



SOUTH DAKOTA HOUSING **OPPORTUNITY** FUND

**2020-2021
HOF Allocation Plan**

As Presented to the SDHDA Board of Commissioners
April 21, 2020

Based on Comments Received by
5:00 P.M. CST, April 8, 2020

Applications Due:
August 31, 2020; July 31, 2021
5:00 p.m. Central Time



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SOUTH DAKOTA HOUSING OPPORTUNITY FUND 2020-2021 ALLOCATION PLAN

I. PURPOSE

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

II. POLICIES AND PROCEDURES

A. THE PLAN

South Dakota Housing Development Authority (SDHDA) and the SDHDA Board of Commissioners (SDHDA Board) are responsible for the administration of HOF in accordance with SDCL 11-13. This Plan provides a system for allocation of HOF funds and HOF program income.

1. Distribution of Funds

SDHDA will distribute HOF funds geographically throughout the State taking into consideration the following HOF distribution formula:

Municipalities with a population of 50,000 or more	30%
Other areas of the State	70%

Ten percent of the HOF funds may be utilized for administrative expenses incurred by SDHDA and eligible Applicants applying for HOF for programs as outlined in Section III.B. The remaining funds will be distributed per the eligible activity as follows:

- Housing Development
- 75 percent
- Programs
- 25 percent

If the approved applications for any area or activity are less than the percentages above, the remaining amount may be made available for qualified applications from the other geographical area or activity.

If less than one million dollars is appropriated for any single HOF Application Cycle, the Housing Development and Program set asides will be eliminated and SDHDA may in its discretion limit the eligible activities for which applications will be accepted.

2. Application Cycle(s) and Deadlines

Applications for housing development will be awarded on a first come, first serve basis with applications accepted January 1st through May 31st for rental housing and homeownership development. Applications accepted during this time frame, will follow the allocation plan guidelines as of January 1st of the application year. Any changes to the allocation plan will take effect during the August, 2020 application cycle, which is a competitive cycle with applications due August 31st, 2020. Applications received will be scored in accordance with Section V of this

plan to ensure feasible and desirable projects are awarded funds. Housing development projects must score a minimum of 300 points to be considered for funding.

Applications for Programs will be accepted annually, with 2020 applications due August 31st 2020, and 2021 applications due July 31st, 2021. Applications received will be scored in accordance with Section V of this plan to ensure feasible and desirable projects are awarded funds. Program applications must score a minimum of 100 points to be considered for funding.

However, if after the August 2020 / July 2021 application cycle, HOF funds remain unallocated or additional HOF funds become available, SDHDA may hold another application cycle or accept eligible applications on a first-come, first-serve basis. If SDHDA holds another application cycle (instead of accepting applications on a first-come, first-serve basis), SDHDA will provide an announcement of the additional cycle. Please refer to SDHDA's website at www.sdhda.org for availability of funds.

Applicants are encouraged to submit the online application that can be found on the SDHDA website. Completed applications (refer to Exhibit 1) must be electronically submitted or delivered (via U.S. Postal Service, private mailing service, or hand delivered) to SDHDA by 5:00 p.m. Central Time on the applicable due date. Applications via facsimile will NOT be accepted.

3. Limitations

Taking into consideration the eligible activities for HOF, those being housing development and programs, no more than 25 percent of the annual available HOF funds may be awarded to any one developer/sponsor/owner and no more than 50 percent of a development's total project costs or program budget can be financed by HOF, unless a waiver is granted by SDHDA Board of Commissioners. For calculation of the developer/sponsor/owner limitation, all of the developer/sponsor/owner's applications, regardless of type of activity or project, will be combined for the calculation.

4. Types of Financing

HOF funds may be requested as a loan or as a forgivable loan. HOF funds may also be used as a guaranty for other funding sources. If applicants are requesting HOF funds as a forgivable loan, the applicant must demonstrate the need for the funds as a forgivable loan and provide program parameters that will be used to determine if program recipients will be receiving a forgivable loan. Consideration must be given to the AMI being served.

5. Term of Financing

HOF funds must be expended and disbursed within two years of the date of the Conditional Loan Commitment or the Subrecipient Written Agreement. Any HOF funds not disbursed by the due date may be de-obligated by SDHDA and returned to the available HOF allocation for the next application cycle.

6. Leveraging/Match Requirement

HOF funds can be used to finance up to 50 percent of the project or program costs, with the remaining 50 percent being leveraged funds (or match). The leveraging of funds can be satisfied in a variety of ways such as funds provided as a loan or grant, donations (monetary or in-kind), administrative costs paid for by other funding sources for staff carrying out the program activities, etc. Funds used for leverage must be for like-kind of services and must be necessary for the

administration of the program or development of the project. For example, an agency may use the staff expense (paid for from sources other than HOF) for qualifying homebuyers' eligibility and providing homebuyer counseling, as leveraging for a downpayment assistance program since the qualification process and homebuyer counseling are necessary for administration of a downpayment assistance program. An agency however, may not use staff expense for homebuyer counseling as leveraging for a homeowner rehabilitation program.

Sources of leverage must be identified within the application and documentation of such will be required prior to closing of the loan and disbursement of HOF funds.

If applicants are unable to meet the requirement of 50 percent leveraged funds (match) applicants may request a waiver from the SDHDA Board of Commissioners. Thorough documentation of the reason for the waiver will be required at time of application.

If HOF is utilized with another funding source or program offered by a city, the state, a federal, or SDHDA program, Applicant will be required to follow the most restrictive requirements.

7. Eligibility

Eligible Projects. HOF funds may be used for new construction, acquisition and rehabilitation of rental housing, the purchase of homeownership housing, substantial or moderate rehabilitation of rental or homeownership housing, housing preservation, including home repair and rehabilitating homes to make them accessible to individuals with disabilities, homelessness prevention activities, and community land trusts. Housing developments receiving HOF funds will not be considered as an eligible project until such time the initial affordability period or the extended use period has been met.

Eligible Applicants. Any for-profit entity, nonprofit entity, tribal government, housing authority, political subdivision of this state or agency of such subdivision, or agency of this state is eligible to apply for funding. No individuals may apply for funding directly unless authorized by SDHDA.

Eligible Households. HOF funds shall be targeted to serve low to moderate income households with a maximum income at or below one hundred fifteen percent (115%) of the county area median income (AMI) based on the U.S. Department of Housing and Urban Development (HUD) criteria.

8. Disclaimers

Regardless of ranking under the project selection criteria, SDHDA reserves the right to allocate HOF funds to any application if SDHDA determines in its sole discretion that such allocation furthers the HOF objectives. SDHDA reserves the right to deny HOF funds for any application that SDHDA determines in its sole discretion does not further the HOF objectives.

With respect to housing development projects, SDHDA assumes no responsibility to make inspections during construction and/or rehabilitation and assumes no liability for construction quality or code compliance. SDHDA may do periodic on-site inspections to review the scope and progress of the project. The local building official will be required to approve both the proposed project and completed work.

SDHDA reserves the right to exchange information with other city, state and federal agencies and with other parties as deemed appropriate. By submitting an application for HOF funds, the Applicant is acknowledging and agreeing to this exchange of information.

B. AMENDMENTS TO THE PLAN

This Plan may be amended for substantive changes by SDHDA at any time following public notice and public meeting. This Plan may be amended by SDHDA for non-substantive changes, including to comply with state law, clarify matters, or cure ambiguities, at any time, and such amendments will be fully effective and incorporated herein upon the SDHDA Board's adoption of such amendments, without public notice and comment.

III. GENERAL REQUIREMENTS

A. ELIGIBLE ACTIVITIES

Activities allowed under HOF include:

1. Rental Housing

New construction, acquisition, rehabilitation, or conversion of a building for rental housing (permanent or transitional) are eligible activities.

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

Improvements to the project site may include on-site roads and sewer and water lines necessary to 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. The development must meet the applicable local and state building codes and acquisition costs cannot exceed the appraised market value of the property.

Housing provided for homelessness prevention will be considered as housing development. HOF may be requested for new construction, acquisition, and/or rehabilitation of a shelter or transitional housing.

Additional requirements for new construction and rehabilitation/conversion activities can be found in Exhibit 6.

a. Occupancy Requirements

During the affordability period, the HOF assisted rental housing units must be set aside for households at or below 115 percent Area Median Income (AMI) or further restricted to the AMI indicated in the application. The required AMI test must be met at initial occupancy and data evidencing compliance must be reported to SDHDA annually (Owner's Certification). When HOF units become available for rent, the new household must also meet the occupancy 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.

b. HOF Rents

Every HOF assisted rental unit is subject to rent limitations (HOF Rents) designed to ensure that rents are affordable to the respective tenants being served. HOF Rents cannot exceed the calculated rent of 30 percent of the adjusted income for the AMI being served by the proposed project, based on bedroom size.

Rents must include allowances for utilities and services (excluding telephone, cable, and internet). Applicants are encouraged to utilize the allowances established by the local Public Housing Authority or calculate their own allowances based on documentation from service providers.

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

SDHDA has the right to review all rent schedules and utility allowances. Owners are allowed to annually increase rents on HOF assisted units by two percent. Rent increases above two percent are required to have SDHDA approval prior to implementation.

d. Mixed Income Project

All HOF funds used in conjunction with a mixed-income project must be used solely for the benefit of the affordable units in the project. Each building in a project must include affordable units. Common area costs will be prorated between the number of affordable units and the number of other units.

e. Mixed Use Project

A building that is designed in part for other than residential housing may qualify as affordable housing under the HOF program if such housing meets the rent limitations in the Occupancy Requirements and HOF Rents sections. 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.

Commercial buildings that are rehabilitated for rental use, are eligible for funding under the HOF Program. Adequate off-street parking must be provided.

f. Public Housing Notification

At the time of application, all Applicants proposing the use of HOF funds for rental housing must notify local public housing agencies of the proposed project.

g. Tenant Certifications

Tenant eligibility must be determined by the owner at the time of initial occupancy. Annual re-certifications of existing tenants will not be required; however, new HOF tenants will require certification to ensure occupancy requirements are being maintained.

h. Tenant Protections

The lease between a tenant and the owner of rental housing assisted with HOF funds must be for at least one year, unless by mutual consent the tenant and the owner agree to a shorter term, and may not contain any prohibited lease terms as established by SDHDA. Tenant selection and termination of any tenancy are also subject to SDHDA standards and requirements.

2. Homeownership

Funds may be used for new construction, or acquisition with rehabilitation of single family housing units. Funds may also be used for the development of affordable lots in housing subdivisions if

construction of single family housing units will begin within 12 months of land purchase. The Applicant will have six months from the date of the Conditional Loan Commitment to begin construction on the proposed project. Land banking - the acquisition and holding of land for future use - is prohibited.

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

Improvements to the project site may include on-site roads and sewer and water lines necessary to 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. The development must meet the applicable local and state building codes, and acquisition costs cannot, without prior SDHDA approval, exceed the appraised market value of the property.

Funds may also be used to provide development subsidy to homeownership projects which have appraisal gaps. Appraisal gap is defined as the difference between the cost to develop a unit and the appraised value of said unit. Projects utilizing HOF development subsidy must adhere to the HOF project cost limits listed in Section IV.A.1. of this plan. The maximum amount of subsidy per unit is \$20,000. Any HOF unit utilizing development subsidy must remain affordable to low-income homebuyers for a 10-year period of affordability. SDHDA will place a covenant on the property to ensure the period of affordability is met. If the property is sold during the period of affordability the seller will receive a "fair return on investment" which includes any capital investment made by the homeowner and seventy-five percent (75%) of net sale proceeds minus capital investment. SDHDA will receive the remaining twenty-five percent (25%) up to the amount of development subsidy provided.

Additional requirements for construction standards and requirements can be found in Exhibit 6.

a. Homebuyer Qualifications

The homebuyer must utilize the HOF assisted residence as his or her principal residence.

All homebuyers on the mortgage must participate in homebuyer education, and if warranted, homebuyer counseling and credit counseling.

b. Selling Price

The selling price of the home shall not exceed the appraised value. For homebuyer activities involving acquisition and rehabilitation, the estimated total cost of the acquisition and rehabilitation, shall not exceed the appraised value.

Applicants are to carefully consider the AMI being targeted and develop housing accordingly. SDHDA may reject proposals if the anticipated resale cost of the home is not reasonable for the AMI being served. To help make this determination, the Applicant must consider the percentage of the homebuyer's income that can be used to pay the principal, interest, taxes, and insurance (PITI). Typically, this is equivalent to PITI being 30 percent or less of the homebuyer's family income.

c. Homebuyer Recapture Guidelines

If the initial homebuyer sells the HOF financed home prior to the end of the affordability period as defined in Section III.C., SDHDA will recapture the lesser of the SDHDA calculated amount or net

sale proceeds. Net proceeds of a sale are the sales price minus non-HOF loan repayments for prior lien mortgages and any closing costs.

The SDHDA calculated amount will be determined by either the program parameters as established by the Applicant, or no less than the current HOF balance. HOF provided as a forgivable loan can be forgiven on an annual basis as the household meets program requirements, based on no less than a 60-month term.

d. Lease-Purchase

Applicants may provide homeownership through a lease-purchase housing option. The homebuyer must purchase the housing within 36 months of signing the lease-purchase agreement. If at the end of the 36-month period, the household occupying the lease-purchase unit is not eligible or able to purchase the unit, SDHDA may allow an additional six months to identify an eligible homebuyer to purchase the unit. In all cases, if the unit is not purchased by the end of the 42-month project completion period, it must turn into a HOF rental unit and the HOF affordability requirements for rental housing will apply. The housing unit may revert back to homeownership at a future date with approval by SDHDA.

The homebuyer must qualify as HOF eligible household at the time the lease-purchase agreement is signed. A qualifying homebuyer may choose to purchase the unit immediately or may lease the unit for up to 36 months while preparing for homeownership. A minimum of five percent of the unit's predetermined purchase price must be set aside to assist with downpayment and closing costs. If the homebuyer violates the purchase contract for any reason, the homebuyer forfeits the downpayment set aside. The Applicant may then select another HOF qualified homebuyer to continue the lease. The new homebuyer will receive any downpayment set aside remaining after necessary repairs are made.

B. ELIGIBLE PROGRAMS

The following guidelines must be followed for the types of loans program recipients receive:

- 80.01% and above: Loan may be repaid or deferred
- 80% AMI and below: Loan may be repaid, deferred, or forgiven

1. Homebuyer Assistance

Eligible programs include providing assistance to qualifying homebuyers with expenses related to the purchase of a home, including those related to gap financing, lease-purchase, and self-help type programs. Additional requirements for Homebuyer Assistance can be found in Exhibit 7.

2. Homeowner Rehabilitation

HOF funds can be used to rehabilitate single family, owner-occupied properties. Additional requirement for Homeowner Rehabilitation can be found in Exhibit 8.

3. Homelessness Prevention

HOF may be requested for homelessness prevention activities that include tenant based rental assistance, project based rental assistance, payment of security deposits, or other homelessness prevention activities for qualified individuals and families in qualified housing units. HOF funds may be used for acquisition, new construction, or rehabilitation of a building that is or will be used to provide homelessness prevention activities and can be considered as an eligible activity under

housing development. Costs to operate the facility are also eligible for HOF financing. Additional information regarding Homelessness Prevention Activities can be found in Exhibit 9.

C. PERIOD OF AFFORDABILITY

In consideration of providing HOF for affordable housing, the housing must be kept in compliance and restricted by HOF guidelines for the minimum affordability period specified below, or for the term of the HOF financing, whichever is longer. Additional information regarding SDHDA's monitoring for compliance can be found in Section VIII of this Plan.

Activity	Years of Affordability			
	5	10	15	20
New Construction of Rental Housing with HOF funds invested per HOF unit as follows:				
Under \$50,000		X		
\$50,000 to \$100,000			X	
Over \$100,000				X
Rental Housing (Rehabilitation or Acquisition of existing housing) with HOF funds invested per HOF unit as follows:				
Under \$50,000	X			
\$50,000 to \$100,000		X		
Over \$100,000			X	
Homeownership Projects				
Under \$15,000	X			
Over \$15,000		X		
Homebuyer Assistance on New Construction				
Under \$15,000	X			
Over \$15,000		X		

D. TENANT RELOCATION AND DISPLACEMENT

SDHDA typically will not allow permanent displacement of current residents of any project funded with HOF funds. If Applicant is proposing displacement of current residents, Applicant is encouraged to contact SDHDA early on to discuss the situation.

E. 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" with an ownership interest in the Developer or in the Developers general partner(s), and from any guarantors required by 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 reserves will ensure that annual deposits will be made to a replacement reserve account in the amount specified in the loan documents.

IV. FUNDING PROCESS

Requests for HOF funds are considered in a two-step process: Application and Conditional Commitment. No program operations, new construction, acquisition, or rehabilitation activities may begin until a start order has been issued by SDHDA.

SDHDA reserves the right to not process any application that SDHDA determines is not: (1) complete; (2) consistent with the purposes and goals of this Plan; (3) proposing an eligible activity; or (4) financially feasible.

A. APPLICATION STAGE

The Applicant must submit a complete application and all documentation referenced in Exhibit 1. Applications will be evaluated according to the following standards.

1. 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.

To ensure efficient use of HOF for development of housing units, SDHDA will review the proposed project costs including: land, site improvements (including existing buildings), construction or rehabilitation costs, fees (architectural, legal, consulting, etc.), developer's and/or builder's profit, financing and carrying charges, and all other related soft costs.

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

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

Zone 1: Lincoln, Minnehaha, and Union

Unit Type	Unit Cost
Group Home (per bedroom)	\$83,100
SRO	\$98,900
0 Bedroom (efficiency)	\$116,300
1 Bedroom	\$133,300
2 Bedroom	\$163,300
3 Bedroom	\$192,800
4 Bedroom	\$212,100

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)	\$87,200
SRO	\$103,800

0 Bedroom (efficiency)	\$122,100
1 Bedroom	\$140,000
2 Bedroom	\$171,500
3 Bedroom	\$202,500
4 Bedroom	\$222,700

Zone 3: Aurora, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Corson, 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.

Unit Type	Unit Cost
Group Home (per bedroom)	\$91,400
SRO	\$108,800
0 Bedroom (efficiency)	\$127,900
1 Bedroom	\$146,600
2 Bedroom	\$179,700
3 Bedroom	\$212,100
4 Bedroom	\$233,300

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)	\$ 99,800
SRO	\$118,700
0 Bedroom (efficiency)	\$139,600
1 Bedroom	\$160,000
2 Bedroom	\$196,000
3 Bedroom	\$231,400
4 Bedroom	\$254,600

Applicants must take into consideration the marketability of the proposed housing units. A component of marketability is residential unit living square footage. SDHDA has established the following residential unit living minimum square footage (sq. ft.) requirements:

- Group Home – 130 sq. ft. (per bedroom)
- Single Room Occupancy (SRO) – 300 sq. ft.
- 0-bedroom (efficiency) – 500 sq. ft.
- 1-bedroom – 600 sq. ft.
- 2-bedroom – 750 sq. ft.
- 3-bedroom – 900 sq. ft.
- 4 bedroom – 1050 sq. ft.

Acquisition and rehabilitation projects are not subject to the above minimum square footage requirements. SDHDA may waive the minimum square footage requirements, but only when it is justified as being reasonable based on the needs of the tenants being served.

2. Financial Feasibility

Feasibility of all applications will be reviewed. For rental development, the long-term financial feasibility must be demonstrated with the submission of a pro forma, reflecting a debt service coverage ratio of not less than 1.15 for the entire affordability period or the term of the loan, whichever is longer. The debt coverage ratio is the net operating income to the total annual debt service. Furthermore, the application must reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the period of affordability. Annually, income will be trended at two percent (2%), expenses and replacement reserves will be trended at three percent (3%), and vacancy will be projected at seven percent (7%). 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.

3. Reserve Accounts

To protect financial feasibility, the owner will be required to establish and maintain proper reserve accounts which may be held in escrow by SDHDA. If an existing property does not have established reserve accounts, the Applicant must provide notice to SDHDA at time of application in order to determine how to sustain long-term feasibility.

- a. **Taxes and Insurance:** Escrowed at levels estimated to meet projected expenses.
- b. **Replacement:** Minimum of \$400 per unit, per year, must be initially funded and maintained for the full term of the HOF period of affordability and extended use period or while the SDHDA HOF loan is outstanding, whichever is longer. 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 and extended use period.
- c. **Operating:** Minimum of six months operating reserve from a non-HOF funds source to 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 HOF period of affordability and extended use period or while the SDHDA HOF loan is outstanding, whichever is longer. An Irrevocable Letter of Credit will also satisfy this requirement.
- d. **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 HOF Amount

HOF funds are intended to be used as gap financing to make a project financially feasible and may be provided as a loan or as a forgivable loan. The difference between total project costs and total available financing resources (including owner equity requirements) is referred to as the gap.

If HOF funding is in the form of a loan, the payback schedule and interest rate, which will be from zero to four percent, will be determined based on the project's feasibility. Based on this evaluation, SDHDA will estimate the amount of HOF funds to be reserved for each application. The analysis to determine the necessary amount of HOF funds will be done at the time of application, at the time a conditional 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.

B. CONDITIONAL COMMITMENT STAGE

Upon notification of a conditional commitment from the SDHDA Board, SDHDA will issue a Conditional Loan Commitment or Subrecipient Written Agreement to the Applicant outlining the terms and conditions of the HOF funding. The applicants will be required to accept the Conditional Loan Commitment by returning the signed letter within 30 days of board approval. Failure to accept the Conditional Loan Commitment may result, in SDHDA's sole discretion, in a forfeiture of the HOF Award.

Applicants will be required to provide additional information and documentation as outlined in Exhibit 1. The Applicant will have six months from the date of the agreements to provide the necessary documents, close the HOF loan and begin construction or rehabilitation on the proposed project or begin program services. Failure to start within this timeframe may result, in SDHDA's sole discretion, in a forfeiture of HOF funds.

Changes to Project. The award of HOF funds is based upon information provided in the application and supporting documentation. Any significant change in an application, once it has been ranked and awarded HOF funds, may result, in SDHDA's sole discretion, in a forfeiture of HOF funds. A significant change include, 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, change in financial feasibility, income being served, project amenities, location, services being offered 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 conditional commitment of HOF funds. Any changes to the project must be pre- approved by SDHDA prior to implementation.

C. DISBURSEMENT OF HOF FUNDS

1. Loan Documentation

Loan documents may include but are not limited to a Conditional Loan Commitment, Subrecipient Written Agreement, Mortgage Note, Mortgage 180 Day Redemption, Security Agreement, and Fixture Filing, Assignment of Rents and Leases, Declaration of Land Use Restrictive Covenants, Regulatory Agreement, Personal Guarantee, Corporate Guarantee, Building Loan Agreement and Sworn Construction Statement, as applicable.

2. Program/Construction Start

A HOF financed program or new construction or rehabilitation of a building(s) may begin when SDHDA has received all executed loan documentation and the applicant has received a written authorization to start from SDHDA. The program must begin, or construction must commence, no later than six months after execution of the Subrecipient Agreement or the loan commitment.

3. Draws

For housing development, SDHDA will typically 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, as applicable. SDHDA will retain 10 percent of final draw until all final project completion information is received, a portion of which will be the final payment of the Developer's fee. SDHDA will make periodic site reviews of the project throughout the construction period and at the completion of construction.

For HOF funded programs, draws will typically be on a reimbursement basis with applicant requesting HOF funds no more than twice per month. SDHDA may allow pre-funding of programs in an amount not to exceed 10 percent of the HOF award amount. Administrative fees may only be requested after services have been provided and will be reimbursed for documented expenses or 10 percent of the HOF award, whichever is less.

4. Cost Certification

For projects receiving more than \$250,000 of HOF funds, or projects with over \$500,000 total project cost, 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 HOF funds. All cost overruns are the responsibility of the owner. SDHDA may reduce the amount of HOF 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 HOF funds commitment.

5. Loan Repayment

HOF loan repayment will begin approximately six months from the date the project is placed in service with interest accrual beginning at time of the first disbursement of loan proceeds. Loan forgiveness or loan repayment terms and conditions will be further defined in the Promissory Note.

6. Recapture of HOF Funds

Unless otherwise noted in the HOF loan documents, HOF funds provided for programs or housing units are subject to recapture by SDHDA if HOF criteria are not met, including but not limited to meeting the affordability requirements or program eligibility. Any funds recaptured by Subrecipient must be returned to SDHDA. Penalties, including interest for the period of time during which the property was out of compliance, may apply.

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

V. PROJECT SELECTION CRITERIA FOR HOUSING DEVELOPMENT

Proposals will be reviewed initially for completeness, including all submission requirements referenced in Exhibit 1 and scored based on the following selection criteria. Housing development projects must score a minimum of 300 points to be considered for funding.

A. LOCAL HOUSING NEED (MAXIMUM 100 POINTS)

All Applicants must submit a narrative addressing and documenting the local housing need. Refer to Exhibit 2 for additional information on what is required for documenting the local housing need. The applications for communities considered to be facing the highest overall housing need will receive the highest score. All other applications will be ranked against the highest scoring Applicants. 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. Communities demonstrating increased economic development and the immediate demand for housing will be considered as having a greater housing need.

B. INCOME TARGETING (MAXIMUM 100 POINTS)

Each of the following set-aside elections are separate and can be combined for up to 100 points and up to 100 percent of the units being restricted. An application can elect to set aside units for different AMIs, but a unit cannot be used to serve more than one set-aside election.

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

For example, a proposal that elects to set aside HOF assisted units for households not exceeding 30 percent of AMI will receive 10 points for every 10 percent of the units set aside for 30 percent AMI.

C. EXTENDED USE COMMITMENT (MAXIMUM 10 POINTS)

Applicants who make a commitment to extend the affordability period for 10 years beyond the required affordability period as defined in Section III.C. Period of Affordability will receive 10 points. Applicants choosing to extend the affordability period will be prohibited from applying for HOF for the same development during the extended use period.

D. SUPPORT FROM LOCAL SOURCES (MAXIMUM 25 POINTS)

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

- a. Financial support from local governmental/private incentives, including but not limited to cash, in-kind services, or tax abatements, to reduce project costs or enhance feasibility; or
- b. Other private or foundation assistance to achieve greater affordability; or
- c. Non-fee based partnerships with other agencies which enhance the capacity of the Applicant.

E. SERVICE ENRICHED HOUSING (MAXIMUM 20 POINTS)

Projects providing verifiable on-site services to tenants which may include but are not limited to the following types of projects may receive up to 20 points depending upon the extent of the services. Refer to Section IX 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
- 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 before submitting an application to SDHDA. 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.

F. PERCENTAGE OF SOFT COSTS USED FOR PROJECT COSTS (MAXIMUM 40 POINTS)

Reasonable and necessary soft costs associated with the development of housing may include the following:

- a. Architectural, engineering or related professional services.
- b. Financing costs such as origination fees; credit reports, title insurance, fees for recordation and filing of legal documents, building permit fees, attorney's fees directly related to the project; appraisal fees and fees for independent cost estimates; and developer's fee or builder's fee.
- c. Costs for an audit or cost certification that SDHDA may require with respect to the development of the project.
- d. Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by Fair Housing.
- e. Developer's Fees which may not exceed 10 percent of the total project costs. For purposes of the foregoing limitations, "total project costs" do not include any costs that exceed the Project Cost Limits. The Developer Fee includes the Consultant's Fee and will be limited to the fee calculated at the time of Board reservation. If developers defer their Developer Fee, the amount deferred will be underwritten as a project financing source.
- f. Consultant's Fees will be included within the Developer's Fee limitation, but individually cannot exceed two percent of the total project costs. The Consultant will be expected to provide services through completion of the development.

- g. 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 the total project hard costs for the project.

An application with soft costs that are less than 20 percent the total project costs will be awarded up to 40 points as set forth below:

<u>% Soft Costs</u>	<u>Points Awarded</u>
0.00% - 9.99%	40
10.00% - 14.99%	30
15.00% - 19.00%	20

Soft costs include, but are not limited to all items in a - g of this section and operating and rent-up reserves, origination fees, and partnership organizational fees.

G. READINESS TO PROCEED CRITERIA

SDHDA, at its discretion, may award up to 130 points to projects that most clearly demonstrate readiness to proceed. Such determination will include the following factors:

1. Plans and Specifications (Maximum 25 Points)

Applications containing architectural plans/working drawings that are at least 50 percent complete or a physical needs assessment for rehabilitation projects will be awarded 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 an option agreement will receive 10 points.

Applications containing a letter of interest will receive 5 points.

Applicants should be cautioned that a conditional commitment of HOF funds is site specific, therefore any changes to the site may require a full review of the application and reconsideration by SDHDA.

3. Construction Financing (Maximum 30 Points)

Applications containing documentation of enforceable construction/interim financing commitments executed by the Applicant and Lender, as applicable for the project, will receive up to 30 points.

4. Permanent Financing (Maximum 30 Points)

Applications containing documentation of enforceable permanent financing commitments executed by the Applicant and Lender, and disclosing a fixed interest rate, term of at least 15 years, and all conditions may receive 30 points. 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 HOF application submitted by the Applicant to SDHDA in support of the HOF 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 agreed to by the Applicant. Commitment with fixed rate and term of less than 15 years may receive 10 points.

5. Zoning (Maximum 10 Points)

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

H. PROJECT CHARACTERISTICS (MAXIMUM 200 POINTS)

Points will be awarded up to 200 points based on the Exhibit 4 that has been completed (points indicated) and signed by the Applicant and architect. Characteristics indicated by the Applicant and architect will be verified by SDHDA staff based on final architectural plans, specifications, and a physical inspection prior to final disbursement of HOF funds.

I. FINANCING TYPE (MAXIMUM 25 POINTS)

HOF funds may be utilized in a variety of financing options. Forgivable loans will receive zero points. Points will be awarded as follows:

<u>Financing Options</u>	<u>Points Awarded</u>
Guaranty or Regular Amortization Loan	25 Points
Irregular Amortization Loan	15 Points
Cash Flow/Deferred Mortgage	5 Points

VI. PROJECT SELECTION CRITERIA FOR PROGRAMS

Proposals will be reviewed initially for completeness, including all submission requirements referenced in Exhibit 1 and scored based on the following selection criteria.

A. PROGRAM DEMAND (MAXIMUM 100 POINTS)

All Applicants must submit a narrative addressing and documenting the need for the proposed demand, via a waiting list, etc. If the services are a continuation of an existing program, provide explanation of why the HOF funds are necessary, whether the HOF funds are expanding the services, replacement of other funds, etc. If HOF funds are being requested for a new program, applicant must document how the need for additional services was determined and whether other service agencies provide similar services in that geographic area.

B. INCOME TARGETING (MAXIMUM 100 POINTS)

Each of the following set-aside elections are separate and can be combined for up to 100 points and up to 100 percent of the units being restricted. An application can elect to set aside units for different AMIs, but a unit cannot be used to serve more than one set-aside election.

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

For example, a proposal that elects to set aside HOF assisted units for households not exceeding 30 percent of AMI will receive 10 points for every 10 percent of the units set aside for 30 percent AMI.

Proposals for homelessness prevention activities will be scored as serving 100 percent at 50 percent AMI, unless otherwise documented in the application.

C. EXTENDED USE COMMITMENT (MAXIMUM 10 POINTS)

Applicants who make a commitment to extend the affordability period for 10 years beyond the required affordability period as defined in Section III.C. Project Period of Affordability will receive 10 points. Applicants choosing to extend the affordability period will be prohibited from applying for HOF for the same development during the extended use period.

D. FINANCIAL SUPPORT FROM LOCAL SOURCES (MAXIMUM 25 POINTS)

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

- a. Financial support from local governmental/private incentives, including but not limited to cash, in-kind services, or tax abatements, to reduce project costs or enhance feasibility; or
- b. Other private or foundation assistance to achieve greater affordability, or
- c. Non-fee based partnerships with other agencies which enhance the capacity of the Applicant.

E. PROGRAM POLICY AND PROCEDURE MANUAL (MAXIMUM 30 POINTS)

Applicants who submit a written policy and procedure manual for their proposed program are eligible to receive up to 30 points. The manual, at a minimum, must outline the process for receiving applications, approving recipients, verifying income eligibility, and implementing the program. In order to receive full points, the manual must also include the forms to be utilized by the Applicant in administering the program.

F. OTHER PROGRAM FUNDS (MAXIMUM 30 POINTS)

Applications containing written documentation of committed funds to be utilized in the program as match or leveraging for like activities, will receive up to 30 points. Points will not be awarded for additional funding provided by SDHDA as the match.

G. FINANCING TYPE (MAXIMUM 25 POINTS)

HOF funds may be utilized in a variety of financing options. Points will be awarded as follows:

<u>Financing Options</u>	<u>Points Awarded</u>
Guaranty or Regular Amortization Loan	25 Points
Irregular Amortization Loan	15 Points
Cash Flow/Deferred Mortgage	5 Points

H. PARTNERING WITH OTHER AGENCIES (MAXIMUM 30 POINTS)

HOF applicants who can document via written agreements, partnering with other agencies to provide a continuum of services, without duplicating services, will be awarded up to 30 points. The services being coordinated must be related services that enhance the success of the program recipients. An example would be the homelessness prevention provider partnering with a job service provider to find employment opportunities for the clients. Points will not be awarded for services that SDHDA already requires.

VII. OTHER REQUIREMENTS**A. FAIR HOUSING AND EQUAL OPPORTUNITY**

All Applicants and owners must adhere to Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, which prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. Additional information can be found at - https://www.hud.gov/program_offices/fair_housing_equal_opp.

B. LEAD-BASED PAINT

Applications that involve the renovation, sale or leasing of housing units built before 1978, must address the potential of lead-based paint hazards. Before renting or selling pre-1978 housing, landlords and sellers must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. In addition, rehabilitation, renovation, repair, and painting activities that disturb lead-based paint (like sanding, cutting, replacing windows, and more) must be done within safe work practices. For additional information regarding lead based paint and safe work practices, please visit the following websites – <https://www.epa.gov/lead> or - https://www.hud.gov/program_offices/healthy_homes/healthyhomes/lead.

C. CONFLICTS OF INTEREST

Applicants must disclose to SDHDA if any conflicts of interest exist. A conflict of interest is deemed to exist whenever an individual is in the position to approve or influence the policies or action of the project which involve or could ultimately harm or benefit financially: (a) the individual; (b) any member of his immediate family (spouse, parents, children, brothers or sisters, and spouses of these individuals); or (c) any organization in which he or an immediate family member is a Director, trustee, officer, member, partner or more than 10% shareholder. Service on the board of another nonprofit corporation does not constitute a conflict of interest.

D. DEBARMENT AND SUSPENSION

Owners and contractors are prohibited from employing, awarding contracts, or funding any contractors or subcontractors that have been debarred, suspended, proposed for debarment or placed on ineligibility status by the federal government. In addition, any owners who are debarred, suspended, or proposed for debarment will be prohibited from participating in the HOF program. Those excluded from participating are listed on the Excluded Parties List System found at <https://www.sam.gov/SAM/>.

E. HISTORIC PROPERTIES

Applicants proposing rehabilitation of a structure which is over 50 years old should contact the local and State Historical Preservation Offices to determine if the proposed rehabilitation will have any effect on the historical significance of the structure or if adherence to the National Historic Preservation Act (16 U.S.C. 470) is required.

F. FLOOD INSURANCE

HOF funds may NOT be used in connection with new construction or purchase of housing unit(s) located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards (areas of high risk of flooding). SDHDA may require a flood certification for any project.

SDHDA will not allow HOF funds to be used for rehabilitation of housing units that are located in FEMA designated special flood hazard areas, unless flood insurance has been purchased for the property or the property is located in an area of low risk and the proposed rehabilitation was not caused by flooding, drainage, or other ground water issues.

VIII. MONITORING FOR COMPLIANCE

SDHDA will monitor each project for compliance with HOF program requirements during the affordability and extended use periods. HOF program compliance will be assessed through annual reporting, certifications, and on-site reviews conducted by SDHDA staff. SDHDA will provide a HOF program compliance guide detailing required responsibilities and provide compliance training for Applicants. SDHDA will require the owner or management company to attend Fair Housing compliance training prior to final disbursement of funds and at a minimum of once every three years from the date of final disbursement of funds.

SDHDA may impose financial penalties for non-compliance. All HOF program, rent, and occupancy requirements, along with other special use restrictions imposed under the Plan, will be made part of the Declaration of Land Use Restrictive Covenants or Subrecipient Agreement.

IX. DEFINITIONS

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

Affordable Housing: Housing that is affordable if the total housing costs, which includes rent, utilities, mortgage, and related expenses, represents no more than thirty percent of gross household income for the AMI being served.

Affordable Units: Housing units targeted for 115 percent of AMI or less.

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

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

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

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 HOF funds to a project.

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

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.

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

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

New Construction: Any project involving adding units outside the existing walls of the structure, the construction of new residential units, and the acquisition of land or the demolition of an existing structure for the purpose of constructing a new structure.

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

Service Enriched Housing: Projects providing affordable rental housing (permanent or transitional) that include services and assistance that are available to residents upon request. The

services 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:

- 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. Assisted Living or Congregate Care Facilities as defined under Definitions
- g. 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 Family Project: A project consisting of individual single family dwellings or a project with one or more buildings containing four or less units per building.

Single Room Occupancy (SRO): Housing (consisting of single room dwelling units) that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities (and may contain both) if the project consists of new construction, conversion of non-residential space, or Reconstruction. For acquisition or rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants.

EXHIBIT 1
REQUIRED SUBMISSIONS FOR COMPLETE APPLICATION

- A. Applications must be submitted using the appropriate SDHDA HOF Application Form. There are two separate application forms – Rental Development and Homeownership and Programs. SDHDA may reject applications with incomplete or incorrect information. For an application to be considered as complete, the application form must be completed and signed and the application must include the following items.

Applications submitted for Programs must include the following:

1. Completed and signed application form.
2. Documentation of Program Demand (Section VI.A.).
3. Project narrative outlining the program characteristics (services provided, clients served, partner agencies, other funding sources, etc.).
4. At least two letters of local support for the proposed program. The letters must be from local organizations such as the city office, economic development corporation, public housing authority, employers, commercial lenders, etc.
5. Information regarding the Applicant/owner, including staff and years of experience in housing or related field or service area. i.e. resume's
6. If applicable, documentation of financial support from local sources (Section VI.D.).
7. If applicable, program policy and procedure manual (Section VI.E.).
8. If applicable, documentation of other program funds being provided as match funding (Section VI.F.).
9. If applicable, written agreements with partnering service agencies (Section VI.H.).
10. Any other information requested by SDHDA.

Applications for new construction and rehabilitation of housing units for both rental and homeownership must include the following, unless otherwise stated:

1. Completed and signed application form.
2. Documentation of Local Housing Need (Section V.A. and Exhibit 2).
3. Project narrative outlining the project and program characteristics (services provided, tenants served, amenities provided, financing proposed, etc.).
4. At least two letters of local support for the proposed housing units. The letters must be from local organizations such as the city office, economic development corporation, public housing authority, employers, commercial lenders, etc.

5. Information regarding the Applicant/owner, including staff and years of experience in housing or related field or service area. i.e. resume's
6. Copy of utility allowance calculation and supporting documentation from the local Public Housing Authority or utility provider – required for rental projects only.
7. Pro Forma for the entire affordability period, extended use, or the term of the HOF loan, whichever is greater (Section IV.A.2.) – required for rental projects only.
8. Supporting documentation for all annual operating expenses evidencing how the Applicant arrived at the proposed 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 three years of historical financial information – required for rental projects only.
9. Documentation of site control. i.e. recorded deed, signed purchase agreement
10. Architectural plans containing a site plan showing the general build-up of the site including the location of all proposed building, streets, parking areas, service areas, playgrounds, etc., and typical floor plan, providing dimensional plan for each typical living unit (Section V.G.1.).
11. Documentation of how the project site is zoned at the time of application and documentation that reflects the current status of a project's plat (Section V.G.5 and 6). i.e. zoning letter from the City or County
12. Letter of notification to the applicable local housing authority – required for rental projects only.
13. Completed Exhibit 4 signed by the Applicant and Architect indicating the features included in the project (Section V.H. and Exhibit 4).
14. If applicable, letter of intent from the service provider detailing the services, the tenants who will receive the services, the method of delivering the services that will be provided, and the staffing for the services (Section V.E.) – required for rental projects only.
15. Letter of intent evidencing the preliminary arrangements for construction, interim, and permanent financing, including the amount of the loan, the interest rate, and the term (Section V.G.3. and 4).
 - a. NOTE: Interim financing (bridge loan) fees will not be allowable project costs if financing is provided by an entity or individual having a financial, business, or family relationship with the developer, builder, syndicator, or Applicant. Only interest costs at or below market rate will be allowed.
16. If applicable, documentation of support from local sources (Section V.D.).
17. For projects involving acquisition and/or rehabilitation:
 - a. Relocation plan and budget;

- b. List of tenants occupying the property currently and for the four months previous to application submission.
 - c. Three years of historical financial information.
 - d. Detailed description of the rehabilitation to be completed for the exterior, interior and by apartment unit and the corresponding cost. To obtain points under Section V.G.1. (Readiness to Proceed Criteria) Applicant must submit a physical needs assessment.
18. Documentation of utility availability (i.e. water, sewer, electric, natural gas) or proposed dates as to when all utilities will be available at the project location. i.e. letters from all applicable utility providers stating availability
 19. If applicable, copy of Consultant Agreement.
 20. If applicable, copy of Lease Purchase Management Plan.
 21. Any other information requested by SDHDA

B. Conditional Commitment

All requirements in this section must be provided, within 120 days from the date of the Conditional Loan Commitment or the Subrecipient Written Agreement and before closing and funding of the HOF financing.

Applicants for programs and housing development must submit the following:

1. Information on the ownership entity, including an executed copy of the partnership agreement or articles of incorporation, or articles of organization; a copy of the certificate of registration from the Secretary of State in the State of South Dakota; and a copy of federal taxpayer identification number.
2. An affidavit executed by the owner, general partner, or an officer or a director stating that under penalties of perjury all facts and statements contained in all documents and exhibits submitted in conjunction with the application for HOF funds are true and accurate to the best of his or her knowledge.
3. Signed commitments for all funding sources (conventional lender, foundations, local financing, etc.) associated with the project including the amount, conditions, rate and term.
4. Any additional information SDHDA may deem necessary.

In addition to the above, program applicants must submit a copy of the program policies and procedures outlining how the program will be administered including copies of the template forms and documents.

In addition to the above, applicants for new construction and rehabilitation of housing units for both rental and homeownership must submit the following:

1. Signed commitments for all funding sources (conventional lender, foundations, local financing, etc.) associated with the project including the amount, rate and term.
2. 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 the HOF Program regulations for the period of affordability and/or any extended use pledged in the application.

3. Final itemization of the project costs including both hard cost and soft costs (including a copy of the contractor's contract).
4. Final architectural plans and specifications. Architectural plans for new construction of rental units must be stamped by the project Architect and Engineer.
5. Copy of the proposed management plan, management agreement, resident selection policy, Section 504 reasonable accommodation policy, and the intended lease to be utilized for the project – required for rental projects only.
6. Projects involving acquisition of an existing property must submit a "Market Value As Is" appraisal. Projects involving rehabilitation or new construction must submit a "Market Value As If Completed" appraisal. Such appraisals must meet the Uniform Standards of Professional Appraisal Practice (USPAP) and completed by an independent, State Department of Revenue and Regulation certified appraiser. (https://dlr.sd.gov/appraisers/appraiser_roster.aspx). Applicant will pay for all costs of the appraisal, which costs may be included in the HOF financing.
7. Rehabilitation of housing developments consisting of 20 units or more will be required to submit a physical needs assessment. The physical needs inspector must be approved by SDHDA. The Applicant must pay for all costs of the physical needs assessment which costs may be included in the HOF financing.
8. Projects involving acquisition and/or rehabilitation of a pre-1978 property must provide information on how they will comply with lead-based paint requirements.

EXHIBIT 2 LOCAL HOUSING NEED REQUIREMENTS

All Applicants must submit documentation evidencing the need for the proposed housing.

Projects involving rehabilitation of existing housing units may provide three year's occupancy records to demonstrate the housing need. However, if the proposed project will dramatically alter the units and tenancy and the development consists of 20 or more units, then a third-party market analysis must be submitted.

Applicants proposing construction of fewer than 20 new housing units may provide their own analysis of housing demand, and will not be required to contract with a third-party analyst.

Applicants proposing to construct 20 or more new housing units must submit a third-party market analysis. The analyst completing the study must be unaffiliated with the developer and have housing knowledge and experience. A South Dakota licensed appraiser who is MAI certified and meeting the criteria listed may also complete the market study.

The analysis of housing demand must have been completed within the last six months from the application date.

The documentation of housing need and the third-party market study must address the following:

1. Review of proposed site including color photos of the site and adjoining property; 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 projected new housing projects (BOTH affordable and market rate, rental and homeownership) including number and type of building permits issued in the past three years;
6. 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;
7. 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;

8. 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;
9. Review of meeting/correspondence with local planners, housing and community development officials, employers, and market participants to evaluate the local perception of the need for additional housing; and
10. 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.

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
APPLICATION CHECKLIST**

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

Submission Item	Enclosed	Meet SDHDA Requirements
All Applications:		
1. Completed/Signed Application Form	_____	_____
2. Local Housing Need/Program Demand	_____	_____
3. Project Narrative	_____	_____
4. Letters of Local Support	_____	_____
5. Applicant/Owner Information	_____	_____
Applications for Development of Housing Units		
6. Utility Allowance Calculation	_____	_____
7. Pro Forma	_____	_____
8. Documentation of Operating Expenses	_____	_____
9. Site Control	_____	_____
10. Architectural Plans	_____	_____
11. Zoning Letter and Project Plat	_____	_____
12. PHA Notification	_____	_____
13. Executed Project Characteristics (Ex. 4)	_____	_____
14. Documentation of Financing	_____	_____
15. Availability of Utility Service	_____	_____

The following items may not be applicable to every project but Applicant must carefully review the following and submit what is pertinent to their application for documenting points or meeting submission requirements.

1. Documentation of Local Support	_____	_____
2. Service Provider Letters	_____	_____
3. Acquisition/Rehabilitation Projects:		
a. Relocation Plan	_____	_____
b. Rehabilitation Listing	_____	_____
c. Three Years Historical Financials	_____	_____
d. Tenant Rent Roll	_____	_____
4. Lease Purchase Management Plan	_____	_____
5. Copy of Consultant Agreement	_____	_____
6. Copy of Policy and Procedures	_____	_____
7. Documentation of Other Program Funds	_____	_____
8. Copy of Partnership Agreements	_____	_____

**EXHIBIT 4
MULTIFAMILY 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.

Site Exterior		
Parking:		
	Minimum Standards	At a minimum, the parking lot will be engineered asphalt, having concrete curb and gutter where required. Single Family home developments must contain concrete off-street parking for two vehicles. 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).
	10 points	Multifamily projects that include 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.
	15 points	Multifamily projects with off-street concrete parking lot that meets above requirements.
	25 points	Multifamily projects that includes a garage capable of parking at least 1 vehicle for all units.
Sidewalks:		
	Minimum Standards	A concrete sidewalk will be provided from the primary entrance door and any accessible entry door to a public right of way.
Exterior Landscaping:		
	Minimum Standards	New Construction should have a minimum of a live landscaped area of no less than 5% of the hard surfaced area of the project site. Hard surface includes building pad as well as all sidewalks, parking lots and other hard finish areas.
	Minimum Standards	Multifamily rental project of 16-47 units must have at least one Section 504 compliant playground area. Projects of 48 or more units, must have at least two Section 504 compliant playground areas. 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.

	Minimum Standards	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.
	5 points	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
	10 points	Downspouts that are attached to a storm sewer system.
Signage:		
	Minimum Standards	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.
Building(s) Exterior		
Exterior Siding/Finish:		
	Minimum Standards	Minimum of 15 year 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.
	10 points	At least 25% of building exterior finished in brick, stone, EIFS or stucco.
	25 points	At least 80% of building exterior finished in brick, stone, EFIS or stucco.
Roofing:		
	Minimum Standards	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.
	15 points	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
Windows/Doors:		
	Minimum Standards	Energy Star certified exterior prefinished windows constructed of vinyl, wood, composite or fiberglass containing Low-E Glass scored with better than .30-U Factor (lower is better) and a SHGC of 0.42 or higher (higher is better) by the National Fenestration Rating Council.
	10 points	Windows scored with a .27 U-Factor or better (lower is better) by the National Fenestration Rating Council.
	Minimum Standards	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 into reinforced jamb. Common apartment entry doors can also be aluminum storefront doors or hollow metal framed with insulated steel door.
	Minimum Standards	Main entrances for projects containing interior accessed units must be equipped with an ADA/ABA compliant automatic door opener.
	20 points	Main entrances for projects containing interior accessed units designed with a foyer and equipped with a security access system.
	20 points	Townhome that have exterior entrances at ground level for all units.
Construction and Energy Efficient Design Features		
Wall/Roof Assembly:		
	Minimum Standards	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.

	Minimum Standards	2x6 exterior wall assemblies insulated to a minimum of R-20. 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.
	10 points	All party walls and common walls containing at least 3.5" of sound attenuation insulation.
	10 points	Light weight concrete or Gypcrete surfacing on floors.
Special and Accessible Design Features:		
	Minimum Standards	All projects containing more than 4 units must be compliant with Section 504 under the Rehabilitation Act of 1973. All other housing must meet the requirements of the Fair Housing Act. Rehabilitation of housing containing more than 15 units and costing at least 75% of replacement cost or that is vacant must also meet Section 504.
	5 points	Up to 15 points will be awarded for projects that create additional accessible units for individuals with mobility and/or sensory impairments. 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. Total Percent of Accessible Units 5 points - 5.00% to 10.00% 10 points - 10.01% to 15.00% 15 points - 15.01% to 20.00%
	10 points	
	15 points	
	15 points	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.
	35 points	Multifamily 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.
Energy Efficient Design Features:		
	20 points	HERS: Project scoring a HERS index of 60 or better as verified by a RESnet certified Rater. Lower is better.

	35 points	Energy Star: Whole project certification to the latest version of Energy Star for New Homes or Energy Star for Multifamily High Rise as verified by a 3rd party Energy Star certified rater. Project cannot take points for both HERS and Energy Star certifications.
	10 points	Installation of LED lights throughout interior and exterior of project.
Building Interior		
Unit Entry Doors:		
	Minimum Standards	The unit entry doors must meet the code requirement of the wall assembly containing it. It must include a peephole with 180 degree viewer or have a window 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.
Unit Interior Doors:		
	10 points	Installation of solid core interior doors throughout units.
	5 points	Installation of metal jambs for interior doors throughout units. This option is only available if points are taken for solid core doors.
Flooring Covering:		
	Minimum Standards	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.
Laundry:		
	Minimum Standards	A common laundry room must be located in each building of a project and contain a window within or near the door. 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. Washers and dryers must meet Energy Star qualifications.
	5 points	A common laundry room for each building floor and must meet above minimum standards.
	15 points	A washer and dryer provided for each unit. Washer and dryers must meet Energy Star qualifications.
Unit Bathrooms:		
	Minimum Standards	Minimum of one-half bath per floor for multi-story townhomes 2 or more bedrooms.
	Minimum Standards	Primary bath light and bathroom ventilation fan must be switched together.
	5 points	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.
	15 points	Installation of HVI certified HRV or ERV.
	Minimum Standards	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.
Appliances and Fixtures:		

	Minimum Standards	All provided appliances including refrigerators, freezers, washers, dryers, dishwashers, ceiling fans, and computers must be Energy Star Qualified.
	Minimum Standards	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.
	Minimum Standards	Water Sense qualified faucets, toilets/urinals, showerheads. Kitchen faucets are required to meet the same Water Sense GPM standards as bathroom faucets.
	5 points	Range hood vented to the exterior of the building.
Window Coverings:		
	Minimum Standards	Window coverings or blinds shall be provided and installed.
Mechanical		
Heating and Cooling:		
	Minimum Standards	At a minimum high efficiency cove heat. Electric baseboard heat, PTAC's and VTAC'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.
	Minimum Standards	All units must have Energy Star qualified through the wall air conditioning or central air conditioning rated at 13 SEER or better.
	5 points	Energy Star qualified central air conditioning or verified AHRI certificate with matching coil and condenser 16 SEER or better. Split systems must be Energy Star matched.
	20 points	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.
Note: Proposed heat pump systems used for primary heat must be submitted for approval.		
Water Heating:		
	Minimum Standards	A minimum of a 0.93 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.
	10 points	A gas condensing (close combustion, two-vent pipe system) or electric heat pump water heater provided for each unit.
Healthy Home		
	Minimum Standards	<ol style="list-style-type: none"> 1. Low VOC paints, stains, adhesives and sealants. 2. Formaldehyde free insulation. 3. Formaldehyde free or sealed particle board products such as shelving, cabinets and countertops. 4. Lead detection and abatement. Only applies to rehabilitation projects. 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.
Electrical Standards		

Minimum Standards	<ol style="list-style-type: none"> 1. Hardwired CO sensors required with installation of gas appliances. 2. The use of incandescent light bulbs is not allowed. 3. New construction or substantial rehabilitation of rental housing with more than four (4) units must incorporate the installation of broadband infrastructure.
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I certify that the above indicated characteristics will be incorporated into the final working drawings and that they must be provided prior to occupancy of the project.

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

Applicant

Date

Architect

Date

**EXHIBIT 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.

General Project Scope		
	Minimum Standards	Single Family Project must include individual exterior storage units at a minimum of 8'x12' or a garage.
	10 points	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.
	25 points	Single Family Project that includes an attached or detached garage capable of parking at least 1 vehicle.
Site Exterior		
Parking:		
	Minimum Standards	Single family home developments must contain concrete off-street parking for two vehicles. Garage counts as parking space(s).
Sidewalks:		
	Minimum Standards	A concrete sidewalk will be provided from the primary entrance door and any accessible entry door to a public right of way.
Exterior Landscaping:		
	Minimum Standards	New construction should have a minimum of a live landscaped area of no less than 5% of the hard surfaced area of the project site. Hard surface includes building pad as well as all sidewalks, parking lots and other hard finish areas.
	Minimum Standards	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.
	5 points	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
Building(s) Exterior		
Exterior Siding/Finish:		
	Minimum Standards	Minimum of 15 year 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.
	10 points	At least 25% of building exterior finished in brick, stone, EIFS or stucco.
	25 points	At least 80% of building exterior finished in brick, stone, EFIS or stucco.
Roofing:		

	Minimum Standards	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.
	15 points	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
Windows/Doors:		
	Minimum Standards	Energy Star certified exterior prefinished windows constructed of vinyl, wood, composite or fiberglass containing Low-E Glass scored with better than .30-U Factor (lower is better) and a SHGC of 0.42 or higher (higher is better) by the National Fenestration Rating Council.
	10 points	Windows scored with a .27 U-Factor or better (lower is better) by the National Fenestration Rating Council.
	Minimum Standards	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 into reinforced jamb.
	5 points	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.
Entry:		
	Minimum Standards	Exterior entry landings to be a minimum 5'-0" x 5'-0" with stairs and railing constructed out of an exterior grade wood.
	10 points	Exterior entry landings and stairs with composite decking and railing with a minimum 25-year warranty that meets the above size requirements.
	15 points	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.
	20 points	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.
Construction and Energy Efficient Design Features		
Wall/Roof Assembly:		
	Minimum Standards	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.
	Minimum Standards	A minimum of a 6 mil or greater vapor barrier to be required under slab on grade, basement slab or crawlspace floor.
	Minimum Standards	Foam plastics when used under any condition listed under Section R316 Foam Plastics of the 2015 IRC shall comply with the pertaining code subsection.
	Minimum Standards	2x6 exterior wall assemblies insulated to a minimum of R-20. 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.

	15 points	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.
Special and Accessible Design Features		
	Minimum Standards	All projects containing more than 4 units must be compliant with Section 504 under the Rehabilitation Act of 1973. All other housing must meet the requirements of the Fair Housing Act. Rehabilitation of housing containing more than 15 units and costing at least 75% of replacement cost or that is vacant must also meet Section 504.
	5 points	Up to 15 points will be awarded for projects that create additional accessible units for individuals with mobility and/or sensory impairments. 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.
	10 points	
	15 points	
		Total Percent of Accessible Units 5 points - 5.00% to 10.00% 10 points - 10.01% to 15.00% 15 points - 15.01% to 20.00%
	15 points	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.
	35 points	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.
Energy Efficient Design Features:		
	20 points	HERS: Project scoring a HERS index of 60 or better as verified by a RESnet certified Rater. Lower is better.
	35 points	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.
	10 points	Installation of LED lights throughout interior and exterior of project.
Building Interior		
Unit Interior Doors:		
	10 points	Installation of solid core interior doors throughout units.

	5 points	Installation of metal jambs for interior doors throughout units. This option is only available if points are taken for solid core doors.
Flooring Covering:		
	Minimum Standards	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.
Laundry:		
	Minimum Standards	Laundry space/room must be provided with washer and dryer hook-ups and dryer venting to the exterior.
	15 points	A washer and dryer provided for each unit. Washer and dryers must meet Energy Star qualifications.
Unit Bathrooms:		
	Minimum Standards	Minimum of one-half bath per floor for single family dwellings containing 2 or more bedrooms.
	Minimum Standards	Primary bath light and bathroom ventilation fan must be switched together. Bath fan cannot be used to meet mechanical ventilation code for local jurisdictions that have adopted 2012 IECC or other codes that require mechanical ventilation.
	5 points	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.
	15 points	Installation of HVI certified HRV or ERV.
	Minimum Standards	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.
Appliances and Fixtures:		
	Minimum Standards	All provided appliances including refrigerators, freezers, washers, dryers, dishwashers, ceiling fans, and computers must be Energy Star Qualified.
	Minimum Standards	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.
	Minimum Standards	Water Sense qualified faucets, toilets/urinals, showerheads. Kitchen faucets are required to meet the same Water Sense GPM standards as bathroom faucets.
	5 points	Range hood vented to the exterior.
Window Coverings:		
	Minimum Standards	Window coverings or blinds shall be provided and installed.
Mechanical		
Heating and Cooling:		
	Minimum Standards	At a minimum high efficiency cove heat. Electric baseboard heat, PTAC's and VTAC'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.

	Minimum Standards	All units must have Energy Star qualified through the wall air conditioning or central air conditioning rated at 13 SEER or better.
	5 points	Energy Star qualified central air conditioning or verified AHRI certificate with matching coil and condenser 16 SEER or better. Split systems must be Energy Star matched.
	20 points	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.
Note: Proposed heat pump systems used for primary heat must be submitted for approval.		
Water Heating:		
	Minimum Standards	A minimum of a 0.93 UEF electric water heater in each unit. Atmospheric vented gas water heaters will not be allowed.
	10 points	A gas condensing (close combustion, two-vent pipe system) or electric heat pump water heater provided for each unit.
Healthy Homes		
	Minimum Standards	<ol style="list-style-type: none"> 1. Low VOC paints, stains, adhesives and sealants. 2. Formaldehyde free insulation. 3. Formaldehyde free or sealed particle board products such as shelving, cabinets and countertops. 4. Lead detection and abatement. Only applies to rehabilitation projects. 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.
Electrical Standards		
	Minimum Standards	<ol style="list-style-type: none"> 1. Hardwired CO sensors required with installation of gas appliances. 2. The use of incandescent light bulbs is not allowed. 3. New construction or substantial rehabilitation of rental housing with more than four (4) units must incorporate the installation of broadband infrastructure.

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

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

Applicant

Date

Architect

Date

**EXHIBIT 5
SELF SCORING WORKSHEET**

RENTAL AND HOMEOWNERSHIP APPLICATIONS	Sub Points	Points Available	Points Awarded	Comments
A. Local Housing Need		100		
B. Income Targeting		100		
1. 30% AMI Units				
2. 50% AMI Units				
3. 80% AMI Units				
4. 115% AMI Units				
C. Extended Use Commitment		10		
D. Support from Local Sources		25		
E. Service Enriched Housing		20		
F. Percentage of Soft Costs Used for Project Costs		40		
G. Readiness to Proceed Criteria		130		
1. Plans and Specifications	25			
2. Site Control	25			
3. Construction Financing	30			
4. Permanent Financing	30			
5. Zoning	10			
6. Platting	10			
H. Project Characteristics (Exhibit 4)		200		
I. Financing Type		25		
1. Guaranty or Regular Amortization	25			
2. Irregular Amortization	15			
3. Cash Flow Mortgage	5			
TOTAL		650		

PROGRAM APPLICATIONS	Sub Points	Points Available	Points Awarded	Comments
A. Program Demand		100		
B. Income Targeting		100		
1. 30% AMI Units				
2. 50% AMI Units				
3. 80% AMI Units				
4. 115% AMI Units				
C. Extended Use Commitment		10		
D. Support from Local Sources		25		
E. Program Policy & Procedure Manual		30		
F. Other Program Funds		30		
G. Financing Type		25		
1. Guaranty or Regular Amortization	25			
2. Irregular Amortization	15			
3. Cash Flow Mortgage	5			
H. Partnering with Other Agencies		30		
TOTAL		350		

EXHIBIT 6 CONSTRUCTION STANDARDS

Housing that is newly constructed or rehabilitated with HOF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time a building permit is obtained from the locality and then verified once the building has been placed in service. The design standard for any new construction or rehabilitation, within the boundaries of any local unit of government that has not adopted an ordinance prescribing standards for new construction or rehabilitation, pursuant to International Building Code as published by the § 11-10-5 shall be based on the most current edition of the International Code Council, Incorporated.

Pursuant to § 11-10-7, new construction housing must meet the most current edition International Energy Conservation Code as written by the International Code Council as amended by local jurisdiction and all applicable local building code requirements.

For multifamily housing of 5 or more units, 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) -(https://www.hud.gov/program_offices/fair_housing_equal_opp/disability_main).

Developments consisting of 1 – 4 units should consider incorporating Universal Design concepts <https://www.sdhda.org/images/docu/housing-development/SDHDA%20UD%20Guidelines%20-Final%20Posted.pdf>.

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) <http://www.fairhousingfirst.org>.

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

Proposed projects are encouraged to incorporate the features of brick, energy efficiency systems, additional handicap-adapted units, second bathrooms (for three and four bedroom units), community rooms, townhouse style units with an accessible bathroom on the main floor, creative design features, and other amenities where appropriate.

Rehabilitation costs must include 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. Upon completion of rehabilitation, if applicable, all major systems (roof, windows, heating, etc.) of the property must be in like new or new condition. If these systems are not in need of repair at the time of application, sufficient reserves must be established to allow

for replacement of such components if the normal life span would require replacement prior to the end of the affordability period.

Developments consisting of 20 units or more will be required to submit a physical needs assessment before commitment of funds. The assessment must be completed by an independent inspector. SDHDA will approve the inspector and the Applicant will pay for all costs for this service, which may be included in the HOF financing.

Consideration will be given to functional obsolescence of the property. If it is not cost effective to overcome structural problems, the property may not be eligible for financing. Modifications to allow a higher level of care to elderly residents of a property are eligible if there is an identified need for such level of care and the property is financially feasible upon completion.

The use of HOF funds for rehabilitation must 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.

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

Depending on the size of the development, SDHDA may not require contractors to be bonded, however, all contractors and subcontractors must carry sufficient insurance coverage.

EXHIBIT 7 HOMEBUYER ASSISTANCE

Homebuyer assistance can be structured in any number of ways to encourage the acquisition of affordable homes. Applicants can help eligible homebuyers purchase affordable homes by providing down payment or closing cost assistance, low-cost loans, or loan guarantees. Applicants must have operating procedures or an administrative plan outlining the type of assistance being provided, selection of homeowners, and overall program administration. Applicants are eligible to receive an administrative fee for documented expenses or up to 10 percent of the HOF award, whichever is less.

Principal residence: Purchasers must occupy the property as their principal residence.

Homebuyer Education: All mortgagors receiving Homebuyer Assistance must participate in homebuyer education, and if warranted, homebuyer counseling and credit counseling.

Eligible Property Types:

- A single-family property (one unit);
- A condominium unit;
- A cooperative unit or a unit in a mutual housing project (if recognized as homeownership by state law); or
- A manufactured home - At the time of project completion, the manufactured home must be (1) permanently affixed to the land by a foundation and taxed as real property; (2) connected to permanent utility hookups; and (3) located on land that is owned by the manufactured homeowner, or on land for which the manufactured housing unit owner has a long-term lease for a period at least equal to the HOF financing or first mortgage, whichever is longer.

Property Standards: All homebuyer properties must meet certain property standards.

- Acquisition: If no rehabilitation or construction is planned, the housing acquired must meet State and local housing quality standards and code requirements. If no such standards or codes apply, the property must meet HUD Housing Quality Standards.
- Rehabilitation and new construction: Housing that is being constructed or rehabilitated must meet all applicable state or local codes, rehabilitation standards and ordinances, and zoning ordinances as further described in Exhibit 6.

Purchase price of the home shall not exceed the appraised value.

Recapture Guidelines: Homebuyers receiving HOF funds will be required to adhere to the recapture guidelines per Section III.A.2.c. of this Plan. Recapture guidelines will be incorporated into a deed restriction or covenant running with the land.

In determining the forms of assistance, the Applicant should consider the particular needs of the program's target participants. Various alternatives are discussed below.

Downpayment / closing-cost: For homebuyers who have a steady income to make monthly payments but don't have the means to save for the upfront costs of purchasing a home.

Gap financing: For homebuyers who have a steady income that is insufficient to cover the total monthly payment, HOF funds can be used to reduce monthly carrying costs by providing gap financing and reduce the principal amount borrowed. Agency may also consider an “interest down” (providing funds directly to the lender to reduce the interest rate on the borrower’s loan.) The gap financing, if provided as a loan, can be paid in small monthly installments (for a below-market-rate loan) or at the sale of the property (if a deferred-payment loan).

Other guidelines: For purposes of ensuring feasible financing opportunities for homeowners, homebuyer assistance programs utilizing HOF will adhere to the following requirements.

- i. Maximum amount of HOF assistance is \$20,000.
- ii. For homebuyers above 80% AMI, the homebuyer’s first mortgage must be a minimum of 80% of the acquisition cost, for homebuyers below 80% AMI, the homebuyer’s first mortgage must be a minimum of 70% of the acquisition cost.

ADVANTAGES AND DISADVANTAGES OF VARIOUS FORMS OF ASSISTANCE		
SUBSIDY	PROS	CONS
Forgivable Loans	<ul style="list-style-type: none"> • Simple to administer • Easy to explain • Often necessary to reach very-low-income 	<ul style="list-style-type: none"> • Expensive • No repayment possible • May be hard to “sell” politically • May create expectation of future free assistance
Deferred Payment Loans (DPL)	<ul style="list-style-type: none"> • Simple to administer and explain • No monthly payment required • Allows for repayment • Prevents windfall gain to borrower if property values increase significantly 	<ul style="list-style-type: none"> • No payment received on a monthly basis • Might never be repaid if property has low value or future appreciation is limited
Below-Market Rate Loans	<ul style="list-style-type: none"> • Provides immediate repayment • Allows agency to act as “banker” 	<ul style="list-style-type: none"> • Time-consuming and staff-intensive • Requires underwriting expertise • Requires loan servicing • Inefficient leverage as compared to DPLs and forgivable loans
Loan Guarantees	<ul style="list-style-type: none"> • Simple to administer (if no defaults or if lender handles property disposition upon default) • High leverage • Improves loan-to-value and income-to-debt ratios for other lenders 	<ul style="list-style-type: none"> • Do little to subsidize the cost to the homebuyer • Shifts underwriting and default risk from the lender • No repayments to the program • Can tie up funds for long periods of time

Lease-purchase is another method of assisting with homeownership. Ownership of the property transfers within 36 months of the homeowner signing the lease-purchase agreement, unless the household occupying the lease-purchase unit is not eligible or able to purchase the unit at that time. The developer then has an additional six months to identify an eligible homebuyer to purchase the unit.

EXHIBIT 8 HOMEOWNER REHABILITATION

Applicants can apply for Housing Opportunity Funds to provide a homeowner rehabilitation program. Applicants must have operating procedures or an administrative plan outlining the type of assistance being provided, process for selection of homeowners, and overall program administration. Applicants are eligible to receive an administrative fee for documented expenses or up to 10 percent of the HOF award, whichever is less.

Applicants must have established standard accounting practices including internal controls and fiscal accounting procedures to track agency and program budgets by revenue sources and expenses. Applicants must also have available cash flow to effectively operate their programs since HOF funding is a reimbursement program.

Although the total cost of the rehabilitation work to the home is not limited by SDHDA, the amount of HOF homeowner rehabilitation funding assistance provided to each homeowner may not exceed \$10,000 without approval from SDHDA.

Households must own and occupy a home, as their principle residence. Subsequent to the completion of HOF funded rehabilitation activities, continued ownership is required and is subject to recapture provisions that will be incorporated into loan documents.

HOF funding can be provided to the homeowners in the form of an amortizing loan, conditionally-forgivable loan (no more than 1/60th of loan forgiveness for each month the person owns and maintains the property as their primary residence) or as a deferred loan.

Homeowners receiving HOF homeowner rehabilitation assistance must execute a Promissory Note and Mortgage and Security Agreement securing the property as collateral for the financing during the affordability period. Homeowners must also sign an agreement with the Applicant detailing applicable program processing procedures and requirements.

In the event that the homeowner sells the assisted property during the affordability period, the portion of assistance that was not repaid or forgiven at the time of sale or transfer of the property will be repaid to SDHDA.

Rehabilitation work must primarily be to bring the home into compliance with property standards, improve energy efficiency, and/or make the home more accessible.

The Applicant must conduct an assessment of the proposed property to be rehabilitated and coordinate appropriate work to be completed. Applicant must make the determination that all the work is necessary and can be completed with the funds committed and ensure that the homeowner is qualified based on eligibility criteria. The Applicant must coordinate the rehabilitation activity, facilitate the execution of all required documents, ensure that work is performed in accordance with all required property standards, and submit required project documentation to SDHDA for reimbursement of expenses. Applicants may use contractors, their own work crews (force account labor), or self-help program to perform the rehabilitation work. Rehabilitation work may not begin without SDHDA's review and approval of the project.

EXHIBIT 9 HOMELESSNESS PREVENTION

Applicants can apply for Housing Opportunity Funds to provide homelessness prevention activities assisting people to quickly regain stability in permanent housing. Applicants must have operating procedures or an administrative plan outlining the type of assistance being provided, selection of participants, and overall program administration. Applicants are eligible to receive an administrative fee for documented expenses or up to 10 percent (10%) of the HOF award, whichever is less, except for HOF funds requested for acquisition, new construction, or rehabilitation costs.

Applicant's operating policies and procedures must include:

- Evaluating individual and household eligibility for assistance, defining who qualifies as at-risk of becoming homeless;
- Assessing, prioritizing, and reassessing individuals' and households' needs for assistance, taking into consideration other available resources and support networks;
- Coordinating among other service providers;
- Determining and prioritizing which individuals and households receive homelessness prevention assistance;
- Determining what percentage or amount of rent and utilities each program participant must pay while receiving assistance;
- Determining how long a program participant will be provided assistance and whether that assistance should be adjusted over time; and
- Determining the type, amount, and duration of assistance that may be provided to a program participant, which could include maximum amount of assistance, maximum number of months, or maximum number of times the program participant may receive assistance;

Applicants must have established standard accounting practices including internal controls and fiscal accounting procedures to track agency and program budgets by revenue sources and expenses. Applicants must also have available cash flow to effectively operate their programs since HOF funding is a reimbursement program.

Eligible Applicants must have (1) prior experience serving individuals and households at-risk of or experiencing homelessness, and (2) staff with expertise in case management skills.

Applicants will be required to utilize the Homeless Management Information System (HMIS) operated by SDHDA.

HOF will be awarded to Applicants based upon the following:

1. Need for the funding to provide the corresponding services and assistance;
2. Plan for distribution of the funds in an effective and efficient manner;
3. Collaboration efforts with other agencies, and
4. Applicants' prior experience with this type of program.

HOF may be utilized for the following activities:

- Costs for new construction or rehabilitation of a building that will be used to provide homelessness prevention services

- Payment of operating expenses of the agency providing the homelessness prevention services
- Payment of rental arrears.
- Temporary rent or utility assistance
- Rental application fees.
- Security deposits equal to no more than two month's rent.
- First and last months' rent.
- Standard utility deposits.
- Utility payment.
- Moving costs - truck rental or hiring a moving company. Assistance may also include payment of temporary storage fees.
- Service costs - Housing search and placement, housing stability case management, mediation activities, legal services necessary to resolve housing issues, costs necessary to obtain legal identification documents, and credit repair/counseling services.

The costs of homelessness prevention are only eligible to the extent necessary to help the program participant regain stability in their current permanent housing or move into other permanent housing and achieve stability.

Applicants must ensure that assistance is only provided for housing units that meet rent reasonableness for their market area.

Each program participant receiving rental assistance must have a legally binding written lease for the rental unit.