

# HOME Investment Partnership Program



## **2022-2023 HOME Allocation Plan**

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

Applications Due:  
Last Working Day of August  
5:00 p.m. Central Time



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HOME Plan

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**SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY  
HOME PROGRAM ALLOCATION PLAN**

**I. SDHDA PURPOSES AND GOALS**

Within the Federal Housing and Urban Development (HUD) HOME Investment Partnerships Program, the purposes and goals are to:

Expand the supply of decent, safe, sanitary and affordable housing, with primary emphasis placed on affordable housing, for very low-income and low-income South Dakotans.

Mobilize and strengthen the abilities of the State of South Dakota and units of local government to implement strategies for achieving an adequate supply of decent, safe, sanitary, and affordable housing.

Provide participating entities, on a coordinated basis, with the various forms of federal housing assistance.

SDHDA will focus on the following purposes and goals:

Assist in the construction or preservation of decent, safe, sanitary, and affordable housing in the areas of greatest demonstrated need in the community and in the State, ensuring distribution, both urban and rural, where and when possible, taking into consideration the historical significance of the property and area, the current housing market, and the prospects for future demand.

In those areas where greatest need is identified, give preference to those projects which provide the highest quality of qualified affordable units compared to the lowest amount of HOME funds allocated while giving consideration to serving the lowest income South Dakotans, and where appropriate, provide mixed-income housing.

Make such units affordable to households for the longest time period possible (extended use).

Assist in the provision of housing to meet the needs and priorities outlined in the State Consolidated Plan and its corresponding Update(s).

Provide opportunities to a wide variety of developers, both for profit and nonprofit, and for a variety of housing projects.

Encourage innovative approaches that are cost effective in providing affordable housing, including planning, design, construction quality, energy efficiency, and financing.

Give preference to those applications that show a greater degree of readiness to proceed with the project.

Increase the investment of private capital to leverage HOME funds, and use existing agencies and private sector mortgage finance institutional resources while retaining the affordability of housing with local and private investment.

SDHDA will not process any application that is not consistent with the purposes and goals of this HOME Program Allocation Plan (the Plan), the State Consolidated Plan, or the Updates made thereto.

SDHDA will provide only that amount of HOME funds as are necessary to make a project financially feasible and viable as a qualified low-income housing project.

## II. POLICIES AND PROCEDURES

### A. THE PLAN

SDHDA is the agency responsible for the administration of the HUD HOME Program in accordance with Title 24 Code of Federal Regulations Part 92. The Plan provides a system for allocation of HUD HOME formula and SDHDA program income funds. Funding under the Plan is available throughout the State of South Dakota.

Beginning January 1, 2017, SDHDA has the ability to accumulate program income received during the HOME program year (January 1 through December 31<sup>st</sup>) and award the accumulated funding in the next HOME program year. SDHDA retains the right to utilize a portion of the accumulated program income, during the current program year, should it be necessary to maintain an adequate funding amount (approximately \$5,000,000) for each application cycle or to supplement available funding due to delay in awarding of the HOME grant agreement.

#### 1. Set-asides

SDHDA will distribute HOME funds geographically throughout eligible areas of the State, taking into consideration the following HOME formula fund annual set-asides:

CHDO	15%
Homeowner Rehabilitation Program	\$1,000,000 (Maximum of \$200,000 per Subrecipient per year)
Homebuyer Assistance Program	\$200,000
Security Deposit Assistance Program	\$300,000
Difficult to Develop	\$500,000
Homeownership Development	\$500,000
Rural Housing Development	\$1,000,000

With the exception of the set-asides for CHDO and Difficult to Develop all set-aside funds will be awarded on a first come, first serve basis and will be set aside for 12 months following the grant agreement from HUD, or the following year's grant agreement is received from HUD. If the set-aside funds have not been awarded by the end of such period, they will revert to the General Pool.

If the HOME application cycle is in process and general funds remain, SDHDA may provide additional funding for the set-asides listed above.

In accordance with federal regulations, SDHDA has designated 15 percent of the HOME formula funds from HUD to Community Housing Development Organizations (CHDOs). A CHDO is a nonprofit entity that has received a tax-exempt ruling under Internal Revenue Service (IRS) Code section 501(c) (3) or (4) and meets the CHDO requirements in Exhibit 5. Once the 15 percent set-aside for CHDOs has been committed, CHDO applications will then be referred to the SDHDA Board of Commissioners (the Board) for possible funding from the General Pool.



Funds for the Homebuyer Assistance Program are set aside to provide gap financing to qualified homebuyers approved for the purchase of a home, including the Governor's House. The maximum loan available for gap financing is limited to 30 percent of the total acquisition costs minus all grants and donated items, or \$25,000, whichever is less, taking into consideration the maximum first mortgage for which the borrower is qualified. SDHDA will utilize the SDHDA Homebuyer Assistance Policy & Procedure Manual in determining homebuyer eligibility and funding requirements. Funds are awarded on a first-come, first-serve basis as applications are deemed complete. SDHDA will strongly encourage the use of SDHDA's First-Time Homebuyer Program and down payment and closing cost assistance available through the Fixed Rate Plus loan program. Agencies and individuals may only apply for the HOME set-aside once the homebuyer has identified a property and has begun the home buying process.

Funds for the Homeowner Rehabilitation Program are set aside for Community Action Program (CAP) agencies and qualified nonprofit entities for the purpose of rehabilitating single family, owner-occupied properties. Funds are awarded on a first-come, first-serve basis as applications are deemed complete. Agencies receiving awards will be eligible for an administrative fee based on program expenses.

Funds for the Security Deposit Assistance Program are set aside for qualified Public Housing Authorities (PHAs) and qualified nonprofit entities for the purpose of providing security deposits to qualified families. Funds are awarded on a first-come, first-serve basis as applications are deemed complete. Agencies receiving awards will be eligible for an administrative fee based on program expenses.

Funds for Difficult to Develop are set aside as grants for projects determined by SDHDA in its discretion to be difficult to develop, based on site location, size of project, target tenant population, and inability to repay with normal underwriting procedures. This financing cannot be used for cost overruns or unanticipated project costs. Applicants should not anticipate receiving the entire \$500,000 set aside for a single project. If no applications are received for the Difficult to Develop set-aside in July/August, the set-aside funds will automatically revert to the General Pool.

Funds for Homeownership Development set-aside can be utilized to assist in development of single family homeownership opportunities. The HOME funds can be utilized as construction financing and development subsidy. Development subsidy activities will each be limited to 20 percent of the set-aside amount, with a maximum of \$20,000 per project. The homeowner must be identified at time of HOME application and the proposed development must be completed within 12 months of SDHDA's approval.

Funds for the Rural Housing Development set-aside are for projects in communities of 5,000 or less in population. Applications for this set-aside can be submitted December 1<sup>st</sup> through May 31<sup>st</sup> and are awarded on a first-come, first-serve basis. All projects will be scored in accordance with Section VI of this plan to ensure the project is desirable and feasible. Any funds not reserved by May 31<sup>st</sup> will revert to the General Pool.

Funds for Homeowner Rehabilitation and Tenant Based Rental Assistance (TBRA) will be made available for households impacted by natural disasters. The assistance may be administered by SDHDA or a third-party agency assisting with disaster recovery. The funding will follow SDHDA's normal programs parameters for homeowner rehabilitation and TBRA. Funds are awarded on a first-come, first-serve basis as applications are deemed complete.

## 2. Application Cycle(s) - General Pool, CHDO and Difficult to Develop Set-asides

Application Cycle: Applicants may apply (using SDHDA forms) to receive a HOME fund allocation. Complete applications (refer to Exhibit 1) must be received at SDHDA by 5:00 p.m. Central Time on the last working day of August 2022 and the last working day of August 2023. Electronic submission of applications is encouraged and may be accessed by following the instructions on the SDHDA website at <https://www.sdhda.org/housing-development/application-submission>. Applications may also be hand delivered or delivered via postal or private mailing service by that time and date. Applications via facsimile or e-mail will NOT be accepted.

SDHDA reserves the right, in its sole discretion, to (i) hold back a portion of the annual allocation of HUD HOME formula funds and/or available SDHDA program income for later use, (ii) issue an award for all or some portion of the next year's HUD HOME formula funds and/or available SDHDA program income, (iii) hold another application cycle, or (iv) award HOME funds for applications submitted to SDHDA under another program that needs additional funds for feasibility. If SDHDA holds another application cycle, it will provide an announcement thereof. Please refer to SDHDA's web site at [www.sdhda.org](http://www.sdhda.org) for availability of funds.

## 3. Limitations

During the August application cycle, no more than 50 percent of the available General Pool may be allocated to any one community, no more than 25 percent to any one developer/sponsor/owner, and no more than 20 percent to any one project. A CHDO developer may exceed the 25% developer and 20% project limitations, only up to the amount of CHDO funds available. If funds remain in the General Pool after the August application cycle, funds exceeding the foregoing limitations may be allocated to any project (i) that was allocated funds in the August application cycle and (ii) whose allocation was limited due to the foregoing limitations.

## 4. Application Eligibility

SDHDA will only process applications that it determines are:

- a. Consistent with the purposes and goals of this Plan;
- b. Proposing an eligible activity; and are
- c. Financially feasible.

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

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

## 5. Disclaimers

SDHDA reserves the right to reserve and allocate HOME funds to any project. Further SDHDA reserves the right to deny HOME funds for any project, regardless of ranking under the project selection criteria, if it determines, in its sole discretion, the project is unacceptable based on, but not limited to, the following:

- a. comments from officials of local governmental jurisdictions,
- b. information indicating that a particular market is saturated with affordable housing projects,
- c. likelihood that the project may not comply with HOME program requirements in a timely manner,
- d. applicant's (including any related party's) lack of prior experience or unacceptable performance related to project reservations, construction, and compliance with housing assistance or other government-sponsored programs, regardless of type and location, or
- e. desirability of site based on SDHDA inspection.

If SDHDA determines not to reserve HOME funds on such basis, it will set forth the reasons for such determination.

All funding decisions made under this Plan will be made solely at the discretion of SDHDA. SDHDA in no way represents or warrants to any applicant, investor, lender, or any other party that a project is, in fact, feasible or viable.

SDHDA reserves the right to place special conditions on reservations and to reserve HOME funds for lower ranking projects if the amount of HOME funds available is insufficient to fund higher ranking projects.

SDHDA reserves the right to modify or waive, on a case-by-case basis for good cause, any condition of this Plan that is not mandated by 24 CFR Part 92.

SDHDA may request additional information and perform additional project evaluation as it deems necessary and appropriate to verify project costs, feasibility, and need. SDHDA reserves the right to exchange information with other State and Federal allocating agencies and with other parties as deemed appropriate. By submitting an application for HOME funds, the applicant is acknowledging and agreeing to this exchange of information.

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

No executive, employee or agent of SDHDA or any other official of the State of South Dakota will be personally liable concerning any matters arising out of, or in relation to, the allocation of HOME funds or the approval or administration of this Plan.

## **B. AMENDMENTS TO THE PLAN**

### **1. Administrative Amendments**

This Plan may be amended by the Board for any one or more of the following purposes, and at any time or from time to time, and such amendments will be fully effective and incorporated herein upon the Board's adoption of such amendments:

- a. To reflect any changes, additions, deletions, interpretations, or other matters necessary to comply with 24 CFR Part 92 or regulations promulgated thereunder;
- b. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Plan;
- c. To insert such provisions clarifying matters or questions arising under this Plan as are necessary or desirable and are not contrary to or inconsistent with this Plan or 24 CFR Part 92;
- d. To modify identified housing needs and selection criteria reflecting those needs, based upon SDHDA's continuing assessment of such needs, provided that no such amendment will retroactively affect a reservation of funds previously made under this Plan; and
- e. To facilitate the award of HOME funds that would not otherwise be awarded.

## **2. Substantive Amendments**

This Plan may be amended for substantive issues at any time following public notice and public meeting. Any substantive amendments will require approval of the Board.

## **3. Deferral to Federal Law**

To the extent that anything contained in the Plan does not meet the minimum requirements of Federal law or regulation, such law or regulation will take precedence over this Plan.

# **III. GENERAL REQUIREMENTS**

## **A. ELIGIBLE ACTIVITIES**

Applicants may pursue homeownership and rental opportunities or any combination thereof.

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

### **1. Homebuyer Programs**

Assistance to qualifying homebuyers for construction and/or purchase of a home, including those related to gap financing, lease-purchase, and self-help type programs. Other activities are described under Section IV. B.

### **2. Homeowner Rehabilitation**

Rehabilitation of owner-occupied housing under the Homeowner Rehabilitation set-aside awards administered by the Community Action Program (CAP) agencies or qualified nonprofit entities for the rehabilitation of single family homes.

### **3. Rental Acquisition and/or Rehabilitation**

Acquisition or refinancing of affordable housing projects (permanent or transitional) that need rehabilitation and require financial assistance to maintain the affordable status of the project. The building may not have been acquired more than one year prior to the application due date.

Rehabilitation must meet the applicable rehabilitation standards in effect at the time a building permit is obtained from the locality and SDHDA Rehabilitation Standards. This includes the costs of

essential improvements including energy-related repairs or improvements, modifications necessary to permit use by persons with disabilities, abatement of lead-based paint hazards, and repair or replacement of major housing systems in danger of failure. The application must describe in detail the level of rehabilitation and the cost necessary for the exterior and for the interior by apartment unit, if applicable. If the description is not detailed, the application may be rejected.

Within 60 days of reservation, SDHDA will require submission of an appraisal that complies with Uniform Standards of Professional Appraisal Practice (USPAP) and a physical needs assessment. If there are significant variances between the original application and the appraisal or the physical needs assessment submitted later, the award of HOME funds may be withdrawn. The selected appraiser and physical needs inspector must be approved by SDHDA. The applicant must pay for all costs for these services, which are eligible project costs.

Three years of historical financial information must be submitted with the application. If the proposed transaction is an arm's-length transaction, the applicant must submit the last three years' operating statements. If the proposed transaction is not an arm's-length transaction, the applicant must submit three years audited financial statements. SDHDA reserves the right to request additional years of financials or supporting documentation if necessary.

Management practices will be reviewed by SDHDA. The applicant must provide documentation that Disinvestment of the property has not occurred, the long term needs of the project can be met, and the feasibility of serving the targeted population over an extended affordability period (no less than 15 years) can be maintained. If SDHDA determines that Disinvestment has occurred, SDHDA will finance the property only if the property is purchased through an arm's-length transaction and the current owner and management are completely removed from the proposal.

The new investment must be made to maintain current affordable units or create additional affordable units. The cost in terms of assistance to acquire and rehabilitate an existing property may not exceed the amount of assistance to construct a new property of like quality.

The HOME funds must be limited to 90 percent of the market value of the property as determined by an appraisal of the property (excluding all subsidies) or the total cost of the project, whichever is less.

In all cases, an analysis will be made to determine the risk of prepayment or opt out of any existing federal rental subsidy contract (e.g. HUD Section 8 contract) and the resulting risk of losing the affordable housing supply. Those properties that are financially feasible, that are located in a market with substantiated need, and that indicate the greatest risk for converting to market-rate housing will be given priority for funding.

At financing, and after completion of rehabilitation, if applicable, all major systems (roof, windows, heating, etc.) of the property must be in like new or new condition. If these systems are not in need of repair at the time of application, sufficient reserves must be established to allow for replacement of such components if the normal life span would require replacement prior to the end of the affordability period. Consideration will be given to functional obsolescence of the property. If it is not cost effective to overcome structural problems, the property may not be eligible for financing. Modifications to allow a higher level of care to elderly residents of a property are eligible if there is an identified need for such level of care and the property is financially feasible upon Project Completion.

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

For refinancing with rehabilitation projects, under no circumstances can HOME funds be used to refinance multifamily loans made or insured by any federal program, including Community Development Block Grant (CDBG).

#### **4. Rental Acquisition/Conversion**

Acquisition and conversion of a non-residential structure to an affordable housing project (permanent or transitional). If the conversion entails adding one or more units beyond the existing walls, the project is considered Rental New Construction.

#### **5. Rental New Construction**

New Construction of affordable housing projects (permanent or transitional) including the costs to acquire the land and meet the construction codes in effect at the time a building permit is obtained from the locality is an eligible activity.

Eligible costs include 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 for the development of the project. The project site consists only of that property owned by the project owner and upon which the project is located.

Acquisition of vacant land or demolition will be undertaken only in conjunction with a specific housing project intended to provide affordable housing under this Plan and for which construction funds from sources other than this plan have been previously committed and such funds are conditioned only upon the SDHDA's commitment of HOME funds for the acquisition or demolition.

#### **6. Security Deposit Assistance Program**

HOME funds will be set aside for qualified PHAs or other qualified nonprofit entities to administer security deposit assistance in accordance with 24 CFR Part 92.209. Preference will be given to entities administering a program for families who are homeless or at-risk populations. Please refer to the SDHDA Security Deposit Assistance Term Sheet and application, which can be downloaded from SDHDA's web site at [www.sdhda.org](http://www.sdhda.org).

### **B. INELIGIBLE ACTIVITIES**

HOME funds may not be used to:

1. Provide project reserve accounts, except as provided in 24 CFR Part 92.206(d)(5), or operating subsidies;
2. Provide tenant-based rental assistance for the special purposes of the existing Section 8 Program, in accordance with section 212(d) of the Act;
3. Provide non-federal matching contributions required under any other Federal program;

4. Provide assistance authorized under Section 9 of 1937 Act (Public Housing Capital and Operating Funds);
5. Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR Part 248.101;
6. Provide assistance to a project previously assisted with HOME funds during an existing affordability period. However, additional HOME funds may be committed to a project up to one year after Project Completion (24 CFR Part 92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy limit established under 24 CFR Part 92.250;
7. Pay for the acquisition of property owned by SDHDA, except for property acquired by SDHDA with HOME funds or property acquired in anticipation of carrying out a HOME project;
8. Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds;
9. Pay for any cost that is not eligible under 24 CFR Part 92.206 through 92.209; or
10. Pay for any cost for any stand-alone community buildings or other accessory structures. Projects which include accessory structures will be required to cost allocate to ensure no HOME funds are used for those costs.

### C. AFFORDABILITY PERIOD

The applicant must keep the property in compliance with SDHDA and HOME guidelines for the minimum affordability period specified below plus any additional extended use period selected in the application.

Activity	Years of Affordability			
	5	10	15	20
New Construction or Acquisition of Newly Constructed Rental Housing				X
Rental Housing (Rehabilitation or Acquisition of existing housing) or Homeownership Assistance:				
With HOME funds invested per unit as follows:				
Under \$15,000	X			
\$15,000 to \$40,000		X		
Over \$40,000 or Rehabilitation involving Refinancing (Rental Housing Only)			X	

### D. MINIMUM AMOUNT OF ASSISTANCE

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

## **E. MAXIMUM PER-UNIT SUBSIDY AND SUBSIDY LAYERING**

The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250 and further defined in CPD Notice 16-15, dated August 25, 2016. HOME funds may not exceed the per unit dollar limits established by HUD under the Section 234-Condominium Housing basic mortgage limits provided in Exhibit 8.

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

## **F. TENANT RELOCATION AND DISPLACEMENT**

SDHDA typically will not allow permanent displacement of current residents of any project funded with HOME funds. If the project is currently occupied, the applicant must comply with Federal Relocation Requirements found in 24 CFR Part 92.353 and Section 104(d) of the Housing and Community Development Act (HCD). The HOME Tenant Questionnaire (Exhibit 6) must be submitted, and when available, form HUD-50059 (Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures Form) must be submitted for each current resident. All residential tenants in place prior to the submission of the application through the completion of the proposed construction and issuance of the certificate of occupancy are candidates for relocation assistance. The applicant may only request relocation assistance for vacant units or those occupied by eligible tenants. It is the responsibility of the developer to ensure all requirements of 24 CFR Part 92.353 and Section 104(d) are met. Please notify SDHDA before proceeding with an application to ensure that proper procedures are followed per SDHDA's Relocation Plan, which can be downloaded from SDHDA's web site at [www.sdhda.org](http://www.sdhda.org). Improper procedures may substantially increase the costs to the project or render the project infeasible or ineligible. Relocation payments and other relocation assistance is an eligible project cost and will be paid by the project owner. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the relocation of tenants. Applications involving rental acquisition and/or rehabilitation must include a relocation plan and budget.

## **G. MATCH**

In accordance with 24 CFR Part 92, all HOME funds disbursed require a 25 percent matching contribution. All HOME participants will be required to provide a 12.5 percent match of HOME funds awarded for their projects. SDHDA will provide the remaining 12.5 percent. Applicants should contact SDHDA to determine the appropriate matching requirements, because properties located in counties that have been declared a disaster area may be eligible for a waiver of matching requirements. Refer to Matching Contribution Requirements, Exhibit 7.

## **H. 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 replacement reserves will ensure that annual deposits will be made to a replacement reserve account in the amount specified in the loan documents.



## IV. PROGRAMS

### A. RENTAL HOUSING

#### 1. Occupancy Requirements

HOME-assisted rental housing must be occupied by low-income households within six months from Project Completion. If a rental unit remains unoccupied, the owner must provide information about current marketing efforts, and if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. If efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant within 18 months, the HOME funds invested in the unit will be required to be repaid. HOME Program requirements with respect to the occupancy and affordability of the units apply:

- a. Rental housing will qualify as affordable only if, initially, the project:
  - i. Meets or exceeds the appropriate HOME unit mix required by performing a cost allocation calculation. In order to determine the minimum number of HOME units and required unit mix the HOME Cost Allocation Tool can be found on SDHDA's website. For assistance using the tool, please contact SDHDA's HOME Housing Development Officer.
  - ii. Has at least 20 percent of the HOME assisted rental units occupied by families who have annual incomes that are 50 percent or less of Area Median Income (AMI). Rents for these units must not exceed the Low HOME Rents as described in the following section.
  - iii. Has at least an additional 70 percent of the HOME assisted rental units occupied by families who have annual incomes that are 60 percent or less of AMI. Rents for these units must not exceed the High HOME Rents as described in the following section.
  - iv. Has the remainder of the HOME assisted rental units occupied by families who have annual incomes that are 80 percent or less of AMI. Rents for these units must also not exceed the High HOME Rents as described in the following section.
- b. Subsequent to initial occupancy, at least 20 percent of the HOME rental units must continue to be occupied by families who have annual incomes that are 50 percent or less of AMI with unit rents at or below the Low HOME Rent while the remaining 80 percent of the HOME rental units must be occupied by families who have annual incomes that are 80 percent or less of AMI with unit rents at or below the High HOME Rent.

NOTE: A project which includes fewer than five HOME assisted units is exempt from the 20 percent occupancy requirement.

Refer to the following for current HUD HOME Program income limits:  
<https://www.hudexchange.info/programs/home/home-income-limits/>

## 2. HOME Rents

Every HOME assisted rental unit is subject to rent limitations designed to ensure that rents are affordable to very low-income and low-income tenants. These maximum rents are referred to herein as HOME Rents. There are two HOME Rents established for projects: High HOME Rents and Low HOME Rents. Proposed HOME Rents for HOME assisted units subject to maximum rent limitations referred to in paragraph a., b., or c. of this subsection must be approved by SDHDA. Final HOME Rents for initial occupancy will be set at the time of project commitment.

### a. High HOME Rents

High HOME Rents means rents which do not exceed the lesser of:

- i. The Fair Market Rents (FMRs) for existing housing for comparable units in the area established by HUD under 24 CFR Part 888.111; or
- ii. Rents that do not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

### b. Low HOME Rents

Low HOME Rents are defined as rents which meet one of the following rent requirements:

- i. A rent that does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under paragraph a. of this section, then the maximum rent for units under this paragraph is that calculated under paragraph a.
- ii. The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very-low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

Note: In rental projects with five or more HOME-assisted units, 20 percent of the HOME-assisted units must be occupied by very-low-income families and meet paragraph b. rent requirements.

Note: SDHDA will underwrite (i) all projects located within the city limits of Sioux Falls and Rapid City at a minimum of 85 percent of the maximum Housing Tax Credit rent limits and (ii) all other projects at a minimum of 80 percent of the maximum housing tax credit rents limits. If an applicant proposes rents lower than the minimum requirement, the applicant must submit with the application a rent comparability study that supports the lower rents.

- c. Initial rent schedule and utility allowances  
SDHDA establishes maximum monthly allowances for utilities and services (excluding telephone) based upon the HUD Utility Schedule Model, an energy consumption software calculation method, or the specific utilities used at the project. For all units subject to the maximum rent limitations in subparagraph a, b, or c of this subsection for which the tenant is paying utilities and services, SDHDA will ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.

In addition to these maximum rent limitations, an applicant must consider keeping the established rents at or below the actual market rent and the established FMRs in the community of the proposed project to ensure marketability. Refer to the following for current HUD HOME Program rent limits: <https://www.hudexchange.info/programs/home/home-rent-limits/>

### **3. Subsequent Rent Schedule, Utility Allowances, and Rent Adjustments**

SDHDA will review all rent and utility allowances. The utility allowance must be updated annually. Any increase in rents to HOME assisted units is subject to any outstanding lease and SDHDA approval. The owner must have received SDHDA approval and provide 30 day written notice to tenants prior to any increase in rents. If the HOME Rent decreases for projects for which HOME funds have been previously committed, an owner may continue to use the rents in effect at the time of project commitment.

### **4. Mixed Income Project**

All HOME funds used in conjunction with a mixed income project must be used solely for the benefit of the affordable units in the project. Housing that accounts for less than 100 percent of the dwelling units in a project qualifies as affordable housing if the HOME assisted units meet the occupancy requirements and rent limitations as stated in Section IV.A.1 and Section IV.A.2. Each building in a project must contain housing that meets these requirements.

For purposes of meeting affordable housing requirements for a project, the dwelling units specified as affordable housing may be changed over the affordability period, so long as the total number of affordable housing units remains the same and the substituted units are, at a minimum, comparable in terms of size, features, and number of bedrooms to the originally designated affordable housing units.

Common area costs will be prorated based upon the number of affordable units and other units.

### **5. Mixed Use Project**

A building that is designed in part for other than residential housing may qualify as affordable housing under the HOME Program if such housing meets the occupancy and rent limitations in Section IV.A.1 and Section IV.A.2. The laundry or community facilities that a project contains for the exclusive use of the project residents and their guests are considered residential use. Costs for common areas shared by both residential and commercial tenants will be prorated. Each building in a project must contain residential living space.

Main street buildings, rehabilitated for rental use, are eligible for funding under the HOME Program. Adequate off-street parking must be provided for each tenant.

### **6. Public Housing Notification**

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

## 7. Tenant Certifications and Recertifications

Tenant eligibility must be determined by the owner at the time of occupancy and must be reexamined at least annually.

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

Tenants who no longer qualify under the HOME income restrictions must pay rent of not less than 30 percent of the family's adjusted monthly income, as recertified annually, and the unit must be marketed to HOME eligible families when vacated.

## 9. Tenant Protections

- a. Lease. The lease between a tenant and the owner of rental housing assisted with HOME funds must be for at least one year, unless by mutual consent the tenant and the owner agree to a lesser term.
- b. Prohibited Lease Terms. A list of prohibited lease terms is attached as Exhibit 9.
- c. Termination of Tenancy. An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms of the lease; for violation of applicable Federal, State or local law; or for other good cause. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.
- d. Maintenance and Replacement. An owner must maintain the total project in compliance with all applicable state and local codes. If no state or local code exists, at a minimum UPCS (Uniform Physical Condition Standards) must be maintained.
- e. Tenant Selection. An owner of rental housing assisted with HOME funds must adopt written tenant selection policies and criteria. A list of the minimum criteria is attached as Exhibit 10. A sample tenant selection policy is available upon request.
- f. Owners may not refuse to lease a HOME assisted unit to a family because the family holds a rental voucher (Rental Voucher Program).

Please refer to the HOME Compliance Manual for further guidance on tenant protections.

## B. HOMEOWNERSHIP

HOME funds can be utilized to assist in development and purchase of homeownership housing.

SDHDA will underwrite each homeowner per the standards outlined in the SDHDA Homebuyer Assistance Policy & Procedure Manual, which can be found on SDHDA's website.

Homeownership Development set-aside funds cannot be applied for speculative housing. Applicants must have an identified qualified household at time of application.

Applicants applying for HOME funds for development of multiple single family homes for speculative purposes, must apply during the application cycle requesting general pool funds or if eligible, may apply for funds from the Rural Housing Development set-aside.

## 1. Qualifications

The homeowner or homebuyer must have an annual income that does not exceed 80 percent of AMI and must utilize the HOME assisted residence as his or her principal residence. Refer to following for current HUD HOME Program Income Limits:

<https://www.hudexchange.info/programs/home/home-income-limits/>

For homebuyer activities involving acquisition of newly constructed housing or existing housing, the purchase price shall not exceed the appraised value, SDHDA's Project Finance Limits, or the HUD published 95% of area median purchase price at <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

For homebuyer activities involving acquisition and rehabilitation, the estimated value after rehabilitation shall not exceed the appraised value or the HUD published 95% of area median purchase price of existing housing. Use the greater of the 95% of area median purchase price for the area or 95% of the statewide nonmetropolitan area median purchase price. When financing single family homeownership loans with HOME funds, SDHDA will not provide more than 50% of the permanent financing. For homeowner rehabilitation, the estimated value after rehabilitation shall not exceed SDHDA's Project Finance Limits.

To ensure the suitability of families receiving assistance under HOME homeownership programs, all purchasers must participate in homebuyer education provided by HUD-Certified Housing Counselors. HUD published the Final Rule for Housing Counseling Certification in the Federal Register on December 14, 2016. Housing counseling provided in connection with HOME funds must be provided only by HUD certified housing counselors who work for organizations approved to participate in HUD's Housing Counseling Program.

HOME funds utilized for development subsidy (financial assistance to developer to reduce project costs) cannot exceed \$20,000 per unit. Development subsidies may only be used when the cost of the development exceeds the appraised value.

## 2. Recapture/Resale Restrictions

Homebuyers assisted under the HOME Program will be required to adhere to the following recapture or resale guidelines as specified by 24 CFR Part 92.254.

- a. Recapture: For HOME projects that utilize funds as homebuyer assistance, the following recapture requirements apply. If the house is sold (voluntary or involuntary), or is no longer used as a principal residence, prior to the end of the affordability period, SDHDA will recapture the entire amount of the funds provided to the homebuyer, or at minimum, net sale proceeds. Net sale proceeds is the sales price minus the first mortgage repayment and closing costs.
- b. Resale: For HOME projects that utilize HOME funds as a development subsidy, the following resale requirements apply:
  - i. The housing must remain affordable to low-income homebuyers for the period of affordability per Section III.C. of the HOME Program Allocation Plan starting at the date of initial purchase. The purchaser's household income must be at or below 80 percent (80%) of AMI as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy the property as the purchaser's principal residence.

- ii. The initial or subsequent buyer agrees to notify SDHDA in writing of any sale, transfer, or exchanged of the entire property, or any portion thereof.
- iii. The percentage of the purchaser's household income that can be used to pay the principal, interest, taxes, and insurance (PITI) is equivalent to the underwriting standards established by the purchaser's lender. However, if a non-traditional lender is underwriting the financing, the PITI must be 31 percent or less of the purchaser's household income.
- iv. If the property is sold during the HOME program affordability period, the initial and subsequent owner of the property is entitled to receive a fair return on investment. Fair return on investment shall be defined as a sale price no greater than the increase or decrease in the value of the property based the Federal Housing Finance Agency's House Price Index (HPI). Any increase or decrease in the HPI during the time the owner owns the home shall be added or subtracted from the original sales price at the time of the initial or subsequent sale. SDHDA will use the calculator at <https://www.fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx> to determine the maximum allowable sale price for a subsequent purchase.
- v. Capital improvements made to the home by the owner will also be factored in when determining the base price to apply the HPI index to. Major renovations or remodels can add 60% of the cost of renovations to the base price. Any additions adding to the square footage of the home or additional accessory structures such as a detached garage, storage shed, fence, etc. can add 100% of the cost to the base price. The owner will be responsible for providing documentation of the costs incurred if they wish to include the capital improvement in their base price. The increase or decrease in the HPI should then be added to the base price to determine the maximum sales price allowable for a subsequent purchase.
- vi. If a subsequent low-income buyer is unable to afford the established resale price, SDHDA may provide additional assistance to that buyer. If this takes place, the maximum allowable sale price may not be adjusted accordingly. SDHDA reserves the right to deny purchase to a subsequent buyer if it deems the additional assistance excessive. Excessive assistance shall be defined as in excess of \$25,000 needed to make the purchase affordable. If additional HOME assistance is required, the affordability period will be adjusted accordingly based on the affordability table found in the HOME Allocation Plan at <https://www.sdhda.org/images/docu/housing-development/2020-21-HOME-Allocation-Plan-Final.pdf>.

### 3. Eligible Homeownership Programs

#### a. Lease-Purchase:

A lease-purchase housing option is designed to bring homeownership within reach of very-low-income and low-income homebuyers. 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 period, the unit must turn into a HOME rental unit and the HOME affordability requirements for rental housing will apply. The homebuyer must qualify as a low-income family at the time the lease-purchase agreement is signed.

Eligible structures include single family dwellings, townhouses, and condominiums. The homebuyer must participate in homeownership and credit counseling while living in the unit. A qualifying homebuyer may choose to purchase the unit immediately or

may lease the unit for up to three years while preparing for homeownership. A portion of the rent is set aside to assist with down payment and closing costs. The set aside must equal a minimum of five percent of the structure's predetermined purchase price. If the homebuyer violates the purchase contract for any reason, the homebuyer forfeits the down payment set aside. The owners may then select another homebuyer to continue the lease. The new homebuyer will receive any down payment set aside remaining after necessary repairs are made.

b. Homeownership Activities

Funds may be used for (i) new construction, acquisition and rehabilitation of single family housing units, and (ii) the development of affordable lots in housing subdivisions only if construction of single family housing units will begin within 12 months of land purchase. Demolition of existing structure is eligible cost for HOME financing. Land banking is prohibited. The purchase price of the single family housing unit must not exceed the appraised value, SDHDA project finance limits, or the HUD published Purchase Price Limits as stated in Section IV.B.1.

Developers applying for HOME funds for the development of speculative housing unit(s) must apply for general pool funds during the application cycle. Units that have not been sold to an eligible homebuyer within 9 months of Project Completion must be converted to a HOME rental unit and meet the rental requirements under Section IV.A., including the affordability requirement of Section III.C.

Funds may be used for utility connections including off-site connections from the property line to the adjacent street and to make improvements to the project site that are in keeping with improvements of surrounding projects. Site improvements may include on-site roads and sewer and water lines necessary for the development of the project.

The developed lots must be sold to persons with an income not exceeding 80 percent of AMI. The applicant will have six months from the time the loan commitment is executed to begin construction on the proposed project.

c. Homebuyer Assistance Program

The Homebuyer Assistance Program will provide gap financing to qualified households who are able to obtain a portion, but not all, of the financing for the purchase of a home, including a Governor's House. The maximum loan available for gap financing is limited to 30 percent of the total acquisition costs minus all grants and donated items, or \$25,000, whichever is less, taking into consideration the maximum first mortgage for which the borrower is qualified. The maximum loan available for gap financing is determined per the Homebuyer Feasibility Analysis Tool located on SDHDA's website. The tool determines the buyer's maximum first mortgage based on SDHDA's underwriting standards and from there the amount of gap financing needed is calculated based on the total acquisition costs of the home. Please contact the SDHDA HOME Housing Development Officer for assistance using the tool.

## V. APPLICATION PROCESS

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

Requests for HOME funds are considered in a three-step process: Application Stage, Reservation Stage, and Commitment Stage. No construction or acquisition or rehabilitation activities may begin until the process is fully complete (including SDHDA Environmental review) and a start order has been issued by SDHDA.

## **A. APPLICATION STAGE**

**The applicant will submit a complete application and all documentation referenced in Exhibit 1.**

### **1. Underwriting Review Criteria**

Project Cost Evaluation consists of reviewing:

- a. Land value
- b. Site Improvements (including existing buildings)
- c. Construction or rehabilitation costs
- d. Fees (architectural, legal, consulting, etc.)
- e. Developer's and/or Builder's Profit and risk conclusions
- f. Financing and carrying charges
- g. All other related soft costs
- h. Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.20 for the entire affordability period. SDHDA may permit a lower debt service coverage ratio based on the developer's experience, types of financing utilized, and financial strength of the applicant/owner. This requirement may vary. The debt coverage ratio is the net operating income to the total annual debt service. Pro formas must also reflect that rental income, any subsidies, and reserve funds are sufficient to cover the property's debt and operating expenses over the affordability period. Annually, income will be trended at two percent, expenses and replacement reserves will be trended at three percent, and vacancy will be projected at seven percent. A higher vacancy rate may be used for an acquisition/rehabilitation project if the project is currently sustaining higher vacancies and it is not reasonable to expect the project to achieve a seven percent vacancy rate within the first year. Balloon loan repayments will not be allowed.

SDHDA will not process any application that is not financially feasible.

### **2. Project Finance Limits**

The SDHDA Project Finance Limits are not maximum cost limits, but are target or average costs that SDHDA determines to be sufficient for development of affordable housing projects. Total project costs are not limited to the Project Finance Limits; however, SDHDA will utilize them as the basis for the calculation of SDHDA financing and Developer Fees.

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



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

Zone 1: Lincoln, Minnehaha, and Union Counties

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

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

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

Zone 3: Aurora, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Custer, Day, Deuel, Douglas, Edmunds, Fall River, Faulk, Grant, Gregory, Haakon, Hamlin, Hand, Hanson, Harding, Hutchinson, Hyde, Jackson, Jerauld, Jones, Kingsbury, Lyman, Marshall, McPherson, Mellette, Miner, Moody, Perkins, Potter, Roberts, Sanborn, Spink, Stanley, Sully, Tripp, and Walworth Counties.

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

4 Bedroom	\$ 291,600
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Zone 4: Indian Reservations: Cheyenne River (Dewey and Ziebach Counties); Crow Creek; Flandreau Santee; Lower Brule; Pine Ridge (Oglala Lakota County); Rosebud (Todd County); Sisseton Wahpeton/Lake Traverse; Standing Rock (Corson County); and Yankton. If the county is not listed after the Reservation, then only the land within the exterior boundaries of the Reservation are within this zone.

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

Refer to Exhibit 8 for the maximum HOME funds subsidy per HOME assisted unit.

Applicants are encouraged to incorporate the features of brick, energy efficiency systems, additional handicap-adapted units, second bathrooms (for three and four bedroom units), community rooms, townhouse style units with an accessible bathroom on the main floor, creative design features, and other amenities where appropriate. For the purpose of the above calculation, any employee unit will be calculated as a unit type and not as common space.

In addition, rental new construction or reconstruction projects must meet the following minimum residential unit living square footage (sq. ft.):

- Group Home – 130 sq. ft. (per bedroom)
- Single Room Occupancy (SRO) – 300 sq. ft.
- 0-bedroom (efficiency) – 400 sq. ft.
- 1-bedroom – 500 sq. ft.
- 2-bedroom – 650 sq. ft.
- 3-bedroom – 800 sq. ft.
- 4 bedroom – 950 sq. ft.

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

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

### 3. Reserves

The reserves listed below, at a minimum, will be subject to a Written Agreement between SDHDA and the property owner. The reserve accounts may be maintained by SDHDA.

- a. Taxes and Insurance: Escrowed at levels estimated to meet those expenses.
- b. Replacement: Minimum of \$400 per unit, per year, must be initially funded and maintained for the full affordability period and extended use period. If not all major systems are replaced or repaired in a rehabilitation project, sufficient reserves must be established to allow for replacement of such components if the normal life span would require such replacement prior to the end of the affordability period and extended use period. The replacement reserves will be trended at three percent annually. The replacement reserve account must remain with the property throughout the entire HOME affordability period and extended use period, or while the SDHDA HOME loan is outstanding, whichever is longer. It must also remain with the property with a transfer of ownership. Transfer of ownership must be approved by SDHDA. At such time SDHDA is reviewing the request for transfer of ownership, SDHDA may negotiate with existing owner regarding the dollar amount that must be maintained in the replacement reserve account, taking into consideration, but not limited to, the physical condition of the development, demand in the housing market, and experience of the proposed owner.
- c. Operating: Minimum of six month operating reserve from a non-HOME funds source may be used only to pay debt service and operating expenses to prevent an event of default. This account must be maintained for the full term of the HOME affordability period and extended use period, or while the HOME loan is outstanding, whichever is longer. It must also remain with the property with a transfer of ownership. Transfer of ownership must be approved by SDHDA. At such time SDHDA is reviewing the request for transfer of ownership, SDHDA may negotiate with existing owner regarding the dollar amount that must be maintained in the operating reserve account, taking into consideration, but not limited to, the physical condition of the development, demand in the housing market, and experience of the proposed owner. For projects unable to meet this requirement, SDHDA may consider the use of HOME funds for an initial operating deficit reserve as per 24 CFR Part 92.206 (d) (5).

### 4. Determination of HOME Amount

HOME funds are intended to be used as gap financing and will be provided as a zero percent loan. The difference between total project costs and total available financing resources (including owner equity requirements) is referred to as the gap. A typical HOME financing project includes ten percent owner equity, 40 percent conventional financing and a HOME loan to fill the gap. The payback schedule for the HOME loan will be determined based on the project's feasibility. Based on this evaluation, SDHDA will estimate the amount of HOME funds to be reserved for each application. The analysis to determine the necessary amount of HOME funds will be done at the time of application, at the time a reservation is approved, at the time a commitment is approved, and at the time the project is placed in service, provided all project costs are finalized and certified. Current rents, along with any anticipated changes in operating expenses, will be utilized at each underwriting stage. When financing permanent loans for single family homeownership with HOME funds, SDHDA will not provide more than 50% of the total financing.

Applications may be reviewed and ready for consideration by the Board within 75 days of receipt of the fully completed submission. Upon Board action, each applicant will be notified, in writing, whether or not its application has been selected to advance to the reservation stage.

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

### **5. Emergency Funding Requests**

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

Any award of additional HOME funds in connection with an emergency declaration may be made without regard to the finance limits in Section V.A.2. or the applicant limitations in Section II.A.3.

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

## **B. RESERVATION STAGE**

Upon notification from SDHDA of a reservation, the applicant will have approximately 120 days in which to provide SDHDA with all necessary documentation needed to complete the evaluation required to provide a commitment of funds. The information must be received 30 days prior to a scheduled Board meeting to be considered at the Board meeting. Failure to provide the required information within this time period may result in SDHDA cancellation of the reservation. In the reservation stage, the applicant must provide the details of the proposed project, including a detailed analysis of the financial feasibility of the project and final architectural plans, owner's organizational documents, binding financial commitments from private sources, site control, etc. (refer to Exhibit 1). SDHDA will evaluate the proposal based on the additional information required for the commitment stage and again determine the amount of HOME funds necessary to make the project feasible.

## **C. COMMITMENT STAGE**

Upon a commitment from the SDHDA Board of Commissioners, SDHDA will issue a Notice of Commitment to the applicant. The applicant will have six months from board commitment to close the loan and begin construction or rehabilitation on the proposed project. Failure to start within this timeframe may result in loss of the Commitment.

**Changes to Project.** The award of HOME funds is based upon information provided in the application and the preliminary plans submitted with the application. Any significant change in a project, once it has been ranked and awarded HOME funds, will jeopardize a reservation or commitment and the Board may require the HOME funds to be returned. A significant change may

mean, but is not limited to, any reduction in the number of bedrooms per unit or square footage of the units, decrease in number of total units, financial feasibility, increase in overall density, a change in unit or project amenities, or any change that, had it been in the original project, might have resulted in the project receiving a different ranking, or may have influenced the reservation or commitment of HOME funds. SDHDA reserves the right to determine, at its sole discretion, if change(s) warrant a significant change to the project. Any changes to the project must be pre-approved by SDHDA prior to implementation.

## **D. DISBURSEMENT OF FUNDS**

### **1. Loan Documentation**

Loan documentation will include the HOME Written Agreement, Mortgage Note, Mortgage 180 Day Redemption Security Agreement and Fixture Filing, Assignment of Rents and Leases, Declaration of Land Use Restrictive Covenants, Completion Guaranty, Performance and Repayment Guaranty, Replacement Reserve Guaranty, Sworn Construction Statement, and UCC financing statements.

The Declaration of Land Use Restrictive Covenants will be filed in 1<sup>st</sup> lien position and will include all extended or reduced rent elections made by the applicant and any other special use restriction elections made by the applicant which may or may not give rise to points. If the property is held by contract for deed, all contract owners will be required to sign all commitment and loan documentation.

### **2. Construction Start**

The new construction or rehabilitation of the building may begin when SDHDA has received all executed loan documentation and the owner has received a written construction/rehabilitation start order from SDHDA. Construction must commence no later than six months after execution of the loan commitment.

### **3. Draws**

SDHDA will make periodic site reviews of the project throughout the construction period and at the completion of construction. With respect to the construction of projects, SDHDA assumes no liability for construction quality or code compliance.

The local building official will be required to approve both the proposed project and completed work. SDHDA may disburse funds at 25 percent, 50 percent, 75 percent and 100 percent of construction completion based on receipt of lien waivers from all contractors, bills and receipts for all costs outside of the construction contract, an updated Sworn Construction Statement, AIA Forms G702 Application and Certificate for Payment, and G703 Continuation Sheet evidencing the percent of project completion. SDHDA will retain ten percent of the HOME loan amount until all final Project Completion information is received (i.e., CPA cost certification).

Draws may be completed on a monthly basis for applicants funded under the set-asides.

### **4. Cost Certification**

For projects receiving more than \$250,000 of HOME 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 HOME funds. All cost overruns are the responsibility of the owner. SDHDA may reduce the amount of HOME 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 HOME funds commitment. SDHDA is

charged with allocating only that amount of HOME funds as are necessary to make any given project financially feasible and viable as a qualified low-income project. This decision will be made solely at the discretion of SDHDA, and in no way represents or warrants to any applicant, lender, or any other party that the project is, in fact, feasible or viable.

## **VI. PROJECT SELECTION CRITERIA**

Proposals will be reviewed initially for completeness, including all submission requirements referenced in Exhibit 1.

Applications must obtain a minimum of 400 points to be considered for funding. Applications that do not receive at least this cumulative total will be denied. Applications received under the set-asides are not subject to the competitive scoring, with the exception of the Difficult to Develop and CHDO set-asides. However, applications received under the set-asides must be feasible, meet minimum requirements, and meet SDHDA purposes and goals.

A maximum of 1,000 points per application may be awarded as specified below:

### **A. LOCAL HOUSING NEED (Maximum 150 points)**

All applicants, including homeownership activities, must submit a narrative addressing the local housing needs assessment and complete market analysis that is less than six months old. Refer to Exhibit 2. The applications from markets considered to be facing the highest overall need will receive the highest score. All other applications will be ranked against the highest scoring applicants. Each applicant will receive from zero to 150 points depending upon identified need. When determining need, SDHDA may take into consideration, without limitation, the need for additional housing units in the community, the physical condition of the proposed project, the need of SDHDA funding sources to retain the proposed project, retention of existing project based rental subsidies, and the degree of rehabilitation necessary depending on the proposed project activity. Communities with two or more low-income housing projects under construction or in the process of rent-up (less than 90 percent occupied) may receive zero points in this category.

### **B. PRIMARY SELECTION CRITERIA**

#### **1. Deep Income Targeting (Maximum 75 points)**

Required set aside: 20 percent of all the units less any market rate units, will be restricted to FMR and must be rented to tenants at or below 50 percent of the area median income.

To receive points for deep income targeting, a project must set the following rent limits for each target AMI in addition to the 20 percent FMR requirement.

A proposal which elects to set aside an additional 10 percent of the total units less any market rate units, for households not exceeding 50 percent of area median income will receive 25 points.

A proposal which elects to set aside an additional seven percent of the total units less any market rate units, for households not exceeding 40 percent of the area median income will receive 25 points.

A proposal which elects to set aside an additional three percent of the total units less any market rate units, for households not exceeding 30 percent of the area median income will receive 25 points.

Rents for these units must be set at 30 percent or less of adjusted annual incomes for households at the corresponding income levels to receive the above points.

Note: Deep Income Targeting is not required to receive Housing Trust Funds, however, if units are designated at 30% AMI using Housing Trust Fund, the Housing Trust Fund units are in addition to the 30% Deep Income Targeting units designated for the above category.

**2. Extended Use Commitment (Maximum 30 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. Affordability Period will receive 30 points. Applicants applying for both HOME and Housing Tax Credits must elect extended use under both programs to receive points.

Applicants claiming points for an Extended Use Commitment may not claim points for Tenant Ownership.

**3. Construction Type (Maximum 60 points)**

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

A rehabilitation project that uses buildings with historic significance will receive 20 points.

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

A new construction project creating buildings that contain 16 rental units or less per building will receive 10 points.

A new construction project that creates rental units for assisted living or congregate care will receive 10 points

**4. Concerted Community Revitalization Plans (Maximum 20 points)**

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

**5. Mixed Income Use (Maximum 30 points)**

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

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

**6. Financial Support (Maximum 20 points)**

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

## 7. Applicant Characteristics (Maximum 40 points)

The applicant and all members of the development team as identified in Exhibit A of the HOME/Housing Tax Credit Application Form must be in good standing, as defined below. In addition, any applicant or member of the development team who has an Identity of Interest with any person or entity not in good standing may not be eligible in the sole discretion of SDHDA. An attorney's opinion that the applicant and all members of the development team are in good standing is required in all cases. Such opinion must also identify any persons or entities with whom the applicant or any member of the development team has as Identity of Interest. "Good standing" shall mean that the individual has not been (i) convicted of, entered into an agreement for immunity from prosecution for, or pled guilty, including a plea of nolo contendere, to: a crime of dishonesty, moral turpitude, fraud, bribery, payment of illegal gratuities, perjury, false statement, racketeering, blackmail, extortion, falsification or destruction of records, or (ii) debarred from any South Dakota program, other state program, or Federal program. If any applicant or members of the development team are involved with a proposed project that has serious and repeated non-compliance issues at the time of application, the application may be rejected. The prior performance considered may include, but is not limited to, progress made with a previous reservation or commitment, project compliance and payment of monitoring fees under the HOME Program, Housing Tax Credit Program or other SDHDA or Federal program.

Proposals, which include the following, will be awarded the points indicated for each provable characteristic (maximum 40 points):

- a. 20 points: Participation by an entity with a demonstrated track record of quality experience in development or management of subsidized housing, or a new developer that contracts with a developer or consultant with a demonstrated record of quality experience in development or management of subsidized housing;
- b. 10 points: Participation by a minority or woman-owned/operated business enterprise\* - Refer to the SDDOT Compliance Office web site address at: <https://dot.sd.gov/doing-business/contractors/dbe>; or
- c. 10 points: Owner equity contribution in excess of ten percent of the total project costs (excludes developer fees).

Twenty-five points will be deducted from any project with respect to which the applicant or any member of the development team has any of the following characteristics:

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

Further, any project with these characteristics will not be eligible to receive any points for a demonstrated track record of quality experience. The foregoing will not limit the right of SDHDA to reject an application pursuant to section II.A.4.

Ten points will be deducted for any project whose developer/owner applied for additional SDHDA funding after receiving an initial reservation of funds. The deduction will occur for two annual funding



rounds following the additional funding request. Applicants receiving this deduction are still eligible to receive points for a demonstrated track record of quality experience.

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

### **8. Home-ownership – (Maximum 20 points)**

Projects for home-ownership will receive 20 points. Lease purchase projects intended for eventual tenant ownership will also receive 20 points. Applicants must submit with their application the proposed management plan, including information on homebuyer counseling, calculation of future purchase price, and other information requested by SDHDA to evaluate the feasibility of the project.

\*\*Applicants claiming points for Tenant Ownership are not allowed to claim points for Extended Use Commitment.

### **9. Service Enriched Housing (Maximum 40 points)**

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

- a. Homeless (For Transitional Housing the appropriate supportive services must be provided to persons, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children.)
- b. Persons with physical disabilities
- c. Persons with mental disabilities
- d. Persons with developmental disabilities
- e. Housing for Older Persons 62 or Older (Assisted Living or Congregate Care Facilities as defined under Definitions)
- f. Other

Note: SDHDA, the Department of Human Services (DHS), and the Department of Social Services (DSS) have entered into an agreement whereby full integration of citizens with disabilities into individualized housing settings rather than group home type housing will be promoted. All housing designed specifically for people with disabilities must receive prior approval from DHS and/or DSS. Documentation of approval or that an application has been submitted to DHS or DSS must be submitted with the application. Applicants serving the homeless are required to participate in the Homeless Management Information System (HMIS), through SDHDA.

### **10. Efficient Use of HOME and Tax Credits (25 points maximum)**

A project will be awarded points for leveraging a larger percentage of non-SDHDA financing. The use of Housing Trust Funds will not be included in the SDHDA financing calculation.

Points	Percentage of HOME and Housing Tax Credits
5	84.99% to 80.00%
10	79.99% to 75.00%
15	74.99% to 70.00%
20	69.99% to 65.00%
25	64.99% and below

### 11. Percentage of Soft Costs Used for Project Costs (Maximum 30 points)

Reasonable and necessary soft costs incurred by the owner and associated with the financing or development (or both) of new construction, rehabilitation, conversion or acquisition with rehabilitation of housing assisted with HOME funds may include but are not limited to the following:

- a. Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups.
- b. Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, title insurance, fees for recordation and filing of legal documents, building permit fees, attorney's fees directly related to the project, appraisal fees and fees for independent cost estimates, and developer's fee or builder's fee.
- c. Costs for an audit or cost certification that SDHDA may require with respect to the development of the project.
- d. Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required in the Fair Housing section.

For rental projects, the cost of funding an operating reserve, which is a reserve to meet any shortfall in project income during the full term of the HOME agreement or while the HOME loan is outstanding, whichever is longer, and which may only be used to pay project operating expenses and debt service.

**Developer's Fees:** The developer of a HOME project will be entitled to a Developer's Fee not to exceed 15 percent of the total project costs minus Developer's Fees and Consultant's Fees for projects of 16 units or less, not to exceed 12 percent of the total project costs minus Developer's Fees and Consultant's Fees for projects of 17 units or more, and not to exceed 10 percent of total development costs minus developer's fee and consultant's fee for projects of 61 units or more. For purposes of the foregoing limitations, "total project costs" do not include any costs that exceed the Project Finance Limits. Developer Fees may not exceed \$1,000,000 for any projects. The Developer Fee will be limited to the fee calculated at the time of Board reservation.

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

Developers may choose to defer their Developer Fee. The amount of deferred Developer Fee or owner equity presented in the application will be underwritten as a project financing source. The

submitted pro forma must evidence sufficient project cash flow after all debt service applied, with repayment of the deferred Developer Fee within the first twelve years of operation.

**Consultant's Fees:** Consultant fees will be included within the Developer's Fees limitation and cannot exceed two percent of the total project costs minus consultant's fees. For purposes of the foregoing limitations, "total project costs" do not include any costs that exceed the Project Finance Limits. The Consultant will be expected to provide services through Project Completion and a copy of the Consultant Agreement/Contract must be submitted with the application.

**Builder/General Contractor's Fees:** Builder's Profit is limited to six percent, Builder's Overhead is limited to two percent, and General Requirements is limited to six percent of those respective amounts divided by the total project hard costs for the project.

An application with the percentage of soft costs compared to the total project costs as follows will be awarded up to 40 points. Soft costs include, but are not limited to, all items in a - d of this section and developer's fee, developer overhead, consultant fees, operating reserves, origination fees, partnership organizational fees, and rent-up reserves.

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

## **12. Project Location (Maximum 40 points)**

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

- a. (20 Points) Community services include but are not limited to:

Grocery/Retail Stores  
Hospital/Medical Clinics  
Schools/Senior Center (as applicable)  
Special Service Offices

A project that has a bus stop within one city block or provides free transportation to the tenants on a regularly scheduled (minimum 4 times per week) or on-call basis will receive 20 points. Projects that have on-call transportation services provided to tenants at reduced rates may receive 10 points.

- b. (20 Points) Area of Opportunity:

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

## **13. Individuals with Children (Maximum 10 points)**

Projects that will be serving tenant populations of individuals with children and provide written documentation at time of application will receive 10 points.

#### **14. Public Housing Notification (Maximum 10 points)**

A proposal which provides a written commitment to notify local public housing agencies of vacancies and give priority to households on waiting lists of those agencies will receive 10 points.

### **C. READINESS TO PROCEED CRITERIA**

SDHDA, at its discretion, may allow up to 150 points to projects that most clearly demonstrate readiness to proceed. Such determination may include but is not limited to any of the following factors:

#### **1. Plans and Specifications (Maximum 25 points)**

Applications containing architectural plans/working drawings that are at least 50 percent complete or submission of a physical needs assessment prepared by an independent 3<sup>rd</sup> party provider will receive 25 points.

#### **2. Site Control (Maximum 25 points)**

Applications containing documentation that the applicant and/or owner has a recorded warranty deed, a recorded long term lease, or approval of Transfer of Physical Assets (TPA) from the appropriate HUD, Rural Development, or SDHDA office for existing projects in the name of the applicant will receive 25 points. Applications containing documentation that the applicant has an enforceable signed and accepted purchase agreement or option to buy will receive 15 points.

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

- a. Construction Financing (Executed by Applicant and Lender) (Maximum 20 points)  
Applications containing documentation of enforceable construction/interim financing commitments for the project that is executed by the Applicant and Lender, as applicable.
- b. Permanent Financing (Executed by Applicant and Lender) (Maximum 20 points)  
Applications containing documentation of enforceable permanent financing commitments that have a fixed rate and a term of at least 15 years and disclose all conditions will receive up to 20 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 HOME funds application submitted by the applicant to SDHDA in support of the HOME funds for the project to which such commitment relates and that such lender acknowledges that the project will be subject specifically to rent and income restrictions and other special use restrictions made by the applicant. Commitment with fixed rate and term of less than 15 years will receive 10 points.
- c. Equity Commitment (Executed by Applicant and Equity Investor) (Maximum 20 points)  
Applications containing documentation of an equity commitment disclosing all conditions. The equity commitment must contain a representation and acknowledgement from the equity investor that such investor has reviewed the application submitted by the applicant to SDHDA in support of the credits for the project to which such commitment relates and that such investor acknowledges that the project will be subject specifically to rent and income restrictions and other special use restrictions made by the applicant.

**4. Utilities (i.e. water, sewer, electric, heat) (Maximum 20 points)**

Applications containing documentation from the utility providers stating utilities are currently at the project site and have the capacity to support the proposed project. Documentation from the providers must be specific to the utility type being provided and that it is at or adjacent to the project site and with sufficient capacity to serve the new development. Close proximity or that the utility can be extended to the site does not meet the requirement for points. A Maximum of 5 points are awarded for each category of water, sewer, electricity, and heat (electric or natural gas).

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

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

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

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

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

Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of Project Completion. All housing assisted with HOME funds must meet, at a minimum, the Housing Quality Standards in 24 CFR Part 982.401. If rehabilitation standards in effect in the locality of the project are less restrictive, or there are no rehabilitation standards, then at a minimum, the Uniform Building Code (ICBO), National Building Code (BOCA), Standard Building Code (SBCCI), Council of American Building Officials (CABO) or the Minimum Property Standards (MPS) in 24 CFR Part 200.925 or 200.926 will apply. All rehabilitation projects must meet the SDHDA Housing Rehabilitation Standards which can be found on the SDHDA website.

Newly constructed housing must meet the current edition of the Model Energy Code published and maintained by the International Code Council and all applicable local and State building code requirements in effect at the time of Project Completion.

A newly constructed Manufactured Home must meet the Manufactured Home and Construction and Safety Standards established in 24 CFR Part 3280. In addition a Manufactured Home must meet the SDHDA First-time Homebuyer Program requirements of, but not limited to the requirement that the home being permanently affixed to the land by a foundation and taxed as real property.

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

The housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and 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).

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; (i) location within one mile of a pipeline, a storage area for hazardous or noxious materials, a sewage treatment

plant or sanitary landfill; (ii) location within 2500 feet of an airport runway clear zone (iii) 3000 feet of a railroad; (iv) 1000 feet of a major roadway or commercial property; (v) 15,000 feet of a military clear zone; (vi) physical barriers, unsuitable slope or terrain, or location in a flood hazard area; (vii) location within 1000 feet of registered historic property.

All rental property managers must attend the Crime Free Multi-Housing Program course administered through the South Dakota Law Enforcement Officers Standards and Training Commission, but are not required to certify the property itself if the program is not available in their community.

Points will be awarded to proposed projects based on the points as detailed in Exhibit 4. A completed copy of Exhibit 4 must be signed by the applicant and architect and submitted with the application. Characteristics indicated by the applicant and architect will be verified by SDHDA staff based on final architectural plans and specifications and physical inspection prior to a final disbursement of HOME funds. A maximum of 200 points may be obtained.

#### **E. TRIBAL PROJECTS (50 points maximum)**

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

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

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

All entities applying for funds through the HUD HOME Program will provide certification of compliance with all federal requirements under the Equal Opportunity legislation. In addition, HOME funds will be made available in accordance with the following:

1. The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100; Executive Order 11063, as amended, (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1;
2. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8;
3. Equal Access in Accordance with an Individual's Gender Identity in Community Planning and Development Programs Rule published September 21, 2016.
4. Violence Against Women Reauthorization Act of 2013: Implementation in HUD Housing Programs published November 16, 2016.
5. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60;
6. The requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) as most recently updated by the provisions of the Final Rule 24 CFR Part 75. Please refer to the SDHDA Section 3 Plan for more express guidance on meeting Section 3

requirements. The Section 3 Plan can be found on SDHDA's website. Per 24 CFR Part 75, SDHDA and its contractors are responsible for ensuring that:

- a. To the greatest extent feasible, employment and other economic opportunities are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses).
- b. 25% or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
- c. 5% or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined by 24 CFR Part 75.21.
- d. If the contractor and subcontractors do not meet the 25% and 5% safe harbor requirements, they must provide evidence they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities. Examples of qualitative efforts can be found in the SDHDA Section 3 Plan on SDHDA's website.
- e. Contractors and subcontractors must keep records of qualified Section 3 and Targeted Section 3 workers by completing an Employer Certification Form or having the employee complete a Self-certification Form, which must be retained by the employer for a minimum of 5 years after certification.
- f. If a contractor or subcontractor is a Section 3 Business Concern, they must complete the Section 3 Business Concern Certification located on SDHDA's website.

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

7. The requirements of Executive Orders 11625 and 12432 (concerning Minority Business Enterprise) and 12138 (concerning Women's Business Enterprise). Consistent with HUD's responsibilities under these Orders, each applying entity must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funded activities. An applying entity must prescribe procedures acceptable to SDHDA to establish activities to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned or managed by minorities and women.

To encourage the use of minority and women's business enterprises in bids for the HOME Program, SDHDA will include the latest list of such business from the SDDOT Compliance Office web site address: <https://dot.sd.gov/doing-business/contractors/dbe>

In order to maintain statistical data on the use and participation of minority and women's business enterprises as contractor/subcontractors in HOME assisted program contracting activities, the owner will be required to identify jobs which have been bid by minority-owned/operated, women-owned/operated, and/or small or disadvantaged businesses. In addition, SDHDA may inspect the site to confirm the percentage of minority and women laborers working at the site.

## B. FAIR HOUSING

It is SDHDA's policy for Affirmative Marketing that SDHDA informs the public, homebuyers, homeowners, landlords and potential tenants about the Federal Fair Housing laws and the affirmative marketing goals by:

- Making the SDHDA programs available for public review;
- Notifying proposed HOME project owners of Equal Opportunity requirements;
- Including the Equal Housing Opportunity logo or slogan on all advertising and literature used for the HOME Program;
- Maintaining for public review copies of media releases, advertisements, and paid ads where the HOME Program was presented;
- Placement of Public Notices and Ads in local newspapers; and
- Attending and providing information at meetings on a statewide basis with developers, realtors, lenders, and other housing and community officials.

Participants in the SDHDA HOME Programs will be required to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions. Each participating entity must affirmatively further fair housing according to 24 CFR Part 92.351.

1. Advertising with respect to vacant units must include the equal housing opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, or may involve simply a sign in a window.
2. SDHDA will require the owner to solicit applications for vacant units from persons in the housing market who are least likely to apply for the affordable housing without benefit of special outreach efforts. In general, persons who are not of the race/ethnicity of the residents of the neighborhood in which the affordable project is located and persons with disabilities will be considered those least likely to apply. In many communities, these persons have been identified as either Native American persons or persons with physical, mental, or developmental disabilities. In addition to advertising in local newspapers, the owner will be required to notify community organizations, places of worship, employment centers, fair housing groups, housing counseling agencies, social service centers or medical service centers to reach applicants who are least likely to apply for units.
3. The owner must maintain a file available for inspection by SDHDA containing all marketing efforts (i.e., copies of newspaper ads, memos of phone calls, copies of letters, etc.) and the records necessary to assess the results of such efforts.
4. The owner must maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.

SDHDA will assess the affirmative marketing efforts of the owner by comparing predetermined occupancy goals (based on the area from which potential tenants will come) to actual occupancy data that the owner is required to maintain. Outreach efforts on the part of the owner will also be evaluated by reviewing marketing efforts.

SDHDA will assess the affirmative marketing efforts of the owners during the rent-up and marketing of the units, by use of a compliance certification or personal monitoring visit to the project.



Owners and management companies are required to complete Fair Housing Training prior to final disbursement of HOME funds and at a minimum, every three years thereafter.

If an owner fails to follow the affirmative marketing requirements, corrective actions will include extensive outreach efforts to appropriate contacts to achieve the occupancy goals as well as other sanctions SDHDA may deem necessary.

An applicant requesting HOME funds for projects containing five or more units must include with its application details of proposed marketing efforts designed to inform and attract, to the available housing, eligible persons from all racial, ethnic and gender groups in the housing market area (does not apply to families with tenant based rental assistance).

The owner must provide SDHDA with an annual assessment of the affirmative marketing program of the project and the assessment must include:

1. Method used to inform the public and potential tenants about federal fair housing laws and affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logo or slogan in print advertising);
2. Method used to inform and solicit applications from persons in the housing market area who are not likely to apply without special outreach (e.g., use of community organizations, places of worship, employment centers, etc.); and
3. Records describing actions taken by the owner to affirmatively market units and records to assess the results of these actions.

### **C. ENVIRONMENTAL REVIEW**

The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58. Each applicant must complete the HOME/Housing Tax Credit Application Form Exhibit D regarding site information of its proposed activity.

### **D. LABOR STANDARDS**

Owners of buildings projects which contain 12 or more HOME assisted units must comply with the requirements of the Davis-Bacon Act, applicable provisions of the Contract Work Hours and Safety Standards Act, and other applicable federal laws and regulations pertaining to labor standards. These requirements are triggered by using HOME funds for any project costs (not just construction) and will apply to the entire project (not just the HOME assisted units).

Federal labor standards require that all persons working on the site be paid weekly at an hourly rate not less than the minimum rate specified in the Wage Determination issued for each particular property. The owner will be required to submit to SDHDA, or ensure that the general contractor and subcontractors submit to SDHDA, electronically through the online program LCP Tracker, payroll reports and certifications to verify wage payments. The prevailing wage provisions do not apply to an individual who receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and who is not otherwise employed at any time in the construction work. Any project which receives assistance from the Community Development Block Grant Program in any form is required to abide by the Federal Regulation under the Barney Frank Amendments.

## **E. LEAD-BASED PAINT**

Housing assisted with HOME funds constitutes HUD assisted housing for the purpose of the Lead-Based Paint Poisoning Prevention Act and is therefore subject to 24 CFR Part 35 as summarized in Exhibit 11. Applicants are responsible for complying with these requirements and up to \$2,000 per unit of HOME funds awarded toward the encapsulation, abatement, or stabilization of lead-based paint and the corresponding inspection costs will be considered as grant funds and will not be required to be repaid. These costs must be pre-approved by SDHDA. Refer to Exhibit 12 (Rental) and Exhibit 13 (Residential Purchase) for notification disclosure information.

## **F. CONFLICTS OF INTEREST**

No person who (a) is an employee, consultant, officer, or elected or appointed official of SDHDA or of any designated public agency that received HOME funds and who exercises or has exercised any functions or responsibilities with respect to assisted HOME Program activities or (b) is in a position to participate in a decision making process or gain inside information with regard to such activities may obtain a personal or financial interest or benefit from his or her activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds hereunder, either for such individual or for those with whom such individual has family or business ties, during the individual's tenure or for one year thereafter. HUD may grant exceptions to this rule under circumstances as outlined in 24 CFR Part 92.356.

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

All contractors and subcontractors engaging in a contract for a HOME project will be required to obtain a Dun & Bradstreet D-U-N-S number via [www.dnb.com](http://www.dnb.com). Owners and contractors are prohibited from employing, awarding contracts, or funding any contractors or subcontractors that have been debarred, suspended, proposed for debarment or placed on ineligibility status by HUD. In addition, any owners who are debarred, suspended, proposed for debarment or ineligible will be prohibited from participating in the HOME Program. It is the responsibility of the developer to ensure all entities engaged in a contract for the project meet the above requirements prior to closing of the HOME loan.

## **H. HISTORIC PROPERTIES**

An application proposing rehabilitation in a structure which is over 50 years old must provide documentation from the State Historical Preservation Office that notification of the rehabilitation has been received and that the proposed rehabilitation will have no effect on the historical significance of the structure or that cooperation and adherence to the National Historic Preservation Act (16 U.S.C. 470) is being met through continued correspondence and mutual agreement on the proposed rehabilitation.

## **I. FLOOD INSURANCE**

HOME funds may NOT be used in connection with acquisition, conversion, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless the locality in which the site is located is participating in the National Flood Insurance Program or less than a year has passed since FEMA notification regarding such hazards, and flood insurance is obtained as a condition of approval of the commitment. A flood certification will be obtained by SDHDA.

## **J. REPAYMENT**

Any housing assisted with HOME funds which is not completed or does not meet the affordability requirements for the specific period of time per the loan documents must repay all HOME funds extended to the project. Penalties, including interest for the period of time for which the property was out of compliance, may apply.

## **K. PROCUREMENT**

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

1. Purchases of property or services over \$10,000 but less than \$250,000 will require price or rate quotations obtained from three qualified sources, prior to the purchase being made.
2. Purchase of property or services in excess of \$250,000 will utilize the proposal method utilizing the following standards:
  - a. Requests for proposals will be publicized and an email or letter will be forwarded to interested parties.
  - b. Review of proposals will be conducted in a consistent and documented manner.
  - c. Contracts will be offered to the entity whose proposal is most advantageous with price and other factors considered.

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

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

## **VIII. MONITORING FOR COMPLIANCE**

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

SDHDA will require the owner or management company to attend HOME compliance training and Fair Housing training at a minimum of once every three years from the date of final disbursement of funds. All extended or reduced rent elections made by the applicant and any other special use restriction elections made by the applicant will be made part of the Declaration of Land Use Restrictive Covenants, whether or not such election resulted in points.

## IX. FEES

### A. APPLICATION/UNDERWRITING FEE

A non-refundable application/underwriting fee of \$500 is due with a HOME only application. This fee does not apply to the Homeowner Rehabilitation Program, Homebuyer Assistance Program, Homeownership Development or the Security Deposit Assistance Program.

### B. MONITORING FEE

Annual fees of \$50 per project and \$30 per HOME-assisted unit are payable each year throughout the entire affordability period and extended use period. Annual fees will be imposed after the first full year in service, which is measured from the month the last building in the project is placed in service. The HOME Compliance Manual is available from SDHDA.

## X. DEFINITIONS

**Adjusted Income:** For rental housing, SDHDA uses the adjusted income definition as defined in 24 CFR Part 5.611. Adjusted income is also used to compute the level of payments to tenants when HOME funds are used for tenant based rental assistance.

**Affirmative Marketing:** Consists of actions to provide information and attract eligible persons from all racial, ethnic, and gender groups in the housing market area, to the available housing.

**Affordability:** Affordability refers to the requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule. Affordability requirements vary depending on the nature of the HOME assisted activity (i.e., homeownership or rental housing) and the amount invested.

**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/or sponsors involved with the project.

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

**Assisted Living Facility:** Living arrangement that offers tenants assistance with activities of daily living, including eating, bathing, dressing, and personal hygiene; three meals per day every day of the week; supervision of self-administration of medication; laundry services; housekeeping; 24 hour staffing and activities. Transportation to and from doctor's appointments and personal errands, counseling services, and companion services are optional. Note: Projects in which continual or frequent nursing, medical, or psychiatric services are provided do not qualify as residential rental property.

**Builder's Profit:** Compensation to the builder for completing the construction contract.

**Builder's Overhead:** Builder's business expenses (e.g., rent, insurance, heating, etc.) not chargeable to a particular part of the work or product to build the project.

**Commitment:** The written, legally binding agreement between SDHDA and the project owner providing HOME funds to a project.

**Community Development Block Grant (CDBG):** Federal funding that allows communities to create flexible, locally designed comprehensive community development strategies to enable them to develop viable urban communities (Title I, Housing and Community Development Act of 1974).

**Community Housing Development Organization (CHDO):** A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations. CHDOs must receive at least 15 percent of a Participating Jurisdiction's annual allocation of HOME funds. CHDO's may own, develop, or sponsor HOME financed housing.

**Concerted Community Revitalization Plan:** Locally approved revitalization plan targeting specified areas or neighborhoods within the community for housing and economic development through the rehabilitation of existing and construction of new housing. To qualify, the plan must be officially adopted by the local governing body, identify a specific time period, target a specific area within the community, identify plans for improved economic development and/or infrastructure, and call for new construction or rehabilitation of affordable housing within the boundaries identified in the plan. Local housing need surveys, consolidated housing and/or economic development plans, plans created to apply for specific economic development or housing loans and grants, short term work plans, municipal zoning or land use plans do not qualify as Concerted Community Revitalization Plans.

**Congregate Care Facility:** Housing units which provide a semi-independent living environment which offers residential accommodations, central dining facilities (where at least one meal a day is provided seven days a week), related facilities, and supporting staff and services to persons of at least 62 years of age or with disabilities. The cost of the meals and other services must be covered in an agreement separate from the lease. A practical alternative must exist for tenants to obtain meals other than from the dining facility.

**Consolidated Plan:** A five year housing and community development planning document for the State of South Dakota. The Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnerships Program (HOME), and Housing Trust Fund (HTF) are covered under this Plan.

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

**Disinvestment:** Withdrawal of capital that otherwise could have been utilized to sustain the viability of a project.

**Fair Market Rents (FMRs):** Rents for existing housing for comparable units in the area established by HUD under 24 CFR Part 888.111.

**General Pool:** The remaining pool of HUD HOME Formula and/or available SDHDA program income funds after taking into consideration the Plan set-asides.

**General Requirements:** An allowance for the contractor's project-related expenses, such as building permits, fencing around the site, temporary storage for materials, and the cost of a performance and payment bond, etc.

**Group Home:** A congregate residential facility, other than a supervised apartment, for individuals with developmental disabilities which is certified by the State Department of Human Services according to ARSD 46:11 to provide residential services, training in skills needed for independent living, recreational activities, and basic supervision for individuals with developmental disabilities.

**HOME Assisted Units:** Units within a HOME project where HOME funds are used and rent, occupancy, or resale restrictions apply.

**Housing for Older Persons:** Housing intended and operated for, and solely occupied by, persons 62 years of age or older as per 24 CFR Part 100.303 OR housing intended and operated for persons 55 years of age or older as per 24 CFR Part 100.304.

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

**Identity of Interest:** An identity of interest means any relationship, including any financial, business, or family relationship, that the applicant or any member of the development team has with others involved in the project.

**Low-Income Family:** Family whose annual income does not exceed 80 percent of the area median income for that area (adjusted for family size). HUD may establish, on an exception basis, income ceilings higher or lower than 80 percent of median income for an area.

**Manufactured Home:** A structure transportable in one or more sections, which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein (24 CFR Part 3280). In addition a manufactured home must meet the SDHDA First-time Homebuyer requirements regarding the home being permanently affixed to the land by a foundation and taxed as real property.

**New Construction:** Any project involving adding units outside the existing walls of the structure, the construction of new residential units, the acquisition of land or the demolition of an existing structure for the purpose of constructing a new structure, and acquisition of a structure that has received an initial certificate of occupancy within a one year period prior to acquisition.

**Other Federal Funds:** Other Federal Funds include, but are not limited to, USDA Rural Development sources, CDBG funding, Federal Housing Administration sources and Housing and Urban Development sources.

**Participating Jurisdiction (PJ):** The term given to any State or local government that HUD has designated to administer a HOME Program. HUD designation as a PJ occurs if a State or local government meets the funding thresholds, notifies HUD that it intends to participate in the program, and obtains approval by HUD of a Consolidated Plan. SDHDA is the PJ for the State of South Dakota.

**Project Completion.** A project is considered complete when construction of all buildings within the project have been completed, all units are ready for occupancy as verified by the certificate(s) of occupancy, all HOME funds have been disbursed, and all beneficiary and completion information has been entered into the disbursement and information system established by HUD.

**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 service which may include but is not limited to the following:

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

Services and assistance are not a requirement for tenancy but there must be a mechanism for immediate support and assistance when requested by any resident.

**Single Family Purchase Price Limits:** Maximum purchase price limits as determined by HUD that represent 95 percent of area median purchase price.

**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.

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

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

**Transitional Housing:** A housing project that is designed to provide housing and appropriate supportive services to persons including, but not limited to, deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children, and that has

as its purpose facilitating the movement of individuals and families to independent living within a two-year time period.

**Very-Low-Income Family:** Family whose annual income does not exceed 50 percent of the area median income for that area (adjusted for family size). HUD may establish, on an exception basis, income ceilings higher or lower than 50 percent of median income for an area.

**Wage Determination:** The wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act.



**EXHIBIT 1**  
**REQUIRED SUBMISSIONS FOR HOME PROGRAM**

- A. Application Requirements. Applications must be submitted on the SDHDA HOME/Housing Tax Credit Application Form. If you are applying submitting applications via mail and applying for funding under both the HOME, HTF, and Housing Tax Credit programs, the original and a copy of the complete application must be submitted. SDHDA may reject applications with incomplete or incorrect application information. The application must be signed by at least one general partner.
1. Local housing needs assessment and complete market analysis. The assessment and analysis must have been completed within six (6) months of submission. Refer to Exhibit 2 for additional information. A modified market analysis may be submitted at SDHDA's discretion for projects involving homebuyer activities, rehabilitation, acquisition and rehabilitation, or small projects.
  2. Applicants must submit a project narrative outlining the project characteristics (tenants being served, amenities provided, financing in place, etc.). The narrative is intended as a summary of the proposed project to assist SDHDA in reviewing the information in the application and exhibits.
  3. Copy of letter sent to the chief executive officer of the local governing body, in the format prescribed in Exhibit 3. The letter must identify the number of units proposed, the type of units proposed and the exact location of the proposed project.
  4. Copy of utility allowance calculation and supporting documentation.
  5. Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.20 for the entire affordability period and for the term of the HOME loan. Compensating factors such as developer's experience, types of financing utilized and financial strength of the applicant/owner may vary this requirement. The debt coverage ratio is the net operating income to the total annual debt service. Furthermore, the application will reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the affordability period. Annually, income must be trended at two percent, expenses and replacement reserves must be trended at three percent, and vacancy must be projected at seven percent. A higher vacancy rate may be used for an acquisition/rehabilitation project if the project is currently sustaining higher vacancies and it is not reasonable to expect the project to achieve a seven percent vacancy rate within the first year.
  6. Three years of annual financial statements from the owner, developer, and general partner.
  7. Calculation and supporting documentation of all annual operating expenses evidencing how the applicant arrived at the submitted amounts (e.g., calculation of real estate taxes from county assessor). If the proposed project involves rental acquisition and/or rehabilitation, this requirement may be met with the submission of historical financial information.
  8. The submittal of an attorney's opinion stating that to the best of his or her knowledge, the applicant and all members of the development team (See Exhibit A of the HOME/Housing Tax Credit Application Form) are in good standing as described in Section VI. B. 7. The submittal of applicant information, including but not limited to, the applicants past experience with housing concerns and documentation of capacity to perform, based on other federal, State, and local

programs and the ability to carry out the activities and requirements associated with this application.

9. Site control; during the application process, the following is acceptable:
  - a. purchase agreement or option to purchase, signed by both the buyer and seller;
  - b. warranty deed or title (must include purchase agreement);
  - c. long term lease equal to or greater than the term of affordability; or
  - d. contract for deed.

To obtain points under Section VI.C.2. (Readiness to Proceed Criteria) documentation must be submitted evidencing that the applicant and/or owner has a recorded warranty deed, a recorded long term lease, or approval of Transfer of Physical Assets (TPA) from the appropriate HUD, Rural Development, or SDHDA office for existing projects in the name of the applicant.

Applicants should be cautioned that a reservation of HOME funds is site specific, therefore any changes to the site will require a full review of the application and reconsideration by the SDHDA Board.

10. Drawing of proposed project site plan showing the general build-up of the site including the location of all proposed building, streets, parking areas, service areas, playgrounds, and any other significant details of the site.
11. Typical floor plan, dimensional plan for each typical living unit. To obtain points under Section VI. C. 1. (Readiness to Proceed Criteria) 1. architectural plans/working drawings must be at least 50 percent complete.
12. Documentation that the project site is properly zoned at the time of application and documentation that reflects the current status of a project's plat. To obtain points under Section VI. C. 5. and 6. (Readiness To Proceed Criteria) documentation must be submitted evidencing that the project site is properly zoned for its proposed use and project site has had a final plat recorded (includes referencing plat book and number). These items may not be necessary for acquisition and/or rehabilitation applications.
13. Letters of notification to all applicable local housing agencies, e.g., local PHA's. The notification must identify the number and type of units and the exact location of the proposed project.
14. If the applicant is a nonprofit, a description of the organization and its activities.
15. To obtain points under Section VI. B. 12. (Project Location), proposals must include a local area map indicating other assisted housing, proximity to services (hospitals, schools, grocery stores, special services offices), area of opportunity documentation, etc.
16. To obtain points under Section VI. D. (Project Characteristics), a completed Exhibit 4 signed by the Applicant and Architect indicating the features included in the project must be submitted.
17. To obtain points under Section VI. B. 6. (Financial Support from Local Source), documentation of such support must be provided.
18. To obtain points under Section VI. B. 7. (Applicant Characteristics), documentation of such applicant characteristics must be provided.

19. To obtain points under Section VI. B. 9. (Service Enriched Housing), a letter of intent from the service provider detailing what will be available must be provided. Homebuyer counseling services for a lease-purchase project will not be considered for points under this category.
20. Letter of intent evidencing the preliminary arrangements for construction, interim, and permanent financing. The amount of the loan, the rate and the term must be included in the letter. For equity investment the price value of syndicated credits must be included. To obtain points under Section VI.C. (Readiness To Proceed Criteria) 3. a. b. and c., the required documentation (executed by Applicant and Lender or Investor) must be submitted.

NOTE: Interim financing (bridge loan) fees will not be allowable project costs if financing is provided by an entity having an identity of interest with the developer, builder, syndicator, or applicant. Only interest costs at or below market rate will be allowed.

21. Projects involving acquisition and/or rehabilitation of housing built before 1978, a Lead-Based Paint Disclosure of Information must be signed by each lessor and lessee (Exhibit 12) or seller and purchaser (Exhibit 13) and the applicant as part of the notification requirements of the Lead-Based Paint Poisoning Prevention Act.
22. For projects involving rental acquisition and/or rehabilitation, the applicant must provide a relocation plan and budget; along with list of tenants for each of the four months previous to application submission. Each tenant presently occupying the project complete a Tenant Questionnaire (Exhibit 6). However, if the project has federal project based rental assistance, the applicant should submit source tenant documentation in addition to a Tenant Questionnaire, such as form HUD-50059 (Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures Form). The applicant or SDHDA is required to send a General Information Notice to each tenant. If a unit is vacant, please note on the Tenant Questionnaire and submit with the owner's signature.
23. For projects involving rental acquisition and/or rehabilitation, three years historical financial information must be submitted with the application. If the proposed transaction is an arms-length transaction, the applicant must at a minimum submit the last three years' operating statements. If the proposed transaction is not an arms-length transaction, the applicant must submit three years' audited financial statements. SDHDA reserves the right to request financial information for additional years. In addition, if applicable, the submittal of the latest approved project based rental assistance contract may be required.
24. For projects involving rental rehabilitation, a detailed description of the activities to be completed for the exterior and by apartment unit for the interior and the corresponding cost must be submitted with the application. The failure to include a detailed description may result in the application not being selected for a reservation of HOME funds. To obtain points under Section VI.C.1 (Readiness to Proceed Criteria Plans and Specifications), applicant must submit a physical needs assessment.

In addition, if there are large variances between the original application and the appraisal and physical needs assessment submitted for commitment of HOME funds, the reservation of HOME funds may be withdrawn.

25. If applicable, applicant must provide a copy of the Concerted Community Revitalization Plan and evidence that the housing is or will be located within the associated qualified census tract.
26. Projects intended for eventual tenant ownership must submit with their application the proposed management plan, including information on homebuyer counseling, calculation of future purchase price, and other information requested by SDHDA to evaluate the feasibility of the project.
27. Projects that will be serving tenant populations of individuals with children must provide written documentation.
28. Documentation of utility availability (i.e. water, sewer, electric, natural gas). If utilities are not available, an explanation, including dates, as to when all utilities will be available must be submitted. To obtain points under Section VI. C. 4. (Readiness to Proceed Criteria Utilities) applicant must submit documentation from the utility providers stating utilities are currently at the project site and have the capacity to support the proposed project.
29. HOME Match: All HOME participants will be required to provide a 12.5 percent match of HOME funds awarded for their projects as described in CPD Notice 97-03. Complete Exhibit 7 and attach verification. If more than 50 percent of the units in a project are HOME-assisted units, then the matching contribution to the non-assisted units may be counted as match. If not more than 50 percent of the units in a project are HOME-assisted units, then the matching contribution is pro-rated.
30. Copy of Consultant Agreement.
31. Cost Allocation Tool to identify number of HOME unites required for the project
32. Any other information requested by SDHDA.

**B. Reservation Stage**

All requirements in this section must be provided, within 120 days, before an actual commitment of HOME funds will be made.

1. Signed funding commitment documentation from all sources associated with the project including the amount, rate and term of the financing.
2. A description of any other governmental assistance and/or rental assistance associated with the project. This includes copies of any contracts/agreements executed or any applications made for rental assistance grants for the project.
3. Information on the ownership entity, including an executed copy of the partnership agreement or articles of incorporation, a copy of the certificate of registration from the Secretary of State in the State of South Dakota, and a copy of federal tax payer identification number.
4. An affidavit executed by the owner, general partner, an officer, a director or corporate officer stating that under penalties of perjury all facts and statements contained in all documents and exhibits submitted in conjunction with the application for HOME funds are true and accurate to the best of his or her knowledge.
5. Site ownership documented by a recorded contract for deed, warranty deed, or long-term lease (lease must be for longer than the minimum affordability requirement or through the extended

use period). All ownership by contract for deed must include an amendment to the contract which states the deed holder is knowledgeable of and agrees to comply with all requirements of SDHDA and HUD HOME Program regulations for the affordability period and/or any extended use pledged in the application.

6. Final itemization of the costs related to the completion of the project, including both hard cost and soft costs.
7. Final plans and specifications stamped by the project Architect and Engineer.
8. Copy of the proposed HUD Affirmative Fair Housing Marketing Plan, management plan, management agreement, tenant selection policy (See Exhibit 10), Section 504 reasonable accommodation policy, and the intended lease to be utilized for the project, which may not include any prohibited lease terms as detailed in Exhibit 9. If a lease-purchase project, the management plan must include a homeownership counseling program for the homebuyers.
9. All other agreements and certifications required by SDHDA to comply with the federal regulations governing the use of HOME funds.
10. Projects involving acquisition of an existing property must submit a "Market Value As Is" appraisal meeting the USPAP and completed by an independent, State Department of Revenue and Regulation certified appraiser ([www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm](http://www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm)). SDHDA will approve the appraiser and the applicant will pay for all costs for this service, which can be included in the total project costs.
11. Projects involving rehabilitation or new construction must submit a "Market Value As If Completed" appraisal meeting USPAP and completed by an independent, State Department of Revenue and Regulation certified appraiser ([www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm](http://www.state.sd.us/drr2/reg/appraisers/complain-rosters.htm)). In addition, projects involving acquisition and/or rehabilitation of an existing property must submit a physical needs assessment completed by an independent inspector. SDHDA must approve the appraiser and inspector and the applicant will pay for all costs for these services, which can be included in the total project costs.
12. Projects involving acquisition and/or rehabilitation of a pre-1978 property must comply with lead-based requirements as summarized in Exhibit 11. The applicant will pay for all costs for these services, which can be included in the total project costs.
13. Projects will be required to obtain a Dun & Bradstreet D-U-N-S number via [www.dnb.com](http://www.dnb.com) (For U.S. Government Federal Contractors, Vendors and Grantees) and D-U-N-S Number assignment is FREE for all businesses required to register with the U.S. government for contracts or grants.
14. Copy of the Letter of Credit, in an amount equal to the full loan amount, from a reputable financial institution acceptable to SDHDA. The Letter of Credit will be in force until the achievement of stabilized occupancy of the project, receipt of an acceptable cost certification, and clearance of any monitoring findings related to an SDHDA review of records related to initial project development and lease-up.
15. Any other information or documents requested by SDHDA.

## **EXHIBIT 2 MARKET STUDY REQUIREMENTS FOR THE HOME PROGRAM**

In order to be accepted with an application, a complete market study must be less than six months old at the time of submission. For homebuyer activities, acquisition/rehabilitation, and projects with five or fewer units, this market study can be completed by the applicant and should include a short narrative addressing recent sales in the area, demand for housing, lack of supply, and documentation of interest in the project activity, i.e. waiting lists.

All other application market studies must be completed by a market analyst who is unaffiliated with the developer and who has experience with multifamily rental housing. A South Dakota licensed appraiser who is MAI certified and meeting the criteria listed may also complete the market study. The study must address in depth the following:

1. Review of proposed site including color photos of the site and adjoining property; definition of the primary and secondary market areas including a map that clearly marks the areas and an explanation of the basis for the boundaries; description of site characteristics including the size, shape and general topography; and evaluation of the accessibility and visibility of the site;
2. Review of the proposed project including the number of units by number of bedrooms and bathrooms, income levels to be served, rent to be charged, calculating utility allowances and amenities to be provided;
3. Review of existing community services and their proximity to the proposed project including a site map identifying such services;
4. Review and listing of existing multifamily projects in the market area for both affordable housing (Section 8, HOME and Rural Development) units and market-rate units listing the type of housing, location, number of bedrooms, number of bathrooms, size of units, condition of buildings, vacancy rates, waiting lists, amenities, utility allowances (whether included in rent or not), and rental rates;
5. Review of the total number of income eligible households\* in the market area, (include a breakdown of households (both renters and owners) at 50 percent and 60 percent level of area median income and projections of the same, for the next five year period);
6. Review of projected new multifamily projects (BOTH affordable and market rate) including number and type of building permits issued in the past three years;
7. Review of current population characteristics, such as total population, income levels, age breakdown, migration trends, and five year projection of future changes to the population and its characteristics;
8. Review of the type of employment opportunities and entry-level wages including economic changes proposed that could potentially affect the number of jobs or wages;
9. Review of existing and projected renter and owner occupied households indicating the total number of households, average number of persons per household, and number of households that are rent burdened (tenants paying more than 30 percent of their income for housing);

10. Review of existing housing conditions and projected rental housing demands, including the breakdown of the number, size and rent level of units necessary to fill the demands of the community;
11. Review of meeting/correspondence with the local Public Housing Authority highlighting the utilization of Section 8 vouchers and the affordable rental housing in the corresponding effective market area;
12. Review of meeting/correspondence with local planners, housing and community development officials, and market participants to evaluate the local perception of the need for additional housing; and
13. Executive Summary with a precise statement of the conclusions reached by the analyst. The statement must include the analyst's opinion of (i) market feasibility, (ii) the prospect of long-term performance of the property given housing and demographic trends and economic factors, (iii) recommended modifications to the proposed project, (iv) market related strengths and weaknesses, (v) positive and negative attributes and issues that will affect the property's lease-up and performance, and (vi) the impact the subject property will have on the existing multifamily projects.

\* Income eligible households are defined as those whose incomes are at or below the percent of area median income option chosen by the applicant.

The following issues must be considered for each potential market before the development of additional units is pursued:

1. Whether the community experienced growth in recent years and is projected to continue to grow.
2. Whether there has been any significant changes in the economic arena for the area, such as major employers leaving or moving into the area or are expected to leave or move in. Note that the definition of "major" will vary by community.
3. A determination as to whether vacancies that may have existed prior to the population growth have been absorbed, or whether there are vacancies in the market area now. If there are the vacant units, they need to be evaluated to determine if they are obsolete, have deferred maintenance, have deep rental subsidies, or qualify for Section 8 Vouchers (if available).
4. Determine if the need is for housing for families, young professionals, retirees, or the elderly, and what the most suitable housing would be for the identified population; such as whether there is a need for single family homes, townhouse or condominium type housing units with lower maintenance requirements, independent apartments, congregate housing, or assisted living units. Also, determine if there are existing vacant units or structures in the community or region that could be rehabilitated or moved in to address the demand for housing in a more affordable manner than new construction.
5. A determination must be made as to whether there is a need for market rate housing or housing targeted to lower income households.

**EXHIBIT 3  
LOCAL GOVERNING BODY NOTICE**

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

I \_\_\_\_\_, [Insert name and title] am writing on behalf of the \_\_\_\_\_  
\_\_\_\_\_ [Insert name of applicant] to notify you of the following proposed project:

\_\_\_\_\_ (Project Name)

\_\_\_\_\_ (Street Address)

\_\_\_\_\_ (Number of Units)

The project will be [Insert newly constructed or existing] units targeted to [Insert family or elderly].

The market study provided by the applicant which was undertaken by \_\_\_\_\_ and completed on \_\_\_\_\_, is available for your review. \_\_\_\_\_ (Applicant) will be applying to South Dakota Housing Development Authority for funding to assist in financing the development of the project described above.

If you wish to provide comments on this project, please provide them, in writing, by August 31st to:

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

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



## EXHIBIT 4 MULTI-FAMILY PROJECT CHARACTERISTICS

Applicant only eligible to receive up to 200 points.

Indicate if the project will include each characteristic by placing an X in the box to the left of each applicable line item. NOTE: No points are allowed for characteristics associated with previous phases.

Minimum standards apply to all new construction projects; however, rehabilitation or reconstruction projects should meet these minimum standards.

<b>Site Exterior</b>		
<b>Parking:</b>		
	<b>Minimum Standards</b>	At a minimum, the parking lot will be engineered asphalt, having concrete curb and gutter where required. For multifamily developments, each efficiency, 1 and 2 bedroom units must have 1-1/2 parking spaces and each 3 and 4 bedroom units must have 2 parking spaces. The number of handicap designated spaces must equal the amount of handicap units. In the event that local jurisdiction codes exceed this total then the local code supersedes these requirements. Garage counts as parking space(s).
	<b>10 points</b>	Multi-family projects that includes carports capable of parking at least 1 vehicle per unit or a garage for at least 50% of the units. At a minimum the carports are to be constructed of weather resistant steel, attached to footings or a thickened concrete slab, contain a concrete slab and meet minimum code design requirements.
	<b>15 points</b>	Multi-family projects with off-street concrete parking lot that meets above requirements.
	<b>25 points</b>	Multi-family projects that includes a garage capable of parking at least 1 vehicle for all units.
<b>Sidewalks:</b>		
	<b>Minimum Standards</b>	A concrete sidewalk will be provided from the primary entrance door and any accessible entry door to a public right of way.
<b>Exterior Landscaping:</b>		
	<b>Minimum Standards</b>	New Construction should have a minimum of a live landscaped area of no less than 5% of the hard surfaced area of the project site. Hard surface includes building pad as well as all sidewalks, parking lots and other hard finish areas.
	<b>Minimum Standards</b>	Multifamily rental project of 16-47 units must have at least one Section 504 compliant playground area. Projects of 48 or more units, must have at least two Section 504 compliant playground areas. A basketball court, skate park or other like area approved by SDHDA would also qualify as a second playground. Three play components are required per playground area with a minimum of one ground level play component on an accessible route. If additional types of ground level play components are incorporated each type must be on an accessible route.
	<b>Minimum Standards</b>	A minimum of a 4 foot downspout extension or 3 foot concrete splash block that positively discharges water away from the foundation at all downspout locations.

	<b>5 points</b>	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
	<b>10 points</b>	Downspouts that are attached to a storm sewer system.
<b>Signage:</b>		
	<b>Minimum Standards</b>	The project must have permanent signage installed with Equal Housing Opportunity and ADA logos and the identification of the developer and South Dakota Housing Development Authority.
<b>Building(s) Exterior</b>		
<b>Exterior Siding/Finish:</b>		
	<b>Minimum Standards</b>	Minimum of 15-year pre-finish warranty 30-year substrate warranty solid cementitious or composite prefinished siding. If vinyl siding is used, it must be a minimum of 0.44 mil thick and have a lifetime warranty. Prefinished soffits, fascia, gutters and downspouts are required.
	<b>10 points</b>	At least 25% of building exterior finished in brick, stone, EIFS or stucco.
	<b>25 points</b>	At least 80% of building exterior finished in brick, stone, EFIS or stucco.
<b>Roofing:</b>		
	<b>Minimum Standards</b>	Minimum of 30-year warranty asphalt or composite shingle, 29ga metal roofing with a 40-year film and 30-year chalk/fade warranty or a rubberized roof system with a 30-year warranty for flat roofs.
	<b>15 points</b>	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
<b>Windows/Doors:</b>		
	<b>Minimum Standards</b>	Energy Star certified exterior prefinished windows constructed of vinyl, wood, composite or fiberglass. Windows must be Energy Star certified for the Northern climate zone.
	<b>10 points</b>	Windows scored with a .27 U-Factor or better (lower is better) by the National Fenestration Rating Council.
	<b>Minimum Standards</b>	Exterior doors shall be insulated steel or composite in a metal clad or composite frame/brickmould. Unit entry doors without windows shall have a peephole installed with 180-degree view. Two peepholes are required on accessible units, one at 43" and one at standard height. All unit entry doors must be equipped with a deadbolt with 1" inch throw and strike plate installed with 2-1/2" or longer screws.
	<b>Minimum Standards</b>	Main entrances for projects containing interior accessed units must be equipped with an ADA/ABA compliant automatic door opener.
	<b>20 points</b>	Main entrances for projects containing interior accessed units designed with a foyer and equipped with a security access system.
	<b>20 points</b>	Townhome that have exterior entrances at ground level for all units.
<b>Construction and Energy Efficient Design Features</b>		
<b>Wall/Roof Assembly:</b>		
	<b>Minimum Standards</b>	Slab on grade construction to have a minimum R-10 vertical foundation and horizontal perimeter under slab insulation per 2012 IECC. A minimum 6 mil or greater vapor barrier to be required under slab.
	<b>Minimum Standards</b>	2x6 exterior wall assemblies insulated to a minimum of R-19. Roof assembly to have minimum 12" energy heel trusses and insulated to a minimum of R-49. Rim/band joists to be insulated to the same R-value as the exterior walls. All assemblies must be constructed to the higher

		of the SDHDA minimum, local adopted code or the current state adopted IRC/IBC if no local code exists.
	<b>10 points</b>	All party walls and common walls containing at least 3.5" of sound attenuation insulation.
	<b>10 points</b>	Light weight concrete or Gypcrete surfacing on floors.
<b>Special and Accessible Design Features:</b>		
	<b>Minimum Standards</b>	All projects containing more than 4 units must be compliant with Section 504 under the Rehabilitation Act of 1973. All other housing must meet the requirements of the Fair Housing Act. Rehabilitation of multifamily housing containing 15 or more units and costing at least 75% of replacement cost must also meet Section 504. If the rehabilitation involves fewer than 15 units or the cost is less than 75% of the replacement cost of the completed facility and the recipient has not made 5% of its units in the development accessible to and usable by individuals with disabilities, then the requirements of 24 C.F.R. 8.23(b) – Other Alterations apply. Under this section, alterations to dwelling units shall, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Alteration of an entire unit is considered to be when at least all of the following individual elements are replaced: renovation of whole kitchens, or at least replacement of kitchen cabinets; and renovation of the bathroom, it at least bathtub or shower is replaced or added, or a toilet and flooring is replaced; and replacement of entrance door jambs.
	<b>5 points</b>	Up to 15 points will be awarded for projects that create additional accessible units for individuals with mobility and/or sensory impairments. Mobility units must be added at a 2:1 ratio to the sensory units. A minimum of one additional unit must be added above the federal minimum requirements. Accessible units shall to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites and shall be available in a sufficient range of sizes and amenities so that a qualified individual with handicaps' choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program. This shall not be construed to require provision of an elevator in any multifamily housing project solely for the purpose of permitting location of accessible units above or below the accessible grade level.
	<b>10 points</b>	
	<b>15 points</b>	Total Percent of Accessible Units 5 points – Above minimum requirements to 10.00% 10 points - 10.01% to 15.00% 15 points - 15.01% to 20.00%
	<b>15 points</b>	Incorporation of the 7 Universal Design Principles in at least 25% of all units, not including Section 504 units. Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. Minimum universal design principals can be found on SDHDA website.

	<b>35 Points</b>	Multi-family projects that have either a stand-alone Community Building or a Community Room, the room shall be 15 square feet per occupant, assuming 1-1/2 occupants per unit. The room shall include a fully functioning kitchen and minimum of one unisex ADA compliant restroom. For calculation of the square footage of the space, only areas usable by occupants are to be included. The square footage of the kitchen, restroom, hallways, offices or storage cannot be used to meet minimum square footage requirement. At the discretion of SDHDA, partial points may be awarded for existing community buildings which meet the capacity requirements of the existing units served, plus the new proposed units in the application.
<b>Energy Efficient Design Features:</b>		
	<b>20 points</b>	HERS: Project scoring a HERS index of 60 or better as verified by a RESnet certified Rater. Lower is better.
	<b>35 points</b>	Energy Star: Whole project certification to the latest version of Energy Star for New Homes or Energy Star for Multifamily High Rise as verified by a 3rd party Energy Star certified rater. Project cannot take points for both HERS and Energy Star certifications.
	<b>10 points</b>	Installation of LED lights throughout interior and exterior of project.
<b>Building Interior</b>		
<b>Unit Entry Doors:</b>		
	<b>Minimum Standards</b>	The unit entry doors must meet the code requirement of the wall assembly containing it. It must include a peephole with 180-degree viewer or have a window and also a deadbolt with a 1" throw into a reinforced jamb. Two peepholes are required on accessible units, one at 43" and one at standard height.
<b>Unit Interior Doors:</b>		
	<b>10 points</b>	Installation of solid core interior doors throughout units.
	<b>5 points</b>	Installation of metal jambs for interior doors throughout units. This option is only available if points are taken for solid core doors.
<b>Floor Covering:</b>		
	<b>Minimum Standards</b>	Roll carpet must meet the standards of HUD use of material bulletin 44D. VCT, Vinyl Plank, LVT, sheet vinyl, carpet squares, and other floor coverings must meet or exceed the ASTM standards for Resilient Floor Covering and carry a minimum of a 10-year Manufacturer Warranty. An aluminum or vinyl "J" trim must be installed at the tub/shower transition when sheet vinyl flooring is installed and sealed with a silicone sealant.
<b>Laundry:</b>		
	<b>Minimum Standards</b>	A common laundry room must be located in each building of a project and contain a window within or near the door. Laundry room must also include a continuous or humidistat-controlled ventilation system. Projects with townhomes or apartments without common laundry space must provide washer and dryer hook-ups within each unit.
	<b>5 points</b>	A common laundry room for each building floor and must meet above minimum standards.
	<b>15 Points</b>	A washer and dryer provided for each unit. Washers and dryers must meet Energy Star qualifications.
<b>Unit Bathrooms:</b>		

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

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

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

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

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 Applicant

Date

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 Architect

Date

## EXHIBIT 4 SINGLE FAMILY PROJECT CHARACTERISTICS

Applicant only eligible to receive up to 200 points.

Indicate if the project will include each characteristic by placing an X in the box to the left of each applicable line item. NOTE: No points are allowed for characteristics associated with previous phases.

Minimum standards apply to all new construction projects; however, rehabilitation or reconstruction projects should also strive to meet these minimum standards.

<b>General Project Scope</b>		
	<b>Minimum Standards</b>	Single Family Project must include individual exterior storage units at a minimum of 8'x12' or a garage.
	<b>10 points</b>	Single Family project that includes a carport capable of parking at least 1 vehicle. At a minimum a carport is to be constructed of weather resistant steel, attached to footings or a thickened concrete slab, contain a concrete slab and meet minimum code design requirements. An 8' x 12' shed is still required.
	<b>25 points</b>	Single Family Project that includes an attached or detached garage capable of parking at least 1 vehicle.
<b>Site Exterior</b>		
<b>Parking:</b>		
	<b>Minimum Standards</b>	Single family home developments must contain concrete off-street parking for two vehicles. Garage counts as parking space(s).
<b>Sidewalks:</b>		
	<b>Minimum Standards</b>	A concrete sidewalk will be provided from the primary entrance door and any accessible entry door to a public right of way.
<b>Exterior Landscaping:</b>		
	<b>Minimum Standards</b>	New construction should have a minimum of a live landscaped area of no less than 5% of the hard-surfaced area of the project site. Hard surface includes building pad as well as all sidewalks, parking lots and other hard finish areas.
	<b>Minimum Standards</b>	A minimum of a 4-foot downspout extension or a 3-foot concrete splash block that positively discharges water away from the foundation at all downspout locations.
	<b>5 points</b>	Use of drought resistant live plants or Xeriscaping design principals or use of rain sensor irrigation for landscaped areas.
<b>Building(s) Exterior</b>		
<b>Exterior Siding/Finish:</b>		
	<b>Minimum Standards</b>	Minimum of 15-year pre-finish warranty 30-year substrate warranty solid cementitious or composite prefinished siding. If vinyl siding is used, it must be a minimum of 0.44 mil thick and have a lifetime warranty. Prefinished soffits, fascia, gutters and downspouts are required.
	<b>10 points</b>	At least 25% of building exterior finished in brick, stone, EIFS or stucco.
	<b>25 points</b>	At least 80% of building exterior finished in brick, stone, EFIS or stucco.
<b>Roofing:</b>		

	<b>Minimum Standards</b>	Minimum of 30-year warranty asphalt or composite shingle, 29ga metal roofing with a 40-year film and 30-year chalk/fade warranty or a rubberized roof system with a 30-year warranty for flat roofs.
	<b>15 points</b>	Use of UL 2218 Class 4 impact resistant shingles or 26ga UL 2218 Class 4 impact resistant metal roofing.
<b>Windows/Doors:</b>		
	<b>Minimum Standards</b>	Energy Star certified exterior prefinished windows constructed of vinyl, wood, composite or fiberglass. Windows must be Energy Star certified for the Northern climate zone.
	<b>10 points</b>	Windows scored with a .27 U-Factor or better (lower is better) by the National Fenestration Rating Council.
	<b>Minimum Standards</b>	Exterior doors shall be insulated steel or composite in a metal clad or composite frame/brickmould. Unit entry doors without windows shall have a peephole installed with 180-degree view. Two peepholes are required on accessible units, one at 43" and one at standard height. All unit entry doors must be equipped with a deadbolt with 1"-inch throw and strike plate installed with 2-1/2" or longer screws.
	<b>5 points</b>	Installation of storm doors with a minimum 10-year structural warranty at all exterior entry doors. Not required at entry doors between garage and home with attached garages.
<b>Entry:</b>		
	<b>Minimum Standards</b>	Exterior entry landings to be a minimum 5'-0" x 5'-0" with stairs and railing constructed out of an exterior grade wood.
	<b>10 points</b>	Exterior entry landings and stairs with composite decking and railing with a minimum 25-year warranty that meets the above size requirements.
	<b>15 points</b>	Minimum of an 80 square foot deck with stairs and railing constructed out of an exterior grade wood at one exterior entry. Additional entries to meet the minimum standards in size and construction.
	<b>20 points</b>	Minimum of an 80 square foot deck with composite decking and railing with a minimum 25-year warranty at one exterior entry. Additional entries to meet the minimum standards in size above and have composite decking and railing.
<b>Construction and Energy Efficient Design Features</b>		
<b>Wall/Roof Assembly:</b>		
	<b>Minimum Standards</b>	Slab on grade construction to have a minimum R-10 vertical foundation and horizontal perimeter under slab insulation per 2012 IECC. Crawl spaces are to be sealed, insulated (min R-10) and conditioned.
	<b>Minimum Standards</b>	A minimum of a 6 mil or greater vapor barrier to be required under slab on grade, basement slab or crawlspace floor.
	<b>Minimum Standards</b>	Foam plastics when used under any condition listed under Section R316 Foam Plastics of the 2015 IRC shall comply with the pertaining code subsection.
	<b>Minimum Standards</b>	2x6 exterior wall assemblies insulated to a minimum of R-19. Roof assembly to have minimum 12' energy heel trusses and insulated to a minimum of R-49. Rim/band joists to be insulated to the same R-value as the exterior walls above. All assemblies must be constructed to the higher of the SDHDA minimum, local adopted code or the current state adopted IRC/IBC if no local code exists.



	<b>15 points</b>	2x6 exterior wall assemblies insulated to a minimum of R-20 cavity insulation and an R-5 continuous insulation or a 2x4 exterior wall assembly insulated to a minimum of R-13 cavity insulation and an R- 10 continuous insulation.
<b>Special and Accessible Design Features</b>		
	<b>Minimum Standards</b>	All projects containing more than 4 units must be compliant with Section 504 under the Rehabilitation Act of 1973. All other housing must meet the requirements of the Fair Housing Act. Rehabilitation of housing containing more than 15 units and costing at least 75% of replacement cost or that is vacant must also meet Section 504.
	<b>5 points</b>	Up to 15 points will be awarded for projects that create additional accessible units for individuals with mobility and/or sensory impairments. Mobility units must be added at a 2:1 ratio to the sensory units. A minimum of one additional mobility unit must be added above the federal minimum requirements. Accessible units shall to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites and shall be available in a sufficient range of sizes and amenities so that a qualified individual with handicaps' choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.
	<b>10 points</b>	
	<b>15 points</b>	Total Percent of Accessible Units 5 points – Above minimum requirements to 10.00% 10 points - 10.01% to 15.00% 15 points - 15.01% to 20.00%
	<b>15 points</b>	Incorporation of the 7 Universal Design Principles in at least 25% of all units or single-family developments with accessible routes into and through the home including zero step entry, not including Section 504 units. Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. Minimum universal design principals can be found on SDHDA website.
	<b>35 points</b>	Projects that have a stand-alone Community Building, the room shall be 15 square feet per occupant, assuming 1-1/2 occupants per unit. The room shall include a fully functioning kitchen and minimum of one unisex ADA compliant restroom. For calculation of the square footage of the space, only areas usable by occupants are to be included. The square footage of the kitchen, restroom, hallways, offices or storage cannot be used to meet minimum square footage requirement.
<b>Energy Efficient Design Features:</b>		
	<b>20 points</b>	HERS: Project scoring a HERS index of 60 or better as verified by a RESnet certified Rater. Lower is better.
	<b>35 points</b>	Energy Star: Whole project certification to the latest version of Energy Star for New Homes as verified by a 3rd party Energy Star certified rater. Project cannot take points for both HERS and Energy Star certifications.
	<b>10 points</b>	Installation of LED lights throughout interior and exterior of project.
<b>Building Interior</b>		
<b>Unit Interior Doors:</b>		
	<b>10 points</b>	Installation of solid core interior doors throughout units.

	<b>5 points</b>	Installation of metal jambs for interior doors throughout units. This option is only available if points are taken for solid core doors.
<b>Flooring Covering:</b>		
	<b>Minimum Standards</b>	Roll carpet must meet the standards of HUD use of material bulletin 44D. VCT, Vinyl Plank, LVT, sheet vinyl, carpet squares and other floor coverings must meet or exceed the ASTM standards for Resilient Floor Covering and carry a minimum of a 10-year Manufacturer Warranty. An aluminum or vinyl "J" trim must be installed at the tub/shower transition when sheet vinyl flooring is installed and sealed with a silicone sealant.
<b>Laundry:</b>		
	<b>Minimum Standards</b>	Laundry space/room must be provided with washer and dryer hook-ups and dryer venting to the exterior.
	<b>15 points</b>	A washer and dryer provided for each unit.
<b>Unit Bathrooms:</b>		
	<b>Minimum Standards</b>	Minimum of one-half bath per floor for single family dwellings containing 2 or more bedrooms.
	<b>Minimum Standards</b>	Primary bath light and bathroom ventilation fan must be switched together. Bath fan cannot be used to meet mechanical ventilation code for local jurisdictions that have adopted 2012 IECC or other codes that require mechanical ventilation.
	<b>5 points</b>	Installation of Energy Star qualified bathroom ventilation fan equipped with a humidistat and timer. Humidistat must be incorporated within the fan and not at a wall switch.
	<b>15 points</b>	Installation of HVI certified HRV or ERV.
	<b>Minimum Standards</b>	For new construction projects that must comply with Section 504 of the Rehabilitation Act of 1973, a UFAS compliant curbless roll-in shower must be provided in at least 50% of the Section 504 mobility impaired accessible units or at least one.
<b>Appliances and Fixtures:</b>		
	<b>Minimum Standards</b>	A minimum of a 14 cu. Ft. frost free refrigerator/freezer for all 0 or 1 bedroom units. A minimum of 18 cu. Ft. refrigerator/freezer for all 2 or more bedroom units. Dishwashers to be a minimum of 24" in width.
	<b>Minimum Standards</b>	Water Sense qualified faucets, toilets/urinals, showerheads. Kitchen faucets are required to meet the same Water Sense GPM standards as bathroom faucets.
	<b>5 points</b>	Range hood vented to the exterior.
<b>Window Coverings:</b>		
	<b>Minimum Standards</b>	Window coverings or blinds shall be provided and installed.
<b>Mechanical</b>		
<b>Heating and Cooling:</b>		

	<b>Minimum Standards</b>	At a minimum high efficiency cove heat. Electric baseboard heat and PTAC's are NOT allowed for new construction. 92% AFUE minimum gas furnace, Heat Pumps rated at HSPF of 8 or greater with a 13.0 SEER rating or higher (packaged or split). Programmable thermostats are required.
	<b>Minimum Standards</b>	All units must have Energy Star qualified through the wall air conditioning or central air conditioning rated at 13 SEER or better sized to properly cool the unit.
	<b>5 points</b>	Energy Star qualified central air conditioning or verified AHRI certificate with matching coil and condenser 16 SEER or better. Split systems must be Energy Star matched.
	<b>20 points</b>	Forced air furnace 96% or greater AFUE or Energy Star qualified Air- source or Ground Source heat pump capable of providing heat to -15F. Split systems must be Energy Star matched.
<b>Note: Proposed heat pump systems used for primary heat must be submitted for approval.</b>		
<b>Water Heating:</b>		
	<b>Minimum Standards</b>	A minimum of a 0.92 UEF electric water heater in each unit. Atmospheric vented gas water heaters will not be allowed.
	<b>10 points</b>	A gas condensing (close combustion, two-vent pipe system) or electric heat pump water heater provided for each unit.
<b>Healthy Homes</b>		
	<b>Minimum Standards</b>	<ol style="list-style-type: none"> <li>1. Low VOC paints, stains, adhesives and sealants.</li> <li>2. Formaldehyde free insulation.</li> <li>3. Formaldehyde free or sealed particle board products such as shelving, cabinets and countertops.</li> <li>4. Lead detection and abatement. Only applies to rehabilitation projects.</li> <li>5. Install a passive radon system. Test for radon near completion and if 4pCi/L or higher the system must be made active and re-tested until results are below 4pCi/L.</li> </ol>
<b>Electrical Standards</b>		
	<b>Minimum Standards</b>	<ol style="list-style-type: none"> <li>1. Hardwired CO sensors required with installation of gas appliances.</li> <li>2. The use of incandescent light bulbs is not allowed.</li> <li>3. New construction or substantial rehabilitation of rental housing with more than four (4) units must incorporate the installation of broadband infrastructure.</li> </ol>

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

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

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Applicant \_\_\_\_\_ Date \_\_\_\_\_

---

Architect \_\_\_\_\_ Date \_\_\_\_\_

**EXHIBIT 5**  
**COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)**

CHDO is defined as a private nonprofit organization that;

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Is neither controlled by, nor under the direction of individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, however:

The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm;

The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body, nor may board members appointed by the for-profit entity appoint the remaining two-thirds of the board members;

The CHDO must be free to contract for goods and services from vendors of its own choosing; and

The officers and employees of the for-profit entity may not be officers or employees of the CHDO.

4. Has a tax exemption ruling from the Internal Revenue service under section 501(c) (3) or (4) of the Internal Revenue Code of 1986;
5. Does not include a public body or an instrumentality of a public body;
6. Has standards of accountability that conform to 24 CFR 84.21;
7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as documented in its charter, articles of incorporation, resolutions or by-laws;
8. Maintains accountability to low-income community residents by;

Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations; and

Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site, development, and management of affordable housing;

9. Has a demonstrated capacity for carrying out activities assisted with HOME funds;
10. Has a history of serving the community within which the HOME assisted housing will be located; and
11. Has paid employee staff with housing development experience.

If a CHDO's involvement in a project is as an owner, it must have control of the project, as documented by legal title or a valid contract of sale. If it owns the project in partnership, it or its wholly owned for-profit subsidiary must be the managing general partner. In any of the above specific capacities the CHDO must have effective management control. The CHDO must maintain effective management control throughout the HOME affordability period and extended use period, as applicable. CHDO's will be required to re-certify annually to confirm their CHDO status and continued control of the property. Failure to maintain the CHDO status and control of the property through the affordability period may result in repayment of the entire HOME amount invested in the property.

Up to ten percent of the CHDO funds set aside may be used for the following activities;

Project specific technical assistance and site control loans. HOME funds may be used by SDHDA to provide technical assistance and site control loans to a CHDO in the early stages of site development for a project which is eligible for HOME Program funds. All costs must be related to a specific project.

A loan may be provided to cover project expenses necessary to determine project feasibility, consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement fees of a development team, site control costs and costs to obtain clear title. **GENERAL EXPENSES OF THE CHDO ARE NOT ALLOWABLE EXPENSES.**

Project specific seed money loans. HOME funds may be loaned to CHDOs to cover pre-construction project costs that SDHDA determines to be customary and reasonable, including but not limited to legal fees, the cost of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, and engineering studies. A loan under this part will be made only to a CHDO that has site control (documented by a deed, a sales contract, or an option contract to buy the property), a preliminary financial commitment, and a capable development team.

A CHDO that receives a loan under either of the above specific components must repay the loan of HOME funds to SDHDA from the construction loan proceeds or other project income.

**EXHIBIT 6 - HOME Tenant Questionnaire**  
**(Complete all sections requested, if a question does not apply, please put N/A)**

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

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

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

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

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

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

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

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

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

**4. Race – Head of Household:**

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

**Hispanic Head of Household:** Yes  No

**5. The following question is optional. However, the information supplied may be used to determine any special needs you may have.**

Do any family members have a disability? Yes  No   
 If so, what type of special accommodations may be needed? \_\_\_\_\_

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

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

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

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

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

**8. Please answer each of the following questions. For each "Yes" answer provide details in the chart below.**

	Yes	No
Is any member of your household employed, full-time, part-time, or seasonally?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household expect to work for any period during the next 12 months?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household work for someone who pays them in cash?	<input type="checkbox"/>	<input type="checkbox"/>
Is any member of your household on leave of absence from work due to lay-off, medical, maternity, or military leave?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household now receive or expect to receive unemployment benefits?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household now receive or expect to receive child support?	<input type="checkbox"/>	<input type="checkbox"/>
Is any member of your household entitled to child support that he/she is not now receiving?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household now receive or expect to receive alimony payments?	<input type="checkbox"/>	<input type="checkbox"/>
Is any member of your household entitled to alimony payments that he/she is not now receiving?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive or expect to receive welfare assistance?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive or expect to receive Social Security benefits?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive or expect to receive income from a pension or annuity?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive regular cash contributions from individuals not living in the unit or from agencies?	<input type="checkbox"/>	<input type="checkbox"/>
Does any member of your household receive income from assets, including interest on checking or savings accounts, interest and dividends from certificates of deposit, stocks, or bonds, or income from the rental of property?	<input type="checkbox"/>	<input type="checkbox"/>
Is anyone in the household a student at an institute of higher learning and age 18-23?	<input type="checkbox"/>	<input type="checkbox"/>



**For each type of income that your household receives, give the source of the income and the amount of income that can be expected from that source during the next 12 months.**

FAMILY MEMBER	SOURCE OF INCOME/ TYPE OF INCOME	ANNUAL INCOME

If additional space is needed attach a separate sheet.

- 9. List all checking and savings accounts (including IRA's, Keough accounts, and Certificates of Deposit) of all household members, including accounts disposed of during the past two years.**

FAMILY MEMBER	FINANCIAL INSTITUTION	ACCOUNT NUMBER	TYPE	BALANCE

If additional space is needed attach a separate sheet.

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

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

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

If yes, did you dispose of any assets for less than fair market value? Yes  No   
(This means that the assets were either given away or sold at less than the allotted market value.)

What were the assets, the market value at the time of disposition, the amount received, and date you disposed of the assets?

Any assets listed as disposed of for less than fair market value in the two years preceding the effective date of the certification or recertification will be counted as assets if the difference between the value and the amount received exceeds \$1000.

**RESIDENT’S STATEMENT:** I understand that the above information is being collected to determine my eligibility for residency. I authorize the owner/manager to verify all information provided on this application and my signature is consent to obtain such verification. I certify that I have revealed all assets currently held or previously disposed of and that I have no assets other than those listed on this form (other than personal property). I further certify that the statements made in this application are true and complete to the best of my knowledge and belief and am aware that false statements are punishable under Federal law and grounds for eviction. I declare and affirm under the penalties of perjury that the claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

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

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

The following person has been designated to coordinated compliance with the nondiscrimination requirements contained in the Department of Housing and Urban Developments regulations implementing Section 504: \_\_\_\_\_

\_\_\_\_\_

## EXHIBIT 7 MATCHING CONTRIBUTION REQUIREMENTS

By establishing the HOME Program, Congress intended to establish a partnership between the federal government, states, units of local government and nonprofit organizations to expand the supply of affordable housing for low-income families. According to 24 CFR Part 92.218, contributions must be made to qualified housing in an amount equal to 25 percent of appropriated HOME funds drawn down for housing projects. These contributions are referred to as “match”.

All HOME participants will be required to provide a 25 percent match of HOME funds awarded for their projects in accordance with 24 CFR Part 92 and CPD 97-03. SDHDA will provide up to one-half the match requirement. Applicants should contact SDHDA to determine the appropriate matching requirements, because properties located in counties that have been declared a disaster area may be eligible for a waiver of match requirements.

To be considered an eligible match, a contribution must be made from nonfederal sources and must be made to housing that is assisted with HOME funds or to housing that is not HOME assisted but meets the HOME affordability requirements 24 CFR Part 92.219.

Matching contributions may be in the form of one or more of the following. Please mark which kind of contribution you will be able to make.

Cash contributions from nonfederal sources and permanently contributed to the HOME project. This contribution cannot be made by the owner/developer. Nonfederal cash match contributions to HOME assisted or HOME eligible projects may be expended for activities that are eligible project costs, as well as for costs that are not eligible HOME costs.

Below-market interest rate loan from private lending institution.

The value of state or local taxes, fees, or other charges that are normally imposed but are waived, forgone, or deferred. Tax exemptions granted through the normal course of business are not an eligible form of match. The tax levying unit of government must take an extra measure in order for this type of match to be considered.

The value of donated land or other real property, before the HOME assistance is provided and minus any debt burden, lien, or other encumbrance. This land or real property cannot be owned by the General Partner, and may not be donated by the applicant or investors who are applying for HOME assistance.

The cost of on-site and off-site infrastructure directly required for affordable housing assisted with HOME funds, not paid with federal resources. (The cost of infrastructure related to affordable housing that is **not** HOME assisted is not an eligible form of match).

Proceeds from multifamily and single family affordable housing project bond financing validly issued by a State or local government, or an agency, instrumentality, or political subdivision of a State and repayable with revenues from the affordable housing project.

Donated site preparation and construction materials not acquired with federal resources and any donated or voluntary labor in connection with the site-preparation.

Other \_\_\_\_\_

Please provide SDHDA with a list of contacts and SDHDA will determine the value of the eligible form of match to be utilized for the project.

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

If you have questions, please contact the Housing Development Officer responsible for your project at (605) 773-3181.

**EXHIBIT 8**

**SOUTH DAKOTA  
HUD 234 SUBSIDY LIMITS  
(APPLIES TO ALL HOME PROJECTS)**

	<u>South Dakota</u>
0 bedroom	\$153,314
1 bedroom	\$175,752
2 bedrooms	\$213,718
3 bedrooms	\$276,482
4+ bedrooms	\$303,490

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

**EXHIBIT 9**  
**PROHIBITED LEASE TERMS**

The lease may NOT contain any of the following provisions per 24 CFR Part 92.253 b.:

1. Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
2. Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;
3. Excusing owner from responsibility. Agreement by the tenant not to hold the owner or owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
4. Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
5. Waiver of Legal Proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
6. Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury;
7. Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
8. Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

**EXHIBIT 10  
TENANT SELECTION CRITERIA**

An owner must adopt written tenant selection policies and criteria that include as a minimum the following per 24 CFR Part 92.253 d.:

1. Policies and criteria that are consistent with the purpose of providing housing for very low-income and low-income families;
2. That are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;
3. That provides for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
4. That provides prompt written notification to any rejected applicant of the grounds for any rejection.
5. Policies and criteria that are consistent with the Violence Against Women Reauthorization Act of 2013.

**EXHIBIT 11  
SUMMARY OF LEAD-BASED PAINT REQUIREMENTS BY ACTIVITY**

	Rehabilitation (Subpart J)			TBRA (Subpart M)	A,L,SS,O (Subpart K)
	<=\$5,000	>\$5,000 - \$25,000	>\$25,000		Homebuyer and Special Needs*
Approach to Lead Hazard Evaluation and Reduction	1. Do no harm	3. Identify and control lead hazards	4. Identify and abate lead hazards	2. Identify and stabilize deteriorated paint	2. Identify and stabilize deteriorated paint
Notification	Yes	Yes	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment	Visual Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces Disturbed during Rehabilitation	Interim Controls	Abatement (Interim Controls on exterior surfaces not disturbed by rehabilitation)	Paint Stabilization	Paint Stabilization
	Safe work practices Clearance of work site	Safe work practices Clearance of unit	Safe work practices Clearance of unit	Safe work practices Clearance of unit	Safe work practices Clearance of unit
Ongoing Maintenance	For HOME Rental only	For HOME Rental only	For HOME Rental only	Yes	Yes (if ongoing relationship)
EIBLL Requirements	No	No	No	Yes	No
Options	Presume lead-based Paint  Use safe work practices on all surfaces	Presume lead-based Paint and/or hazards  Use standard treatments	Presume lead-based Paint and/or hazards  Abate all applicable Surfaces	Test deteriorated paint  Use safe work practices only on lead-based paint surfaces	Test deteriorated paint  Use safe work practices only on lead-based paint surfaces
*Special Needs Housing may be subject to the requirements of Subpart J, M, or K depending on the nature of the activity undertaken. However, since most Special needs housing involve Acquisition (A), Leasing (L), Support Services (SS), and Operations (O), for the purposes of this table; it has been placed in this column.					



**EXHIBIT 12  
Lead-Based Paint Disclosure of Information**

**Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards**

**Lead Warning Statement**

*Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Tenants must also receive a Federally approved pamphlet on lead poisoning prevention.*

**Lessor's Disclosure (initial)**

- \_\_\_\_\_ (a) Presence of lead-based paint or lead-based paint hazards (check one below):
- Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).  
\_\_\_\_\_
- \_\_\_\_\_
- Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- \_\_\_\_\_ (b) Records and reports available to the lessor (check one below):
- Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).  
\_\_\_\_\_  
\_\_\_\_\_
- Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Lessor's Acknowledgment (initial)**

- \_\_\_\_\_ (c) Lessee has received copies of all information listed above.
- \_\_\_\_\_ (d) Lessee has received the pamphlet *Protect Your Family from Lead in Your Home*.

**Agent's Acknowledgment (initial)**

- \_\_\_\_\_ (e) Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

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

**EXHIBIT 13**  
**Lead-Based Paint Disclosure of Information**

**Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards**

**Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection of lead-based paint hazards is recommended prior to purchase.

**Seller's Disclosure (initial)**

\_\_\_\_\_ (a) Presence of lead-based paint or lead-based paint hazards (check one below):

Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).  
\_\_\_\_\_

Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

\_\_\_\_\_ (b) Records and reports available to the seller (check one below):

Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).  
\_\_\_\_\_  
\_\_\_\_\_

Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Purchaser's Acknowledgment (initial)**

\_\_\_\_\_ (c) Purchaser has received copies of all information listed above.

\_\_\_\_\_ (d) Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

**Agent's Acknowledgment (initial)**

\_\_\_\_\_ (e) Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

Seller	Date	Seller	Date
Purchaser	Date	Purchaser	Date
Agent	Date	Agent	Date

**EXHIBIT 14**  
Application Checklist

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

Submission Item	Enclosed	Meet SDHDA requirements
1. Completed and signed Application form	_____	_____
2. Market Study	_____	_____
3. Project Narrative	_____	_____
4. Chief Executive Officer letter (Exhibit 3)	_____	_____
5. Cost Allocation Tool	_____	_____
6. Utility Allowance Calculation	_____	_____
7. Pro forma	_____	_____
8. Three years annual financial statements	_____	_____
9. Documentation of Operating Expenses	_____	_____
10. Legal opinion of good standing	_____	_____
11. Site Control	_____	_____
12. Architectural site plan	_____	_____
13. Architectural floor and unit plan	_____	_____
14. Zoning letter and project plat	_____	_____
15. PHA Notification	_____	_____
16. Nonprofit Description	_____	_____
17. Local area map	_____	_____
18. Executed Project Characteristics (Exhibit 4)	_____	_____
19. Documentation of local financial support	_____	_____
20. Applicant's Characteristics	_____	_____
21. Service provider letters	_____	_____
22. Documentation of financing	_____	_____
23. Documentation of equity commitment	_____	_____
24. Lead Based Paint Disclosure	_____	_____
25. Relocation Plan	_____	_____
26. Tenant Questionnaire	_____	_____
27. Current tenant rent roll	_____	_____
28. Detailed rehabilitation listing	_____	_____
29. Community Revitalization Plan	_____	_____
30. Lease purchase management plan	_____	_____
31. Intent to serve families with children	_____	_____
32. Availability of utility service	_____	_____
33. HOME Match (Exhibit 7)	_____	_____
34. Consultant Agreement	_____	_____
34. Application Fee of \$500 (HOME ONLY)	_____	_____

**EXHIBIT 15**  
Self-Scoring Worksheet

		Sub Points	Points Available	Project Points
<b>A</b>	<b>LOCAL HOUSING NEED</b>		<b>150</b>	
<b>B</b>	<b>PRIMARY SELECTION CRITERIA</b>			
<b>1</b>	<b>Deep Income Targeting</b>		<b>75</b>	
	a. 10% of Units at 50% AMI	25		
	b. 7% of Units at 40% AMI	25		
	c. 3% of units at 30% AMI	25		
<b>2</b>	<b>Extended Use Commitment (10 years)</b>		<b>30</b>	
<b>3</b>	<b>Construction Type</b>		<b>60</b>	
	a. Rehabilitation of existing affordable housing	40		
	b. Rehabilitation or Reconstruction with Historic Nature	20		
	c. Reconstruction of an existing building into affordable rental units	20		
	d. New Construction with 16 units or less per building	10		
	e. New Construction Assisted Living Facility	10		
	f. New Construction Congregate Care Facility	10		
<b>4</b>	<b>Concerted Community Revitalization Plan</b>		<b>20</b>	
	a. And in a Qualified Census Tract	20		
<b>5</b>	<b>Mixed Income Use</b>		<b>30</b>	
	a. 5.00% to 10.00%	10		
	b. 10.01% to 20.00%	20		
	c. 20.01% to 49.99%	30		
<b>6</b>	<b>Financial Support</b>		<b>20</b>	
<b>7</b>	<b>Applicant Characteristics</b>		<b>40</b>	
	a. Developer Experience - Track Record	20		
	b. Minority or Woman Owned/Operated	10		
	c. Owner Equity of 10.00% or more	10		
	d. Deduction if not in "Good Standing"	-25		
	e. Deduction for additional SDHDA funding request after reservation	-10		
<b>8</b>	<b>Tenant Ownership</b>		<b>20</b>	
<b>9</b>	<b>Service Enriched Housing</b>		<b>40</b>	
	a. Homeless			
	b. Physically Disabled			
	c. Mentally Disabled			
	d. Developmentally Disabled			
	e. Frail Elderly (congregate care)			
	f. Other			
<b>10</b>	<b>Efficient use of Tax Credits and HOME</b>		<b>25</b>	
	<b>Percentage of SDHDA Financing</b>			

	84.99% to 80.00%	5		
	79.99% to 75.00%	10		
	74.99% to 70.00%	15		
	69.99% to 65.00%	20		
	64.99% and below	25		
<b>11</b>	<b>Soft Cost Ratio</b>		<b>30</b>	
	a. 0.00% to 9.99%	30		
	b. 10.00% to 14.99%	20		
	c. 15.00% to 19.00%	10		
<b>12</b>	<b>Project Location</b>		<b>40</b>	
	Community Services	20		
	Area of Opportunity	20		
<b>13</b>	<b>Individuals with Children</b>		<b>10</b>	
<b>14</b>	<b>Public Housing Notification</b>		<b>10</b>	
<b>C</b>	<b>READINESS TO PROCEED</b>			
<b>1</b>	<b>Plans and Specifications</b>		<b>25</b>	
<b>2</b>	<b>Site Control</b>		<b>25</b>	
<b>3</b>	<b>Financing Commitments</b>		<b>60</b>	
	a. Construction Financing Commitment	20		
	b. Permanent Financing Commitment	20		
	c. Equity Commitment	20		
<b>4</b>	<b>Utilities</b>		<b>20</b>	
<b>5</b>	<b>Zoning</b>		<b>10</b>	
<b>6</b>	<b>Platting</b>		<b>10</b>	
<b>D</b>	<b>PROJECT DEVELOPMENT CHARACTERISTICS</b>		<b>200</b>	
<b>E</b>	<b>TRIBAL PROJECTS</b>		<b>50</b>	
	<b>TOTAL</b>		<b>1000</b>	