

Housing Infrastructure Financing Program Allocation Plan

As Approved by the SDHDA Board of Commissioners
July 26, 2022



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SOUTH DAKOTA HOUSING INFRASTRUCTURE FINANCING PROGRAM ALLOCATION PLAN

I. PURPOSE

The South Dakota Housing Infrastructure Financing Program (HIFP) is designed to promote housing development in South Dakota by providing grants for housing infrastructure. The mission of the South Dakota Housing Development Authority (SDHDA) is to provide opportunities for quality affordable housing for South Dakotans. SDHDA will utilize the HIFP in accordance with SDHDA's mission to provide financing for housing infrastructure in communities with an identified need.

II. POLICIES AND PROCEDURES

A. THE PLAN

SDHDA and the SDHDA Board of Commissioners (SDHDA Board) are responsible for the administration of HIFP in accordance with the 2022 Legislative Session's House Bill 1033. House Bill 1033 appropriated federal fund expenditure authority in the sum of \$50,000,000 from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) as established by the American Rescue Plan Act (ARPA) of 2021 (H.R. 1319) to SDHDA, for the purpose of providing grants for the construction of housing infrastructure. This Plan provides a system for award of HIFP grant funds. All housing infrastructure financed with HIFP funds must be owned by a city, county, district (sanitary, water project, etc.) or tribal government, (herein after referred to as Owner) and must be the responsibility of the Owner for future maintenance.

All projects must meet the requirements of the HIFP Allocation Plan. Projects unable to meet the plan requirements due to extenuating circumstances may submit a waiver request to the SDHDA Board of Commissioners for their consideration. Documentation supporting the waiver request must be submitted.

1. Distribution of Funds

Based on the requirements of HB 1033, SDHDA will distribute HIFP funds 30% (\$15 million) to municipalities with a population of 50,000 or more (Urban) and 70% (\$35 million) to other areas of the State (Rural).

Only Sioux Falls and Rapid City are Urban, and \$5 million of the Urban funds will be set aside for each community, with the remaining \$5 million available to projects in either community based on the order of application receipt. If by December 31, 2023, the conditional commitments to projects in Sioux Falls and in Rapid City, respectively, are less than the amount of the set-aside for that community, then the funds remaining in the set-aside will be available for either community based on the order of application receipt. If applications for projects in either community exceed the applicable available funding, then the applications will be placed on a waiting list and considered in the order received should additional funding become available.

Up to 3.4% of the HIFP funds may be utilized for expenses incurred by SDHDA for purposes of administering the program. SDHDA may contract with other agencies for program administration.

2. Application Cycle(s) and Deadlines

Applications for HIFP funding will be awarded on a first-come, first-serve basis with applications accepted starting August 1, 2022. Applications received will be evaluated based on housing need, Applicant capacity, and financial feasibility to ensure feasible and desirable projects are awarded funds. Applications deemed incomplete will not be considered for funding until such time all information has been submitted, questions answered and SDHDA determines the application to be complete.

Applicants are encouraged to submit the online application that can be found on the SDHDA website. Completed applications (refer to Exhibit 1) must be electronically submitted via SDHDA's website portal or delivered (via U.S. Postal Service, private mailing service, or hand delivered). Emailed applications will not be accepted.

Per the SLFRF Final Rule (31 CFR Part 35 RIN 1505-AC77), all ARPA funds must be obligated by December 31, 2024, and expended by December 31, 2026. Obligated shall mean the funds have been awarded to a specific project and a written agreement has been executed by both parties. Funds are deemed expended when they have been disbursed to the end recipient.

3. Eligibility

Eligible Projects: Any type of housing infrastructure project is eligible for HIFP financing including rental and homeownership projects unless otherwise noted under the Ineligible Project sections below. HIFP projects do not require specific income restrictions, sale price limitations, or rent limits. Applicants must obtain a resolution from the local municipality or sanitary district that: the infrastructure plans meet the requirements of the municipality or the sanitary district, the project will be approved, and the infrastructure will be maintained going forward. Attention must be given to whether there is adequate water supply available and whether the water treatment facility has the capacity to support the added infrastructure and additional usage. SDHDA will not approve HIFP funding for infrastructure that will be developed in a newly formed sanitary district.

Projects must be located within city limits or within the city's zoning control with ownership and maintenance of the infrastructure taken over by the city, county, district, or tribal government. If the land being developed is currently outside city limits, there must be a plan to annex the land into the city limits or the land must be located within an existing sanitary district. Documentation of the annexation, ownership, and long-term maintenance commitment of the municipality or the district is required prior to any disbursement of funds.

Eligible Costs:

House Bill 1033 includes a listing of expenses that may be considered as part of the Total Project Cost. However, due to the parameters of ARPA funds, HIFP funds can only be utilized as described below:

- **Sanitary Sewer and Stormwater Management:** HIFP funds may be used to make necessary investments in wastewater infrastructure for the purpose of developing housing. Per ARPA guidelines, HIFP funds may be used for future growth of sanitary sewer and storm water management which includes wastewater collection lines, wastewater services (to the right of way), manholes, storm sewer collection pipe, inlets, junction boxes, curb and gutter, retention/detention ponds, and resurfacing back to existing conditions.

Wastewater service connections past the right of way are not eligible because the eligible infrastructure owners do not typically own that portion of the line.

For road surfacing, HIFP funds can only be used to resurface the portion of the road that was disturbed due to construction and then only return the road back to the original preconstruction level. If the existing surface is currently undeveloped land, the funds may only be used to backfill the pipe and bring back to the new grade required. If there is gravel or asphalt road over the top of the alignment of the sanitary or storm sewer, then the surfacing costs to reinstall the road that was required to be disturbed for the construction of that utility would be allowed.

- **Drinking Water:** Per ARPA guidelines, no ARPA funds can be used for improvements necessary for the expansion of drinking water systems as this is considered future development and growth and is prohibited under the Federal ARPA provisions. The only drinking water improvements eligible under ARPA are for drinking water systems which must be replaced due to a current health hazard with the existing infrastructure.
- **Land and Physical Structures:** Land included in the acquisition which isn't developed with the proposed project will be excluded from the total project cost. Only the proportionate cost of the land being developed may be included. Physical structures associated with the housing development are not included in the total project cost.
- **Eligible Applicants:** Any for-profit entity, nonprofit entity, tribal government, housing authority, political subdivision of this state or agency of such subdivision, or agency of this state is eligible to apply for funding. Although these types of entities are all eligible Applicants, the ownership of the infrastructure itself must be publicly owned and maintained by a city, county, district, or tribal government.

It is important to note that HIFP funds are a federal grant and receipt of the HIFP funds may be a taxable event. Applicants are advised to consult with a tax professional.

Ineligible Projects: HIFP funds will not be awarded for housing units that consist of the following:

1. Assisted living or nursing home projects;
2. Housing developments that include acreages, waterfront property, or developments within or alongside golf courses;
3. Projects in which the infrastructure will be privately owned and maintained (other than by entities that qualify as eligible applicants); or
4. Any project which directly contradicts SDHDA's stated mission of providing affordable housing. For purposes of assessing affordability, SDHDA will consider a number of factors, including but not limited to, South Dakota's first-time homebuyer purchase price limit, and the size, price, and location of the lots being developed.

4. Limitations:

Applicants will be limited in the dollar amount of HIFP funding. The maximum amount of funding will be the lesser of the following amounts as determined by the limitations below:

- One third of the Total Project Costs;
- \$2 million per project;
- The actual costs of eligible wastewater and drinking water expenses, as defined in Section II (A)(3);
- The dollar amount requested and documented in the HIFP Application; or

- The calculated funding based on the documented eligible housing units that will be served by the proposed infrastructure, as follows:
 - \$10,000 per multifamily rental housing unit
 - \$25,000 per single family lot in communities of 50,000 or fewer in population
 - \$15,000 per single family lot in communities with population exceeding 50,000.

Applicants developing in difficult to develop areas may apply for a waiver of the per unit cost limitations with supporting documentation. All waivers are subject to review and approval or denial by the SDHDA Board.

Applicants are required to contribute a minimum of 10% equity in the project which may be in the form of cash, land, or in-kind donations of materials and services. The remainder of the financing can come from a variety of sources, such as loans, grants, donations (monetary or in-kind), TIF financing, etc. Local financial support from the municipality is encouraged, but not required.

When evaluating the HIFP applications, SDHDA will take into consideration the housing developments currently underway and the documented housing need for that community. For communities of 50,000 or fewer, and if more than one application is received, the most beneficial, financially feasible, and highest impact project or projects will receive funding. If there is already an active project in a community of 50,000 or fewer when an application is received, the need for the housing and the status of the active project will be considered when making a funding decision.

Recipients of HIFP funding are not prohibited from applying for additional infrastructure financing opportunities that may be created under HB 1033. In accordance with the requirements of HB 1033, any future HB 1033 funding that exceeds the per unit limits defined above would be required to be repaid. Total financing provided pursuant to HB 1033 would be limited to 50% of the infrastructure project cost and could be all provided all as a loan or as a combination of a loan and grant. This is not a commitment of availability of future HB 1033 funding.

5. Types of Financing

HIFP funds will be provided in the form of a grant. Award of federal grant funding may have tax implications. Applicants are advised to consult with their tax professional.

6. Term of Financing

HIFP funds must be expended and disbursed within two years of the date of the grant agreement. Any HIFP funds not disbursed by the due date may be de-obligated by SDHDA and returned to the HIFP funds available for allocation. Applicants must begin construction within nine (9) months of SDHDA Board commitment. Any application with a construction start date more than nine (9) months after the date of the Conditional Commitment will be considered on a case-by-case basis.

7. Exchange of Information

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

B. AMENDMENTS TO THE PLAN

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

C. DISCLAIMERS

SDHDA reserves the right to allocate HIFP funds to any application if SDHDA determines in its sole discretion that such allocation furthers the HIFP objectives and meets any applicable ARPA requirements. SDHDA reserves the right to deny HIFP funds for any application that SDHDA determines in its sole discretion does not further the HIFP objectives.

SDHDA assumes no responsibility to make inspections during construction and assumes no liability for construction quality or code compliance. SDHDA or its designee may perform periodic on-site inspections to review the scope and progress of the project.

III. GENERAL REQUIREMENTS

A. ENVIRONMENTAL REVIEW

To assist in development of housing in a desirable location and maintain marketability and sustainability, SDHDA will review an application's proposed location of housing units based on the following criteria:

1. Noise
 - a. Roadway - The project site will be measured for its proximity to the nearest major roadway. If the nearest major roadway is over 1,000 feet away, it will not be considered a factor. If there is a major road within 1,000 feet, then the traffic data will be obtained and projected 10 years into the future based on current population growth for the municipality. This data will be entered into the HUD DNL calculator to acquire the noise level at the site.
 - b. Railroad - The project site will be measured for its proximity to the nearest railroad. If the nearest railroad is over 3,000 feet away, it will not be considered a factor. If there is a railroad within 3,000 feet, the railroad crossing data will be obtained for the nearest railroad crossing to the project site and will be entered into the HUD DNL calculator to acquire the noise level at the site.
 - c. Airport – The project site will be measured for its proximity to the nearest airport. If the nearest civilian airport is over 2,500 feet away, it will not be considered a factor. If the nearest military airport is 15,000 feet away, it will not be considered a factor. If either item is closer than allowed, data will be obtained from the airports for flight information.

For locations between 65-75 decibels, Applicants will be encouraged to incorporate mitigation efforts. For any location exceeding 75 decibels, SDHDA may deny the application.

2. Explosives

The South Dakota Department of Agricultural and Natural Resources Tanks, Spills and Environmental Events Map will be utilized to assess if there are any above ground tanks in the area. A one-mile search radius will be utilized when searching for above ground tanks. If there are any tanks within the search radius, they will be investigated as to what size the tank is, what the tank holds, if the tank is diked, etc. The distance from the tank will be measured from the project site and the HUD Acceptable Separation Distance Assessment Tool will be used to see if the tank is an acceptable distance away from the site.

3. Floodplains

The address to the project site will be entered into the [FEMA Flood Map Service Center | Welcome!](#) website. Areas in Zone X have no issues. Projects in any other zones will be considered on a case-by-case basis.

If any environmental issues listed in this section are present in the land being developed, the application may be disqualified from receiving funds or mitigation measures may be required. Any environmental concerns noted will be communicated to the Applicant and appropriate governmental official along with SDHDA's suggested mitigation measures.

B. PREVIOUSLY INCURRED COSTS

Costs incurred prior to application for HIFP financing may be included in the HIFP grant application.

1. Predevelopment Costs: Costs incurred prior to construction, such as engineering and legal costs, may be included in the Total Project Cost to the extent such expenses were incurred eligible costs under ARPA.
2. Construction Costs: If the Applicant has already started construction of the project, construction costs already incurred may be included in the Total Project Cost. However, in order to comply with ARPA cross-cutting federal requirements such as Davis Bacon, procurement requirements, etc., the Applicant must document, at time of application, that the federal requirements have been met since the start of construction. Per ARPA, no costs incurred prior to March 3, 2021, may be included in the Total Project Cost.

Any Applicant who begins work prior to receiving an SDHDA Board commitment of HIFP funds and a start order from SDHDA is doing so at their own risk.

C. LABOR STANDARDS

All Applicants must comply with the prevailing wage requirements of the Davis-Bacon Act. Federal labor standards require that all persons working on the site be paid at an hourly rate not less than the minimum rate specified in the Wage Determination issued for each particular property. The Applicant will be required to submit to SDHDA or its designee, or ensure that the general contractor and subcontractors submit to SDHDA or its designee, payroll reports and certifications to verify wage payments. The prevailing wage provisions do not apply to an individual who receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and who is not otherwise employed at any time in the construction work.

D. CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS

In addition to other provisions required by SDHDA, all contracts and subcontracts related to the HIFP funding, must contain provisions covering the following, as applicable.

1. Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. Equal Employment Opportunity - Except as otherwise provided under [41 CFR Part 60](#), all contracts that meet the definition of “federally assisted construction contract” in [41 CFR Part 60-1.3](#) must include the equal opportunity clause provided under [41 CFR 60-1.4\(b\)](#), in accordance with Executive Order 11246, “Equal Employment Opportunity” ([30 FR 12319, 12935, 3 CFR Part, 1964-1965](#) Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at [41 CFR part 60](#), “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
4. Contract Work Hours and Safety Standards Act ([40 U.S.C. 3701-3708](#)) - Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with [40 U.S.C. 3702](#) and [3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)). Under [40 U.S.C. 3702](#) of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of [40 U.S.C. 3704](#) are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
5. Rights to Inventions Made Under a Contract or Agreement - If the Federal award meets the definition of “funding agreement” under [37 CFR § 401.2 \(a\)](#) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of [37 CFR Part 401](#), “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

6. Clean Air Act ([42 U.S.C. 7401-7671q.](#)) and the Federal Water Pollution Control Act ([33 U.S.C. 1251-1387](#)), as amended - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act ([42 U.S.C. 7401-7671q](#)) and the Federal Water Pollution Control Act as amended ([33 U.S.C. 1251-1387](#)). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
7. Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see [2 CFR 180.220](#)) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at [2 CFR 180](#) that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
8. Byrd Anti-Lobbying Amendment ([31 U.S.C. 1352](#)) - Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by [31 U.S.C. 1352](#). Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
9. Procurement of Recovered Materials - A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
10. Domestic preferences for procurements - As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

E. PAYMENT AND PERFORMANCE BONDING

Applicants are required to follow the municipality's requirements for contractor bonding.

IV. FUNDING PROCESS

Requests for HIFP funds will be considered in a two-step process: Application and Conditional Commitment.

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

A. APPLICATION STAGE

The Applicant must submit a complete application and all documentation referenced in Exhibit 1. Please refer to Exhibit 1 for a detailed listing. Applications will be evaluated according to the selection criteria defined in Section V of this plan.

Once an application has been reviewed by SDHDA and deemed complete, the application will be considered by the SDHDA Board of Commissioners.

B. CONDITIONAL COMMITMENT STAGE

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

Applicants will be required to provide additional information and documentation as outlined in Exhibit 1. The Applicant will have six (6) months from the date of the Conditional Commitment to provide the necessary documents, and construction must begin within nine (9) months from the date of the Conditional Commitment. Failure to start construction within this timeframe may result, in SDHDA's sole discretion, in a forfeiture of funds.

Changes to Project: The award of funds is based upon information provided in the application and supporting documentation. Any significant change in an application, once it has been selected for an award, may result, in SDHDA's sole discretion, in a forfeiture of funds. A significant change includes, but is not limited to, any reduction in the number of total lots/units and change in financial feasibility due to changing funding sources, increased costs, etc. Any changes to the project must be preapproved by SDHDA prior to implementation.

C. CLOSING AND DISBURSEMENT OF FUNDS

1. Project Documents

Documents may include, but are not limited to, a Conditional Commitment and Grant Agreement. The Grant Agreement will be executed upon satisfactory receipt of all documentation listed in the Conditional Commitment. Refer to Exhibit 1 for more detail on Conditional Commitment requirements.

2. Construction Start

Construction must commence no later than nine months from the date of the Conditional Commitment.

3. Draws

SDHDA will typically disburse funds on a reimbursement basis with the Applicant requesting HIFP funds no more than twice per month, unless other arrangements have been made with SDHDA. Disbursement amounts will be based on receipt of lien waivers from all contractors, bills and receipts for all costs, AIA Forms G702 Application and Certificate for Payment and G703 Continuation Sheet evidencing the percent of project completion, as applicable. SDHDA may make periodic site reviews of the project throughout the construction period and at the completion of construction.

4. Recapture of Funds

HIFP funds are subject to recapture by SDHDA if HIFP criteria are not met, including but not limited to, meeting the requirements for appropriate program eligibility including all Federal requirements.

If HIFP funds are expended on a project that is terminated for any reason prior to completion, the HIFP funds previously disbursed must be repaid to SDHDA by the Applicant.

V. PROJECT SELECTION CRITERIA FOR HOUSING INFRASTRUCTURE

Proposals will be reviewed initially for completeness, including all submission requirements referenced in Exhibit 1, and reviewed based on the following threshold criteria. Applications which are incomplete or which do not meet the following threshold requirements may be denied by SDHDA.

A. LOCAL HOUSING NEED

All Applicants must submit documentation of the local housing need. Refer to Exhibit 2 for additional information on specific requirements for documenting the local housing need. Communities of 50,000 or fewer in population with two or more HIFP applications submitted at the same time will have their community's housing need assessed in combination with each other, i.e., does the community's housing need assessment support one or both of the projects. If one or more applications are received for a community with an infrastructure project already under construction or approved for HIFP funding, documented need will be further evaluated to determine if additional housing demand exists.

SDHDA may deny any application that it determines does not demonstrate an adequate housing need to justify the proposed infrastructure project.

B. FINANCIAL FEASIBILITY

Feasibility of all applications will be reviewed taking into consideration Total Project Cost, financing sources to pay Total Project Cost, anticipated selling price of the lots, etc. There must be sufficient proposed sale proceeds to repay any outstanding debt. In addition, the project narrative must include information on whether the Applicant is developing lots for resale, developing lots as well as homes for resale, developing land for a planned multifamily development, etc.

All financing sources must be documented and readily available. Applications dependent on future funding pursuant to HB 1033 will not be considered for funding at this time.

C. APPLICANT CAPACITY

Applicants are required to document their ability to develop the proposed project. The submittal of Applicant information shall include, but not be limited to, the Applicant's past experience with housing development. If the Applicant is working with other parties in developing the project, the past experience of the development team should be provided.

D. READINESS TO PROCEED CRITERIA

1. Plans and Specifications

Applicants must submit preliminary plans, specifications and cost estimates for the infrastructure. To protect public health and to ensure that drinking water and wastewater design standards are met, South Dakota Administrative Rules 74:53:04 and 74:53:05 require that all works of sanitary significance (which includes construction of water and sewer mains) be designed by a professional engineer licensed to practice in South Dakota. In addition, Applicants must obtain preliminary approval from the local municipality that the infrastructure plans meet the municipality's requirements and will be added to the ownership and ongoing maintenance responsibility of the municipality. Attention must be given to whether there is adequate water supply available and whether the water treatment facility has the capacity to support the added infrastructure.

Infrastructure plans must meet minimum design standards and be designed by a professional engineer licensed to practice in South Dakota. SDHDA will partner with the Department of Agriculture and Natural Resources (DANR) or another SDHDA designee for review of all plans and specifications. The Ten States Water and Wastewater Standards will be utilized to ensure systems are constructed properly and provide minimum standards necessary to protect public health. Prior to the start of construction, the infrastructure plans must receive a final approval from SDHDA.

2. Site Control

Applications must contain documentation that the Applicant has a recorded warranty deed, a recorded long-term lease, or an option agreement to purchase the land for the proposed housing development.

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

3. Documentation of Non-SDHDA Financing

Applications must include documentation of all other sources of funds via enforceable financing commitments executed by the Applicant and lender, as applicable for the project.

4. Zoning

Application must contain documentation that the project site is properly zoned for its proposed use. If the community does not have zoning requirements, the application must include documentation of such.

VI. OTHER REQUIREMENTS

A. CONFLICTS OF INTEREST

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

B. DEBARMENT AND SUSPENSION

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

Applicant, contractors and sub-contractors must have an active registration on SAM.gov.

VII. DEFINITIONS

Applicant: Applicant refers to the entities applying for the funds and involved with developing the project.

Assisted Living: Housing for elderly or those who are disabled, providing nursing care, housekeeping, and prepared meals as needed.

Commitment: The written, legally binding agreement between SDHDA and the Applicant providing HIFP funds to a project.

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

Homeownership Project: Any project developing lots for resale and/or for the purpose of developing speculative housing for resale.

Nursing Home: A private institution providing residential accommodations with healthcare, especially for elderly people.

Rental Project: Any project developing multifamily or single family housing for the purpose of providing rental housing.

Single Family Project: A project consisting of individual single family dwellings or a project with one or more buildings containing four or less units per building.

Total Project Cost: The sum of all costs that will be incurred in connection with the project, including costs for land, professional fees, necessary site improvements, and infrastructure improvements.

EXHIBIT 1 REQUIRED SUBMISSIONS FOR COMPLETE APPLICATION

- A. Applications must be submitted using the appropriate SDHDA HIFP Application Form. SDHDA may reject applications with incomplete or inaccurate information. For an application to be considered as complete, the application form must be completed and signed and the application must include the following items:
1. Completed and signed application form.
 2. Documentation of Local Housing Need (Section V(A) and Exhibit 2).
 3. Project narrative outlining the project characteristics (who the Applicant is, why the Applicant is proposing this infrastructure project, type of housing being developed, financing proposed, description of community participation, etc.).
 4. Preliminary approval from the municipality or district that the preliminary infrastructure plans meet the applicable requirements and will be owned and maintained by the municipality or district. The resolution should also contain confirmation that there is capacity for the new wastewater lines in the project. Depending on varying governance structures, the initial approval may come from the city council, mayor, city engineer, etc. If a resolution isn't provided with the initial application, the status of receiving a resolution from the municipality or district should be included.
 5. Information regarding the Applicant, including development team, and years of experience in housing or related field, e.g., resumes.
 6. Three (3) years financial statements of the Applicant.
 7. Documentation that the Applicant has an active registration on the Federal System for Award Management (SAM) database.
 8. Documentation of site control, e.g., recorded deed, signed purchase agreement, long-term lease.
 9. Preliminary engineering plans containing a site plan showing the general build-up of the site including the location of all water and sewer, curb and gutter, streets, etc. designed by an engineer licensed to practice in South Dakota (Section V(B)(1)).
 10. Documentation of how the project site is zoned at the time of application (Section V(B)(4), i.e., zoning letter from the City or County. If the site is currently being rezoned, the Applicant should provide a letter from the proper zoning authority detailing the status of the rezoning process and likelihood of approval. If no zoning exists in the community, the Applicant should provide a letter from the appropriate authority stating there is no zoning in the community.

11. Documentation evidencing the preliminary arrangements for construction financing including the amount of the loan, the interest rate, and the term (Section V(B)(3)).
12. If applicable, documentation of support from local sources.
13. Documentation of utility availability (i.e., water, sewer, electric, natural gas) or proposed dates as to when all utilities will be available at the project location, e.g., letters from all applicable utility providers stating availability and commitment to serving the site.
14. If applicable, a copy of the Consultant Agreement.
15. Any other information requested by SDHDA.

B. Conditional Commitment

All requirements in this section must be provided, within 180 days from the date of the Conditional Commitment and before disbursement of HIFP funding.

1. Information on the ownership entity, including an executed copy of the partnership agreement or articles of incorporation or articles of organization; a copy of the certificate of registration from the Secretary of State in the State of South Dakota; and a copy of federal taxpayer identification number.
2. An affidavit executed by the Applicant, owner, or an officer or a director stating that under penalties of perjury all facts and statements contained in all documents and exhibits submitted in conjunction with the application for HIFP funds are true and accurate to the best of his or her knowledge.
3. Final resolution from the municipality or district that the final infrastructure plans meet their requirements, will be owned and maintained by the municipality or district, and that there is capacity for the new wastewater lines.
4. Signed commitments for all funding sources (conventional lender, foundations, local financing, etc.) associated with the project including the amount, conditions, rate and term.
5. Site ownership documented by a warranty deed or long-term lease.
6. Final itemization of the Total Project Cost including both hard cost and soft costs (including a copy of the contractor's contract, subcontractor contracts and copies of all bids.)
7. Final infrastructure plans and specifications stamped by an engineer.

EXHIBIT 2 LOCAL HOUSING NEED REQUIREMENTS

All Applicants for the Housing Infrastructure Financing Program must submit documentation evidencing the need for the proposed housing project via a market study. SDHDA strongly encourages Applicants to obtain a third-party market study but will allow Applicants to complete the market analysis themselves.

Available research information will vary based on the community. The market study preparer may utilize, but is not limited to, demographic and community information from the U.S. Census, U.S. Department of Housing and Urban Development, USDA Rural Development, city officials, private employers and landlords.

Applicants submitting a market study greater than three (3) years old at the time of application must submit additional documentation to address housing, economic, and demographic changes in the community since the study was completed.

Self-Documented Market Analysis Requirements

Self-documented market analysis must include the following information:

1. What are the demographic and economic characteristics of households in the community? What is the current income level of households in the community and what is the anticipated income level in the future?
2. What are the expectations with respect to population change in the community in the next 2 to 5 years, the next 10 years, and the next 15 years?
3. Have there been or will there be any significant changes in the economic arena for the area such as major employers leaving or moving into the area? Note that the definition of “major” will vary by community.
4. Based on market information, what is the nature and extent of the community’s short-to-mid-term housing demand and long-term housing demand? What is the demand in various categories, including: new construction, rehab, senior housing, family housing, rental, and homeownership? What is the price range for demand in various categories?
5. If the proposed infrastructure project is for multifamily development, what is the anticipated absorption rate of the units? If developing single-family lots, what is the anticipated rate at which the lots will be sold and homes built?
6. Review of projected new housing projects (affordable, workforce, and market rate, rental and homeownership) including number and type of building permits issued in the past three (3) years.
7. Review of meeting/correspondence with local planners, housing and community development officials, employers, and market participants to evaluate the local perception of the need for additional housing.

Third-party Market Study Requirements

Third-party market studies must include the following data elements at a minimum:

1. Quantity of Existing Housing Stock
 - By type – rent, own

- By dwelling type – single, multi-family, manufactured
 - By value – property values, rents
 - By age and condition
 - Vacancy rates
2. Other Housing Components
- Housing market turnover/sales data
 - Building permit history (community’s experience with new construction)
 - Infrastructure capacity/challenges
3. Demographics – now and future (2 year, 5 year, 10 year, and 15 year)
- Population by age
 - Households by income, age, size
 - Migration patterns
4. Economics
- Economic base – by industry and key employer
 - Anticipated employment trends
 - Commuting patterns – employment and services (for example, education, retail, healthcare)

Executive Summary Requirements

All market studies and housing analyses must include an Executive Summary with a precise statement of the conclusions reached by the analyst. The statement must include the analyst’s findings of:

- (i) market feasibility;
- (ii) the specific need by user category (e.g. housing for families, young professionals, retirees, or the elderly) and the most suitable dwelling type for the identified population;
- (iii) any existing vacant units or structures in the community or region that could be rehabilitated or moved in to address the demand for housing in a more affordable manner than new construction; and
- (iv) the need for market rate housing and/or the need for housing targeted to lower income households.

**EXHIBIT 3
APPLICATION CHECKLIST**

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

Submission Item	Enclosed	Meets SDHDA Requirements
All Applications:		
1. Completed/Signed Application Form	_____	_____
2. Local Housing Need (Market Study)	_____	_____
3. Project Narrative	_____	_____
4. City Resolution/Approval	_____	_____
5. Applicant Information including Experience and Financials	_____	_____
6. Site Control	_____	_____
7. Preliminary Infrastructure Plans and Specs	_____	_____
8. Zoning Letter	_____	_____
9. Documentation of Financing	_____	_____
10. Documentation of Local Financial Support	_____	_____
11. Availability of Utility Service	_____	_____
12. SAM.gov Registration Information	_____	_____