Program Basics

• Appropriated through House Bill 1033 of the 2022 South Dakota Legislature
• SDHDA was awarded $50 million from the American Rescue Plan Act (ARPA) of 2021
• ARPA funds must be obligated by December 31, 2024 and expended by December 31, 2026
• Up to 3.4% allowed for Administrative and Planning costs
• Funds will be provided as a grant
• Any for-profit or non-profit entity, tribal government, housing authority, political subdivision, or agency of this state is eligible to apply for funding
Distribution of Funds

• Sioux Falls and Rapid City are limited to 30% of the funding ($15 million less admin)
• Balance of the state will receive 70% of the funding ($35 million less admin)
• Applications accepted on a first-come, first-serve basis beginning August 1, 2022
• Applications will be evaluated based on:
  • Housing need
  • Applicant capacity
  • Financial feasibility
Eligibility

- Housing-related infrastructure for rental and homeownership projects
- SDHDA is not imposing income restrictions, rent limits, or sales price restrictions
- Projects will be evaluated in accordance with the goal of providing affordable, workforce housing
  - Housing projects including acreages, waterfront property, or developments within or along side golf courses will likely not be funded
- Projects must be located within city limits or within the city’s zoning control
- Infrastructure must be publicly owned and maintained by the city, county, district (sanitary, water use, etc.), or tribal government
  - Projects in which the infrastructure will be privately owned and maintained are not eligible under ARPA
Eligible Costs

• Sanitary Sewer and Stormwater Management
  • Future growth of sanitary sewer and stormwater management which includes wastewater collection lines, wastewater services (to the right of way), manholes, storm sewer collection pipe, inlets, junction boxes, curb and gutter, retention/detention ponds, and resurfacing back to original conditions

• Drinking Water
  • Replacement of drinking water systems due to a current health hazard with the existing infrastructure

*Expansion of drinking water systems is ineligible as it is considered future development/growth and prohibited under ARPA funding
Funding Limitations

- Funding will be limited to the lesser of the following amounts:
  - No more than 1/3 of the Total Project Costs
  - No more than $2 million per project
  - No more than the actual costs of eligible waste water and drink water expenses eligible under ARPA
  - No more than the dollar amount requested and documented in the HIFP application
  - No more than the calculated funding based on the housing units that will be served by the proposed infrastructure, as follows:
    - $10,000 per multifamily rental housing unit
    - $25,000 per single family lot in communities of 50,000 or fewer
    - $15,000 per single family lot in Sioux Falls or Rapid City
  - If nursing homes or assisted living facilities are part of the proposed housing development, no additional funding will be considered for that portion of the development

*Total Project Costs can include the acquisition of the land and all infrastructure improvements necessary for the development of the proposed housing development. Physical structures associated with the proposed housing development are not included in Total Project Cost
Other Requirements

• Applicants must contribute a minimum of 10% owner equity in the project

• Applicants must begin construction within 6 months of SDHDA Board commitment and funds must be expended within 2 years of the date of the grant agreement

• Infrastructure plans must be minimum design standards and be designed by a professional engineer licensed to practice in South Dakota; Must obtain final approval of the plans from SDHDA prior to disbursement of funds
Other Requirements continued...

- Environmental Review will consist of the following:
  - Noise levels caused by close proximity to roadways, railroads, and airports
    - HUD standards will be followed for any projects found to be above the HUD acceptable decibel level
  - Explosives – the South Dakota Department of Agriculture and Natural Resources Tanks, Spills and Environmental Events map will be utilized to assess if there are any above ground tanks in the area
    - For tanks not in compliance, HUD guidelines will be followed to mitigate the issue
  - Floodplains – areas in flood plains will not be considered for HIFP funding

*If any environmental issues listed are present, the application may be disqualified for funding or mitigation measures may be required.
Other Requirements continued…

• Pre-Development Costs – Costs incurred prior to application may be included as long as the expenses incurred are necessary.

• All expenses paid for with HIFP funds must be eligible costs as defined in the HIFP plan and ARPA notice.
Other Requirements continued…

• Labor Standards – All applicants must comply with the requirements of the Davis-Bacon Act

• See Section III. D. of the HIFP plan for a list of required contract provisions for non-federal entity contracts under federal awards i.e. Equal Employment Opportunity, Contract Works Hours and Safety Standards Act, Debarment and Suspension, etc.
Funding Process

• Application: Complete application with all of the documentation referenced in Exhibit 1 of the HIFP plan

• Conditional Commitment: Upon SDHDA Board approval, Conditional Commitment issued
  • Applicants will be required to provide additional information and documentation as outlined in Exhibit 1
  • Applicant will have 6 months to begin construction

• Once all documentation has been submitted, a Written Agreement will be executed between the applicant and SDHDA

• Disbursement of funds is reimbursement based on receipt of lien waivers, bills and receipts for all costs, AIA Forms G702 and G703 evidencing the percent of project completion, as applicable

• Significant changes to the project must obtain SDHDA’s approval and may result in a forfeiture of funds i.e. changes in the total number of lots/units, changing funding sources, increased costs, etc.
  • Keep SDHDA informed!
Project Selection Criteria

• Local Housing Need: All applicants must submit at a minimum, a narrative addressing and documenting the local housing need
  • Refer to Exhibit 2 of the HIFP plan for additional information on specific requirements
  • Depending on size of the community and size and scope of the project, a third-party housing study may be required

• Financial Feasibility: Feasibility of all applications will be reviewed taking into consideration total project cost, sufficient resources to cover all costs, anticipated sales price to evidence repayment of debt

• Applicant Capacity: Documentation of applicant’s prior experience with housing development, capacity to perform and carry out the activities associated with the application i.e. applicant resumes, narrative on experience, partners involved, etc.

*See Exhibit 1 of the HIFP plan for a full listing of required submission items
Application Submission Requirements

• Completed and signed application form
• Documentation of Local Housing Need
• Project Narrative
  • Type of housing proposed, financing proposed, description of community participation if applicable, number of lots/units being developed, etc.
• Resolution from the municipality the infrastructure plans meet their requirements and will be owned and maintained by the municipality
  • Resolution should also contain confirmation there is capacity to serve the new waste water lines in the project
Application Submission Requirements continued…

• Information regarding the applicant/owner and other partners involved with the project
  • Should include information on years of experience in developing housing and capacity to carry out the activities in the proposed project

• Most recent financial statements of the applicant

• Documentation the applicant and all parties involved in the project have an active registration on the Federal System for Award Management (SAM) database

• Documentation of site control i.e. recorded warranty deed, signed purchase agreement, long-term lease
Application Submission Requirements continued…

• Engineering plans and specifications
  • Should include a site plan showing the general build-up of the site including the location of all water and sewer, curb and gutter, streets, etc.
  • Must be designed by an engineer licensed to practice in South Dakota

• Documentation of proper zoning
  • If not currently zoned properly, provide information indicating the rezoning process is underway

• Documentation of Financing
  • Should include the amount of the loan/grant, interest rate, and term
• Documentation of local financial support, if applicable
• Documentation of utility availability
  • Letters from local utility providers indicating they will provide service to the proposed development once the infrastructure is developed
• After application is received, any other information requested by SDHDA to review the application
Comments

Written comments are due by 5:00 PM (CT)
July 12, 2022

SDHDA
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