not allow permanent displacement of current residents of any project funded with HTF funds. If the project is currently occupied, the applicant must comply with Federal Relocation Requirements found in 24 CFR Part 93.352 and an HTF Tenant Questionnaire, Exhibit 5, 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](http://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.

## **I. GUARANTEES**

SDHDA will require guarantees from the underlying corporate and individual owners of the general partner(s) of the Developer, the individual owners of any “shell entities” engaged in the ownership of the Developer and general partner(s), and from any other guarantors required by the other financing sources investing in the project. A guarantee of completion will ensure that the Developer will construct and complete the project. A guarantee of performance will ensure that the project will operate in compliance with all applicable federal, state, and local laws and regulations. A guarantee of replacement reserves also ensure that annual deposits will be made to a replacement reserve account in the amount specified in the loan documents.

## **IV. PROGRAMS**

### **A. RENTAL HOUSING**

#### **1. Income Targeting**

In any fiscal year in which the total amount of available funding for allocation of HTF funds is less than \$1 billion, SDHDA must use the HTF funds for the benefit of extremely low-income families or 30% AMI.

In any fiscal year in which the total amount available for allocation of HTF funds is greater than \$1 billion, SDHDA must use at least 75 percent of its funds for the benefit of extremely low-income (30% AMI). Any HTF funds not used for extremely low-income families must be used for the benefit of very low-income families (50% AMI) in accordance with 24 CFR Part 93.250.

#### **2. HTF Rents**

Every HTF assisted rental unit is subject to rent limitations designed to ensure that rents are affordable to extremely low-income or very low-income tenants. These maximum rents are referred to herein as HTF Rents. Proposed HTF Rents for HTF assisted units subject to maximum rent limitations must be approved by SDHDA and be in accordance with 24 CFR Part 93.302. Final HTF Rents for initial occupancy will be set at the time of project commitment.

#### **3. Initial Rent Schedule and Utility Allowances**

SDHDA establishes maximum monthly allowances for utilities and services (excluding telephone) based upon the HUD Utility Schedule Model, an energy consumption software calculation method, or the specific utilities used at the project. For all units subject to the maximum rent limitations 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 HTF Program rent limits: <https://www.hudexchange.info/programs/htf/htf-rent-limits/>

#### **4. 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 HTF 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 HTF Rent decreases for projects for which HTF funds have been previously committed, an owner may continue to use the rents in effect at the time of project commitment.

#### **5. Mixed Income Project**

All HTF 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 HTF 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.

#### **6. Mixed Use Project**

A building that is designed in part for other than residential housing may qualify as affordable housing under the HTF 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 HTF Program. Adequate off-street parking must be provided for each tenant.

#### **7. Public Housing Notification**

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

#### **8. Tenant Certifications and Recertifications**

Tenant eligibility must be determined by the owner at the time of occupancy and must be reexamined at least annually in accordance with 24 CFR Part 93.302(e).

#### **9. Tenant Income Increases (Not applicable for combined HOME/HTF/Housing Tax Credit Properties)**

HTF-assisted units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD are being filled in accordance with 24 CFR Part 93.302 until the noncompliance is corrected.



## 10. Tenant Protections

- a. Lease. The lease between a tenant and the owner of rental housing assisted with HTF 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 7.
- 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 HTF 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. Tenant Selection. An owner of rental housing assisted with HTF funds must adopt written tenant selection policies and criteria. A list of the minimum criteria is attached as Exhibit 8. A sample tenant selection policy is available upon request.
- e. Owners may not refuse to lease a HTF assisted unit to a family because the family holds a rental voucher (Rental Voucher Program).

## V. APPLICATION PROCESS

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

Requests for HTF 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. 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: Proformas submitted must reflect a debt service coverage ratio of not less than 1.20 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 affordability period. 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 Finance Limits

The SDHDA Project Finance Limits are not maximum cost limits, but are 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 Finance Limits; however, SDHDA will utilize them as the basis for the calculation of SDHDA financing and Developer Fees.

SDHDA reserves the right to reject any application that it determines, in its sole discretion, to have excessive total project costs.

Project Finance Limits will be determined for each project by multiplying the number of corresponding units by the respective per unit finance limit and summing the products. The per unit type finance limits will be broken into four geographic zones as follows:

Zone 1: Lincoln, Minnehaha, and Union Counties

Unit Type	Unit Cost
Group Home (per bedroom)	\$ 103,900
SRO	\$ 123,600
0 Bedroom (efficiency)	\$ 145,400
1 Bedroom	\$ 166,600
2 Bedroom	\$ 204,100
3 Bedroom	\$ 241,000
4 Bedroom	\$ 265,100

Zone 2: Beadle, Brookings, Brown, Clay, Codington, Davison, Hughes, Lake, Lawrence, McCook, Meade, Pennington, Turner, and Yankton Counties

Unit Type	Unit Cost
Group Home (per bedroom)	\$ 109,000
SRO	\$ 129,800
0 Bedroom (efficiency)	\$ 152,600
1 Bedroom	\$ 175,000
2 Bedroom	\$ 214,400
3 Bedroom	\$ 253,100
4 Bedroom	\$ 278,400

Zone 3: Aurora, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Custer, Day, Deuel, Douglas, Edmunds, Fall River, Faulk, Grant, Gregory, Haakon, Hamlin, Hand, Hanson, Harding, Hutchinson, Hyde, Jackson, Jerauld, Jones, Kingsbury, Lyman, Marshall, McPherson,

Mellette, Miner, Moody, Perkins, Potter, Roberts, Sanborn, Spink, Stanley, Sully, Tripp, and Walworth Counties.

Unit Type	Unit Cost
Group Home (per bedroom)	\$ 114,300
SRO	\$ 136,000
0 Bedroom (efficiency)	\$ 159,900
1 Bedroom	\$ 183,300
2 Bedroom	\$ 224,600
3 Bedroom	\$ 265,100
4 Bedroom	\$ 291,600

Zone 4: Indian Reservations: Cheyenne River (Dewey and Ziebach Counties); Crow Creek; Flandreau Santee; Lower Brule; Pine Ridge (Oglala Lakota County); Rosebud (Todd County); Sisseton Wahpeton/Lake Traverse; Standing Rock (Corson County); and Yankton. If the county is not listed after the Reservation, then only the land within the exterior boundaries of the Reservation are within this zone.

Unit Type	Unit Cost
Group Home (per bedroom)	\$ 124,800
SRO	\$148,400
0 Bedroom (efficiency)	\$174,500
1 Bedroom	\$200,000
2 Bedroom	\$245,000
3 Bedroom	\$289,300
4 Bedroom	\$318,300

Refer to Exhibit 6 for the maximum HTF funds subsidy per HTF assisted unit.

Applicants 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.

#### Third Party Bids:

SDHDA encourages developers to solicit third party construction bids for developments financed by SDHDA programs. SDHDA, at its discretion, may require third party bids for contractors and/or sub-contractors when proposed developments exceed the Project Finance Limits, whether at the time of application or at time of HTF commitment. SDHDA may also require third party bids when certain projects costs are not justified, but the project costs are within SDHDA's Project Finance Limits. If awarded HOME or HTF funds, SDHDA will require general contractors to solicit bids from minority-owned/operated (MBE) and female-owned/operated (WBE) business to the extent practicable. Documentation and data on the steps taken to reach out to MBE/WBE businesses must be submitted to SDHDA.

The SDHDA Project Finance 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) – 400 sq. ft.
- 1-bedroom – 500 sq. ft.
- 2-bedroom – 650 sq. ft.
- 3-bedroom – 800 sq. ft.
- 4 bedroom – 950 sq. ft.

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

SDHDA may allow exceptions to the above square footage minimums when deemed appropriate for the proposed development. At a minimum, SDHDA will review functionality of the unit layout, target tenant populations, and development costs when evaluating the proposed housing. The housing units must meet building code requirements for room and unit size.

### 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 and extended use 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. The replacement reserve account must remain with the property throughout the entire HTF affordability period and extended use period, or while the SDHDA HTF loan is outstanding, whichever is longer. It must also remain with the property with a transfer of ownership. Transfer of ownership must be approved by SDHDA. At such time SDHDA is reviewing the request for transfer of ownership, SDHDA may negotiate with existing owner regarding the dollar amount that must be maintained in the replacement reserve account, taking into consideration, but not limited to, the physical condition of the development, demand in the housing market, and experience of the proposed owner.
- c. Operating: Minimum of six month operating reserve from a non-HTF funds source may be used only to pay debt service and operating expenses to prevent an event of default. This account must be maintained for the full term of the HTF affordability period and extended use period, or while the SDHDA HTF loan is outstanding, whichever is longer. It must also remain with the property with a transfer of ownership. Transfer of ownership must be approved by SDHDA. At such time SDHDA is reviewing the request for transfer of ownership, SDHDA may negotiate with existing owner regarding the dollar amount that must be maintained in the operating reserve account, taking into consideration, but not limited to, the physical condition of the development, demand in the housing market, and experience of the proposed owner.

#### 4. Determination of HTF Amount

HTF funds are intended to be used as incentive financing and may be provided as a loan or as a forgivable loan. The funding is intended to replace a portion of the conventional financing and in turn, make debt service feasible with the decreased rental income created by the additional 30% AMI units. The subsidy limits are divided into three zones: Metropolitan (Zone 1), Mid-size (Zone 2), and Rural (Zone 3). The subsidy limits were created based on the cost to develop by unit size and further adjusted by cost to develop based on varying geographic locations. The maximum per unit subsidy limits can be found in Exhibit 6. Applicants must perform a cost allocation calculation to determine the minimum number of HTF units and correct unit mix required for the HTF amount requested. In order to determine the minimum number of HTF units and required unit mix, the HTF Cost Allocation Tool can be found on SDHDA's website. For assistance using the tool, please contact SDHDA's HTF Housing Development Officer. If HTF funding is in the form of a loan, the payback schedule and interest rate, which will be zero to four percent, will be determined based on the project's feasibility. Based on this evaluation, SDHDA will estimate the amount of HTF funds to be reserved for each application. The analysis to determine the necessary amount of HTF 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.

If additional SDHDA funds are requested after the initial HTF reservation due to increased costs or other, the applicant will be required to offset the additional funding request with non-SDHDA sources of funds. Options for other sources include, but are not limited to increased owner equity, deferred developer fee, other grant sources, or conventional financing.

#### 5. Emergency Funding Requests

In the event of unforeseen conditions, such as a natural disaster or a pandemic, that impact the feasibility of projects that previously received reservations of Housing Trust Funds, the SDHDA Board of Commissioners may declare an emergency. If an emergency is declared, SDHDA may in its discretion forego a competitive application cycle in connection with the award of additional Housing Trust Funds and adopt an expedited process regarding the application for, and reservation of, any available housing tax credits. Only projects that meet the following criteria will be eligible for such additional Housing Trust Funds: (1) previously received a reservation of Housing Trust Funds, (2) experienced a significant increase in the project's eligible HTF costs due to those unforeseen circumstances identified in SDHDA's emergency declaration, and (3) includes a building or buildings that have not been issued a certificate of occupancy (i.e., have not been placed in service). If an emergency is declared by SDHDA, SDHDA will notify all eligible applicants in writing of the available funding, the expedited application process, and the deadline for applications.

Any award of additional Housing Trust Funds in connection with an emergency declaration may be made without regard to the finance limits in Section V.A.2. or the applicant limitations in Section II.A.2.

An application for additional Housing Trust Funds or other SDHDA funds in connection with an emergency declaration will not result in a point deduction in evaluating future projects of the developer/owner who applied for the additional funding.

## **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 HTF funds necessary to make the project feasible.

## **C. COMMITMENT STAGE**

Upon a commitment from the SDHDA Board of Commissioners, SDHDA will issue a Notice of Commitment to the applicant. The applicant will have six months from board approval to close the loan and 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 HTF 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 HTF funds, will jeopardize a reservation or commitment and the Board may require the HTF 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 HTF 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 HTF Written Agreement, Mortgage Note, Mortgage 180 Day Redemption, Security Agreement, and Fixture Filing, Assignment of Rents and Leases, Declaration of Land Use Restrictive Covenants, Completion Guaranty, Performance and Repayment Guaranty, Replacement Reserve Guaranty, Sworn Construction Statement, and UCC financing statements.

The Declaration of Land Use Restrictive Covenants shall be filed in 1<sup>st</sup> lien position and 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.

### **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 the HTF loan amount 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 HTF funds. All cost overruns are the responsibility of the owner. SDHDA may reduce the amount of HTF 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 HTF funds commitment. SDHDA is charged with allocating only that amount of HTF 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.

A maximum of 940 points per application may be awarded as specified below:

### A. LOCAL HOUSING NEED (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. Extended Use Commitment (Maximum 30 points)**

Applicants who make a commitment to extend the Affordability Period for 10 years beyond the required 30 year affordability period as defined in Section III.C. Affordability Period will receive 30 points. Applicants applying for both HTF and Housing Tax Credits must elect extended use under both programs to receive points.

### **2. Construction Type (Maximum 70 points)**

A rehabilitation project that remodels existing affordable rental housing to like new rental units will receive 40 points.

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

A rehabilitation project that remodels existing buildings and converts them to new rental units will receive 20 points.

A rehabilitation project that uses buildings which are currently federally subsidized with project-based rental assistance will receive 10 points.

A new construction project creating buildings that contain 16 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

### **3. Concerted Community Revitalization Plans (Maximum 20 points)**

Projects within Qualified Census Tracts and that contribute to a Concerted Community Revitalization Plan that is documented at the time of application will receive 20 points. Refer to Section X, Definitions and Exhibit 1 for QCT information.

### **4. Mixed Income Use (Maximum 30 points)**

Projects that consist of low-income and market rate units will be eligible for up to 30 points. Points awarded will be based on the ratio of market rate units to total project units, according to the following scale:

5.0% - 10.0% Market Rate	10 points
10.01% - 20.0% Market Rate	20 points
20.01% - 49.99% Market Rate	30 points

### **5. Financial Support (Maximum 20 points)**

Proposals containing financial support in cash or in-kind services that assist with greater affordability are eligible to receive up to 20 points.

### **6. Applicant Characteristics (Maximum 40 points)**

The applicant and all members of the development team as identified in Exhibit A of the HTF/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 HTF Program, Housing Tax Credit Program or other SDHDA or federal program.

HTF 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 the points indicated for each provable characteristic (maximum 40 points):

- a. 20 points: 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. 10 points: Participation by a minority- or woman-owned/operated business enterprise\* - Refer to the SDDOT Compliance Office web site address at: <https://dot.sd.gov/doing-business/contractors/dbe>; or
- c. 10 points: Owner equity contribution in excess of 10 percent of the total project 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:

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

Ten points will be deducted for any project whose developer/owner applied for additional SDHDA funding after receiving an initial reservation of funds. The deduction will occur for two annual funding rounds following the additional funding request. Applicants receiving this deduction are still eligible to receive points for a demonstrated track record of quality experience.

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

## 7. Service Enriched Housing (Maximum 40 points)

Projects providing verifiable on-site services to the tenants which may include but are not limited to the following types of projects may receive up to 40 points depending upon the extent of the services. Refer to Section X, Definitions for further guidance on service enriched housing.

- a. Homeless
- 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. Other

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. Documentation of approval or that an application has been submitted to DHS or DSS must be submitted with the application. Applicants serving the homeless are required to participate in the Homeless Management Information System (HMIS), through SDHDA.

## 8. Leveraging (Maximum 30 points)

The owner will be required to provide a minimum of 10 percent of the total project cost as equity in the project. SDHDA will award up to 30 points if HTF funds are leveraged against other financial resources used to cover costs allocated to the HTF assisted units as follows (note that points will not be awarded for funds utilized to finance market rate units):

<u>Points</u>	<u>HTF Funds per HTF assisted unit</u>
30	\$0 to \$39,999
20	\$40,000 to \$49,999
10	\$50,000 to \$59,999

## 9. Percentage of Soft Costs Used for Project Costs (Maximum 30 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 HTF 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 tenants as required in the Fair Housing section.
- e. For rental projects, the cost of funding an operating reserve, which is a reserve to meet any shortfall in project income during the full term of the HTF agreement or while the HTF

loan is outstanding, whichever is longer, and which may only be used to pay project operating expenses and debt service.

**Developer’s Fees:** The developer of a HTF 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, 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, and not to exceed 10 percent of total development costs minus developer’s fee and consultant’s fee for projects of 61 units or more. For purposes of the foregoing limitations, “total project costs” do not include any costs that exceed the Project Finance Limits. Developer Fees may not exceed \$1,000,000 for any projects. The Developer Fee will be limited to the fee calculated at the time of Board reservation.

For Rental Assistance Demonstration (RAD) projects the Developer Fee will not be allowed for acquisition costs.

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 Finance Limits. The Consultant will be expected to provide services through Project Completion 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.

<u>Points</u>	<u>% Soft Costs</u>
30	0.00% - 9.99%
20	10.00% - 14.99%
10	15.00% - 19.00%

**10. Project Location (Maximum 40 points)**

Projects located in close proximity of community services and areas of opportunity will be eligible for up to 40 points. Five points will be awarded for each category item. Close proximity will be defined as within one half mile of the property.

a. (20 Points) 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 (minimum 4 times per week) or on-call basis will receive 20 points. Projects that have on-call transportation services provided to tenants at reduced rates may receive 10 points.

b. (20 Points) Area of Opportunity:

Low Poverty Census Tracts – less than 10% poverty rate  
 High Ratio of Jobs to Population – above the state average ratio  
 Below Average Unemployment – less than the state unemployment rate  
 High Scoring Schools – above average school performance index posted by South Dakota Department of Education

**11. 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.

**12. 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.

**13. Promise Zone Designation (Maximum 20 points)**

Projects which are located within a HUD-Designated Promise Zone and provide documentation of their location at the time of application will receive 20 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 3<sup>rd</sup> party provider will receive 25 points.

**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 will receive 25 points. Applications containing documentation that the applicant has an enforceable signed and accepted purchase agreement or option to buy will receive 15 points.

**3. Financing Commitments (Maximum 60 points)**

- 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 HTF funds application submitted by the applicant to SDHDA in support of the HTF 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. Documentation from the providers must be specific to the utility type being provided and that it is at or adjacent to the project site and with sufficient capacity to serve the new development. Close proximity or that the utility can be extended to the site does not meet the requirement for points. A maximum of 5 points are awarded for each category of water, sewer, electricity, and heat (electric or natural gas).

#### **5. Zoning (Maximum 10 points)**

Applications containing documentation that the project site is properly zoned for its proposed use or that zoning is not required within the jurisdiction will receive 10 points.

#### **6. Platting (Maximum 10 points)**

Applications containing documentation that the project site has had a final plat recorded (includes referencing plat book and number) will receive 10 points.

### **D. PROJECT DEVELOPMENT CHARACTERISTICS (Maximum 200 points)**

Housing that is constructed or rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of Project Completion. All housing assisted with HTF 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), International Code Council (ICC), Minimum Housing Rehabilitation Standards as set forth by SDHDA or the Minimum Property Standards (MPS) in 24 CFR Part 200.925 or 200.926 will apply. All rehabilitation projects must meet the SDHDA Housing Rehabilitation Standards which can be found on the SDHDA website.

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.

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 Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. "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).

Installation of broadband infrastructure is required at the time of new construction or substantial rehabilitation of multifamily housing that has more than four rental units per CFR 5890-F-02 published December 20, 2016.

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 one mile of pipelines, storage areas for hazardous or noxious materials, sewage treatment plant, sanitary landfill; location within 2500 feet of an airport runway clear zone, 3000 feet of a railroad, 1000 feet of a major roadway, commercial property or 15,000 feet of military clear zone; 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 and submitted with the application. 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 HTF funds. A maximum of 200 points may be obtained.

#### **E. TRIBAL PROJECT (Maximum 50 points)**

Projects located within the boundaries of a designated Indian Reservation will receive 50 points.

### **VII. GENERAL FEDERAL REQUIREMENTS**

#### **A. EQUAL OPPORTUNITY**

All entities applying for funds through the HUD HTF Program will provide certification of compliance with all federal requirements under the Equal Opportunity legislation. In addition, any other federal requirements as required by HUD will pertain to HTF funds recipients, including but not limited to:

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. Equal Access in Accordance with an Individual's Gender Identity in Community Planning and Development Programs Rule published September 21, 2016.
4. Violence Against Women Reauthorization Act of 2013: Implementation in HUD Housing Programs published November 16, 2016.
5. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60;
6. The requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) as most recently updated by the provisions of the Final Rule 24 CFR Part 75. Please refer to the SDHDA Section 3 Plan for more express guidance on meeting Section 3 requirements. The Section 3 Plan can be found on SDHDA's website. Per 24 CFR Part 75, SDHDA and its contractors are responsible for ensuring that:
  - a. To the greatest extent feasible, employment and other economic opportunities are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses).
  - b. 25% or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
  - c. 5% or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined by 24 CFR Part 75.21.
  - d. If the contractor and subcontractors do not meet the 25% and 5% safe harbor requirements, they must provide evidence they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities. Examples of qualitative efforts can be found in the SDHDA Section 3 Plan on SDHDA's website.
  - e. Contractors and subcontractors must keep records of qualified Section 3 and Targeted Section 3 workers by completing an Employer Certification Form or having the employee complete a Self-certification Form, which must be retained by the employer for a minimum of 5 years after certification.
  - f. If a contractor or subcontractor is a Section 3 Business Concern, they must complete the Section 3 Business Concern Certification located on SDHDA's website.

Section 3 applies to recipients of more than \$200,000 of combined Housing and Community Development funds in any one year and to contractors or subcontractors receiving an excess of \$100,000. Examples of Housing and Community Development funds include Community Development Block Grant, HOME, Housing Opportunities for Persons with AIDS, Emergency Solutions Grant, NSP, Housing Trust Funds, and Economic Stimulus Funds. Full requirements for Section 3 may be found at [www.hud.gov/section3](http://www.hud.gov/section3)

7. 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 or managed 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:

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/operated, women-owned/operated, 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 HTF project owners of Equal Opportunity requirements;
- Including the Equal Housing Opportunity logo or slogan on all advertising and literature used for the HTF Program;
- Maintain for public review, copies of media releases, advertisements, and paid ads where the HTF 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 HTF 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 93.350.

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 HTF 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 HTF funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and HUD's 24 CFR Part 93.301(f). All proposed multifamily (more than four housing units) HTF projects require a Phase I Environmental Site Assessment (ESA-ASTM). If the Phase 1 ESA identifies recognized environmental concerns (RECs), a Phase II (ESA-ASTM) will be required. ASTM reports shall be prepared in accordance with the most current ASTM standard.

### **D. LEAD-BASED PAINT**

Housing assisted with HTF 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 subparts A, B, J, K, and R, as summarized in Exhibit 9. Refer to Exhibit 10 for notification disclosure information.

### **E. CONFLICTS OF INTEREST**

No person who (a) is an employee, agent, consultant, officer, or elected or appointed official of SDHDA or of any designated public agency that received HTF funds and who exercises or has exercised any functions or responsibilities with respect to assisted HTF 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 93.353(d).

#### **F. DUNS REGISTRATION, DEBARMENT AND SUSPENSION**

All contractors and subcontractors engaging in a contract for an HTF project will be required to obtain a Dun & Bradstreet D-U-N-S number via [www.dnb.com](http://www.dnb.com). 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 HTF Program. It is the responsibility of the developer to ensure all entities engaged in a contract for the project meet the above requirements prior to closing of the HTF loan.

#### **G. 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.

#### **H. FLOOD INSURANCE**

HTF 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.

#### **I. FUNDING ACCOUNTIBILITY AND TRANSPARENCY ACT**

All assistance provided to recipients shall be considered a Federal award for purposes of the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note).

#### **J. EMINENT DOMAIN**

No HTF funds may be used in conjunction with property taken by eminent domain, unless eminent domain is employed only for a public use, except that, public use shall not be construed to include economic development that primarily benefits any private entity.

#### **K. PROCUREMENT**

All Housing Tax Credit, HOME, and Housing Trust Fund projects will follow federal procurement methods. Developers are not required to use the procurement process to obtain their general contractors. However, general contractors and subcontractors will need to be able to document a procurement process for the following:

1. Purchases of property or services over \$10,000 but less than \$250,000 will require price or rate quotations obtained from three qualified sources, prior to the purchase being made.

2. Purchase of property or services in excess of \$250,000 will utilize the proposal method utilizing the following standards:
  - a. Requests for proposals will be publicized and an email or letter will be forwarded to interested parties.
  - b. Review of proposals will be conducted in a consistent and documented manner.
  - c. Contracts will be offered to the entity whose proposal is most advantageous with price and other factors considered.

If awarded HOME or HTF funds, SDHDA will require general contractors to solicit bids from minority-owned (MBE) and female-owned (WBE) business to the extent practicable. Documentation and data on the steps taken to reach out to MBE/WBE businesses must be submitted to SDHDA.

SDHDA may require the use of the procurement process for Developers and or all contractors when Developers are applying for additional project funding, proposed development costs exceed the Project Finance Limits, or when certain individual costs are not justified.

## **VIII. MONITORING FOR COMPLIANCE**

SDHDA will monitor housing projects for compliance with HTF Program requirements. Program compliance will be assessed through annual certification of compliance and on-site reviews conducted by SDHDA staff. SDHDA's HTF Program Rental Compliance Manual details the required responsibilities for continuing program compliance.

SDHDA will require the owner or management company to attend HTF compliance training and Fair Housing 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 Housing Trust Fund only application.

### **B. MONITORING FEE**

Projects using HTF funds as their sole federal funding source will be assessed monitoring fees. Annual fees of \$50 per project and \$30 per HTF 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.

## **X. DEFINITIONS**

**Adjusted Income:** For rental housing, SDHDA uses the adjusted income definition as defined in 24 CFR Part 5.611.

**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 HTF Program that relate to the cost of rental housing both at initial occupancy and over established timeframes, as prescribed in the HTF Final Rule. In all cases, affordability requirements for rental housing assisted with HTF funds are 30 years. (extended use may apply)

**Annual Income:** For rental housing, SDHDA uses the annual income definition as defined in 24 CFR Part 5.609 (Part 5 Annual Income).

**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 HTF 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).

**Concerted Community Revitalization Plan:** Locally approved revitalization plan targeting specified areas or neighborhoods within the community for housing and economic development through the rehabilitation of existing and construction of new housing. To qualify, the plan must be officially adopted by the local governing body, identify a specific time period, target a specific area within the community, identify plans for improved economic development and/or infrastructure, and call for new construction or rehabilitation of affordable housing within the boundaries identified in the plan. Local housing need surveys, consolidated housing and/or economic development plans, plans created to apply for specific economic development or housing loans and grants, short term work plans, municipal zoning or land use 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), HOME Investment Partnerships Program (HOME), and Housing Trust Fund (HTF) 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.

**Extremely Low-Income Family:** Family whose annual income does not exceed 30 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 30 percent of median income for an area.

**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 HTF 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.

**HTF Assisted Units:** Units within a HTF project where HTF 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.

**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.

**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.

**Project Completion.** A project is considered complete when construction of all buildings within the project have been completed and all units are ready for occupancy as verified by the certificate(s) of occupancy.

**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 only) that include services and assistance that are available to residents upon request. The services must be unique to the property, verifiable, on-site, long-term, and provided on a daily or continuous basis. The services may be provided by the owner, the management company, or a third-party organization but must be tailored to individual residents and managed by the property. There must be a definable increase in project development costs and or operating cost to the owner to be able to provide the services. The application must include a letter of intent from the service provider detailing the services to be provided, the tenants that will receive the services, the method of delivering the services, and the staffing for the services which may include but is not limited to the following:

- i. Homeless
- ii. Persons with physical disabilities
- iii. Persons with mental disabilities
- iv. Persons with developmental disabilities
- v. Housing for Older Persons 62 or older (Assisted Living or Congregate Care Facilities as defined under Definitions)
- vi. Assisted Living or Congregate Care Facilities as defined under Definitions
- vii. Other

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 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.

**Subrecipient:** A public agency or nonprofit organization that is selected by SDHDA to administer a portion of the HTF Program

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

**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 HTF PROGRAM**

A. Application Requirements. Applications must be submitted on the SDHDA HOME/Housing Tax Credit/HTF Application Form. If you are submitting applications via mail and applying for funding under the HOME, HTF 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. Refer to Exhibit 2 for additional information.

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.

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. Copy of letter sent to the chief executive officer of the local governing body, in the format prescribed in Exhibit 3 – The letter must identify the number of units proposed, the type of units proposed and the exact location of the proposed project.
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 1.20 for the entire affordability period and for the term of the HTF 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 affordability period. 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 from the owner, developer, and general partner.
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/HTF/Housing Tax Credit Application Form) are in good standing as described in Section VI. B. 6. 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 VI.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 HTF 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 VI.C1. (Readiness to Proceed Criteria). 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 VI.C. (Readiness to Proceed Criteria) 5 and 6, 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. 10. (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. 5. (Financial Support from Local Source), documentation of such support must be provided.

18. To obtain points under Section VI. B. 6. (Applicant Characteristics), documentation of such applicant characteristics must be provided.
19. To obtain points under Section VI. B. 7. (Service Enriched Housing), a letter of intent from the service provider detailing what will be available must be provided.
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 VI.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 10) 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 5). 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 arm's-length transaction, the applicant must at a minimum 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 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 HTF funds. To obtain points under Section VI.C1. (Readiness to Proceed Criteria), 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 HTF funds, the reservation of HTF 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 that will be serving tenant populations of individuals with children must provide written documentation.
27. 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. 4. (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.
28. Copy of Consultant Agreement.
29. Cost Allocation Tool to identify the minimum number of HTF units required for the project
30. 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 HTF 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 HTF 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 HTF Program regulations for the affordability period 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 8), 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.

9. All other agreements and certifications required by SDHDA to comply with the federal regulations governing the use of HTF 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 ([www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm](http://www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm)). 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](http://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 9. 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](http://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. Phase I Environmental Assessment, and, as applicable, a Phase II Environmental Assessment or any other environmental assessment reports relating to the Project.
15. Any other information deemed necessary by SDHDA.

**EXHIBIT 2  
MARKET STUDY REQUIREMENTS  
FOR THE HTF 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. For acquisition/rehabilitation and small projects this market study can be completed by the applicant and should include a short narrative addressing recent sales in the area, demand for housing, lack of supply, and documentation of interest in the project activity, i.e. waiting lists. Small projects will be defined as five units or less.

All other application market studies 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 30 percent, 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, (iii) 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 NOTICE**

Format of letter to be submitted evidencing local notice -  
Must be submitted to chief executive officer of local governing body

I, \_\_\_\_\_, [Insert name and title] \_\_\_\_\_, am writing on behalf of the \_\_\_\_\_ [Insert name of applicant] to notify you 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 \_\_\_\_\_, completed on \_\_\_\_\_, and is available for your review.

\_\_\_\_\_ (Applicant) will be applying to South Dakota Housing Development Authority for funding to assist in financing the development of the project described above.

If you wish to provide comments on this project, please provide them, in writing, by September 30<sup>th</sup> to:

South Dakota Housing Development Authority  
Attn: Lorraine Polak, Executive Director  
P.O. Box 1237  
Pierre, SD 57501

\_\_\_\_\_ Name

\_\_\_\_\_ Title

\_\_\_\_\_ Signature

\_\_\_\_\_ Date

## EXHIBIT 4 MULTI-FAMILY 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.

<b>Site Exterior</b>		
<b>Parking:</b>		
	<b>Minimum Standards</b>	At a minimum, the parking lot will be engineered asphalt, having concrete curb and gutter where required. For multifamily developments, each efficiency, 1 and 2 bedroom units must have 1-1/2 parking spaces and each 3 and 4 bedroom units 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. Garage counts as parking space(s).
	<b>10 points</b>	Multi-family projects that includes carports capable of parking at least 1 vehicle per unit or a garage for at least 50% of the units. At a minimum the carports are to be constructed of weather resistant steel, attached to footings or a thickened concrete slab, contain a concrete slab and meet minimum code design requirements.
	<b>15 points</b>	Multi-family projects with off-street concrete parking lot that meets above requirements.
	<b>25 points</b>	Multi-family projects that includes a garage capable of parking at least 1 vehicle for all units.
<b>Sidewalks:</b>		
	<b>Minimum Standards</b>	A concrete sidewalk will be provided from the primary entrance door and any accessible entry door to a public right of way.
<b>Exterior Landscaping:</b>		
	<b>Minimum Standards</b>	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. Hard surface includes building pad as well as all sidewalks, parking lots and other hard finish areas.
	<b>Minimum Standards</b>	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. A basketball court, skate park or other like area approved by SDHDA would also qualify as a second playground. Three play components are required per playground area with a minimum of one ground level play component on an accessible route. If additional types of ground level play components are incorporated each type must be on an accessible route.



	<b>Minimum Standards</b>	A minimum of a 4 foot downspout extension or 3 foot concrete splash block that positively discharges water away from the foundation at all downspout locations.
	<b>5 points</b>	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
	<b>10 points</b>	Downspouts that are attached to a storm sewer system.
<b>Signage:</b>		
	<b>Minimum Standards</b>	The project must have permanent signage installed with Equal Housing Opportunity and ADA logos and the identification of the developer and South Dakota Housing Development Authority.
<b>Building(s) Exterior</b>		
<b>Exterior Siding/Finish:</b>		
	<b>Minimum Standards</b>	Minimum of 15-year pre-finish warranty 30-year substrate warranty solid cementitious 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, fascia, gutters and downspouts are required.
	<b>10 points</b>	At least 25% of building exterior finished in brick, stone, EIFS or stucco.
	<b>25 points</b>	At least 80% of building exterior finished in brick, stone, EFIS or stucco.
<b>Roofing:</b>		
	<b>Minimum Standards</b>	Minimum of 30-year warranty asphalt or composite shingle, 29ga metal roofing with a 40-year film and 30-year chalk/fade warranty or a rubberized roof system with a 30-year warranty for flat roofs.
	<b>15 points</b>	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
<b>Windows/Doors:</b>		
	<b>Minimum Standards</b>	Energy Star certified exterior prefinished windows constructed of vinyl, wood, composite or fiberglass. Windows must be Energy Star certified for the Northern climate zone.
	<b>10 points</b>	Windows scored with a .27 U-Factor or better (lower is better) by the National Fenestration Rating Council.
	<b>Minimum Standards</b>	Exterior doors shall be insulated steel or composite in a metal clad or composite frame/brickmould. Unit entry doors without windows shall have a peephole installed with 180-degree view. Two peepholes are required on accessible units, one at 43" and one at standard height. All unit entry doors must be equipped with a deadbolt with 1" inch throw and strike plate installed with 2-1/2" or longer screws.
	<b>Minimum Standards</b>	Main entrances for projects containing interior accessed units must be equipped with an ADA/ABA compliant automatic door opener.
	<b>20 points</b>	Main entrances for projects containing interior accessed units designed with a foyer and equipped with a security access system.
	<b>20 points</b>	Townhome that have exterior entrances at ground level for all units.
<b>Construction and Energy Efficient Design Features</b>		
<b>Wall/Roof Assembly:</b>		
	<b>Minimum Standards</b>	Slab on grade construction to have a minimum R-10 vertical foundation and horizontal perimeter under slab insulation per 2012 IECC. A minimum 6 mil or greater vapor barrier to be required under slab.

	<b>Minimum Standards</b>	2x6 exterior wall assemblies insulated to a minimum of R-19. Roof assembly to have minimum 12" energy heel trusses and insulated to a minimum of R-49. Rim/band joists to be insulated to the same R-value as the exterior walls. All assemblies must be constructed to the higher of the SDHDA minimum, local adopted code or the current state adopted IRC/IBC if no local code exists.
	<b>10 points</b>	All party walls and common walls containing at least 3.5" of sound attenuation insulation.
	<b>10 points</b>	Light weight concrete or Gypcrete surfacing on floors.
<b>Special and Accessible Design Features:</b>		
	<b>Minimum Standards</b>	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 multifamily housing containing 15 or more units and costing at least 75% of replacement cost must also meet Section 504. If the rehabilitation involves fewer than 15 units or the cost is less than 75% of the replacement cost of the completed facility and the recipient has not made 5% of its units in the development accessible to and usable by individuals with disabilities, then the requirements of 24 C.F.R. 8.23(b) – Other Alterations apply. Under this section, alterations to dwelling units shall, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Alteration of an entire unit is considered to be when at least all of the following individual elements are replaced: renovation of whole kitchens, or at least replacement of kitchen cabinets; and renovation of the bathroom, it at least bathtub or shower is replaced or added, or a toilet and flooring is replaced; and replacement of entrance door jambs.
	<b>5 points</b>	Up to 15 points will be awarded for projects that create additional accessible units for individuals with mobility and/or sensory impairments. Mobility units must be added at a 2:1 ratio to the sensory units. A minimum of one additional unit must be added above the federal minimum requirements. Accessible units shall to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites and shall be available in a sufficient range of sizes and amenities so that a qualified individual with handicaps' choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program. This shall not be construed to require provision of an elevator in any multifamily housing project solely for the purpose of permitting location of accessible units above or below the accessible grade level.
	<b>10 points</b>	
	<b>15 points</b>	Total Percent of Accessible Units 5 points – Above minimum requirements to 10.00% 10 points - 10.01% to 15.00% 15 points - 15.01% to 20.00%
	<b>15 points</b>	Incorporation of the 7 Universal Design Principles in at least 25% of all units, 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. Minimum universal design principals can be found on SDHDA website.
	<b>35 Points</b>	Multi-family projects that have either a stand-alone Community Building or a Community Room, the room shall be 15 square feet per occupant, assuming 1-1/2 occupants per unit. The room shall include a fully functioning kitchen and minimum of one unisex ADA compliant restroom. For calculation of the square footage of the space, only areas usable by occupants are to be included. The square footage of the kitchen, restroom, hallways, offices or storage cannot be used to meet minimum square footage requirement. At the discretion of SDHDA, partial points may be awarded for existing community buildings which meet the capacity requirements of the existing units served, plus the new proposed units in the application.
<b>Energy Efficient Design Features:</b>		
	<b>20 points</b>	HERS: Project scoring a HERS index of 60 or better as verified by a RESnet certified Rater. Lower is better.
	<b>35 points</b>	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.
	<b>10 points</b>	Installation of LED lights throughout interior and exterior of project.
<b>Building Interior</b>		
<b>Unit Entry Doors:</b>		
	<b>Minimum Standards</b>	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 and also a deadbolt with a 1" throw into a reinforced jamb. Two peepholes are required on accessible units, one at 43" and one at standard height.
<b>Unit Interior Doors:</b>		
	<b>10 points</b>	Installation of solid core interior doors throughout units.
	<b>5 points</b>	Installation of metal jambs for interior doors throughout units. This option is only available if points are taken for solid core doors.
<b>Floor Covering:</b>		
	<b>Minimum Standards</b>	Roll carpet must meet the standards of HUD use of material bulletin 44D. VCT, Vinyl Plank, LVT, sheet vinyl, carpet squares, 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. An aluminum or vinyl "J" trim must be installed at the tub/shower transition when sheet vinyl flooring is installed and sealed with a silicone sealant.
<b>Laundry:</b>		
	<b>Minimum Standards</b>	A common laundry room must be located in each building of a project and contain a window within or near the door. Laundry room must also include a continuous or humidistat-controlled ventilation system. Projects with townhomes or apartments without common laundry space must provide washer and dryer hook-ups within each unit.

	<b>5 points</b>	A common laundry room for each building floor and must meet above minimum standards.
	<b>15 Points</b>	A washer and dryer provided for each unit. Washer and dryers must meet Energy Star qualifications.
<b>Unit Bathrooms:</b>		
	<b>Minimum Standards</b>	Minimum of one-half bath per floor for multi-story townhomes 2 or more bedrooms.
	<b>Minimum Standards</b>	Primary bath light and bathroom ventilation fan must be switched together.
	<b>5 points</b>	Installation of Energy Star qualified bathroom ventilation fan equipped with a humidistat. Humidistat must be incorporated within the fan and not at a wall switch.
	<b>15 points</b>	Installation of HVI certified HRV or ERV.
	<b>Minimum Standards</b>	For new construction projects that must comply with Section 504 of the Rehabilitation Act of 1973, a UFAS compliant curbless roll-in shower must be provided in at least 50% of the Section 504 mobility impaired accessible units or at least one.
<b>Appliances and Fixtures:</b>		
	<b>Minimum Standards</b>	A minimum of a 14 cu. Ft. frost free refrigerator/freezer for all 0 or 1 bedroom units. A minimum of 18 cu. Ft. refrigerator/freezer for all 2 or more bedroom units .Dishwashers to be a minimum of 24" in width.
	<b>Minimum Standards</b>	Water Sense qualified faucets, toilets/urinals, showerheads. Kitchen faucets are required to meet the same Water Sense GPM standards as bathroom faucets.
	<b>5 points</b>	Range hood vented to the exterior of the building.
<b>Window Coverings:</b>		
	<b>Minimum Standards</b>	Window coverings or blinds shall be provided and installed.
<b>Mechanical</b>		
<b>Heating and Cooling:</b>		
	<b>Minimum Standards</b>	At a minimum high efficiency cove heat. Electric baseboard heat and PTAC's are NOT allowed for new construction. 92% AFUE minimum gas furnace, Heat Pumps rated at HSPF of 8 or greater with a 13.0 SEER rating or higher (packaged or split). Programmable thermostats are required.
	<b>Minimum Standards</b>	All units must have Energy Star qualified through the wall air conditioning or central air conditioning rated at 13 SEER or better sized to properly cool the unit.
	<b>5 Points</b>	Energy Star qualified central air conditioning or verified AHRI certificate with matching coil and condenser 16 SEER or better. Split systems must be Energy Star matched.
	<b>20 points</b>	Forced air furnace 96% or greater 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.
<b>Note: Proposed heat pump systems used for primary heat must be submitted for approval.</b>		
<b>Water Heating:</b>		

	<b>Minimum Standards</b>	A minimum of a 0.92 UEF electric water heater in each unit. Atmospheric vented gas water heaters will not be allowed. Any central hot water systems must be submitted for approval.
	<b>10 points</b>	A gas condensing (close combustion, two-vent pipe system) or electric heat pump water heater provided for each unit.
<b>Healthy Homes</b>		
	<b>Minimum Standards</b>	<ol style="list-style-type: none"> <li>1. Low VOC paints, stains, adhesives and sealants.</li> <li>2. Formaldehyde free insulation.</li> <li>3. Formaldehyde free or sealed particle board products such as shelving, cabinets and countertops.</li> <li>4. Lead detection and abatement. Only applies to rehabilitation projects.</li> <li>5. Install a passive radon system. Test for radon near completion and if 4pCi/L or higher the system must be made active and re-tested until results are below 4pCi/L.</li> </ol>
<b>Electrical Standards</b>		
	<b>Minimum Standards</b>	<ol style="list-style-type: none"> <li>1. Hardwired CO sensors required with installation of gas appliances.</li> <li>2. The use of incandescent light bulbs is not allowed.</li> <li>3. New construction or substantial rehabilitation of rental housing with more than four (4) units must incorporate the installation of broadband infrastructure.</li> </ol>

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).

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Applicant Date

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Architect Date

### EXHIBIT 4 SINGLE FAMILY 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.

<b>General Project Scope</b>		
	<b>Minimum Standards</b>	Single Family Project must include individual exterior storage units at a minimum of 8'x12' or a garage.
	<b>10 points</b>	Single Family project that includes a carport capable of parking at least 1 vehicle. At a minimum a carport is to be constructed of weather resistant steel, attached to footings or a thickened concrete slab, contain a concrete slab and meet minimum code design requirements. An 8' x 12' shed is still required.
	<b>25 points</b>	Single Family Project that includes an attached or detached garage capable of parking at least 1 vehicle.
<b>Site Exterior</b>		
<b>Parking:</b>		
	<b>Minimum Standards</b>	Single family home developments must contain concrete off-street parking for two vehicles. Garage counts as parking space(s).
<b>Sidewalks:</b>		
	<b>Minimum Standards</b>	A concrete sidewalk will be provided from the primary entrance door and any accessible entry door to a public right of way.
<b>Exterior Landscaping:</b>		
	<b>Minimum Standards</b>	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. Hard surface includes building pad as well as all sidewalks, parking lots and other hard finish areas.
	<b>Minimum Standards</b>	A minimum of a 4-foot downspout extension or a 3-foot concrete splash block that positively discharges water away from the foundation at all downspout locations.
	<b>5 points</b>	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
<b>Building(s) Exterior</b>		
<b>Exterior Siding/Finish:</b>		
	<b>Minimum Standards</b>	Minimum of 15-year pre-finish warranty 30-year substrate warranty solid cementitious 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, fascia, gutters and downspouts are required.

	<b>10 points</b>	At least 25% of building exterior finished in brick, stone, EIFS or stucco.
	<b>25 points</b>	At least 80% of building exterior finished in brick, stone, EFIS or stucco.
<b>Roofing:</b>		
	<b>Minimum Standards</b>	Minimum of 30-year warranty asphalt or composite shingle, 29ga metal roofing with a 40-year film and 30-year chalk/fade warranty or a rubberized roof system with a 30-year warranty for flat roofs.
	<b>15 points</b>	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
<b>Windows/Doors:</b>		
	<b>Minimum Standards</b>	Energy Star certified exterior prefinished windows constructed of vinyl, wood, composite or fiberglass. Windows must be Energy Star certified for the Northern climate zone.
	<b>10 points</b>	Windows scored with a .27 U-Factor or better (lower is better) by the National Fenestration Rating Council.
	<b>Minimum Standards</b>	Exterior doors shall be insulated steel or composite in a metal clad or composite frame/brickmould. Unit entry doors without windows shall have a peephole installed with 180-degree view. Two peepholes are required on accessible units, one at 43" and one at standard height. All unit entry doors must be equipped with a deadbolt with 1"-inch throw and strike plate installed with 2-1/2" or longer screws.
	<b>5 points</b>	Installation of storm doors with a minimum 10-year structural warranty at all exterior entry doors. Not required at entry doors between garage and home with attached garages.
<b>Entry:</b>		
	<b>Minimum Standards</b>	Exterior entry landings to be a minimum 5'-0" x 5'-0" with stairs and railing constructed out of an exterior grade wood.
	<b>10 points</b>	Exterior entry landings and stairs with composite decking and railing with a minimum 25-year warranty that meets the above size requirements.
	<b>15 points</b>	Minimum of an 80 square foot deck with stairs and railing constructed out of an exterior grade wood at one exterior entry. Additional entries to meet the minimum standards in size and construction.
	<b>20 points</b>	Minimum of an 80 square foot deck with composite decking and railing with a minimum 25-year warranty at one exterior entry. Additional entries to meet the minimum standards in size above and have composite decking and railing.
<b>Construction and Energy Efficient Design Features</b>		
<b>Wall/Roof Assembly:</b>		
	<b>Minimum Standards</b>	Slab on grade construction to have a minimum R-10 vertical foundation and horizontal perimeter under slab insulation per 2012 IECC. Crawl spaces are to be sealed, insulated (min R-10) and conditioned.

	<b>Minimum Standards</b>	A minimum of a 6 mil or greater vapor barrier to be required under slab on grade, basement slab or crawlspace floor.
	<b>Minimum Standards</b>	Foam plastics when used under any condition listed under Section R316 Foam Plastics of the 2015 IRC shall comply with the pertaining code subsection.
	<b>Minimum Standards</b>	2x6 exterior wall assemblies insulated to a minimum of R-19. Roof assembly to have minimum 12' energy heel trusses and insulated to a minimum of R-49. Rim/band joists to be insulated to the same R-value as the exterior walls above. All assemblies must be constructed to the higher of the SDHDA minimum, local adopted code or the current state adopted IRC/IBC if no local code exists.
	<b>15 points</b>	2x6 exterior wall assemblies insulated to a minimum of R-20 cavity insulation and an R-5 continuous insulation or a 2x4 exterior wall assembly insulated to a minimum of R-13 cavity insulation and an R- 10 continuous insulation.
<b>Special and Accessible Design Features</b>		
	<b>Minimum Standards</b>	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.
	<b>5 points</b>	Up to 15 points will be awarded for projects that create additional accessible units for individuals with mobility and/or sensory impairments. Mobility units must be added at a 2:1 ratio to the sensory units. A minimum of one additional mobility unit must be added above the federal minimum requirements. Accessible units shall to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites and shall be available in a sufficient range of sizes and amenities so that a qualified individual with handicaps' choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.
	<b>10 points</b>	
	<b>15 points</b>	
	<b>15 points</b>	Total Percent of Accessible Units 5 points – Above minimum requirements to 10.00% 10 points - 10.01% to 15.00% 15 points - 15.01% to 20.00%
	<b>15 points</b>	Incorporation of the 7 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. Minimum universal design principals can be found on SDHDA website.



	<b>35 points</b>	Projects that have a stand-alone Community Building, the room shall be 15 square feet per occupant, assuming 1-1/2 occupants per unit. The room shall include a fully functioning kitchen and minimum of one unisex ADA compliant restroom. For calculation of the square footage of the space, only areas usable by occupants are to be included. The square footage of the kitchen, restroom, hallways, offices or storage cannot be used to meet minimum square footage requirement.
<b>Energy Efficient Design Features:</b>		
	<b>20 points</b>	HERS: Project scoring a HERS index of 60 or better as verified by a RESnet certified Rater. Lower is better.
	<b>35 points</b>	Energy Star: Whole project certification to the latest version of Energy Star for New Homes as verified by a 3rd party Energy Star certified rater. Project cannot take points for both HERS and Energy Star certifications.
	<b>10 points</b>	Installation of LED lights throughout interior and exterior of project.
<b>Building Interior</b>		
<b>Unit Interior Doors:</b>		
	<b>10 points</b>	Installation of solid core interior doors throughout units.
	<b>5 points</b>	Installation of metal jambs for interior doors throughout units. This option is only available if points are taken for solid core doors.
<b>Flooring Covering:</b>		
	<b>Minimum Standards</b>	Roll carpet must meet the standards of HUD use of material bulletin 44D. VCT, Vinyl Plank, LVT, sheet vinyl, carpet squares 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. An aluminum or vinyl "J" trim must be installed at the tub/shower transition when sheet vinyl flooring is installed and sealed with a silicone sealant.
<b>Laundry:</b>		
	<b>Minimum Standards</b>	Laundry space/room must be provided with washer and dryer hook-ups and dryer venting to the exterior.
	<b>15 points</b>	A washer and dryer provided for each unit.
<b>Unit Bathrooms:</b>		
	<b>Minimum Standards</b>	Minimum of one-half bath per floor for single family dwellings containing 2 or more bedrooms.
	<b>Minimum Standards</b>	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.
	<b>5 points</b>	Installation of Energy Star qualified bathroom ventilation fan equipped with a humidistat and timer. Humidistat must be incorporated within the fan and not at a wall switch.
	<b>15 points</b>	Installation of HVI certified HRV or ERV.

	<b>Minimum Standards</b>	For new construction projects that must comply with Section 504 of the Rehabilitation Act of 1973, a UFAS compliant curbless roll-in shower must be provided in at least 50% of the Section 504 mobility impaired accessible units or at least one.
<b>Appliances and Fixtures:</b>		
	<b>Minimum Standards</b>	A minimum of a 14 cu. Ft. frost free refrigerator/freezer for all 0 or 1 bedroom units. A minimum of 18 cu. Ft. refrigerator/freezer for all 2 or more bedroom units. Dishwashers to be a minimum of 24" in width.
	<b>Minimum Standards</b>	Water Sense qualified faucets, toilets/urinals, showerheads. Kitchen faucets are required to meet the same Water Sense GPM standards as bathroom faucets.
	<b>5 points</b>	Range hood vented to the exterior.
<b>Window Coverings:</b>		
	<b>Minimum Standards</b>	Window coverings or blinds shall be provided and installed.
<b>Mechanical</b>		
<b>Heating and Cooling:</b>		
	<b>Minimum Standards</b>	At a minimum high efficiency core heat. Electric baseboard heat and PTAC's are NOT allowed for new construction. 92% AFUE minimum gas furnace, Heat Pumps rated at HSPF of 8 or greater with a 13.0 SEER rating or higher (packaged or split). Programmable thermostats are required.
	<b>Minimum Standards</b>	All units must have Energy Star qualified through the wall air conditioning or central air conditioning rated at 13 SEER or better sized to properly cool the unit.
	<b>5 points</b>	Energy Star qualified central air conditioning or verified AHRI certificate with matching coil and condenser 16 SEER or better. Split systems must be Energy Star matched.
	<b>20 points</b>	Forced air furnace 96% or greater AFUE or Energy Star qualified Air- source or Ground Source heat pump capable of providing heat to -15F. Split systems must be Energy Star matched.
<b>Note: Proposed heat pump systems used for primary heat must be submitted for approval.</b>		
<b>Water Heating:</b>		
	<b>Minimum Standards</b>	A minimum of a 0.92 UEF electric water heater in each unit. Atmospheric vented gas water heaters will not be allowed.
	<b>10 points</b>	A gas condensing (close combustion, two-vent pipe system) or electric heat pump water heater provided for each unit.
<b>Healthy Homes</b>		

	<b>Minimum Standards</b>	<ol style="list-style-type: none"> <li>1. Low VOC paints, stains, adhesives and sealants.</li> <li>2. Formaldehyde free insulation.</li> <li>3. Formaldehyde free or sealed particle board products such as shelving, cabinets and countertops.</li> <li>4. Lead detection and abatement. Only applies to rehabilitation projects.</li> <li>5. Install a passive radon system. Test for radon near completion and if 4pCi/L or higher the system must be made active and re-tested until results are below 4pCi/L.</li> </ol>
<b>Electrical Standards</b>		
	<b>Minimum Standards</b>	<ol style="list-style-type: none"> <li>1. Hardwired CO sensors required with installation of gas appliances.</li> <li>2. The use of incandescent light bulbs is not allowed.</li> <li>3. New construction or substantial rehabilitation of rental housing with more than four (4) units must incorporate the installation of broadband infrastructure.</li> </ol>

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).

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Applicant Date

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Architect Date

**EXHIBIT 5 - HTF Tenant Questionnaire**  
**(Complete all sections requested, if a question does not apply, please put N/A)**

Project Name: \_\_\_\_\_ Initial Certification: \_\_\_\_\_

Unit No.: \_\_\_\_\_ Bedroom Size: \_\_\_\_\_ Annual Recertification: \_\_\_\_\_

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**1. List all occupants of the unit**

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

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

**3. Is any member of the household a full or part-time student at an institution of higher education?** Yes  No

**4. Race – Head of Household:**

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

**Hispanic Head of Household:** Yes  No

**5. 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? \_\_\_\_\_

**6. If tenant is already residing in the HTF project, complete this section. Otherwise go to Question 7.**

CURRENT RENT  
Monthly: \$ \_\_\_\_\_

CURRENT UTILITY ALLOWANCE  
Monthly: \$ \_\_\_\_\_

**7. Do you currently receive rental assistance?** Yes  No

If yes, are you receiving: Section 8 Certificate  \_\_\_\_\_ Amount Per Month  
 Section 8 Voucher  \_\_\_\_\_  
 Other  \_\_\_\_\_

**8. 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?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household expect to work for any period during the next 12 months?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household work for someone who pays them in cash?	<input type="checkbox"/>	<input type="checkbox"/>
Is any member of your household on leave of absence from work due to lay-off, medical, maternity, or military leave?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household now receive or expect to receive unemployment benefits?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household now receive or expect to receive child support?	<input type="checkbox"/>	<input type="checkbox"/>
Is any member of your household entitled to child support that he/she is not now receiving?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household now receive or expect to receive alimony payments?	<input type="checkbox"/>	<input type="checkbox"/>
Is any member of your household entitled to alimony payments that he/she is not now receiving?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive or expect to receive welfare assistance?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive or expect to receive Social Security benefits?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive or expect to receive income from a pension or annuity?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive regular cash contributions from individuals not living in the unit or from agencies?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
Is anyone in the household a student at an institute of higher learning and age 18-23?	<input type="checkbox"/>	<input type="checkbox"/>

**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
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If additional space is needed attach a separate sheet.

**9. 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
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If additional space is needed attach a separate sheet.

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

Do you own a home or other real estate? Yes  No

Did you have any assets in the last two years not listed above? Yes  No

If yes, did you dispose of any assets for less than fair market value? Yes  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 am aware that false statements are punishable under Federal law and grounds for eviction. I declare and affirm under the penalties of perjury that the claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Signature of Head of Household: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Spouse or Co-Tenant: \_\_\_\_\_ Date: \_\_\_\_\_

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: \_\_\_\_\_

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## EXHIBIT 6

**SOUTH DAKOTA HTF SUBSIDY LIMITS  
(APPLIES TO ALL HTF PROJECTS)**

	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>
Group Home	\$103,900	\$109,000	\$114,300	\$124,800
SRO	\$123,600	\$129,800	\$136,000	\$148,400
0 bedroom	\$145,400	\$152,600	\$159,900	\$174,500
1 bedroom	\$166,600	\$175,000	\$183,300	\$200,00
2 bedrooms	\$204,100	\$214,400	\$224,600	\$245,000
3 bedrooms	\$241,000	\$253,100	\$265,100	\$289,300
4+ bedrooms	\$265,100	\$278,400	\$291,600	\$318,300

Zone 1

Lincoln

Minnehaha

Union

Zone 2

Beadle  
Clay  
Hughes  
McCook  
Turner

Brookings  
Codington  
Lake  
Meade  
Yankton

Brown  
Davison  
Lawrence  
Pennington

Zone 3

Aurora  
Brule  
Campbell  
Custer  
Douglas  
Faulk  
Haakon  
Hanson  
Hyde  
Jones  
Marshall  
Miner  
Potter  
Spink  
Tripp

Bennett  
Buffalo  
Charles Mix  
Day  
Edmunds  
Grant  
Hamlin  
Harding  
Jackson  
Kingsbury  
McPherson  
Moody  
Roberts  
Stanley  
Walworth

Bon Homme  
Butte  
Clark  
Deuel  
Fall River  
Gregory  
Hand  
Hutchinson  
Jerauld  
Lyman  
Mellette  
Perkins  
Sanborn  
Sully

Zone 4

Indian Reservations: Cheyenne River (Dewey and Ziebach Counties); Crow Creek; Flandreau Santee; Lower Brule; Pine Ridge (Oglala Lakota County); Rosebud (Todd County); Sisseton Wahpeton/Lake Traverse; Standing Rock (Corson County); and Yankton. If the county is not



listed after the Reservation, then only the land within the exterior boundaries of the Reservation are within this zone.

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

**EXHIBIT 7**  
**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.
9. Mandatory supportive services. Agreement by the tenant to accept supportive services that are offered.

**EXHIBIT 8  
TENANT SELECTION CRITERIA**

An owner must adopt written tenant selection policies and criteria that include as a minimum the following per 24 CFR Part 93.303(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 do not exclude an applicant with a voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher program (24 CFR Part 92) or an applicant participating in a HOME tenant-based rental assistance program (24 CFR Part 92) because of the status of the prospective tenant as a holder of such voucher or comparable HOME tenant-based assistance document.
4. That limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with SDHDA in accordance with requirements in 24 CFR Part 93.303 (c)(3)(i)(ii)(A)(B)(C).
5. That provides for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
6. That provides prompt written notification to any rejected applicant of the grounds for any rejection.
7. Policies and criteria that are consistent with the Violence Against Women Reauthorization Act of 2013.

**EXHIBIT 9  
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 HTF Rental only	For HTF Rental only	For HTF 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 10  
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 if 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.

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

**EXHIBIT 11**  
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 HTF 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. Cost Allocation Tool	_____	_____
6. Utility Allowance Calculation	_____	_____
7. Pro forma	_____	_____
8. Three years annual financial statements	_____	_____
9. Documentation of Operating Expenses	_____	_____
10. Legal opinion of good standing	_____	_____
11. Site Control	_____	_____
12. Architectural site plan	_____	_____
13. Architectural floor and unit plan	_____	_____
14. Zoning letter and project plat	_____	_____
15. PHA Notification	_____	_____
16. Nonprofit Description	_____	_____
17. Local area map	_____	_____
18. Executed Project Dev. Characteristics (Exhibit 4)	_____	_____
19. Documentation of local financial support	_____	_____
20. Applicant's Characteristics	_____	_____
21. Service provider letters	_____	_____
22. Documentation of financing	_____	_____
23. Documentation of equity commitment	_____	_____
24. Lead Based Paint Disclosure	_____	_____
25. Relocation Plan	_____	_____
26. Tenant Questionnaire	_____	_____
27. Current tenant rent roll	_____	_____
28. Detailed rehabilitation listing	_____	_____
29. Community Revitalization Plan	_____	_____
30. Intent to serve families with children	_____	_____
31. Availability of utility service	_____	_____
32. Consultant Agreement	_____	_____

**EXHIBIT 12**  
Self-Scoring Worksheet

		Sub Points	Points Available	Project Points
<b>A</b>	<b>LOCAL HOUSING NEED</b>		<b>150</b>	
<b>B</b>	<b>PRIMARY SELECTION CRITERIA</b>			
<b>1</b>	<b>Extended Use Commitment (10 years)</b>		<b>30</b>	
<b>2</b>	<b>Construction Type</b>		<b>70</b>	
	a. Rehabilitation of existing affordable housing	40		
	b. Rehabilitation or Reconstruction with Historic Nature	20		
	c. Reconstruction of an existing building into affordable rental units	20		
	d. Rehabilitation of federal project-based rental assistance building	10		
	e. New Construction with 16 units or less per building	10		
	f. New Construction Assisted Living Facility	10		
	g. New Construction Congregate Care Facility	10		
<b>3</b>	<b>Concerted Community Revitalization Plan</b>		<b>20</b>	
	a. And in a Qualified Census Tract	20		
<b>4</b>	<b>Mixed Income Use</b>		<b>30</b>	
	a. 5.00% to 10.00%	10		
	b. 10.01% to 20.00%	20		
	c. 20.01% to 49.99%	30		
<b>5</b>	<b>Financial Support</b>		<b>20</b>	
<b>6</b>	<b>Applicant Characteristics</b>		<b>40</b>	
	a. Developer Experience - Track Record	20		
	b. Minority or Woman Owned/Operated	10		
	c. Owner Equity of 10.00% or more	10		
	d. Deduction if not in "Good Standing"	-25		
	e. Deduction for additional SDHDA funding request after reservation	-10		
<b>7</b>	<b>Service Enriched Housing</b>		<b>40</b>	
	a. Homeless			
	b. Physically Disabled			
	c. Mentally Disabled			
	d. Developmentally Disabled			
	e. Frail Elderly (congregate care)			
	f. Other			
<b>8</b>	<b>Leveraging</b>		<b>30</b>	
	<b>HTF Funds per HTF assisted Unit</b>			
	\$0 to \$39,999	30		
	\$40,000 to \$49,999	20		

	\$50,000 to \$59,999	10		
<b>9</b>	<b>Soft Cost Ratio</b>		<b>30</b>	
	a. 0.00% to 9.99%	30		
	b. 10.00% to 14.99%	20		
	c. 15.00% to 19.00%	10		
<b>10</b>	<b>Project Location</b>		<b>40</b>	
	Community Services	20		
	Area of Opportunity	20		
<b>11</b>	<b>Individuals with Children</b>		<b>10</b>	
<b>12</b>	<b>Public Housing Notification</b>		<b>10</b>	
<b>13</b>	<b>Promise Zone Designation</b>		<b>20</b>	
<b>C</b>	<b>READINESS TO PROCEED</b>			
<b>1</b>	<b>Plans and Specifications</b>		<b>25</b>	
<b>2</b>	<b>Site Control</b>		<b>25</b>	
<b>3</b>	<b>Financing Commitments</b>		<b>60</b>	
	a. Construction Financing Commitment	20		
	b. Permanent Financing Commitment	20		
	c. Equity Commitment	20		
<b>4</b>	<b>Utilities</b>		<b>20</b>	
<b>5</b>	<b>Zoning</b>		<b>10</b>	
<b>6</b>	<b>Platting</b>		<b>10</b>	
<b>D</b>	<b>PROJECT DEVELOPMENT CHARACTERISTICS</b>		<b>200</b>	
<b>E</b>	<b>TRIBAL PROJECTS</b>		<b>50</b>	
	<b>TOTAL</b>		<b>940</b>	