

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

7. Summary

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	SOUTH DAKOTA	
CDBG Administrator		Governor's Office of Economic Development
HOPWA Administrator		
HOME Administrator	SOUTH DAKOTA	South Dakota Housing Development Authority
ESG Administrator	SOUTH DAKOTA	South Dakota Housing Development Authority
HOPWA-C Administrator	SOUTH DAKOTA	South Dakota Housing Development Authority
	SOUTH DAKOTA	South Dakota Housing Development Authority

Table 1 – Responsible Agencies

Narrative

Consolidated Plan Public Contact Information

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?

Table 3 - Other local / regional / federal planning efforts

Narrative

AP-12 Participation - 91.115, 91.300(c)

- 1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting**

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

The HOME, Housing Trust Fund (HTF), Emergency Solutions Grants Program (ESG) and Community Development Block Grant (CDBG) funding sources are only partial funding for the many different activities and services provided. As federal funds continue to diminish, developers, communities and service providers must be creative and have partnerships and other resources to successfully complete the proposed projects. Other financing and services are being provided by local, state, and federal programs, private individuals, foundations, and commercial lenders. The State of South Dakota has provided financing for the Housing Opportunity Fund (HOF) which provides an additional resource for both development of housing and providing services. HOF has flexibility to target up to 115 percent area median income and can be utilized as match funding.

South Dakota Housing Development Authority (SDHDA) also administers the IRS program - Housing Tax Credits and can issue tax exempt bond financing. Majority of the HTC developments also utilize HOME funds for gap financing. SDHDA is the Collaborative Applicant and lead agency for South Dakota Balance of State Continuum of Care. As the Collaborative Applicant, SDHDA can offer assistance and potential funding for CoC recipients. CoC funding is not included as a source of funds below due to the inability of estimating expected funding.

SDHDA also funds and administers the Community Housing Development Program (CHDP) which is utilized for development of workforce

housing - up to 120 percent AMI. With this program, SDHDA has financing resources that can be of assistance for variety of income levels.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	5,700,865	0	3,535,631	9,236,496	28,500,000	We anticipate CDBG funding to be \$5,700,865 million. Our current balance available to award is \$3,535,631 remaining from our FY2017 allocation.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	3,008,138	4,000,000	0	7,008,138	15,000,000	Annually, there is approximately \$2 million of program income that becomes available in addition to the \$3 million received in annual allocation.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	582,097	0	0	582,097	2,900,000	SDHDA anticipates receiving approximately \$500,000 annually for the ESG program. With expanded eligible activities and sub-recipients the full allocation will be utilized.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	3,000,000	0	1,500,000	4,500,000	15,000,000	Annually SDHDA anticipates receiving \$3 million in Housing Trust Funds to assist with development of rental activities for extremely low-income households.
Other	public - federal	Acquisition Housing Multifamily rental new construction Multifamily rental rehab	3,820,000	0	0	3,820,000	16,000,000	South Dakota Housing Development Authority administers the Internal Revenue Program called the Housing Tax Credit Program. This program is utilized for multifamily rental development and often times is used in combination of HOME funds.

Other	public - state	Acquisition Admin and Planning Conversion and rehab for transitional housing Homebuyer assistance Homeowner rehab Housing Multifamily rental new construction Multifamily rental rehab New construction for ownership Overnight shelter Rapid re-housing (rental assistance) Transitional housing	2,900,000	0	0	2,900,000	15,000,000	The Housing Opportunity Fund is state funded and created through Building South Dakota. Annual funding amount is subject to legislative action.
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Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

CDBG funding will assist in projects such as infrastructure, community buildings, fire halls, abatement of blighted structures, and workforce training. The match requirement will be on a scoring basis. Each project will submit a budget sheet with their application and will receive a score of low, medium, or high. Any funds that are not CDBG will be considered match.

Recipients of HOME funds are required to provide 12.5 percent of the match requirement. The match is typically in the form of donated services, land, or materials, reduction of interest rates or lender fees, tax abatements and waiving of city fees. SDHDA provides the remaining 12.5 percent of the match requirement.

ESG recipients are required to provide 100 percent of the match requirement. Forms of match are typically volunteer hours and donation of money, goods, or services.

There is no match requirement with the Housing Trust Fund, however, competitive points are available for applications that demonstrate the ability to leverage financial resources.

The Housing Opportunity Fund (HOF) provides up to 50 percent financing and requires 50 percent match which can come from a variety of sources. HOF is often times used a match for ESG and HOME funding.

Typically multifamily housing rental developments utilize HOME and Housing Tax Credits. Additionally, developers are utilizing the Housing Trust Fund to further target lower income households.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

At this time we are unaware of any publically owned land or property that may be used to address the identified needs.

Discussion

The Omnibus Spending Bill of 2018 increased the housing tax credit allocation for every state by 12.5%. For 2018, South Dakota will have \$3,105,000 allocation of housing tax credits, increasing by 12.5% each year for 2018-2022.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Develop new rental housing units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$2,000,000 Housing Opportunity Fund: \$1,500,000	Rental units constructed: 150 Household Housing Unit
2	Acquisition and Rehabilitation of rental units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$1,000,000 Housing Opportunity Fund: \$700,000	Rental units rehabilitated: 50 Household Housing Unit
3	Development of special needs housing	2013	2017	Affordable Housing Homeless Non-Homeless Special Needs		Affordable Housing	HOME: \$500,000 Housing Opportunity Fund: \$500,000	Other: 20 Other
5	Utilize Emergency Solution Grants Program	2013	2017	Homeless			ESG: \$500,000	Overnight/Emergency Shelter/Transitional Housing Beds added: 22 Beds

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Provide homeownership opportunities	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000	Homeowner Housing Added: 1000 Household Housing Unit
7	Homeowner Rehabilitation	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000	Homeowner Housing Rehabilitated: 150 Household Housing Unit
9	Workforce Training	2013	2017	Non-Housing Community Development Economic Development/Workforce Training		Non-housing Community Development	CDBG: \$400,000	Other: 200 Other
10	Security Deposit Assistance	2013	2017	Affordable Housing		Affordable Housing Homelessness	HOME: \$200,000	Homelessness Prevention: 315 Persons Assisted
11	Homebuyer Assistance	2013	2017	Affordable Housing		Affordable Housing	HOME: \$200,000	Direct Financial Assistance to Homebuyers: 15 Households Assisted
12	Community Development	2018	2022	Non-Housing Community Development		Non-housing Community Development	CDBG: \$3,050,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 6300 Persons Assisted
13	Economic Development	2018	2022	Non-Housing Community Development		Non-housing Community Development	CDBG: \$500,000	Jobs created/retained: 20 Jobs Businesses assisted: 1 Businesses Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
14	Building Demolition	2018	2022	Affordable Housing			CDBG: \$1,000,000	Buildings Demolished: 50 Buildings

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Develop new rental housing units
	Goal Description	Development of new rental housing units - utilize approximately \$2 million annually to create 150 new rental housing units. Over a five year period this would provide a total of 750 new rental housing units. The combination of HOME funds and Housing Tax Credits is vital for meeting this goal. The additional funding provided through the Housing Trust Fund will provide an opportunity to develop additional housing units designated for 30% AMI. It is estimated that \$1.5 million of HTF funding will assist in development of additional housing units but at this time it is hard to quantify the net impact of this funding source.
2	Goal Name	Acquisition and Rehabilitation of rental units
	Goal Description	Utilize HOME funds in combination with Housing Tax Credits and Housing Trust Fund for the acquisition and rehabilitation or just the rehabilitation of rental housing units. Approximately \$1 million annually could be utilized to rehabilitate 50 rental units - equating to 150 units over a 5 year period. It is estimated \$700,000 of HTF will be utilized for rehabilitation, which will produce some additional units and definitely impact the number of housing units designated to serve the extremely low-income families.
3	Goal Name	Development of special needs housing
	Goal Description	The goal is to utilize approximately \$500,000 in HOME funds and \$500,000 of Housing Trust Funds in combination with Housing Tax Credits, for the development of 20 rental units for special needs annually.

5	Goal Name	Utilize Emergency Solution Grants Program
	Goal Description	Provide ESG funds to emergency and domestic violence shelters across the state. Unit of measurement is to assist 22 shelters annually. Given the fact that majority of the shelters funded with ESG funds are domestic violence shelters, it would be difficult to track other measurements based on individuals.
6	Goal Name	Provide homeownership opportunities
	Goal Description	The goal is to provide homeownership opportunities to 1,000 households annually through the assistance of the First-Time Homebuyer Program, HOME Program, Governor's House Program and the USDA Rural Development programs. HOME program funds will be utilized to develop single family homeownership activities. While the Housing Trust Fund has homeownership as an eligible activity, South Dakota will not be utilizing this funding source for this activity, at this time.
7	Goal Name	Homeowner Rehabilitation
	Goal Description	Provide funding opportunities to assist 150 homeowners annually with rehabilitation activities. Programs utilized would be the HOME Program, SDHDA's CHIP Program, and USDA Rural Development programs.
9	Goal Name	Workforce Training
	Goal Description	The CDBG Program could allow up to a maximum of 15% of yearly allocation to be utilized to train low-to-moderate individuals annually. Demand for this activity has decreased with other programs offering workforce training in SD. We are setting aside \$400,000 to train up to 200 individuals each year.
10	Goal Name	Security Deposit Assistance
	Goal Description	To provide security deposit assistance to low income families at risk of becoming homeless. \$200,000 of HOME funds are set aside to assist approximately 315 households on an annual basis.
11	Goal Name	Homebuyer Assistance
	Goal Description	Annually \$200,000 of HOME funds are set-aside to assist homebuyers with the purchase of a single family home through a downpayment assistance program. It is anticipated that approximately 15 households will be assisted annually. The Housing Trust Fund program will not be utilized to assist with homeownership activities.

12	Goal Name	Community Development
	Goal Description	GOED will award grants to eligible activities that will improve community development and enhance the lives of those residents living there. Community development improvements will primarily be awarded for infrastructure such as water, wastewater, and storm sewer systems. Included with these types of project would be restoration of streets, sidewalks, and gutters that would have been removed or damaged during replacement of any below grade infrastructure. Other community development activities will consist of neighborhood facilities, youth centers, senior centers, broadband expansion, places that provide community safety measures such as fire halls and abuse shelters. Any eligible activity meeting community development needs will be considered. Determining goals for community development projects is difficult not knowing when a community will decide to upgrade old existing infrastructure or needing to upgrade or construct new community facilities. The State of South Dakota anticipates 8-12 applicants being awarded funding each year for community development projects. Number of persons to benefit will depend greatly on the size of the communities applying.
13	Goal Name	Economic Development
	Goal Description	GOED will fund a special project account with \$500,000 from the annual HUD allocation each year. The goal will be job creation when granting funds from this account. The number of jobs created will determine the amount of the award. For every \$25,000 of grant funding, 1 permanent job must be created.
14	Goal Name	Building Demolition
	Goal Description	The State of South Dakota will place up to \$1,000,000 of its annual allocation from HUD into a special project account to assist communities with the removal of blighted property that is a threat to the health and welfare of their residents. Blighted properties must be vacant and in such a dilapidated condition that rehabilitation costs will far exceed fair market value. Clearing abandoned dilapidated properties will provide a buildable lot with infrastructure already in place, making a site for either affordable housing to be constructed or a Governor's home to be moved into its place.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The chart below reflects percentages of funding that are likely to occur based on the different eligible activities and goals. It is important to remember that not all of the priorities actually have the funds set-aside for this activity. While it is listed as a priority there may not necessarily be funds or sufficient competitive points to ensure this percentages will be met.

Funding Allocation Priorities

	Develop new rental housing units (%)	Acquisition and Rehabilitation of rental units (%)	Development of special needs housing (%)	Utilize Emergency Solution Grants Program (%)	Provide homeownership opportunities (%)	Homeowner Rehabilitation (%)	Workforce Training (%)	Security Deposit Assistance (%)	Homebuyer Assistance (%)	Community Development (%)	Economic Development (%)
CDBG	0	0	0	0	0	0	8	0	0	64	
HOME	50	12	10	0	10	12	0	4	2	0	
ESG	0	0	0	100	0	0	0	0	0	0	
HTF	0	0	0	0	0	0	0	0	0	0	
Other Housing Opportunity Fund	45	15	10	0	10	10	0	0	10	0	
Other Housing Tax Credits	70	15	15	0	0	0	0	0	0	0	

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

The allocation priorities are a combination of past experience and goals to be accomplished. The housing needs in South Dakota vary by

community and SDHDA's resources are utilized in a variety of ways thus the reason for having multiple allocation priorities. There is a need for additional rental units, homeownership activities, homeowner rehabilitation and security deposit assistance. A few activities have funds set-aside to assist in the administration of the program.

In 2018 a set-aside of \$1 million of HOME funds will be available for housing developments in rural communities. Since these developments are smaller in size and often are developed by community agencies or nonprofit agencies, they sometimes lack the experience necessary to compete in the annual application cycle. The set-aside will allow SDHDA staff to work with the applicant to ensure the project is viable, feasible and the applicant is prepared to carry the project through completion and then the many years of program compliance.

In 2018, a set-aside of the Housing Trust Fund program is being created for special needs housing. Since the HTF program requires designation of housing units for extremely low-income households, this correlates well with individuals living on fixed incomes such as disability. This funding source will assist in development of housing units for special needs and homeless populations. Providing housing opportunities for extremely low-income households is a high priority due to the long Section 8 voucher waiting lists and the number of families experiencing homelessness and over-crowded housing conditions.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

Funds are necessary to achieve any priority or goal, however, the developers and applicants are the ones submitting the applications for funding and dictating which projects they would like to do and where they are located. Based on past experience of competition for funding, feasibility of projects, geographic locations, etc. SDHDA anticipates the funding is appropriate to achieve the goals established. Application scoring criteria as well as set-aside of funds are utilized to entice developers to assist in meeting priority needs and specific objectives.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

HOME, Housing Trust Fund, ESG and CDBG funding is open to all eligible applicants through application processes. The HOME Program Allocation Plan, the Housing Trust Fund Allocation Plan, the ESG Plan and the Consolidated Plan outline the application process for the respective programs. For ease of applicants, a combined application form and application cycle has been created for utilization of HOME, HTF and HTC.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	State Program Name:	South Dakota - CDBG
	Funding Sources:	CDBG

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>CDBG Program funds are provided through the Title I of the Housing and Community Development Act of 1974 as amended. The State of South Dakota will receive \$5,700,865 in 2018. A minimum of 70 percent of the State's allocation will be used to fund projects that primarily benefit low and moderate-income persons.</p> <p>The CDBG program will provide grants to units of general local governments in non-entitlement areas with applicants being selected for funding based on the greatest need and most adequately addressing locally determined need of low and moderate-income persons, consistent with one or more of the following purposes:</p> <ol style="list-style-type: none"> 1. Promote more rational land use; 2. Provide increased economic opportunities for low and moderate-income persons; 3. Correct deficiencies in public facilities that affect the public health, safety or welfare, especially of low and moderate income-persons; 4. Increase efficiencies in public facilities, affecting public health, safety, or welfare. <p>CDBG funds will be distributed from four separate programs. Of the \$5,700,865 of CDBG funds received by the State, five hundred thousand dollars (\$500,000) for the Special Projects Account, five hundred thousand dollars (\$500,000) for the Imminent Threat Account, one million dollars (\$1,000,000) for the Blighted Housing Abatement Program and the remainder of the annual allocation available for distribution through the Community Projects Account. A maximum of 15% of our annual allocation can be utilized for eligible Job Training or other program activities classified as Public Services. The State will withhold one hundred thousand dollars (\$100,000) plus 3 percent (3%) for program administration by the State and technical assistance provided to local governments through the State's six Planning Districts.</p> <p>CDBG program funds must be obligated to projects within 15 months of the State receiving the funds from HUD. It is our intention to stimulate applicants through a series of funding cycle deadlines which will be April 1, and October 1.</p>
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		<p>Grant Amendments requesting additional funding will be considered at any time. Decisions will be based upon the information provided by the grantee justifying the need and impact of the additional funding. Additional requests for funding will need Governor approval with a new grant agreement being signed to supersede the original grant award.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Eligible applicants are counties and incorporated municipalities, excluding Sioux Falls, Rapid City and Tribal Governments.</p> <p>Projects must meet one of three national objectives and be an eligible activity as described in section 105(a) of the Act. National objectives are to eliminate slums and blight, benefit people of predominately low and moderate income, or an urgent need or an imminent threat to public health or safety. In addition, the following criteria must be met:</p> <p>1. Planning Districts must prepare the application and administer the grant through close out.</p> <p>2. There is no limit to the number of 2018 grants eligible applicants may receive for themselves or on behalf of an ineligible applicant i.e. development corporation, rural water system, sanitary district, etc.</p> <p>3. CDBG grants awarded prior to Year 2013 must be closed out before submitting a new application. A grantee that has an open grant awarded prior to 2013 and is open because of circumstances beyond their control may request a waiver submitted to GOED with the 2018 application.</p> <p>4. A public hearing must have been conducted before an application may be submitted.</p> <p>5. A application shall include data on the racial, ethnic, and gender characteristics of project beneficiaries.</p> <p>E. Eligible projects and activities are defined in Section 105(a) of the Act. Questions should be addressed to CDBG staff within the Governor's Office of Economic Development or by contacting their Planning District Office.</p>
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<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Potential applicants can gather additional information by contacting the Governor's Office of Economic Development via phone - 605-773-4633 or contacting their Planning District Office.</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>CDBG funds will be distributed from four separate programs that address distinct areas of need. Of the \$5,700,865 of CDBG funds received by the State, five hundred thousand dollars (\$500,000) will be available through the Special Projects Account, five hundred thousand dollars (\$500,000) will be available through the Imminent Threat Account, one million dollars (\$1,000,000) will be available through the Blighted Housing Abatement Program and the remainder of the annual allocation will be available for distribution through the Community Projects Account. A maximum of 15% of our annual allocation can be utilized for eligible Job Training or other program activities classified as Public Services. The State will withhold one hundred thousand dollars (\$100,000) plus 3 percent (3%) for program administration by the State and technical assistance provided to local governments through the State's six Planning Districts. At the discretion of the Commissioner of GOED, funds can be moved around within each program account. During the final grant cycle of each year, all accounts can be moved to Community Projects Account if the Commissioner so chooses and awarded at that time. Any amounts remaining in program accounts will be rolled forward into the next year and added to the community project account and obligated in the first round of funding in order to maintain timely distribution.</p>
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<p>Describe threshold factors and grant size limits.</p>	<p>Size of Grants.</p> <ol style="list-style-type: none"> 1. Ceilings. There is a maximum of \$750,000 per grant application for project costs plus an additional \$20,000 of funding for project administration for a total maximum ceiling of \$770,000. 2. Individual grant amounts. Individual grants will be awarded only in amounts commensurate with the requirements of the proposed project. 3. Available funding. Each funding cycle will award approximately half of the annual funds available through the account. The Commissioner of Governor’s Office of Economic Development (GOED) has the discretion to increase or decrease the amount on any given funding cycle. <p>There is no limit to the number of grants from the 2018 program funds that an eligible applicant may receive for themselves or on behalf of an ineligible applicant such as an area development corporation, rural water system, sanitary district or other legally organized entity. All eligible applications not funded may be resubmitted.</p> <p>Previous CDBG Program grants awarded prior to Year 2013 must be closed out.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcomes will be based on the number of projects completed, allocation of training dollars, and number of individuals assisted with training dollars.</p>
<p>State Program Name:</p>	<p>South Dakota - ESG Program</p>

2	Funding Sources:	ESG
	Describe the state program addressed by the Method of Distribution.	<p>The Emergency Solutions Grants Program (ESG), formerly known as the Emergency Shelter Grants Program is a federal block grant authorized by subtitle B of the McKinney Vento Homeless Assistance Act and administered by the U.S. Department of Housing and Urban Development (HUD). The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) revised the Emergency Shelter Grants Program and renamed it the Emergency Solutions Grants Program.</p> <p>As a result of the HEARTH Act, the new ESG expands the eligible activities for emergency shelter and homelessness prevention activities to include short- and medium-term rental assistance and services to stabilize and rapidly re-house individuals and households who are homeless or at risk of becoming homeless. One of the main changes to the ESG program is an increased focus on homelessness prevention services and rapid re-housing activities as evidenced with the emphasis on homelessness prevention and the addition of a new rapid re-housing activity.</p> <p>Emergency Solutions Grants will be utilized to provide services to homeless and those at risk of becoming homeless in the following eligible activities. It is important for applicants to remember that ESG funds are to be used for direct assistance, only when there is no other assistance available for the individual or household. Applicants should refer to 24 CFR Part 576.100 – 576.109 for further clarification on the following eligible activities:</p> <ol style="list-style-type: none"> 1) Street Outreach; 2) Emergency Shelter; 3) Homelessness Prevention; 4) Rapid Re-housing Assistance; 5) Homeless Management Information System; and 6) Administrative.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applicants must be non-profits or units of local government. Governmental organizations such as public housing agencies and local housing finance agencies are not eligible applicants under the ESG Program. Applicants must be in compliance with ESG guidelines 24 CFR Part 576 and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws.</p> <p>Applicants must have written standards for providing ESG assistance that will be consistently applied throughout the program.</p> <p>Applicants must have established standard accounting practices including internal controls and fiscal accounting procedures which may include cost allocation plans; and be able to track agency and program budgets by revenue sources and expenses. Applicants must also have available cash flow to effectively operate their programs since ESG funding is a reimbursement program.</p> <p>Applicants with outstanding monitoring or audit findings issued by the Internal Revenue Service, HUD, or SDHDA are not eligible ESG applicants and will not be eligible to receive an allocation of ESG funding. Applicants are encouraged to contact SDHDA to ensure no unresolved monitoring findings exist or to work to resolve any outstanding items.</p> <p>Eligible applicants must be able to demonstrate prior experience serving individuals and households at-risk of or experiencing homelessness. Also, applicants must have staff with demonstrated expertise in case management skills.</p> <p>Applicants will be required to utilize the Homeless Management Information System (HMIS). Domestic violence service providers must establish and operate a comparable database that collects client level data over time and generates unduplicated aggregate reports based on the data.</p> <p>Applicants must be members of the South Dakota Housing for the Homeless Consortium. Homelessness can only be addressed and resolved with all agencies working together.</p> <p>Applications which show a concerted effort to coordinate services with other agencies and other funding sources to best serve the Individuals and households will be given priority.</p>
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	<p>Applicants meeting the above eligibility requirements and documenting a concerted effort to coordinate services with other agencies and other funding sources to best serve the individuals and households will be given priority for funding.</p> <p>Due to the demand for the funds, ESG grants will be awarded based upon the following:</p> <ol style="list-style-type: none"> 1. Need for the funding to provide the corresponding services and assistance; 2. Plan for distribution of the funds in an effective and efficient manner; 3. Collaboration efforts with other agencies, and 4. Applicants performance measurements resulting from the new ESG funding. <p>A committee of state employees, who work with or have knowledge of homeless programs, will review the applications along with SDHDA staff. The review committee consists of representatives from the Governor's Office, the Department of Health, the Department of Education, the Department of Labor, the Department of Human Services, the Department of Social Services, and the South Dakota Housing Development Authority. All of these agencies are members of the statewide continuum of care.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>The ESG Plan further defines the application process and eligibility. The ESG Plan can be found on SDHDA's website - www.sdhda.org or applicants can contact SDHDA at 605-773-3181 for additional information.</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Applicants must be non-profits or units of local government. Governmental organizations such as public housing agencies and local housing finance agencies are not eligible applicants under the ESG Program. Applicants must be in compliance with ESG guidelines 24 CFR Part 576 and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws. The availability of ESG Funds is presented to the general public through a press release, notice on SDHDA's website and email to all interested parties. SDHDA directly administers the ESG funds with sub-recipients directly providing the services.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>The Interim ESG Rule shifts the focus from emergency shelter to assisting people to quickly regain stability in permanent housing along with increasing communities' capacity to engage in strategic planning and program oversight. Increase in planning and oversight can be accomplished by additional funding allowed for administrative activities.</p> <p>Administrative Activities – The Interim Rule increases the expenditure limit for administrative activities from 5 percent to 7.5 percent. SDHDA will make available to sub-recipients up to 2 percent of the ESG funds utilized for homelessness prevention, rapid re-housing and HMIS activities.</p> <p>Street Outreach and Emergency Shelter Activities - The total amount of ESG funds that may be used for street outreach and emergency shelter activities (also referred to as homeless assistance) cannot exceed the greater of:</p> <ol style="list-style-type: none"> 1. 60% of the recipient's fiscal year grant; or 2. The amount of FY 2010 grant funds committed for homeless assistance activities. <p>In FY 2010, \$309,441 of the ESG funds were committed for homeless assistance. For FY 2012, the ESG allocation was \$629,445, of which no more than \$377,667 (60%) was allocated for street outreach and emergency shelter activities.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Applicants are not limited (minimum or maximum) in the dollar amount of ESG funds that may be requested per the ESG application. Applicants may receive less ESG funds than requested based on the Selection Criteria outlined in the ESG Plan. In addition, SDHDA must ensure federal program requirements are being met.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measurements will consist of the number of shelters receiving assistance, geographic distribution of services, and the number of individuals being served. Majority of the ESG funds in South Dakota are allocated to domestic violence shelters. Based on this funding, individual outcome information will not be available in HMIS.</p>
3	<p>State Program Name:</p>	<p>South Dakota - HOME Program</p>
	<p>Funding Sources:</p>	<p>HOME</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>SDHDA is the agency responsible for the administration of the HOME funds throughout the State of South Dakota, with the exception of Sioux Falls, which receives its own allocation of HOME funds, and the Indian reservations, which receive funds under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). Even though Sioux Falls receives their own allocation of HOME funds and Indian reservations receive NAHASDA funds, these areas are eligible to receive HOME funds from SDHDA. Funding limitations may be imposed in these areas if available HOME funds warrant such a change. SDHDA will receive \$3,008,138 in HOME Funds for 2018. HOME Funds and HOME program income will be utilized for the following activities: 1. To further the single family affordable housing goal, funds will be used for new construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties. HOME funds will also be available for homebuyer assistance and development subsidy. HOME funds are also set aside for particular homebuyer activities. 2. To further the goal of preservation of affordable rental housing, funds will be used for rehabilitation, conversion and acquisition with rehabilitation of rental properties. Funds will be also used for new construction of rental housing where there is an identified need. 3. HOME funds will also continue to be provided as financial resource to provide security deposit assistance for qualified households.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Funds will be awarded annually (applications due last working day of August, awards within 75 days) to eligible applicants who rank the highest on the selection criteria set out within the HOME Program Allocation Plan. If funds remain upon completion of the application cycle, SDHDA may hold another application cycle. Applications requesting HOME funds from the established set asides may apply for funding anytime during the year, with the exception of the Difficult to Develop set aside.</p> <p>Selection Criteria consists of the following -</p> <ul style="list-style-type: none"> • Local Housing NeedDeep Income Targeting - serving lower income households • Extended Use Commitment - serving longer than standard affordability period • Construction Type - rehabilitation vs. new construction • Housing developed as part of a Concerted Community Revitalization Plan • Mixed Income use developments • Evidence of Financial support • Applicant Characteristics • Home Ownership • Service Enriched Housing • Units for Persons with Disabilities – HUD Section 811 • Accessibility of additional units • Leveraging of financial resources • Percentage of Soft Costs Used for Project Costs • Project Location • Developments serving individuals with children • Public Housing Notification of available units
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	<ul style="list-style-type: none"> • Completeness of Plans and Specifications • Evidence of site control Evidence of financing commitments (construction and permanent)Evidence of equity commitment for HTC developments Availability of utilitiesProper ZoningPlatted propertiesProject Characteristics Additional information regarding these point categories and other selection criteria can be found in the HOME Program Allocation Plan.
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
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<p>Describe how resources will be allocated among funding categories.</p>	<p>HOME funds will be distributed geographically throughout South Dakota taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides:Community Housing Development Organization (CHDO) - 15% of annual allocation (approximately \$405,000 annually) per federally requirement. Once the set-aside has been committed, CHDO applications will be referred to the General Pool for potential funding.Homeowner Rehab - \$500,000 is set aside for Community Action Program (CAP) agencies and nonprofit agencies for rehabilitation of single family owner occupied properties. The agencies are eligible for an administrative fee (up to 7.5%)based on program expenses. Maximum grant amount of \$200,000 per sub recipient per year.Homebuyer Assistance - \$200,000 is set aside for financing to qualified households who are unable to obtain the total financing necessary for purchase of a single family home. The maximum gap loan is \$25,000 or 30 percent of the total acquisition costs less all granted and donated items, whichever is less. Security Deposit Assistance - \$200,000 is set aside for qualified Public Housing Authorities (PHAs) and nonprofit entities to provide security deposits to qualified households. Administrating agencies are eligible to receive up to 10% administrative fee for incurred expenses. Difficult to Develop - \$500,000 is set aside as grant financing for developments which are financially difficult to develop and cash flow due to characteristics such as serving special needs population, providing services, location or number of housing units. Homeownership Development - \$500,000 is set aside for interim construction financing of single family homes. Up to \$20,000 may be used as development subsidy per home when costs exceed appraised value. Homeowner and permanent financing must be identified at time of application. Rural Housing Development - \$1,000,000 is set aside for development of housing in rural communities (population of 5,000 or less) allowing applicants to apply anytime from January 1st through August 31st.</p>
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<p>Describe threshold factors and grant size limits.</p>	<p>No more than 20 percent of the General Pool will be allocated to any one project; no more than a cumulative of 25 percent to any one developer/sponsor/owner and no more than 50 percent of the available General Pool will be allocated to any one community. If, after the initial application cycle, funds remain in the General Pool, an application from a developer/sponsor/owner or for any community which was awarded maximum funds under the initial application cycle may be eligible for additional HOME funds.</p> <p>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.</p> <p>SDHDA will not process any application that SDHDA determines is not:</p> <ul style="list-style-type: none"> 1. Consistent with the purposes and goals of the HOME Allocation Plan; 1. Proposing an eligible activity; or 1. Financially feasible. <p>The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250. HOME funds may not exceed the per unit dollar limits established by HUD under the 221(d)(3) Subsidy Limits, in addition, SDHDA has established total project cost limits that developers must adhere to.</p> <p>For those projects which combine HOME and other governmental subsidies, SDHDA will perform a subsidy layering review in accordance with SDHDA HOME Subsidy Layering Policy, which incorporates the cost allocation requirements stated in HUD CPD Notice 915-11, dated December 22, 2015. A copy of this policy and notice is available from SDHDA upon request.</p>
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	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measures are the number of additional housing units geographically distributed for different income levels, types of housing units, and special needs housing.</p>
4	<p>State Program Name:</p>	<p>South Dakota - Housing Trust Fund</p>
	<p>Funding Sources:</p>	<p>Housing Opportunity Fund</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The Housing Trust Fund was enacted per the Housing and Economic Recovery Act of 2008. South Dakota Housing Development Authority administers the HTF program and in 2018, \$3 million will be available for allocation. Up to 10% of the funds will be retained by SDHDA for payment of program administration. The remaining 90% or \$2.7 million will be designated for permanent housing serving households at or below 30% AMI. The HTF program does have two set asides established for particular distribution. \$600,000 is set aside for developments located on Indian Reservations and \$600,000 is set aside for development of special needs housing.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The Housing Trust Fund Allocation Plan outlines the priorities and competitive scoring that will be utilized to select HTF applicants for funding. Point categories include the following: demonstration of housing need, extending the affordability period beyond 30 years, the type of construction project proposed, projects that contribute to a concerted community revitalization plan, projects that incorporate mixed income use, projects that demonstrate leveraging of funds, demonstration of applicant/owner's capacity for development, ownership and management of the housing units, projects providing services for the tenants, projects designating units for the HUD 811 program, incorporating additional accessible housing units, projects located near services and projects that demonstrate their readiness to proceed with the proposed development. The point categories are closely aligned with the HOME and Housing Tax Credit programs. More clarification of these items can be found in the HTF allocation plan.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>The Housing Trust Fund program has two set asides. \$600,000 is set aside for applicants developing housing on Indian Reservations and \$600,000 is set aside for applicants developing housing for special needs populations and providing on-site services. All applicants will apply for HTF funding during the August 31st application cycle. If no applications are received for the set asides during the application round, the HTF will be allocated to applications received under the general funding.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Threshold requirements are outlined within the HTF allocation plan. During the August application cycle, no more than 25 percent may be awarded to any one developer/sponsor/owner, and no more than 20 percent to any one project. If funds remain in the General Pool after the August application cycle, funds exceeding the foregoing limitations may be allocated to any project (i) that was allocated funds in the August application cycle and (ii) whose allocation was limited due to the foregoing limitations.</p> <p>All applications must be complete, meet eligibility requirements and score a minimum of 400 points to be considered for funding. In addition the amount of HTF funding per unit is outlined per Exhibit 6 - HTF Subsidy Limits. The limits were created based on varying construction costs per county across the state and classified in three zones. Annually the zones and subsidy amounts are reviewed and modified as necessary.</p>

What are the outcome measures expected as a result of the method of distribution?	Outcome measurements will be recorded based on the number of housing units designated to extremely low-income households, the differential of unit size, geographic distribution, and the number of units designated as special needs or serving targeted populations.
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Discussion:

GOED and SDHDA provide allocation plans and applications for applicants to utilize when applying for CDBG, HOME, HTF and ESG funding. The allocation plans outline the threshold factors, funding size limits, time frames, application processes, etc. The funding is competitive and not all applications will be awarded funding. In addition, past experience and success with these programs will be used to help evaluate future applications for funding. All program information can be found on SDHDA's website - www.sdhda.org and GOED's website www.sdreadytowork.com.

AP-35 Projects – (Optional)

Introduction:

There are no 2018 projects to report at this time. Funding for CDBG, HOME, HTF and ESG projects will not be determined until after applications are received and evaluated, which typically does not occur until after the funding contracts are awarded by HUD.

#	Project Name

Table 9 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The HOME program is a versatile program that is used to address many housing priorities across the state. Each community has varying housing needs so SDHDA tries to retain flexibility in the HOME program so it is able to address the corresponding needs. Currently the HOME program allocation plan has set-asides or priority points for the following types of housing development: development of housing in rural areas of the state, development of special needs/service enriched housing, homeowner rehabilitation, single family homeownership development and homebuyer assistance as well as security deposit assistance.

The Housing Trust Fund currently has two set-asides to address housing development on Indian Reservations and development of special needs/service enriched housing.

The HOME and HTF programs are competitive funding programs and typically developments serving vulnerable populations or located in rural communities of the state do not seem to compete as well. By creating set-aside of funding, these types of developments can receive more technical assistance and be less competitive, allowing SDHDA staff to work with the applicants in creating successful developments.

AP-38 Project Summary
Project Summary Information

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Not applicable

Acceptance process of applications

Not applicable

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

No

State’s Process and Criteria for approving local government revitalization strategies

Not applicable.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

South Dakota administers the HOME, Housing Trust Fund, Housing Tax Credit and ESG programs statewide. The CDBG program is administered in the CDBG service area. There are no Geographic Priorities being established at this time, except for funding set-asides for Indian Reservations under HTF and the 2018 proposed rural communities set-aside under the HOME program. Funding under the programs is competitive in nature and many factors are taken into consideration when awarding funds, such as demonstrated need, capacity of developer, financial feasibility of the development and geographic distribution. Scoring criteria dictates successful applications but currently the scoring is more influential on the type of project being developed and not geographic location (with the exception of being located near services).

Agencies must also be cognizant on the balance of financing and providing additional housing units in areas of concentration of low income households.

Geographic Distribution

Target Area	Percentage of Funds

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

There is currently a set-aside of HTF funding for Indian Reservations; which could be viewed as a geographic priority. The HTF program is targeted to households at or below 30% AMI. With high poverty rates on Indian Reservations, developing housing with HTF allows housing units to be more affordable to existing tenant population.

In 2018, SDHDA proposes a set-aside of HOME funds for development of housing in rural communities (5,000 or less in population). Establishment of the set-aside allows SDHDA to accept applications throughout the year as well as provide opportunity for additional technical assistance and allows applicants to be reactive to situations as they arise in their community.

Discussion

South Dakota administers the HOME, Housing Trust Fund, Housing Tax Credit and ESG programs

statewide. The CDBG program is administered in the CDBG service area.

Many areas of the state have high demands for additional affordable housing units; there are no Geographic Priorities being established at this time, except for the establishments of funding set asides for Indian Reservations and rural communities (5,000 or less in population). Funding under the programs is competitive in nature and many factors are taken into consideration when awarding funds, such as demonstrated need, capacity of developer, financial feasibility of the development and ensuring geographic distribution of the housing units. Scoring criteria helps dictate successful applications but currently the scoring is more influential on the type of project being developed and not geographic location (with the exception of being located near services).

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

The one year goals indicated below are based on past years' activity. All funding administered by SDHDA is provided through a competitive open application process and besides scoring criteria, it can be difficult to dictate the applications that are submitted by developers.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	0
Special-Needs	20
Total	20

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	315
The Production of New Units	160
Rehab of Existing Units	200
Acquisition of Existing Units	30
Total	705

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

Production and financing of the units listed above will be provided by HOME, Housing Trust Fund, Housing Tax Credit, Governor's House Program, Continuum of Care, and Housing Opportunity Fund.

The one year goals listed above consist of 20 units of permanent housing for the homeless/special needs, 150 units newly constructed rental units and 10 homeownership units. A total of 200 units to be rehabbed consisting of 50 multifamily units and 150 homeowner units. The 30 units of acquisition are likely to be the same 30 units included in the rehab of existing units. Reaching the goals for permanent housing for the homeless/special needs are more realistic with the funding the of Housing Trust Fund and the incorporation of the HTF set-aside of funding for special needs/service enriched housing. HTF designation to serve households at or below 30% AMI and ability to provide grant funding will make this a positive program for the targeted populations.

SDHDA has also been awarded the HUD 811 funding incentivizing the targeting of housing units for

special needs.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

This is a statewide consolidated plan and actions by the local housing authority are not specifically addressed in this plan. SDHDA does have a good working relationship with PHAs and anticipates PHAs accessing SDHDA funding sources for renovation activities for housing developments in their portfolio.

Actions planned during the next year to address the needs to public housing

Public housing authorities are encouraged and eligible to apply for funding to assist with their public housing needs and several public housing authorities have actively utilized SDHDA programs, including HOME funds and Housing Tax Credits. There has been no specific request for assistance from the public housing authorities so no actions are outlined in this Plan to address the needs of public housing.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

This action will be left up to the local public housing authorities.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Based on available information, SDHDA is not aware of any PHA in South Dakota that is designated as troubled.

Discussion:

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

Coordinated effort with the SD Housing for the Homeless Consortium will continue to provide opportunities to develop additional housing for homeless or those at risk of becoming homeless. Funding of the Housing Trust Fund provides another opportunity to specifically target extremely low-income and homeless populations. The \$3 million in HTF funding is estimated to develop 30 units designated for this income level. Due to uncertainty of future funding of HTF, SDHDA will not allocate HTF as rental assistance. Instead funding will be provided upfront at time of development to lower costs thus reducing debt service and allowing the development to collect less rent but still be financially feasible. In 2018, SDHDA set-aside \$600,000 of HTF specifically for the development of special needs/service enriched housing.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

With the Emergency Solutions Grants program, applicants receive outreach funding to help locate, identify, and build relationships with homeless individuals and families to engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. This can be helpful in the smaller communities as those living unsheltered do not always know where to go for resources.

When conducting the statewide homeless count, if individuals or families are identified as sleeping outside, the survey volunteers try and help them find shelter during the survey process. Some families welcome the help and others do not want any assistance, but assistance is provided to help them with their needs.

Many communities are conducting a “Project Homeless Connect” in conjunction with the statewide homeless count in order to identify those needing immediate assistance. The Veteran’s Administration conducts “stand-downs” in many communities across the state to locate and assist homeless veterans in their area with services.

A close relationship has been formed with the Homeless Liaisons in the school districts to help families that need not only educational services for their children but to get families on needed assistance. In addition the Veteran's Administration has been very proactive in outreach efforts with focus on Indian Reservations. This process has identified and provided resources to individuals and families who may

not otherwise be identified and receiving assistance.

South Dakota continues to work on coordinated entry system to assist individuals in assessing their needs. The SDHHC has decided to utilize the VISPDAT as the assessment tool for coordinated entry. Currently other organizations, such as Veteran's Administration are utilizing this tool.

SDHHC has received technical assistance through the Vets@Home initiative which has involved discussions with Veteran Administration and agencies providing services to veterans, regarding common assessments and creating a statewide "master" list of individuals. These efforts will move us forward as a state to develop appropriate assessments and be better prepared to assist homeless individuals as they are encountered through coordinated entry. Full implementation of coordinated entry is expected for June 2018.

Addressing the emergency shelter and transitional housing needs of homeless persons

The majority of South Dakota's emergency shelters are domestic violence shelters. Emergency Shelters for homeless populations, not DV, are located in Sioux Falls, Rapid City, Aberdeen, Eagle Butte and Yankton. The Housing for the Homeless Consortium is making it a goal to provide more permanent supportive housing as the first step in helping homeless individuals and families obtain and sustain housing. With a Housing First approach, there is a need for more intensive case management for those coming from emergency shelters or the streets directly into permanent housing. The South Dakota Housing for the Homeless Consortium (SDHHC) works closely with agencies across the state to make sure they are coordinating their services to ensure permanent housing is sustainable.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The SDHHC works with the Veteran's Administration and the Department of Military and Veteran's affairs to help reduce the number of homeless veterans in South Dakota. HUD-VASH is administered in Sioux Falls and Rapid City. Also, Volunteers of America in Sioux Falls received funding through the VA for the Healthcare for Homeless Veterans grant (HCHV) as well as the Grants and Per Diem program. Cornerstone Rescue Mission in Rapid City houses up to 38 veterans at its facility. Cornerstone also administers the Supportive Services for Veterans Families (SSVF) Program provide services

statewide.

SDHHC works closely with Volunteers of America, Dakotas and Lutheran Social Services who provide many services, including specialized services for homeless youth in South Dakota. Both organizations are active SDHHC members and both organizations are represented on the Policy and Advisory Council of SDHHC. VOA coordinates the SD Runaway Network (SDRN), implements National Safe Place activities, has a 24/7 Crisis line and operates an Independent Living Preparation Program for young adults 6-21, allowing the youth the opportunity to transition out of unsafe environments into independent living on a long-term basis. VOA also administers the VA Grants Per Diem Program partnering with the Sioux Falls VA office.

The Emergency Solutions Grants program is used to provide housing relocation and stabilization services and short- and/or medium term rental assistance as necessary to help homeless individuals or families move as quickly as possible into permanent housing and achieve stability in that housing. More domestic violence shelters are making the transition to serve any homeless in their community which is providing more opportunity to quickly house those who are homeless. In addition more nonprofit agencies such as community action programs are administering ESG funds, allowing for a broader geographic outreach due to their many satellite offices in rural communities across South Dakota.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The Department of Social Services, Division of Child Protection Services has defined procedures in place for the discharge of children from custody/placement. The planning that occurs prior to children being discharge from custody/placement depends on the age of the child, the discharge resource and the services that will be needed to support the child in his/her discharge placement. Children discharging from custody/placement prior to age 18 may be discharged to their birth parent, relative caregiver, a legal guardian or may be adopted. Youth who were in placement upon turning 18 years of age are ready for discharge are eligible for Independent Living Services through the Division of Child Protections Services. Youth are involved in planning their exit from the program and are provided financial resources and on-going case management to help ensure success upon discharge. Several service agencies such as Volunteers of America also provide services to this client base as they make the transition. The additional services provided help to ensure success during this critical time.

South Dakota Department of Health (DOH) provides some standards of care for the homeless when discharged. SDHHC works with DOH towards implementation of appropriate discharge planning

protocols to track homeless individuals and families receiving services through the DOH.

The Division of Mental Health has a discharge criteria and required documentation for the CARE (Continuous Assistance, Rehabilitation and Education Program). Discharge may occur when: (1) The consumer moves outside of the geographical area; (2) the consumer demonstrates ability to function in all major life areas; or (3) the consumer refuses to participate in the CARE program services. The Community Mental Health Centers then need to submit the following documentation to the Division for approval: (1) reason for discharge; (2) consumer status and condition at time of discharge; (3) written evaluation summary of progress made towards case service plan goals; (4) a plan for care and follow-up developed in conjunction with the consumer; and (5) signature of clinical supervisor, qualified mental health professional, or CARE team member.

The Department of Corrections has established procedures in place governing release planning for adults and juvenile offenders. Each adult offender within 5 years of possible release must develop a release plan with the assistance of Corrections case management staff. These release plans have established components of residence, employment and programming needs (chemical dependency, mental health, physical health, sex offender treatment and academic education). The State of South Dakota was a recipient of a Second Chance Act Prisoner Re-Entry Initiative grant. The grant funds were utilized to implement programs and strategies to reduce recidivism. SDHDA along with either other state agencies and many local government organization and associations were members of the reentry workgroup. The information gathered from this process will hopefully be utilized to enhance DOC's discharge planning and assist in long-term success of the individuals.

Emergency Solutions Grants program requires coordination with other targeted homeless services to create a "buffet" of service for those who are homeless or at-risk of homelessness. Coordinating ESG funded activities with other programs targeted to homeless people in the area will help to provide a strategic, community-wide system to prevent and end homelessness.

Discussion

Understanding the barriers and working towards change takes time. In South Dakota the momentum continues to build in understanding homelessness and looking for ways to prevent it from happening. Every small change or program can have a huge impact and we need to continue to work on these changes.

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

As barriers to affordable housing arise, SDHDA will review them and determine which course of action is best suited. Being an agency at the state level, many times SDHDA is not aware of obstacles encountered locally. During public meetings the question is asked, what barriers exist, but many times no barriers are presented. The common barriers such as high housing cost versus low income and habitability standards can be met through program requirements, additional funding and advocacy.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The barriers outlined in the 2017 Analysis of Impediments are not focused on public policies. The analysis is a statewide review with a broad focus. Below are action steps SDHDA anticipates taking action on during the 2018 calendar year:

Impediment: Discrimination in the housing market -

Action Step:

1. SDHDA review new multifamily construction and rehabilitation projects to ensure compliance with design and construction standards and highlight common concerns identified and provide follow-up

information and/or training to the architects and contractors.

2. Evaluate whether a training on reasonable accommodation is necessary.

Impediment: Difficulties in home purchase market

Action Step:

1. Provide fair housing training at banker's training/meeting.
2. Expand homebuyer education among Native CDFIs (Community Development Financial Institution).

Impediment: Lack of available housing units

Action Step:

1. Document the need for continued support of federal financing programs.
2. Create and document success stories for program support and "best practices" for fellow developers.
3. Evaluate current SDHDA financing programs for effectiveness for both rental and homeownership and make changes in allocation plans as necessary.
4. Create opportunity for additional development of housing in rural areas and for special needs/service enriched housing.

Impediment: Lack of education

Action Step:

1. Provide more training opportunities and/or resources for developer capacity building, understanding financing resources, habitability standards and code enforcement, renter's education, fair housing, and understanding of benefits of affordable housing in communities.

Impediment: Tenant selection criteria

Action Step:

1. Work with landlords and management companies to expand housing opportunities for those deemed

as "hard to house".

2. Create and implement a landlord risk mitigation program.
3. Create policy and procedures regarding limited English proficiency.

Discussion:

SDHDA will continue to work with developers, service agencies, communities, contractors, and other partners to address barriers as they arise taking into consideration that the additional action steps should not themselves become barriers.

AP-85 Other Actions – 91.320(j)

Introduction:

Housing and community development is a broad spectrum when addressing the need of housing units to expanding economic opportunities for low-income households and addressing homelessness. SDHDA will continue to address identified needs and partner with agencies to make progress towards adequate housing and economic sufficiency.

Actions planned to address obstacles to meeting underserved needs

To address obstacles of those underserved, a coordinated effort must take place at the state and local level among many agencies such as housing, labor, education, human services, social services, economic development and tribal relations. SDHDA's involvement with statewide councils and coalitions provides us the opportunity to learn of and understand obstacles that arise. Many times action steps planned can only be to involve other parties who may be more relevant to address the issue at hand. Utilizing competitive scoring and providing additional funding opportunities such as the Housing Trust Fund are actions steps that can help address needs.

Actions planned to foster and maintain affordable housing

HOME, Housing Trust Fund, Housing Tax Credits, bond financing and other funding sources such as Housing Opportunity Funds and Community Housing Development Program will continue to be utilized to foster and maintain affordable housing by offering opportunities to finance new construction, acquisition and rehabilitation, and sometimes the refinancing. SDHDA continues to fund the Housing Needs Study Program which financing assists communities under population of 10,000 to pay for a housing needs study. This program has provided much greater awareness of what is affordable housing and its importance in economic sustainability of communities. This awareness has also brought additional needs to be addressed such as appraisal issues in rural communities, financing the feasibility of new construction with service industry wages, increasing or updating local infrastructure, among other needs. The public participation process provides great insight into the local and current needs and helps address the focus of the housing programs.

Actions planned to reduce lead-based paint hazards

All properties financed with HOME, Housing Trust Fund and ESG funds must meet the lead-based paint standards. The mitigation requirements for lead based paint can have a substantial impact on the affordability of housing. SDHDA has been working towards ensuring that the public is educated about these requirements and that awards using HOME funds are in compliance. To encourage compliance with this requirement, 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.

Actions planned to reduce the number of poverty-level families

Use of CDBG funds for workforce training will provide additional opportunities for families to enhance their financial situation. SDHHC will continue to work with Department of Labor to ensure service providers are aware of employment programs and opportunities to assist the homeless and those at risk of homelessness in accessing education and resources to help them obtain self-sufficiency.

Actions planned to develop institutional structure

As communities become aware of housing needs there is a desire for them to learn how to address their need. SDHDA has provided trainings to assist nonprofit organizations, communities, and individuals in different aspects of developing housing such as site selection, marketing, construction and operating budgets. More specific trainings and meetings will continue to address this need as well as providing opportunities during the annual housing conference.

Actions planned to enhance coordination between public and private housing and social service agencies

Enhancing partnerships through meetings, workshops, etc. will enhance coordination between these agencies. The benefits of a small rural state is that agencies are many time aware of and work in conjunction with other agencies. There is little or no hesitation to meet with others to address and hopefully resolve issues. SDHDA has many roles that allows involvement with other organizations and the ability to coordinate.

Discussion:

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

The housing programs of HOME, HTF, ESG, HTC, HOF and CHDP have their own respective allocation or administrative plan that thoroughly details the program requirements, application process, scoring criteria and other pertinent information. Individuals and agencies interested in applying for funding should review the allocation or administrative plan for more program details.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	500,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is

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as follows:

In 2018, SDHDA received \$3,008,138 in HOME funds to be used with an estimated \$4,000,000 in HOME program income for the following activities:

1. New construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties and homebuyer assistance.
2. Rehabilitation, conversion and acquisition with rehabilitation and new construction of rental properties.

HOME funds will be distributed geographically taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides:

CHDOs - 15%

Homeowner Rehab - \$750,000

Homebuyer Assistance Program - \$200,000

Security Deposit Assistance Program - \$200,000

Difficult to Develop - \$500,000

Rural Housing Development - \$1,000,000

Homeownership Development - \$500,000

Homeowner Rehabilitation funds have been set aside for the rehabilitation of single family owner occupied properties, with a maximum grant amount of \$200,000 per sub recipient per year.

The Homebuyer Assistance Program offers gap financing, up to \$25,000 as a deferred loan, to qualified households who are unable to obtain 100% financing for single family home purchase.

Security Deposit Assistance Program funds are set aside for the purpose of providing security deposits to qualified families and individuals.

Difficult to Develop is grant financing for housing developments that by their nature due to size of project, location, or target population need grant financing to be feasible.

Rural housing development set-aside allows housing developments in communities of 5,000 or less in population to apply for HOME set-aside throughout the year, allowing less competition and more

technical assistance from SDHDA staff.

Homeownership development set-aside can be utilized by non-profit organizations assisting individual in financing the construction of a single family residence. HOME funds will be used as construction financing to be repaid once the home is occupied and permanent financing is provided.

HOME funds will be leveraged with other funding sources such as housing tax credit equity, conventional financing, Federal Home Loan Bank, donations and owner equity. The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250.

For those projects which combine HOME and other governmental subsidies, SDHDA certifies that prior to the commitment of funds to a project; SDHDA will evaluate the project in accordance with SDHDA's HOME Subsidy Layering Policy, which incorporates the cost allocation requirements outlined in HUD CPD Notice15-11, dated December 22, 2015. SDHDA certifies that it will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing.

The HOME projects will be awarded based on a competitive application process. The applications are due the last working day of August, with the exception of several of the funding set-asides.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Resale/Recapture Provisions. Homebuyers assisted under HOME will be required to adhere to the following recapture and resale guidelines as specified by 24 CFR 92.254. All recapture and resale restrictions will be imposed by the recorded mortgage and deed restrictions running with the land.

1. Recapture: 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 defined in Section III.C., SDHDA will recapture the entire amount of the HOME investment if the homebuyer acquired the home through the direct assistance of HOME funds. However, in the event of a sale such repayment shall be limited to the net proceeds, if any, of the sale. Net proceeds are the sales price minus the First Mortgage repayment and closing costs.
2. Resale: For HOME projects that are provided assistance of 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. starting at the date of initial purchase. The purchaser's family income must be at or below 80 percent of area median income 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 percentage of the purchaser's family 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 30 percent or less of the purchaser's family income.

iii. The seller receives a "fair return on investment" which is defined as seventy-five percent (75%) of net sale proceeds. SDHDA will receive the remaining twenty-five percent (25%) up to the amount of development subsidy provided.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Resale/Recapture Provisions. Homebuyers assisted under HOME will be required to adhere to the following recapture and resale guidelines as specified by 24 CFR 92.254. All recapture and resale restrictions will be imposed by the recorded mortgage and deed restrictions running with the land.

1. Recapture: 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 defined in Section III.C., SDHDA will recapture the entire amount of the HOME investment if the homebuyer acquired the home through the direct assistance of HOME funds. However, in the event of a sale such repayment shall be limited to the net proceeds, if any, of the sale. Net proceeds are the sales price minus the First Mortgage repayment and closing costs.
2. Resale: For HOME projects that are provided assistance of 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. starting at the date of initial purchase. The purchaser's family income must be at or below 80 percent of area median income 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 percentage of the purchaser's family 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 30 percent or less of the purchaser's family income.

iii. The seller receives a "fair return on investment" which is defined as seventy-five percent (75%) of net sale proceeds. SDHDA will receive the remaining twenty-five percent (25%) up to the amount of development subsidy provided.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

Acquisition and Refinancing of Rental Properties. SDHDA will allow the acquisition or refinancing of existing debt secured by multifamily housing that is being rehabilitated by HOME funds under the following conditions: 1. Management practices must be reviewed and it must be demonstrated that disinvestment has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period (no less than 15 years) can be maintained. If it is determined that disinvestment has occurred, SDHDA will finance the property only if the property is purchased through an arm's length transaction and the current owners and management agent are completely removed from the proposal. 2. New investment must be made to maintain current affordable units or create additional affordable units. The cost in terms of assistance to refinance or acquire and rehabilitate an existing property shall not exceed the amount of assistance to construct a new property of like quality. 3. HOME funds will be used as gap financing and total financing will be limited to 90 percent of the market value of the property (excluding all subsidies) or the total cost of the project as determined by an appraisal of the property. 4. In all cases, an analysis will be made to determine the risk of prepayment or opt out of the existing federal rental subsidy (i.e., a HUD Section 8 contract) and, therefore, the risk of losing the affordable housing supply. Those properties that are financially feasible, are located in a market with substantiated need, and indicate the greatest risk for converting to market rate housing will be given priority for funding. 5. At financing, and after completion of rehabilitation, if applicable, all major systems (roof, windows, heating, etc.) of 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 such 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. 6. The term of the HOME loan will not exceed the expected remaining useful life of the property. Affirmative Marketing SDHDA informs the public, homebuyers, homeowners, landlords and potential tenants about the Federal Fair Housing laws and the affirmative marketing goals by: 1. Making SDHDA programs available for public review; 2. Notifying proposed HOME project owners of Equal Opportunity requirements; 3. Including the Equal Housing Opportunity logo or slogan on all advertising and literature used for the HOME Program; 4. Maintaining for public review, copies of media releases, advertisements, and paid ads where the HOME Program was presented; 5. Placing Public Notices and Ads in local newspapers; and 6.

Attending and providing information at meetings on a statewide basis with developers, realtors, lenders, and other housing and community officials. Each participating entity must affirmatively further fair housing according to 24 CFR Part 92.351. SDHDA assesses the affirmative marketing efforts of the owners by comparing pre-determined occupancy goals to actual occupancy. Outreach efforts are also examined. SDHDA will assess the affirmative marketing efforts of the owners during the rent-up and marketing of the units, by use of a compliance certificate or personal monitoring visit to the site. Owners must also provide to SDHDA an annual assessment of their affirmative marketing plan.

**Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

For 2018, the Emergency Solutions Grants (ESG) Program will be carried out in a similar manner to previous years, taking into account the goal for geographic distribution. SDHDA will continue to advertise and make available the ESG funds to units of local government and to private, nonprofit organizations where local government certification of approval of the proposed project will be obtained.

Each recipient will be required to match its ESG award with an equal amount of funds received from sources other than this program. SDHDA will waive up to \$100,000 of the State's overall matching requirement for grantees that are least capable of providing a match. These grantees must be:

- A. Located in areas of racial/ethnic concentration; i.e. counties with 500 or more minority persons and with 20 percent or more of its population comprised of minority individuals. Counties meeting this definition are Charles Mix, Coarsen, Dewey, Roberts, Shannon, and Todd; or
- B. Located in areas of low-income concentration; i.e. counties having more than 40 percent of its population in poverty. Counties meeting this definition are Buffalo, Corson, Dewey, Mellette, Shannon, Todd, and Ziebach; or
- C. Newly-formed, nonprofit organizations that have received their 501(c) (3) tax exempt ruling from the IRS within the last 3 years.

Grants will be awarded based on need, the State recipient's demonstrated ability to comply with Federal requirements, the completeness of the application and the amount of funds available for distribution. A committee of State employees will review the applications and make awards based on the expansion of homeless assistance provided, whether it is the number of additional homeless persons served or the amount of additional services provided. Consideration will also be given to the applicant's efforts at helping the homeless make the transition to permanent

accommodations. Awards will be made within 65 days of the ESG award letter from HUD.

ESG amounts are to be used for services to homeless and near homeless individuals and families in these major categories:

- 1) Renovation, major rehabilitation or conversion of building for use as emergency shelter facilities;
 - 2) Payment of certain expenses related to operating emergency shelter facilities;
 - 3) Provision of essential services related to emergency shelters and street outreach for the homeless;
 - 4) Provision of Rapid Re-Housing assistance;
 - 5) Development and implementation of homelessness prevention activities; and
 - 6) Participating in the Homeless Management Information System
2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

SDHHC is currently implementing a coordinated entry system for the state of South Dakota. Modifications are currently being made to the database (HMIS) with full implementation scheduled for June 2018. CES will have two identified physical access points and a 1-800 number call in center. SDHDA has contracted with Helpline Center in Sioux Falls to be the 1-800 call in center.

All individuals accessing CES will be assessed utilizing the VISPDAT. Housing options have been identified for the different homeless subpopulations. More information on CES including the policy and procedure manual can be found on www.housingforthehomeless.org website.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

ESG applicants must be non-profits or units of local government and in compliance with ESG guidelines and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws. Applicants must have established standard accounting practices including internal controls, fiscal accounting procedures and cost allocation plans, and be able to track agency and program budgets by revenue sources and expenses.

Grants will be awarded based on need, demonstrated ability to comply with Federal requirements, completeness of the application and the amount of funds available for distribution. A

committee reviews the applications and makes awards based on the expansion of homeless assistance provided, whether it is the number of additional homeless persons served or the amount of additional services provided. Consideration will also be given to the applicant's efforts at helping the homeless make the transition to permanent accommodations. Awards will be made within 65 days of the ESG award letter from HUD.

Applicants with outstanding audit findings, IRS findings, SDHDA monitoring findings or other compliance issues are not eligible ESG sub-grantees and any sub-grantees will not be eligible to receive allocations if any of these conditions occur within the grant period. Please note SDHDA will work with all interested parties, where appropriate, toward the resolution of the unresolved matters.

Eligible applicants must be able to demonstrate prior experience serving individuals and families at-risk of or currently experiencing homelessness. Also, the applicant must show their expertise in their staff having case management skills and to what extent are those skills.

Sub-grantees are required to utilize the Homeless Management Information System (HMIS). Domestic violence providers are required to use a separate system in which to report aggregate data for the clients they serve with ESG funding.

There are Key Applicant Eligibility factors in which to be eligible to apply for ESG funds:

1. Either non-profit or unit of local government;
2. No outstanding findings or other issues;
3. Experienced homeless services/prevention providers;
4. Must be able to meet recordkeeping and reporting requirements including HMIS utilization;
5. Must be able to meet HMIS requirements (exception of domestic violence programs); and
6. Must be a member of the Housing for the Homeless Consortium.

Applications which show a concerted effort to coordinate services with other agencies and other funding sources to best serve the Program Participants will be given priority.

Due to the demand for the funds, grants will be awarded based upon the need for the funding; plan for distribution of the funds in an effective and efficient manner; and collaboration efforts with other agencies

A committee of state employees, who work with or have some knowledge of homeless programs, will review the applications along with SDHDA staff and SDHHC PAC members. The review committee consists of representatives from the Governor's Office, the Department of Health, the Department of Education, the Department of Labor, the Department of Human Services, the Department of Social Services, SDHDA and SDHHC.

When making final selections, the review committee may make a grant award for less than the amount applied for or for fewer than all of the activities identified in the application, based on the demand for grant amounts, the extent to which the respective activities address the needs of the Program Participants, and the reasonableness of the costs proposed.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

All agencies applying for ESG funds must respond to this question as part of the application form. Several agencies currently have formerly homeless individuals as members of their governing boards. Other agencies indicate their willingness to consult with homeless or formerly homeless individuals.

South Dakota Housing for the Homeless Consortium (SDHHC) currently has a governing board member who is formerly homeless. Discussions with the SDHHC governing board are to increase the number of homeless or formerly homeless individuals in addition to the creation of a youth action team consisting of homeless or formerly homeless youth. The SDHHC governing board assists in selection of ESG recipients.

5. Describe performance standards for evaluating ESG.

SDHDA is responsible for monitoring all ESG activities, including activities that are carried out by sub-recipients, to ensure that the program requirements established by the HUD Notice and any subsequent guidance are met.

SDHDA staff will have responsibility for continuous monitoring of all ESG sub-recipient activities. This will be accomplished with site visits to sub-recipients and monthly review of all reimbursement requests that will be required of sub-recipients. SDHDA will conduct site visits on a bi-annual basis through each grant term. SDHDA will also provide support and technical assistance, as needed.

Additional monitoring of sub-recipients may be conducted by the local HUD office of Community Planning and Development; HUD's Office of Special Needs Assistance Program, or any other applicable federal agency. These agencies will be monitoring the ESG program nationwide to determine compliance with federal program requirements.

**Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)**

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

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

a. Make acceptable assurances to SDHDA that it will comply with the requirements of the HTF Program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;

b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

c. Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable housing development.

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

Application Eligibility

SDHDA will only process applications that it determines are:

Consistent with the purposes and goals of this Plan;

1. Proposing an eligible activity;
2. Financially feasible.

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

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

All applicants agree to abide by HTF program requirements.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applications must be submitted on the SDHDA HOME/Housing Tax Credit/HTF Application Form, signed by at least one general partner and include the following.

Local housing needs assessment completed within six (6) months of submission; Project narrative; Copy of letter sent to the chief executive officer of the local governing body; Utility allowance calculation and supporting documentation; Pro Forma evidencing 1.15 debt coverage ratio for the affordability period and term of HTF loan; Three years of annual financial statements from the owner, developer, and general partner; Calculation and documentation of annual operating expenses.; Attorney's opinion stating the applicant and development team members are in good standing; Evidence of site control; Proposed project site plan and typical floor plan; Documentation project site is properly zoned and current project's plat; Letters of notification to local housing authority outlining the type and number of units and the exact location of the proposed project; If the applicant is a nonprofit, a description of the organization and its activities; To obtain available points, applicants must submit local area map indicating other assisted housing, proximity to services; a completed Exhibit 4 signed by the Applicant and Architect; documentation of financial support; documentation of applicant characteristics; a letter of intent from the service provider detailing services being provided; and letter

indicating housing is serving households with children; Letter of intent for construction, interim, and permanent financing; Acq./rehab projects built before 1978, signed Lead-Based Paint Disclosure of Information; Acq./rehab project must submit a relocation plan and budget; three years historical financials; a detailed description of the rehabilitation for exterior and by apartment unit; If applicable, copy of the Concerted Community Revitalization Plan and evidence the housing is or will be located within the associated qualified census tract; Documentation of utility availability and capacity at site (i.e. water, sewer, electric, natural gas); Copy of Consultant Agreement if applicable.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Local Housing Needs up to 150 points

Extended Affordability Period - 30 points

Construction Type up to 60 points - size, characteristics, type of project

Concerted Community Revitalization up to 20 points for projects in QCT and part of CCR plan

Mixed Income up to 30 points for incorporating market rate housing units

Financial support up to 20 points

Leveraging of funds up to 30 points

Percentage of soft costs up to 30 points.

Project location near services and areas of opportunity up to 40 points.

Serving households with children - 10 points.

Public Housing Notification - 10 points.

Promise Zone Designation - 20 points.

Readiness to Proceed up to 150 points.

Applicant Characteristics up to 40 points for demonstrated housing experience, woman or minority-owned business, and/or equity contribution in excess of 10 percent.

Service Enriched Housing up to 40 points for on-site services to tenants.

Additional accessible housing units up to 15 points.

HUD 811 Designated Units up to 30 points for designation of units for the HUD 811 program.

Development Characteristics up to 200 points.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

There is a set-aside of \$600,000 for projects located on Indian Reservations and 20 points awarded to Promise Zone Designations. Besides these two items there are no geographical preference or priority.

As stated in the HTF Allocation Plan, SDHDA will focus on specific purposes and goals, one of which is the following: 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.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Within the point categories there are several items that are focused on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. Under Applicant Characteristics, the

applicant can receive points by documenting prior housing development experience. Under Readiness to Proceed, SDHDA will award up to 150 points for projects that are able to demonstrate readiness to proceed. The items included within readiness to proceed are: architectural plan and specs more than 50 percent complete, having site control, commitment of construction financing, availability of utilities to the site, and the property is properly zoned and platted.

In addition, the following disclaimers are outlined in the HTF allocation plan -

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

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

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

As stated in the HTF allocation plan, 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.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Per the HTF allocation plan, the applicant must submit a pro forma as described below.

Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.15 for the entire affordability period. Compensating factors such as developer's experience, types of financing utilized and financial strength of the applicant/owner may vary this requirement. The debt coverage ratio is the net operating income to the total annual debt service. Furthermore, the application must reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the period of affordability. 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 allow.

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

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Please see response to "c" above which outlines selection points for SDHDA's priorities.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Per the selection criteria, applicants are awarded points for utilizing other financial resources and for

leverage of federal funds. The excerpts are below.

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.

Leveraging (Maximum 30 points)

The owner will be required to provide a minimum of 10 percent of the total project cost as equity in the project. SDHDA will award up to 50 points if HTF funds are leveraged against other financial resources used to cover costs allocated to the HTF assisted units as follows (note that points will not be awarded for funds utilized to finance market rate units):

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

4. Does the grantee’s application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select “N/A”.

Yes

5. Does the grantee’s application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select “N/A”.

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee’s goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.

Enter or attach the grantee’s maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME’s maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

2018 subsidy amounts are outlined in Exhibit 6 of the HTC Allocation plan. Exhibit 6 is attached.

SOUTH DAKOTA

2018 HTF SUBSIDY LIMITS

(APPLIES TO ALL HTF PROJECTS)

	<u>Zone I</u>	<u>Zone II</u>	<u>Zone III</u>
0 bedroom	\$110,700	\$112,800	\$115,800
1 bedroom	\$126,900	\$129,300	\$132,800
2 bedrooms\$155,500	\$158,400	\$162,700	
3 bedrooms\$183,600	\$187,000	\$192,100	
4+ bedrooms	\$202,000	\$205,700	\$211,300

Zone I

Lincoln	Minnehaha	Union
Yankton	Davison	Clay

Zone II

Beadle	Brookings	Brown
Codington	Lake	Lawrence McCook
Meade	Turner	Pennington Hughes

Zone III

Aurora	Bennett	Bon Homme
Brule	Buffalo	Butte
Campbell	Charles Mix	Clark
Corson	Custer	Day
Deuel	Dewey	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	Shannon
Spink	Stanley	Sully
Todd	Tripp	Walworth
Ziebach		

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee’s description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

SDHDA has separate rehabilitation standards that are attached to this document.



MINIMUM HOUSING REHABILITATION STANDARDS

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY FUNDED MULTIFAMILY AND SINGLE FAMILY HOUSING PROJECTS

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I. Preface

This document is intended to outline the requirements for building rehabilitation for all South Dakota Housing Development Authority funded multifamily and single family housing projects. These standards are applicable to all SDHDA funding sources such as HOME, Housing Trust Fund, Housing Tax Credits, Housing Opportunity Fund and Community Housing Development programs. These standards, though a requirement specifically to the development entity in direct receipt of SDHDA funding, are written to provide guidance to all relevant members of a project development team. Additional requirements for home owner rehabilitation projects can be found in the SDHDA Homeowner Rehabilitation Program Policy and Procedure Manual. These standards are not intended to reduce or exclude the requirements of any local or state building or housing codes, standards, or ordinances that may apply. In the event of any conflicting code(s), the more restrictive code(s) will apply. Housing rehabilitated with SDHDA financing programs must meet all applicable State and local codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council.

These standards were designed to assist in achieving consistency throughout the state for all rehabilitation activities funded with SDHDA funds. The goal of the SDHDA financing program is to provide functional, safe, affordable and durable housing that meets the needs of the tenants and communities in which the housing is located. Ensuring that property rehabilitation puts each building in the best possible position to meet this goal over its extended life, and at a minimum that all health and safety deficiencies are addressed.

These standards assume that a knowledgeable inspector will thoroughly inspect each dwelling to verify the presence and condition of all components, systems, and equipment of the dwelling. All components, systems, and equipment of a dwelling referenced in this document shall be in good working order and condition and be capable of being used for the purpose for which they were intended and/or designed. Components, systems and/or equipment that are not in good working order and condition shall be repaired or replaced. When it is necessary to replace items (systems, components, or equipment), the replacement items must conform to these standards. These standards also assume that the inspector will take into account any extraordinary circumstances of the occupants of the dwelling (e.g., physical disabilities) and reflect a means to address such circumstances in their inspection and in the preparation of a work write-up/project specifications for that dwelling.

All interior ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing components or other serious damage. The roof must be structurally sound and weather-resistant. All exterior walls (including foundation walls) must not have any serious defects such as leaning, buckling, sagging, large holes, or defects that may result in the structure not being weather-resistant or that may result in air infiltration or vermin infestation. The condition of all interior and exterior stairs, halls, porches, walkways, etc. must not present a danger of tripping or falling.

If an inspector determines that the specific individual standards of this document cannot be achieved on any single dwelling due to it being structurally impossible and/or cost prohibitive, the inspector shall document the specific item(s) as non-conforming with these standards. The inspector shall prepare, for SDHDA's consideration, a list of any and all non-conforming items along with his/her recommendation to waive, or not to waive, the individual non-conforming items. Any waiver of non-conforming items are at the sole discretion of SDHDA. Items necessary to meet HUD Uniform Physical Conditions Standards may not be waived.

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Energy Star rated systems, components, equipment, fixtures and appliances are required per SDHDA Exhibit 4 Project Characteristics Minimum Standards. Additional requirements may also exist for developers choosing to receive competitive scoring per SDHDA Exhibit 4 Project Characteristics. Developers are encouraged to review the allocation plan for the respective program for which they are applying.

II. Quality of Work

- A. Quality of Work:** Developers shall ensure that all rehabilitation work is completed in a thorough and workmanlike manner in accordance with industry practice and contractually agreed upon plans and specifications as well as subsequent mutually agreed upon change orders during the construction process. Developers will employ best practice industry standards relating to quality assurance to verify all work completed.
- B. Project Design Professionals:** Project developer will formally contract with a licensed architectural and engineering design professionals, licensed to practice in the State of South Dakota, to provide appropriate professional services to each project. It is the responsibility of each licensed professional to assure that the scope of work is done in accordance with the generally accepted practice in their discipline, as well as designing the project to be in full compliance with all Federal, State and local codes. In addition the architect and/or engineer will provide plans and contract specifications which stipulate quality standards, material choices and installation methods and standards.

III. Minimum Standards for Basic Equipment and Facilities

- A. Kitchens – Every dwelling shall have a kitchen room or kitchenette equipped with the following:**
- 1. Kitchen Sink.** The dwelling shall have a kitchen sink, connected to both hot and cold potable water supply lines under pressure and to the sanitary sewer waste line. When replacing such components, water supply shut off valves shall be installed.
 - 2. Oven and Stove or Range.** The dwelling shall contain an oven and a stove or range (or microwave oven) connected to the source of fuel or power, in good working order and capable of supplying the service for which it is intended.
 - 3. Refrigerator.** The dwelling shall contain a refrigerator connected to the power supply, in good working order and capable of supplying the service for which it is intended.
 - 4. Counter Space Area.** Every kitchen or kitchenette shall have an adequate storage area. Every kitchen or kitchenette shall have adequate counter space.

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- B. Toilet Room:** Every dwelling shall contain a room which is equipped with a flush toilet and a lavatory. The flush water closet shall be connected to the cold potable water supply, under pressure, and to the sanitary sewer system. The lavatory shall be connected to both a hot and cold potable water supply, under pressure, and connected to the sanitary sewer system. When replacing such components, water supply shut-off valves shall be installed.
- C. Bath Required:** Every dwelling shall contain a bathtub and/or shower.
1. The bathtub and/or shower unit(s) need not be located in the same room as the flush water closet and lavatory. The bathtub and/or shower unit may be located in a separate room.
 2. The bathtub and/or shower unit shall be connected to both hot and cold potable water supply lines, under pressure, and shall be connected to the sanitary sewer system. Where feasible, shut off valves shall be installed on the water supply lines. All faucets, when replaced, shall be water balancing scald guard type faucets.
- D. Privacy in Room(s) Containing Toilet and/or Bath:** Every toilet room and/or every bathroom (the room or rooms containing the bathtub and/or shower unit) shall be contained in a room or rooms that afford privacy to a person within said room or rooms. Every toilet room and/or bathroom shall have doors equipped with a privacy lock or latch in good working order.
- E. Hot Water Supply:** Every dwelling shall have supplied water-heating equipment (water heater and hot water supply lines) that is free of leaks, connected to the source of fuel or power, and is capable of heating water to be drawn for general usage.
1. No atmospheric water heaters shall be allowed in a confined space. No water heaters shall be allowed in the toilet rooms, bathrooms, bedrooms, or sleeping rooms. No gas water heaters shall be allowed in a clothes closet.
 2. All gas water heaters shall be vented in a safe manner to a chimney or flue leading to the exterior of the dwelling. Unlined brick chimneys must have a metal liner installed to meet manufacturer's venting requirements. If metal chimney venting cannot be added, a power vented water heater may be installed. Install according to manufacturer's specifications.
 3. All water heaters shall be equipped with a pressure/temperature relief valve possessing a full-sized (non-reduced) approved discharge pipe to within six (6) inches of the floor. The discharge pipe shall not be threaded at the discharge end.
 4. All water heaters must be installed to manufacturer's installation specifications.

5. Replacement water heaters shall meet Energy Star requirements at the time of installation.
 6. Where feasible, tankless water heaters may be installed in accordance with manufacturer's guidelines and sized to provide adequate hot water supply to all fixtures. Gas supply lines and/or electrical capacity must be evaluated before installing tankless water heaters. Before installing, careful consideration should be made regarding supply and water temperature.
- F. Exits:** Every exit from every dwelling shall comply with the following requirements:
1. Every habitable room shall have two (2) independent and unobstructed means of egress. This is normally achieved through an entrance door and an egress window.
 2. All above grade egress windows from habitable rooms shall have a net clear opening of 5.7 square feet. The minimum net clear opening width dimension shall not be less than twenty inches (20") wide, and the minimum net clear opening height dimension shall not be less than twenty-four inches (24") wide. Note that the combination of minimum window width and minimum window height opening size does not meet the 5.7 square feet requirements. Therefore, the window size will need to be greater than the minimum opening sizes in either width or height. Where windows are provided as a means of escape or rescue, they shall have a finished sill height of not more than forty-eight inches (48") above the floor in basements. Egress windows with a finished sill height of more than forty-eight inches (48") shall have a permanently installed step platform that is in compliance with stair construction standards.

All at-grade egress windows from habitable rooms may be reduced in size to 5.0 square feet of operable window area, but the area must meet the minimum width and height requirements of all egress windows.

When windows are being replaced within existing openings, the existing window size shall be determined to be of sufficient size even if current window sizes do not meet current egress standards. However, if the specification writer determines that changing the window size is beneficial, such egress window size modification will be allowed but not required. If new construction windows are being installed, these windows must meet all egress window requirements (for example, if adding on to existing building in a rehabilitation or adaptive reuse).
 3. In habitable basements (or habitable rooms within a basement) where one means of egress is a window, the window shall have a net clear opening of 5.0 square feet. The window shall open directly to the street or yard or, where such egress window has a finished sill height that is below the adjacent ground elevation, shall have an egress window/area well. The egress window/area well shall provide a minimum accessible net clear opening of nine square feet that includes a minimum horizontal

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dimension of thirty-six inches (36") from the window. Egress window/area wells with a depth of more than forty-four (44") shall be equipped with an affixed ladder, stairs or platform according to local code that are accessible with the window in the fully opened position. Such ladder will have an inside width of 12 inches, shall not project less than 3 inches from the wall and shall be spaced no more than 18 inches on center vertically for the full height of the window well. Stacked rock structures will not be acceptable for window well construction.

- G. Stairs:** If replacing existing stairs, stairs will need to conform as close as possible to new construction standards, but replacement stairs do not need to be in compliance with new codes. All newly constructed stairs (interior and exterior stairways) shall comply with the following requirements and local code requirements:
1. All stairways and steps of four (4) or more risers shall have at least one (1) handrail. All stairways and steps which are five (5) feet or more in width shall have a handrail on each side.
 2. All handrails shall be installed not less than thirty-four inches (34") nor more than thirty-eight inches (38"), measured plumb, above the nosing of the stair treads. Handrails adjacent to a wall shall have a space of not less than one and one-half inches (1 1/2") between the wall and the handrail. All handrails shall be turned back into the wall on railing ends. The size of a round railing must be a minimum of 1.25 inches, but not more than 2 inches. Railings must be continuous from the top riser to the bottom riser.
 3. Porches, balconies, decks, or raised floor surfaces, including stairway riser and/or landing, located more than thirty (30) inches above the floor or the grade, shall have guardrails installed that are not less than thirty-six inches (36") in height. Open guardrails and stair railings shall have intermediate rails or ornamental pattern such that a sphere four inches (4") in diameter cannot pass through.
 4. All stairs and steps shall have a riser height of not more than eight inches (8") and a tread depth of not less than nine inches (9"). All newly constructed stairs, not replacement stairs, shall have a riser height of not more than seven and three quarters (7 3/4"), a tread depth of not less than ten inches (10") and a clear width not less than 36 inches (36"). Risers and treads cannot be different in size by more than 3/8 of an inch from the top to the bottom of the stairs.
- H. Smoke Detectors:** All smoke detectors shall be dual sensor detectors. They shall be hard-wired with battery back-up and interconnected with all other alarms. Smoke detectors shall be located as follows:
1. On the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms.
 2. In each room used for sleeping purposes, and

3. In each story within a dwelling unit, including basements but not including crawl spaces and uninhabitable attics. In dwellings or dwelling units with split levels and without an intervening door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one full story below the upper level.

All smoke detectors shall be installed per manufacturer's installation instructions.

- I. **Carbon Monoxide Detectors:** Where a heating system source, other than solid fuel burning appliances (e.g., wood stoves), and/or water heater that burns solid, liquid or gaseous fuels is located horizontally adjacent to any habitable room, a hard-wired with battery back-up carbon monoxide detector is required and is to be installed per the manufacturer's instructions. Any dwelling that has a fuel source heating system (not electric), other solid fuel burning appliances (e.g., wood stoves, pellet, or corn stoves), and/or fuel source water heater (not electric), a hard-wired with battery back-up combination smoke alarm/carbon monoxide detector is required to be installed per the manufacturer's instructions on the main living area floor.

IV. Minimum Standards for Ventilation

- A. In general, sufficient ventilation shall be present to ensure adequate air circulation in the dwelling.
- B. Bathrooms, including toilet rooms, shall be provided with an exhaust fan. If it is being installed or replaced, it shall be sized accordingly to the room size, switched with the primary bath light and be Energy Star qualified. Fans shall have insulated ducting vented to the exterior. A fan needs to be installed if there is no window or a non-operable window is present.

V. Minimum Standards for Electrical Service

- A. **Minimum Electrical Service:** Every dwelling unit, at a minimum, shall have a 100-ampere breaker controlled electrical panel. All electrical work shall be in compliance with adopted State electrical code requirements. The panel, service mast, etc. shall also be installed to local utility company requirements.
- B. **Convenience Outlets:**
 1. Every habitable room within the dwelling shall contain at least two (2) separate duplex, wall-type electrical outlets. Placement of such outlets shall be on separate walls. All newly installed receptacles shall be grounded duplex receptacles, tamper resistant, arch fault protected or GFCI protected as required by code.
 2. All electrical outlets used in bathrooms and toilet rooms, all outlets within six foot (6'-0") of a water source (excluding designated simplex equipment

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circuits for clothes washing machines and sump pumps), outlets located on open porches or breezeways, exterior outlets, outlets located in garages and in non-habitable basements, except those electrical outlets that are dedicated appliance outlets. All kitchen receptacles serving the countertop area shall be ground fault circuit interrupter (GFCI) protected. All exterior receptacles shall be covered by a receptacle cover that when a cord is plugged in, the GFCI outlet will stay covered and protected.

3. All accessible knob and tube, unsafe, and/or illegal wiring shall be removed and replaced with type NM cable (Romex) or as required by code.
4. All broken, damaged or nonfunctioning switches or outlets shall be replaced. All fixtures and wiring shall be adequately installed to ensure safety from fire so far as visible components are observed. All missing or broken switch and outlet covers (including junction boxes) shall be replaced. Each receptacle or switch located on an exterior wall shall have a foam seal placed under the cover.

C. Lighting:

1. Every habitable room and every bathroom (including toilet room), laundry room, furnace or utility room, and hallway shall have at least one (1) ceiling or wall-type electric light fixture, controlled by a remote wall switch. Habitable rooms (except kitchens or kitchenettes) may have a wall-type electrical outlet controlled by a remote wall switch in lieu of a ceiling or wall-type light fixture. Energy efficient fixtures that meet energy star ratings and compact florescent bulb equivalent or better shall be installed in all new fixture installations.
2. All stairwells shall have at least one light fixture controlled by a remote wall switch at the top and bottom of the stairs.
3. Porcelain type fixtures with pull chains are acceptable for use in basements (except for the one controlled by a remote wall switch) cellars, and attics.
4. All pendant type lighting fixtures that are supported only by the electrical supply wire shall be removed or replaced. If replaced, replace with Energy Star rated fixtures equipped with CFL or LED bulbs.

VI. Minimum Standards for Heating Systems

- A. **Heating System:** All heating systems shall be capable of safely and adequately heating for all living space.
- B. **Cooling System:** Non-working or improperly functioning central air conditioning systems shall be repaired or replaced as part of the rehabilitation work. The installation of a central air conditioning system, where it currently does not exist, is permissible where feasible and practical.

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C. Requirements for Heating and or Cooling Systems:

1. All existing heating systems, including but not limited to, chimneys and flues, cut-off valves and switches, limit controls, heat exchangers, burners, combustion and ventilation air, relief valves, drip legs and air, hot water, or steam delivery components (ducts, piping, etc.) that are not being replaced, shall be inspected to be in a safe and proper functioning condition at the time of inspection, by means of written project file documentation.
2. Every heating system burning liquid or gaseous fuels shall be vented in a safe manner to a chimney or flue leading to the exterior of the dwelling. The heating system chimney and/or flue shall be of such design to assure proper draft and shall be adequately supported.
3. No heating system source burning liquid or gaseous fuels shall be located in any habitable room or bathroom, including any toilet room.
4. Every fuel burning appliance (liquid or gaseous fuels) shall have adequate combustion air and ventilation air. All new furnaces will have sealed combustion with combustion air brought in from the exterior of the house and installed in accordance with manufacturer's guidelines.
5. Every heat duct, steam pipe and hot water pipe shall be free of leaks and shall function such that an adequate amount of heat is delivered where intended. All accessible duct joints must be sealed with mastic or any other acceptable product. Newly installed ductwork must also be sealed. All accessible steam piping and hot water piping must be installed with an approved material.
6. Every seal between any of the sections of the heating source(s) shall be air-tight so that noxious gases and fumes will not escape into the dwelling.
7. No space heater shall be of a portable type.
8. Minimum requirements for forced air furnaces, when installed, will be no less than a 92% AFUE. A digital programmable thermostat must be installed. Condensate lines will drain to a floor drain or have a condensate pump installed and piped to discharge. All furnace ductwork shall be equipped with an air filter clean out location that has a tight fitting cover installed over it.
9. All boilers, when replaced, will have an "A" rating and be no less than 90% AFUE rating. All combustion air will be from the exterior of the house. The addition of zone valves may be useful to reduce energy cost. Heat lines shall be insulated with approved material. Programmable thermostats will be installed.
10. Heat Pumps, if added or replaced, shall be rated at 8 HSPF or greater

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with a 13 SEER rating or higher.

11. A/C units, if added or replaced, shall not be less than 13 SEER. All units shall be installed, when possible, on either the north or east side of the dwelling or in an area that will provide shade for the unit. The correct coil will be installed that is compatible with both the furnace and A/C unit. Homeowners who use window air conditioners will be required to purchase Energy Star qualified through wall air conditioners. No window A/C units may be purchased with HTF funds.

D. Energy Conservation: All structures shall comply with certain energy conservation measures (U.S. Department of Energy recommendations). These measures include, but are not necessarily limited to, the following:

1. When siding is being replaced and/or interior wall finishes of exterior walls are being replaced on a dwelling, such exterior walls are to be provided with insulation and at the recommended resistance factor (R-value) or R-13, or that which is allowed by the stud cavity space. In addition, an air infiltration barrier, such as Tyvek or approved equal, shall be installed on all exterior walls. If new walls are being framed and insulated, the minimum R factor is R-20. The installation of fan- fold foam or foam sheathing may be added to increase household R- ratings. All new insulation shall be formaldehyde free.
2. When new windows are to be installed, windows must be current Energy Star rated for northern climates. All rope weight openings will be insulated and all new windows will have the window jamb sealed. Where SHPO requirements will restrict the installation of vinyl windows, the specifications will be written to come as close as possible to achieving Energy Star requirements.
3. All heat ducts and hot water or steam heat distribution piping shall be insulated or otherwise protected from heat loss where such ducts or piping runs are located in unheated spaces. Similarly, distribution piping for general use hot water shall also be protected from heat loss where such piping is located in unheated spaces. All water distribution piping shall be protected from freezing.
4. Attic access passage ways (scuttle holes) shall be no less than 22" by 30" or the size of original construction. If it is impossible to conform to this standard, the largest attic access hole possible will be installed. Attic access covers are required to be insulated.

VII. Minimum Standards for the Interior of Structures

A. Interior Walls, Floors, Ceilings, Doors, and Windows:

1. All interior walls, floors, ceilings, doors and windows shall be capable of being kept in a clean and sanitary condition by the owner.

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2. Every bathroom and/or toilet room, kitchen or kitchenette, and utility room floor surface shall be constructed such that they are impervious to water and can easily be kept in a clean and sanitary condition by the owner.
3. All interior doors shall be capable of affording the privacy for which they are intended.
4. No dwelling containing two or more bedrooms shall have a room arrangement that access to a bathroom, toilet room, or a bedroom can be achieved only by going through another bathroom, toilet room, or another bedroom.
5. All paints, stains, varnishes, lacquers and other finishes used in the rehabilitated dwelling shall be low or no VOC paint finishes and installed as required by the manufacturer.
6. All new wood shelving, cabinets and countertops to be formaldehyde free or sealed board products.

VIII. Minimum Standards for the Exterior of Structures

A. Foundations, Exterior Walls, Roofs, Soffits and Fascia:

1. Every foundation, exterior wall, roof, soffit and fascia shall be made weather resistant. Products for exterior walls, roofs, soffits, and fascia shall be installed in accordance with the manufacturer's guidelines.
2. Roof replacement shall be installed in accordance with the manufacturer's requirements. A minimum of a 30 year warranty asphalt or composite shingle, 29 gauge metal roof with a 50 year finish/fade warranty or a 60 mil rubberized roof with a 30 year warranty for flat roofs shall be installed.

B. Drainage:

1. All rainwater shall be conveyed and drained away from every roof so as not to cause wetness or dampness in the structure. No roof drainage systems shall be connected to a sanitary sewer, or directly to a storm sewer system.
2. The ground around the dwelling shall be sloped away from foundation walls a minimum of 2% slope for hard surface adjoining the foundation and no less than 5% for landscaped surfaces to divert water away from the structure.
3. If feasible, the collection of roof water is encouraged.

C. Windows, Exterior Doors and Basement Entries (Including Cellar Hatchways):

1. Every window, exterior door, basement entry and cellar hatchway shall be tight fitting within their frames, be rodent-proof, insect-proof and be

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weatherproof such that water and surface drainage is prevented from entering the dwelling. In addition, the following requirements shall also be met:

- a. All exterior doors and windows shall be equipped with security locks. Deadbolts are required and must be equipped with a 1 inch (1") throw into a reinforced jamb.
- b. Every window sash shall be fully equipped with glass windowpanes which are without cracks or holes. Every window sash to be replaced shall use Energy Star rated for northern climate windows unless the existing windows have insulated glass. Stained or leaded glass found to be historically significant may be protected by a fixed low-E glass storm window. Every window sash shall fit tightly within its frame, and be secured in a manner consistent with the window design. All window jambs will be sealed. All rope weight openings shall be insulated before installing the new window. Energy Star rated for Northern climate.
- c. Storm doors, when installed, shall also be equipped with a self-closing device.
- d. Every exterior door, when closed, shall fit properly within its frame and shall have door hinges and security locks or latches. All exterior doors will be no less than metal clad insulated (foam filled) or composite doors in a metal clad or composite frame. Unit entry doors without windows shall have 180 degree view peephole installed. All jambs and thresholds will be sealed.
- e. Every exterior door shall be not less than two foot-four inches (2'-4") in width and not less than six foot-six inches (6'6") in height. Existing door sizes will be grandfathered, but an attempt shall be made to have at least one exterior door that is not less than 36 inches wide and no less than 6'-8" high.

IX. Minimum Space, Use, and Location Requirements

- A. No cellar space shall be converted to habitable space.
- B. **Habitable Basement Space:** No basement space shall be used as habitable space unless all habitable space requirements are met and all of the following requirements are met:
 1. The floor and walls are waterproof or damp proof construction.
 2. Such habitable space has a hard surfaced floor of concrete or masonry.
 3. Such space shall have a minimum of two exits. In addition to the stairs, this would normally consist of one egress window.

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X. Minimum Standards for Plumbing Systems

- A.** All dwelling plumbing systems shall be capable of safely and adequately providing a water supply and wastewater disposal for all plumbing fixtures. Every dwelling plumbing system shall comply with the following requirements.
- 1.** All existing plumbing systems and plumbing system components shall be free of leaks. When repairing or adding to such systems, any type of pipe allowed by the State plumbing code shall be allowed.
 - 2.** All plumbing system piping shall be of adequate size to deliver water to plumbing fixtures and to convey wastewater from plumbing fixtures (including proper slope of wastewater piping) as designed by the fixture manufacturer).
 - 3.** All plumbing fixtures shall be in good condition, free of cracks and defects, and capable of being used for the purpose in which they were intended.
 - 4.** The plumbing system shall be vented in a manner that allows the wastewater system to function at atmospheric pressure and prevents the siphoning of water from fixtures. Venting by mechanical vents is accepted as an alternative to exterior atmospheric venting.
 - 5.** All fixtures that discharge wastewater shall contain, or be discharged through, a trap that prevents the entry of sewer gas into the dwelling.
 - 6.** All plumbing system piping and fixtures shall be installed in a manner that prevents the system, or any component of the system, from freezing.
 - 7.** All plumbing fixtures and water connections shall be installed in such a way as to prevent the backflow of water from the system into the plumbing system's water source.
 - 8.** Valves shall be installed with the valve in the upright position. When replacing valves, the use of a full port ball-valve shall be encouraged.
 - 9.** When replacement of fixtures (faucets, toilets, urinals, showerheads) is required they shall meet EPA Water Sense Requirements and be labeled as such.

XI. Minimum Standards for Potable Water Supply

- A.** Every dwelling shall be connected to an approved (by the jurisdiction having authority) potable water source.
- B.** All potable water fixtures and equipment shall be installed in such a manner as to make it impossible for used, unclean, polluted or contaminated water, mixtures or substances to enter any portion of the potable water system piping. All equipment and fixtures shall be installed with air gaps (traps) to prevent back

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siphon age. All outlets with hose threads (except those serving a clothes washing machine) shall have a vacuum breaker for use with the application. Any plumbing equipment or fixtures that allow, or appear to allow, the previous conditions, or are otherwise deemed to be unhealthy, unsanitary, or unsafe shall be replaced. No water piping supplied by a private water supply system shall be connected to any other source of water supply without the approval of the jurisdiction having authority over the installation.

XII. Minimum Standards for Connection to Sanitary Sewer

Every dwelling shall be connected to an approved (by the jurisdiction having authority) sanitary sewer system.

XIII. Asbestos

Housing assisted with SDHDA funds is subject to the regulations at 40 CFR Part 61, subpart M as adopted by Administrative Rules of South Dakota 74:36:08 and regulated by the South Dakota Department of Environmental & Natural Resources. Applicants, developers and builders of any project requiring the rehabilitation or adaptive reuse of structures are required to contact the South Dakota Department of Environmental & Natural Resources before the commencement of any work.

XIV. Lead-Based Paint

Housing assisted with SDHDA funds is subject to the regulations at 24 CFR Part 35, subparts A, B, J, K, and R which govern lead-based paint poisoning prevention in residential structures. Applicants, developers, and builders of any project requiring the rehabilitation or adaptive reuse of structures built prior to 1978 must read, fully understand, and comply with 24 CFR Part 35, subparts A, B, J, K, and R.

XV. Accessibility

Housing assisted with SDHDA funds must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act, implemented at 28 CFR Parts 35 and 36, as applicable. "Covered multifamily dwellings", as defined at 24 CFR Part 100.201, must also meet the design and construction requirements at 24 CFR Part 100.205, which implements the Fair Housing Act.

XVI. Uniform Physical Condition Standards

Housing assisted with SDHDA funds and which are placed in service must follow property standards which include all inspectable items and inspectable areas specified by the US Department of Housing and Urban Development (HUD) based on the HUD physical inspection procedures, known as the Uniform Physical Condition Standards (UPCS) prescribed by HUD pursuant to 24 CFR Part 5, subpart G. A detailed UPCS

Inspectable Items and Observable Deficiencies Checklist can be found at http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_26481.pdf.

- A. Housing assisted with SDHDA funds must be decent, safe, sanitary, and in good repair. Owners of SDHDA-assisted property must maintain such housing in a manner that meets the physical condition standards set forth in this section in order to be considered decent, safe, sanitary, and in good repair. These standards address the major areas of the SDHDA-assisted housing: the site; the building exterior; the building systems; the common areas; and the dwelling units. Inspectable items are designated with a **level of deficiency** at which they must be addressed. Level 3 deficiencies present a health and safety issue and must be addressed immediately, Level 2 does not impose an immediate risk or threat but if unattended could become a Level 3 and Level 1 is no concern. All Level 3 and Level 2 items must be included in the proposed rehabilitation. Level 1 items can be addressed as part of the proposed rehabilitation or a reserve fund must be established for replacement at a future date. Definitions of these deficiency levels can be found in the HUD Dictionary of Deficiency Definitions CDC Version 2.3 at http://www.hud.gov/offices/reac/pdf/pass_dict2.3.pdf.

1. Site: Inspectable Items

- Fencing and Gates
 - Damaged/Failing/Leaning, Holes, Missing Sections – **Level 3**
- Grounds
 - Erosion/Rutting Areas, Overgrown/Penetrating Vegetation, Ponding/Site Drainage – **Level 2**
- Health & Safety – **Level 3**
 - Air Quality – Sewer Odor, Propane/Natural Gas/Methane Gas Detected
 - Electrical Hazards – Exposed Wires/Open Panels, Water Leaks on/near Electrical Equipment
 - Flammable Materials – Improperly Stored
 - Garbage and Debris - Outdoors
 - Hazards – Others/Sharp Edges/Tripping
 - Infestation – Insects/Rats/Mice/Vermin
- Mailboxes/Project Signs
 - Mailbox Missing/Damaged – **Level 3**
 - Sign Damaged – **Level 1**
- Market Appeal
 - Graffiti, Litter – **Level 2**
- Parking Lots/Driveways/Roads
 - Cracks, Ponding, Potholes/Loose Materials, Settlement/Heaving – **Level 3**
- Play Areas and Equipment
 - Damaged/broken Equipment, Deteriorated Play Area Surface – **Level 2**
- Refuse Disposal
 - Broken/Damaged Enclosure-Inadequate Outside Storage Space – **Level 2**
- Retaining Walls
 - Damaged/Falling/Leaning – **Level 3**
- Storm Drainage
 - Damaged/Obstructed – **Level 2**

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- Walkways
 - Broken/Missing Hand Railing – Level 3
 - Cracks/Settlement/Heaving, Spalling – Level 2

2. Building Exterior: Inspectable Items

- Doors
 - Damaged Frames/Threshold/Lintels/Trim, Hardware/Locks, Surface – Level 3
 - Damaged/Missing/Deteriorated Screen/Storm/Security Door, Seals – Level 3
 - Missing Door – Level 3
- Fire Escapes
 - Blocked Egress/Ladders, Visibly Missing Components – Level 3
- Foundations
 - Cracks/Gaps, Spalling/Exposed Rebar – Level 3
- Health and Safety – Level 3
 - Air Quality – Sewer Odor, Propane/Natural Gas/Methane Gas Detected
 - Electrical Hazards – Exposed Wires/Open Panels, Water Leaks on/near Electrical Equipment
 - Flammable Materials – Improperly Stored
 - Garbage and Debris - Outdoors
 - Hazards – Others/Sharp Edges/Tripping
 - Infestation – Insects/Rats/Mice/Vermin
- Lighting
 - Broken Fixtures/Bulbs – Level 2
- Roofs
 - Damaged Soffits/Fascia, Vents, Damaged/Clogged Drains, Damaged/Torn Membrane/Missing Ballast, Missing/Damaged Components from Downspouts/Gutter – Level 3
 - Missing/Damaged Shingles – Level 2
 - Ponding – Level 3
- Walls
 - Cracks/Gaps, Damaged Chimneys, Missing/Damaged Caulking/Mortar, Missing Pieces/Holes/Spalling, Stained/Peeling/Needs Paint – Level 2
- Windows
 - Broken/Missing/Cracked Panes – Level 3
 - Damaged Window Sills/Frames/Lintels/Trim – Level 2
 - Damaged/Missing Screens – Level 1
 - Missing/Deteriorated Caulking/Seals/Glazing Compound – Level 2
 - Peeling/Needs Paint – Level 1
 - Security Bars Prevent Egress – Level 3

3. Building Systems – Inspectable Items

- Domestic Water
 - Leaking Central Water Supply, Misaligned Chimney/Ventilation System, Missing Pressure Relief Valve, Rust/Corrosion on Heater Chimney, Water Supply Inoperable – Level 3
- Electrical System
 - Blocked access/Improper Storage, Burnt Breakers, Evidence of Leaks/Corrosion, Frayed Wiring, Missing Breakers/Fuses, Missing Covers –

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Level 3

- Elevators
 - Not operable – Level 3
- Emergency Power
 - Auxiliary Lighting Inoperable, Run-Up Records/Documentation Not Available – Level 3
- Fire Protection
 - Missing Sprinkler Head – Level 3
 - Missing/Damaged/Expired Extinguishers – Level 2
- Health & Safety – Level 3
 - Air Quality – Sewer Odor, Propane/Natural Gas/Methane Gas Detected
 - Electrical Hazards – Exposed Wires/Open Panels, Water Leaks on/near Electrical Equipment
 - Flammable Materials – Improperly Stored
 - Garbage and Debris - Outdoors
 - Hazards – Others/Sharp Edges/Tripping
 - Infestation – Insects/Rats/Mice/Vermin
- HVAC
 - Boiler/Pump Leaks, Fuel Supply Leaks, General Rust/Corrosion, Misaligned Chimney/Ventilation System – Level 3
- Roof Exhaust System
 - Roof Exhaust Fan(s) Inoperable – Level 1
- Sanitary System
 - Broken/Leaking/Clogged Pipes or Drains, Missing Drain/Cleanout/Manhole Covers – Level 3

4. Common Areas – Inspectable Items

- Basement/Garage/Carport, Closet/Utility/Mechanical, Community Room, Day Care, Halls/Corridors/Stairs, Kitchen, Laundry Room, Lobby, Office, Other Community Spaces, Patio/Porch/Balcony, Restrooms/Pool Structures, Storage
 - Baluster/Side Railings – Damaged – Level 3
 - Cabinets – Missing/Damaged – Level 2
 - Call for Aid – Inoperable – Level 3
 - Ceiling – Bulging/Buckling, Holes/Missing Tiles/Panels/Cracks – Level 3
 - Ceiling - Peeling/Needs Paint, Water Stains/Water Damage/Mold/Mildew – Level 2
 - Countertops – Missing/Damaged – Level 2
 - Dishwasher/Garbage Disposal – Inoperable – Level 2
 - Doors – Damaged Frames/Threshold/Lintels/Trim, Hardware/Locks, Surface – Level 3
 - Doors – Damaged/Missing/Deteriorated Screen/Storm/Security Door, Seals – Level 3
 - Doors – Missing Door – Level 3
 - Dryer Vent – Missing/Damaged/Inoperable – Level 3
 - Electrical – Blocked Access to Electrical Panel, Burnt Breakers, Evidence of Leaks/Corrosion, Frayed Wiring, Missing Breakers, Missing Covers – Level 3
 - Floors – Bulging/Buckling, Floor Covering Damaged, Missing Floor/Tiles, Rot/Deteriorated Subfloor – Level 3

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- o Floors - Peeling/Needs Paint, Water Stains/Water Damage/Mold/Mildew – **Level 2**
 - o GFI – Inoperable – **Level 3**
 - o Graffiti – **Level 2**
 - o HVAC – Convection/Radiant Heat System Covers Missing/Damaged, General Rust/Corrosion, Inoperable, Misaligned Chimney/Ventilation System – **Level 3**
 - o HVAC - Noisy/Vibrating/Leaking – **Level 1**
 - o Lavatory Sink – Damaged/Missing – **Level 3**
 - o Lighting – Missing/Damaged/Inoperable Fixture – **Level 2**
 - o Mailbox – Missing/Damaged – **Level 3**
 - o Outlets/Switches/Cover Plates – Missing/Broken – **Level 3**
 - o Pedestrian/Wheelchair Ramp – **Level 3**
 - o Plumbing – Clogged Drains, Leaking Faucet/Pipes – **Level 3**
 - o Range Hood/Exhaust Fans – Excessive Grease/Inoperable – **Level 3**
 - o Range/Stove – Missing/Damaged/Inoperable – **Level 3**
 - o Refrigerator – Damaged/Inoperable – **Level 3**
 - o Restroom Cabinet – Damaged/Missing - **Level 1**
 - o Shower/Tub – Damaged/Missing – **Level 3**
 - o Sink – Missing/Damaged – **Level 3**
 - o Smoke Detector – Missing/Inoperable – **Level 3**
 - o Stairs – Broken/Damaged/Missing Steps, Broken/Missing Hand Railing – **Level 3**
 - o Ventilation/Exhaust System – Inoperable – **Level 2**
 - o Walls – Bulging/Buckling, Damaged/Deteriorated Trim – **Level 3**
 - o Walls – Damaged, Peeling/Needs Paint, Water Stains/Water Damage/Mold/Mildew – **Level 2**
 - o Water Closet/Toilet – Damaged/Clogged/Missing – **Level 2**
 - o Windows – Cracked/Broken/Missing Panes, Inoperable/Not Lockable, Security Bars Prevent Egress – **Level 3**
 - o Windows - Damaged Window Sill, Missing/Deteriorated Caulking/Seals/Glazing Compound – **Level 2**
 - o Windows - Peeling/Needs Paint – **Level 1**
 - Health & Safety – **Level 3**
 - o Air Quality – Sewer Odor, Propane/Natural Gas/Methane Gas Detected
 - o Electrical Hazards – Exposed Wires/Open Panels, Water Leaks on/near Electrical Equipment
 - o Flammable Materials – Improperly Stored
 - o Garbage and Debris - Outdoors
 - o Hazards – Others/Sharp Edges/Tripping
 - o Infestation – Insects/Rats/Mice/Vermin
 - Pools and Related Structure
 - o Fencing – Damaged/Not Intact – **Level 3**
 - o Pool – Not Operable – **Level 3**
 - Trash Collection
 - o Chutes – Damaged/Missing Components – **Level 2**
- 5. Dwelling Units – Inspectable Items**
- Bathroom

- o Damaged/ Missing – Bathroom Cabinets – **Level 1**
- o Damaged/Missing - Lavatory Sink, Shower/Tub – **Level 3**
- o Plumbing – Clogged Drains, Leaking Faucet/Pipes – **Level 3**
- o Ventilation/Exhaust System – Inoperable - **Level 2**
- o Water Closet/Toilet – Damaged/Clogged/Missing – **Level 2**
- Call-for-Aid
 - o Inoperable – **Level 3**
- Ceiling
 - o Bulging/Buckling – **Level 3**
 - o Holes/Missing Tiles/Panels/Cracks, Peeling/Needs Paint, Water/Water Damage/Mold/Mildew – **Level 2**
- Doors
 - o Damaged Frames/Threshold/Lintels/Trim, Hardware/Locks, Surface – **Level 3**
 - o Damaged/Missing/Deteriorated Screen/Storm/Security Door, Seals – **Level 3**
 - o Missing Door – **Level 3**
- Electrical System
 - o Blocked Access to Electrical Panel, Burnt Breakers, Evidence of Leaks/Corrosion, Frayed Wiring, Missing Breakers, Missing Covers - **Level 3**
- Floors
 - o Bulging/Buckling, Floor Covering Damaged, Missing Floor/Tiles, Rot/Deteriorated Subfloor – **Level 3**
 - o Peeling/Needs Paint, Water Stains/Water Damage/Mold/Mildew – **Level 2**
- Health & Safety – **Level 3**
 - o Air Quality – Sewer Odor, Propane/Natural Gas/Methane Gas Detected
 - o Electrical Hazards – Exposed Wires/Open Panels, Water Leaks on/near Electrical Equipment
 - o Flammable Materials – Improperly Stored
 - o Garbage and Debris - Outdoors
 - o Hazards – Others/Sharp Edges/Tripping
 - o Infestation – Insects/Rats/Mice/Vermin
- Hot Water Heater
 - o Misaligned Chimney/Ventilation System, Inoperable Unit/Components, Leaking Valves/Tanks/Pipes, Pressure Relief Valve Missing, Rust/Corrosion – **Level 3**
- HVAC
 - o Convection/Radiant Heat System Covers Missing/Damaged, Inoperable, Misaligned Chimney/Ventilation System – **Level 3**
 - o Noisy/Vibrating/Leaking, Rust/Corrosion – **Level 1**
- Kitchen
 - o Missing/Damaged – Cabinets, Countertops – **Level 2**
 - o Missing/Damaged/Inoperable – Sink, Range/Stove, Refrigerator – **Level 3**
 - o Dishwasher/Garbage Disposal – Inoperable – **Level 2**
 - o Plumbing – Clogged Drains, Leaking Faucets/Pipes – **Level 3**
 - o Range Hood/Exhaust Fans – Excessive Grease/Inoperable – **Level 3**
- Laundry Area
 - o Dryer Vent – Missing/Damaged/Inoperable – **Level 3**
- Lighting
 - o Missing/Inoperable Fixture – **Level 2**
- Outlets/Switches
 - o Missing, Missing/Broken Cover Plates – **Level 3**
- Patio/Porch/Balcony
 - o Baluster/Side Railing Damaged – **Level 3**
- Smoke Detector
 - o Missing/Inoperable – **Level 3**
- Stairs
 - o Broken/Damaged/Missing Steps, Hand Railing – **Level 3**

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- Walls
 - o Bulging/Buckling, Damaged/Deteriorated Trim – **Level 3**
 - o Damaged, Peeling/Needs Paint, Water Stains/Water Damage/Mold/Mildew – **Level 2**
 - Windows
 - o Cracked/Broken/Missing Panes, Inoperable/Not Lockable, Security Bars Prevent Egress – **Level 3**
 - o Damaged Window Sill, Missing/Deteriorated Caulking/Seals/Glazing Compound – **Level 2**
 - o Peeling/Needs Paint – **Level 1**
6. Compliance with state and local codes: These physical condition standards do not supersede or preempt State and local codes for building and maintenance with which SDHDA-assisted housing must comply. SDHDA-assisted housing must continue to adhere to those codes.
- B. SDHDA is responsible for conducting physical inspections of SDHA-assisted housing to determine compliance with these standards, and will conduct such inspections every one to three years at its sole discretion.

XVII. Disaster Mitigation

Housing assisted with SDHDA funds and which involve rehabilitation or adaptive reuse be improved to mitigate the impact of potential disasters (e.g., earthquake, flooding, wildfires) in accordance with state and local codes, ordinances, and requirements.

XVIII. Capital Needs Assessment

- A. Housing assisted with SDHDA funds and which involve rehabilitation or adaptive reuse must commission a Capital Needs Assessment (CNA).
- B. The CNA must be completed by a competent, independent third party acceptable to SDHDA, such as a licensed architect or engineer, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs and improvements, pending repairs, and existing or chronic physical deficiencies.
- C. The assessment will include a site visit and a physical inspection of the interior and exterior of all units and structures. The assessment will consider the presence of environmental hazards such as asbestos, lead paint and mold on the site.
- D. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. If the remaining useful life of any component is less than 30 years of the expected useful life, immediate rehabilitation will be required unless capitalized. If there remaining useful life of a component is less than the term of the SDHDA financing program, the application package must provide for a practical way to finance the future replacement of the component.

- E.** The assessment will examine and analyze the following:
- 1.** Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;
 - 2.** Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
 - 3.** Interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
 - 4.** Mechanical systems, including plumbing and domestic hot water; HVAC, electrical, lighting fixtures, fire protection, and elevators.
- F.** Applicants are advised to also consider the requirements of other funding sources, such as USDA Rural Development, when ordering a CNA.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

N/A

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

Per the HTF allocation plan - for refinancing with rehabilitation projects, under no circumstances can HTF funds be used to refinance multifamily loans made or insured by any federal program, including Community Development Block Grant (CDBG) and HOME. Refinancing is only allowed if necessary to reduce the overall housing costs and to make the housing more affordable and proportional to the number of HTF-assisted units in the rental project. Refinance of existing debt must comply with requirements of 24 CFR 91.320 (k)(5)(viii) and 93.201(b). The proportional rehabilitation cost must be greater than the proportional amount of debt that is refinanced. Additionally, the affordability must be expanded by adding to the affordability period and/or adding additional affordable units.

Discussion:

Attachments

