

ACRONYMS

ACH	Automated Clearing House
AHAB	Accessible Housing Advisory Board
AHS	Affordable Housing Solutions
AMI	Area Median Income
CAPER	Consolidated Annual Performance and Evaluation Report
CDBG	Community Development Block Grant
CES	Coordinated Entry System
CFR	Code of Federal Regulations
CHAS	Comprehensive Housing Affordability Strategy
CPD	Community Planning and Development (a HUD Program Office)
DBE	Disadvantaged Business Enterprise
DBRA	Davis-Bacon and Related Acts
ERR	Environmental Review Record
FAI	Federal Award Information
FONSI	Finding of No Significant Impact
FTE	Full-Time Equivalent
HOME	Home Investment Partnerships Program
HUD	United States Department of Housing and Urban Development
ICAP	Inter-Lakes Community Action Partnership
IDIS	Integrated Disbursement and Information System
LBP	Lead-Based Paint
LMH	Low/Mod Housing Benefit
NOI	Notice of Intent
ORAC	Owner Rental Assistance Contract
PII	Personally Identifiable Information
PRAC	Participant Rental Assistance Contract
RL	Revolving Loan Account
RROF	Request for Release of Funds and Certification
SDCL	South Dakota Codified Law
SFHRC	Sioux Falls Housing and Redevelopment Commission
TANF	Temporary Assistance to Needy Families
TBRA	Tenant-Based Rental Assistance
USC	United States Code
VAWA	Violence Against Women Act
WIC	Women, Infants, and Children

SINGLE-FAMILY HOUSING REHABILITATION LOAN PROGRAM

Funding Source:	CDBG
Regulatory Citation:	24 CFR §570.202 24 CFR §570.501(b) and 570.508 2 CFR §200.333, 200.337, 200.403(a) and 200.404
CDBG Matrix Code:	14A – Rehab; Single-Unit Residential
CDBG National Objective:	LMH; 24 CFR §570.208(a)(3)
HOME Activity Category:	N/A
Munis Program/Subprogram:	097-254
AHAB Initial Adoption Date:	
AHAB Most Recent Adoption Date:	

Objective: The objective of the Single-Family Housing Rehabilitation Loan Program is to provide funding to low- and moderate-income home owners to maintain residences in a decent, safe and sanitary condition and to expand the supply of decent, safe and affordable housing for low- and moderate-income persons.

Eligible Activities: Repair or replacement of the following: Plumbing, heating, air conditioning, water heater, electrical, water, sewer, roof, windows, doors, stoops/stairs, painting, siding, foundation, driveway, insulation, accessibility modifications for people with disabilities. Other items may be deemed necessary after site inspection for safety, sanitary, or structural reasons. Any action which does not comply with 24 CFR §570.202 will be allowed.

Housing Division assistance will not be provided if repair or replacement has commenced prior to application approval.

Form of Assistance: No Interest Deferred Payment Loan [Housing Division Policy]. The loan is repaid when the home owner sells or discontinues occupancy. There is no interest. The home owner will sign loan documents for the deferred loan after bids have been received and evaluated and the amount of assistance has been determined. Loan documents will include a promissory note, mortgage and disclosure statement. The loan documents will encumber all funds provided by the Housing Division. If there is a change order or multiple change orders, new loan documents will be signed so that one set of loan documents encumbers the revised total project amount. Old loan documents for prior estimated costs will be voided and satisfied if necessary. If there is a reduction in the amount of funds expended for rehabilitation work from the original project estimate, the file must contain a mortgage reduction. That mortgage reduction also must be entered into Cursor Control.

Household selection: Applications will be processed on a first-come-first-served basis. Each approved household will have their property inspected by a Housing Program Specialist. The Housing Program Specialist will prepare a description of work which the household will use to solicit bids. In the event program funding is depleted, loans will be signed up in the order in which bids were received.

Household Composition: Total gross annual income includes all income from all sources of all adult household residents (including unrelated persons) with the following exceptions. Persons who are not considered as family members for the purposes of determining household size and income eligibility

include foster children, foster adults, live-in aides, and children of live-in aides. A child who is subject to shared custody in which the child resides with the household 50 percent or more of the time can be counted as part of the households. Foster children are not counted as part of the household [Technical Guide for Determining Income and Allowances for the HOME Program, Chapter 2, Page 7].

Household Eligibility Requirements: Each assisted household must have a household income at or below 80% AMI [24 CFR §570.208(a)(3)]. The City has elected to use the HUD established definition of “annual income” as defined at 24 CFR 5.609 [Housing Division Policy].

- 1.1. Income includes, but is not limited to: Wages, bonuses, overtime, salary, and any other earnings from full- and part-time employment.
 - 1.1.1. Wage income is calculated by utilizing the methods listed below. For the purposes of qualification, the higher calculation will be counted.
 - 1.1.1.1. A current calendar year projection based upon year-to-date gross income (60 day minimum), divided by the number of pay periods to date, multiplied by the number of applicable pay periods in the year (i.e. 12, 24, 26, 52, etc.).
 - 1.1.1.2. The prior year’s gross income as evidenced by the tax return, W-2 form, and other tax forms, schedules, etc.
 - 1.1.1.3. If the current year projection is lower, this projection can still be used if a qualifying event has taken place since the previous year to reduce income.
 - 1.1.1.3.1. Change in household composition.
 - 1.1.1.3.2. At least one household member has changed employers.
 - 1.1.1.3.3. At least one household member stopped employment with at least one employer and that income has stopped more than 60 days ago.
 - 1.1.1.3.4. At least one household member became unemployed more than 60 days ago.
 - 1.1.1.3.5. There has been a reduction of income due to a life-changing event more than 60 days ago. Examples include serious illness, disability, etc.
 - 1.1.1.4. If the calculation in 3.4.1.2 above would alone prevent a household from qualifying, the applicant can substitute a twelve-month history of income to prove they are under the income limit and that 12-month income will be used for qualification purposes.
 - 1.1.2. Business income is calculated by utilizing the net income from the operation of a business or profession. The applicant shall submit two years of income tax returns. If the first of those years shows significantly higher income (75% more) than the subsequent year, that first year’s income will be used for qualification. Otherwise the more recent year will be used to determine eligibility. The calculation will begin by using the net income, then making the following adjustments.
 - 1.1.2.1. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions.
 - 1.1.2.2. Any withdrawal of cash or assets will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation.
 - 1.1.2.3. One-third of any deduction for car and truck expenses will be added back to net income.
 - 1.1.2.4. Depreciation is not allowed as a business expense and will be added back to net income.
 - 1.1.2.5. Meal expenses are not allowed and will be added back to net income.

- 1.1.2.6. All amounts identified as "Other" on Schedule C will be added back to net income if not specifically identified.
 - 1.1.2.7. Amounts listed on the tax return as "Carryover of Operating Expenses" will not be allowed to reduce current year income.
- 1.2. For full-time students, who are 18 years of age or older *and* are dependents, up to \$480 is counted as income.
 - 1.2.1. Earned Income for minors (under 18) is not counted.
 - 1.2.2. Child Support shall be included in the calculations of total household income based on the full amount received.
 - 1.2.3. Supplemental security disability income.
 - 1.2.4. The amount of any welfare payments or the monetary value of any other benefits including, but not limited to:
 - 1.2.4.1. Temporary Assistance to Needy Families (TANF).
 - 1.2.4.2. Women, Infants and Children (WIC).
 - 1.2.5. Social security income or pension.
 - 1.2.6. Interest or other earnings from investment income.
 - 1.2.7. Any other money coming into the household.
- 1.3. Each applicant must be a citizen of the United States, or provide proof that they are legal residents of the United States.
- 1.4. The applicant shall be current with all financial obligations and have a history of being financially responsible. An application shall not be approved if there are any outstanding judgments or county aid liens. A spouse is considered a co-applicant, so they must not be delinquent on any financial obligations. Other adult household members who are not spouses and not owners of the house do not have to be current on financial obligations.
 - 1.4.1.1. Exceptions: Medical-related judgments and County aid lien – poor relief
 - 1.4.1.2. In emergency situations, other judgments and County aid liens will be waived. Approved emergencies are: Furnace not working, air conditioning not working, water heater not working, water or sewer service not working, electrical not working properly, foundation not structurally sound, roof leaking, repairs that are required to be fixed due to order by Eviction notice or City Code Enforcement, repairs involving water leaking or unstable flooring, other repairs deemed an emergency upon inspection by the Housing Program Specialist.
 - 1.4.2. Single-Family Rehab clients with City of Sioux Falls Housing Division loans that have been written off due to a bankruptcy would still be eligible to reapply for emergency assistance as outlined in our program guidelines.
 - 1.4.3. Household incomes must be sufficient to support housing expense, debt repayment and provide funds for living expenses. If debt ratio exceeds 50% application approval must be obtained from the Department Manager.
 - 1.4.4. Property taxes and homeowner's insurance must be current. Insurance coverage must be adequate to cover all indebtedness and City of Sioux Falls Housing Division must be listed as a loss payee on the policy.
 - 1.4.4.1. Mobile Home applicants are not required to have current homeowner's insurance.
- 1.5. Ownership of other real estate shall be limited to one income property.
- 1.6. Applicants may not have liquid assets in excess of the area median income for a single person household.
 - 1.6.1. Liquid assets are defined as:
 - 1.6.1.1. Any and all bank accounts including checking and savings accounts, certificates of deposit, etc.

- 1.6.1.2. Stocks, bonds, mutual funds, and other similar investments.
 - 1.6.1.3. Equity from additional real estate owned (owner-occupied residence not included)
 - 1.6.1.4. Equity shares in a business or corporation (such as ethanol industry).
 - 1.6.1.5. Cash on hand of all adult household members.
- 1.6.2. Liquid assets do not include some retirement investments to which access is limited or restricted. Examples include, but are not limited to: Individual Retirement Accounts, 401(k) accounts, annuities, equity in a vested pension account.

Eligibility Dispute Resolution: Any household wishing to dispute the City's finding on eligibility may challenge that eligibility decision to the Housing Compliance Coordinator. That challenge shall be in writing from the application and include the reason for the challenge. The Housing Compliance Coordinator will review the application and all supporting documentation to determine whether the correct eligibility determination was made. The Housing Compliance Coordinator will respond in writing to the challenging household. [Housing Division Policy]

Lead-Based Paint Poisoning Prevention in Certain Residential Structures – 24 CFR Part 35: Each file will contain evidence that the City completed a Lead-Safe Housing Rule Checklist for General Compliance Documentation, and Lead-Safe Housing Rule—Applicability Form to assess the risk of LBP. If the property or household does not meet any of the exemptions listed at 24 CFR §35.115(a), the file must also contain either Appendix A – Summary Inspection Notice, Appendix B – Summary Risk Assessment Notice, Appendix C – Summary Presumption Notice, or Appendix D – Hazard Reduction Completion Notice.

If the housing unit was constructed before 1978, the following steps will apply:

1. Evaluate rehab needs.
2. If paint is to be disturbed, paint chip samples will be taken and sent for testing.
3. If those samples identify no lead containing materials, the Housing Program Specialist will conduct a lead screen with wipes and soil samples.
4. If lead is identified in step 2 or 3, Geotek will be hired to conduct a risk assessment.
5. If the planned rehab work totals less than \$5,000, the Housing Program Specialist will test what is going to be disturbed, and the use safe work practices is required.
6. If the planned rehab work totals more than \$5,000, the risk assessment is necessary and the rehab work will include additional plan plus possible additional lead work identified by the risk assessment.

Lead-based paint was prohibited from use in housing constructed in 1978 or later, so any rehab work on such a property has no obligation to address lead.

Lead-Safe Work Practices: The following shall apply for rehabilitation activities where Lead-Safe Work Practices are required or recommended.

The Housing Division maintains a list of contractors interested in bidding these rehabilitation projects and whether those contractors are certified in Lead-Safe Work Practices. This list is shared with each home owner before the owner solicits bids for their rehabilitation work. If a home owner chooses a bid from a contractor that is not on the Housing Division's list of certified contractors, the contractor will be required to provide proof of certification in Lead-Safe Work Practices prior to the proceed order being signed. Each file shall contain certification of contractors' Lead-Safe Work Practices credentials.

Environmental Review: These rehabilitation projects are categorically excluded subject to §58.5 [24 CFR §58.35(a)(3)(i)].

<https://www.hudexchange.info/programs/environmental-review/tiered-environmental-reviews/>

No environmental impact statement or environmental assessment and finding of no significant impact under NEPA is required, except in extraordinary circumstances (see §58.2(a)(3)) in which a normally excluded activity may have a significant impact. Compliance with the other applicable Federal environmental laws and authorities listed in §58.5 is required [24 CFR §58.35].

Compliance/consultation with regulatory authorities will be required, particularly the State Historic Preservation Office amongst others. A Request for Release of Funds and Certification (RROF) is required. The RROF (form HUD-7015.15) must be signed by either the Director of Planning and Development Services or the Housing Manager. The RROF must be published in the Argus Leader and the Housing Division website.

After the Tier 1 environmental review, RROF and Authority to Use Grant Funds, the Housing Program Specialist will complete the Tier 2 reviews (site specific) for the individual projects that materialize. The Tier 1 file will contain an Environmental Review Record (ERR) in accordance with 24 CFR §58.38 summarizing all of the above. The Tier 2 documentation will be maintained in the project file.

Maximum Assistance: The maximum amount of assistance provide shall be the lesser of \$25,000 or the household's available equity. This maximum amount applies to the original amount of assistance to be provided. If an unforeseen change order is necessary, an exception can be approved by the Housing Division Manager. The Housing Division Manager may also approve an exception to the maximum original amount of assistance limit on a case-by-case basis. [Housing Division Policy]

Cost Reasonableness: Each file will contain a cost estimate completed by the Housing Program Specialist. In accordance with 2 CFR 200.403(a), all costs must be necessary and reasonable (as defined by 2 CFR 200.404) for the performance of the project. If the lowest responsible bid for the project is unreasonable (i.e. exceeds the cost estimate by more than ten percent), the Housing Program Specialist will consult with the Housing Manager on a case-by-case basis to determine if and how to proceed. [Housing Division Policy]

Change Orders: Change orders requested by a household or contract shall first be reviewed by the Housing Program Specialist to determine whether the change order is necessary. If recommended for approval, the change order will be signed by the household, Housing Program Specialist, and the Housing Division Manager.

Procurement: Grantees and subrecipients that are governmental entities are required to use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in 2 CFR 200.320. When procuring for a housing rehabilitation contractor, the applicable procurement methods would include small purchase (currently up to the simplified acquisition threshold limit of \$100,000) or formal sealed bids. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. Generally, obtaining three (3) bids is regarded as a minimum standard for small purchase procurements. In order for the formal sealed bid procedure to be feasible, two (2) or

more responsible bidders must be willing and able to compete effectively for the business (i.e. two bids must be received). [<https://www.hudexchange.info/faqs/2243/we-have-difficulty-obtaining-sufficient-responses-for-a-truly-competitive/>]

If a private individual (e.g. the housing rehabilitation beneficiary household) receives a grant or loan from a grantee or subrecipient, the federal procurement requirements do not apply to that private individual. However, grantees are highly encouraged to implement procedures to ensure cost reasonableness, such as preparing an internal cost estimate along with the work write-up and requiring that the beneficiary household obtain a minimum number of bids. The contract award should be made to a contractor whose bid is determined to be a reasonable bid in comparison to the internal cost estimate and other bids. [<https://www.hudexchange.info/faqs/2243/we-have-difficulty-obtaining-sufficient-responses-for-a-truly-competitive/>]

IDIS: Activities are entered into the federal Integrated Disbursement and Information System (IDIS) after the household has received bids, selected the contractor, and signed loan documents. The activity shall be entered into IDIS by a Housing Program Specialist (different Housing Program Specialist than who is working directly with the household) who will set up the activity and funding (individual addresses will not be suppressed in the IDIS system). Draws will be conducted consistent with the Financial Management policy. Each file shall contain the IDIS activity number.

Project Completion: Completion is considered to have happened when (a) all identified rehabilitation work is complete, (b) funds have been drawn from IDIS and expended for the rehabilitation work, and (c) all income and demographic data for the household has been received and entered into IDIS.

Contract Dispute Resolution: The Housing Program Specialist assigned to the project shall do their best to resolve issues between the household and rehabilitation contractor. Any project needing that is not resolved by the Housing Program Specialist, shall be reviewed additionally by the Housing Division Manager. If necessary, the City Attorney's Office may be consulted to help find a resolution. [Housing Division Policy]

Personally Identifiable Information (PII): See Personally Identifiable Information section of these policies.

Records Retention: See Financial Management, Record Retention for CDBG section of these policies.

Each completed file shall be scanned and saved to J:\Affordable Housing\...PROJECT FILES---SAVE\Single-Family Rehab. The scanned files shall be saved in a folder with a consistent naming convention ["last name, first name"]. If the home owner has been assisted multiple times, their named folder shall contain subfolders with the year each project was completed ["#### Project"]. All paper and electronic documents for each file (inspections, application and supporting documentation, contract/work write-up, LBP compliance documentation, building permits and inspection results, warranties, contractor selection/bids, loan documents and filed mortgages, etc.) shall be scanned and saved. [Housing Division Policy]

At the recommendation of the City Attorney's Office, each completed project will contain a physical, hard file containing the original loan documents (at a minimum the promissory note, mortgage, and disclosure statement) [Housing Division Policy].

Public Access to Program Records: The City shall provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable State and local laws regarding privacy and obligations of confidentiality [24 CFR 570.508]. However, nothing to compromise the personally identifiable information shall be disseminated consistent with Housing Division Policy. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents [2 CFR § 200.337(a)]. Generally speaking, the City should have all pertinent information for any audit or examination.

TENANT-BASED RENTAL ASSISTANCE (Always in conjunction with Bright Futures)

Funding Source:	HOME
Regulatory Citation:	24 CFR §92.209
CDBG Matrix Code:	N/A
CDBG National Objective:	N/A
HOME Activity Category:	Tenant-Based Rental Assistance (TBRA)
Munis Program/Subprogram:	098-261
AHAB Initial Adoption Date:	
AHAB Most Recent Adoption Date:	

Justification: Because the City of Sioux Falls intends to use HOME funds for tenant-based rental assistance (TBRA), it must specify local market conditions that led to the choice of that option. [24 CFR §91.215(b)(1)]

This activity was selected as a priority based on the 2011-15 CHAS data which show that there are approximately 4,070 renter households with incomes between 30-50% AMI that are severely cost burdened (paying more than 50% of their income towards rent), and approximately 3,185 renter households with incomes below 30% AMI that are cost burdened (paying more than 30% of their income towards rent. [2020-2024 Consolidated Plan Table 7 – Housing Problems]

Intended Outcome: Rental assistance will be provided for up to 24 months to families with children who are at imminent risk of homelessness. These families will be also be provided case management through the Bright Futures program in an effort to divert them from becoming literally homeless and potentially becoming self-sufficient. [Housing Division Policy]

Form of Assistance: Grant [Housing Division Policy].

Application: The subrecipient must complete and submit an application with their financial statements, and by-laws and/or articles of incorporation. These documents must be saved to the project file along with the Accessible Housing Advisory Board meeting minutes, project record, and federal award identification worksheet (FAI). [Housing Division Policy]

Application/Project Cycle: Under each HOME funding application/agreement/project, tenants may be added to the project for the 12-month term of the agreement, subject to the availability of funding. Tenants that will receive more assistance than that available under the first year’s agreement/project may be added to subsequent agreements/projects until they have received their maximum 24 months of assistance. This will make it likely that many households will be assisted by multiple agreements/projects. [Housing Division Policy; and Samuel Potter, CPD Representative, CPD Region VIII, January 23, 2020 phone call].

Environmental Review: [24 CFR §58.35(b)(1)] TBRA is categorically excluded not subject to 58.5. No environmental impact statement or environmental assessment and finding of no significant impact under NEPA is required [24 CFR §58.35]. The City does not have to publish a Notice of Intent to Request Release of Funds. The City remains responsible for carrying out any applicable requirements under 58.6 [24 CFR §58.35(b)]. The file will contain an Environmental Review Record (ERR) in accordance with 24 CFR §58.38 summarizing all of the above [24 CFR §58.35(d)].

Agreement: The agreement must contain all of the following:

- The Amount of funds to be provided for TBRA (costs of inspecting the housing and determining the income eligibility are eligible as costs of the TBRA) [24 CFR §92.209(a)].
- The maximum amount of funds that may be provided for administrative expenses.
- The income limit stated as a percentage of AMI.
- All requirements listed in this policy manual which are the responsibility of the subrecipient.
- A completion date.
- A section about the recipient maintaining records and allowing the City or HUD to access those records.
- Reference to all the applicable City, State, and Federal rules, regulations, and ordinances.

The agreement may be signed as soon as the environmental review is completed, and the City receives its HOME grant from HUD.

Commitment of Funds in IDIS: The following steps must have taken place prior to committing HOME funds in IDIS for TBRA [HUD CPD Notice 15-09].

- The TBRA project must be associated with one of the PJ's approved Consolidated Plan/Annual Action Plan projects.
- The environmental review must be completed.
- There must be a legally binding written agreement
- Tenants must have been selected and approved for assistance.
- Each tenant for whom funds are committed must have a legally binding lease agreement.
- The subrecipient has entered into a rental assistance contract with either the tenant or the owner that complies with the provisions of 24 CFR §92.209.

In order to simplify the calculation of funds to commit, the City will commit funds in IDIS for TBRA incrementally as monthly draw requests are received from the subrecipient. This will ensure that no more funds are committed than that which is committed to tenants. Instead of taking the time to calculate the individual amounts committed to individual tenants for the remaining duration of their individual leases, the City will commit funds incrementally for the amount of each monthly draw request [Housing Division Policy].

Eligible Costs: Eligible costs include disbursements for rental assistance and security deposits. Eligible costs also include utility deposit assistance, but only if this assistance is provided with tenant-based rental assistance or a security deposit. The costs of inspecting the housing and determining the income eligibility of the family are eligible as costs of the tenant-based rental assistance [24 CFR §92.209(a)]. Administration of tenant-based rental assistance is an allowable cost. [Housing Division Policy]

Tenant Selection Policies: Households will be considered on a first-come, first-served basis. Any ineligible applicants will receive prompt written notification explaining the reason for their ineligibility, and be given the opportunity to review and appeal the decision to the subrecipient.

Criminal Policy: The following is the policy of the subrecipient, Inter-Lakes Community Action Partnership (ICAP).

To ensure safety for all applicants and ICAP Staff, ICAP has established and maintained an organizational culture that promotes safety and security for everyone by providing a proactive preventative approach to violence management and risk (See ICAP's safety guidance).

Each adult applicant must obtain their South Dakota criminal background report from Minnehaha County Clerk of Courts. ICAP Staff may be able to obtain the applicant's criminal background report in extenuating circumstances. ICAP Staff will conduct a nationwide criminal background when the applicant reports they have lived outside of South Dakota. An adult means a person 18 years of age or older.

Admission to the Bright Futures program is not contingent on criminal justice history and will not prohibit persons with criminal convictions from entering the program.

Returning to the Program Following Termination: After voluntarily leaving TBRA or non-renewal of TBRA (see Targeted Assistance/Preferences), the participating family shall not be eligible for TBRA for six months following the end of their TBRA. After six months, if the subrecipient determines the former participating family is eligible for TBRA, they may be considered for additional TBRA.

If a participating family voluntarily leaves TBRA or their TBRA is not renewed for a second time, the participating family will not be eligible for TBRA for a period of 12 months from the date their initial TBRA ended.

Participating families shall not receive TBRA for a total of more than 24 months.

Annual Income: The subrecipient will take applications and determine eligibility before any TBRA is provided.

Each assisted household must have an initial household income at or below 50% AMI [24 CFR §92.209(c)(1) restricts to 80% AMI]. Housing Division Policy further restricts initial household income to 50% AMI].

Annual income must be determined in accordance with 24 CFR §5.609 [24 CFR §92.203(b)(1)].

Annual income must be determined by examining at least two months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement, etc.) for the family [24 CFR §92.203(a)(1)].

An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612. [24 CFR §92.2]

Adjusted Income: When calculating income, the subrecipient must apply exclusions from income established at 24 CFR 5.611(a) [24 CFR §92.203(c)].

Annual Income Certification: Incomes of tenants receiving rental assistance must be re-examined at least annually using source documentation [24 CFR §92.209(c)(1)]. (Regulation requires this to be done annually but the subrecipient may choose to do so more frequently.) The subrecipient shall re-evaluate family income, size and composition. (1) Rent and assistance shall be adjusted accordingly based on the circumstances in effect at the time of recertification. (2) If a tenant's income increases above 50% AMI,

assistance may continue. If assistance increases above 80% AMI, assistance must be terminated after the subrecipient gives reasonable notice to the tenant and owner [Building HOME, chapter 7, March 2008]. Additionally, not less than 90% of families receiving TBRA must be families whose annual incomes do not exceed 60% AMI [24 CFR §92.216(a)].

Targeted Assistance/Preferences: Application of the preferences below must not have the effect of discriminating on the basis of race, color, religion, creed, sex, national origin, ancestry, handicap, disability, familial status, or age [24 CFR §92.209(c)(2)(v)].

Priority will be given to families with children who are at imminent risk of homelessness [Housing Division Policy]. Imminent risk of homelessness is defined as a household that will imminently lose their primary nighttime residence, provided that (1) the residence shall be lost within 14 days of the date of application for homeless assistance, (2) no subsequent residence has been identified, and (3) the household lacks the resources or support networks needed to obtain other permanent housing [https://www.hudexchange.info/resources/documents/HomelessDefinition_RecordkeepingRequirementsandCriteria.pdf]. This would include, but is not limited to, families who are being evicted from a housing unit or are being kicked out of a friend/family home for various reasons.

Because the statewide Coordinated Entry System only includes those experiencing literal homelessness, referrals will be taken from the subrecipient's waiting list. Documentation will be required to verify imminent risk of homelessness. Those experiencing literal homelessness will not be excluded, but will no longer be given priority over those at imminent risk of literal homeless. [ICAP Policy]

All assisted families must use the TBRA for a housing unit within the city limits of Sioux Falls. There is no requirement that a family live in Sioux Falls for a minimum period of time before being eligible for assistance. [24 CFR §92.209(d); Building HOME, chapter 7, March 2008; and Housing Division Policy]

Tenant files must clearly state how the family meets the definition of imminent risk of homelessness and thereby meets that preference for inclusion in this TBRA program [HUD's Monitoring Report for Sioux Falls for monitoring dates of August 12-16, 2019].

Participation in the Bright Futures case management is mandatory. If a household is removed from Bright Futures due to non-compliance, they must be provided TBRA for the remaining term of their lease [24 CFR §92.209(c)(2)(iii) and HUD's Monitoring Report for Sioux Falls for monitoring dates of August 12-16, 2019]. Renewal of TBRA can be denied upon expiration of the lease if the family is not participating in Bright Futures case management. (Renewal of TBRA is not guaranteed when it is time for a second lease to be signed. Renewal of TBRA is predicated upon continued participation in case management.)

Terms of Rental Assistance Contract: The term of the initial rental assistance will coincide with the terms of the lease [24 CFR §92.253(a)]. Each household may receive additional TBRA, pending availability of funds. Total assistance under the TBRA program cannot exceed 24 months for any one household. The term of the rental assistance contract must begin on the first day of the term of the lease. For a rental assistance contract between the subrecipient and a family, the term of the contract need not end on termination of the lease, but no disbursement may be made after termination of the lease until a family enters into a new lease. [Housing Division Policy, 24 CFR §24.209(e)]

Lease Agreements: Each lease agreement must be approved by the subrecipient [24 CFR §92.209(k)]. It is acknowledged that there is no single subrecipient lease form. The existing lease forms used by each property owner will be used.

There must be a written lease between the tenant and the owner of rental housing assisted with HOME funds that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified [24 CFR §92.253(a)]. Subsequent leases, may be as short as six months in duration if agreed upon by the tenant and the owner. The subrecipient will assure that leases assisted under the TBRA program between owners and tenants will not contain any prohibited lease terms as outlined in 24 CFR §92.253(b), Tenant Protections. Any lease containing prohibitive lease terms will be denied. However, an addendum to the lease can be executed that voids all prohibited language from the lease, if both parties agree.

Each tenant file shall contain a copy of their lease complete with signatures by the property owner and the tenant.

Lease Addendum/VAWA: The subrecipient must develop a VAWA lease term/addendum to incorporate all requirements that apply to the owner or lease under 24 CFR part 5, subpart L, including the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR §5.2005(b) and (c). The VAWA lease term/addendum shall be submitted to the City for review and approval. The lease term/addendum must require the owner to notify the subrecipient before the owner bifurcates the lease or provides notification of eviction to the tenant. If HOME tenant-based rental assistance is the only assistance provided (i.e., the unit is not receiving project-based assistance under a covered housing program, as defined in 24 CFR §5.2003), the VAWA lease term/addendum may be written to expire at the end of the rental assistance period. [24 CFR §92.359(e)]

Participant Rental Assistance Contract: The participating agency must develop a Participant Rental Assistance Contract (PRAC). The PRAC shall be submitted to the City for review and approval. Each file shall contain a PRAC between the participating household and the subrecipient that is tied to the lease period. The PRAC must be signed by the tenant and the subrecipient and be dated. Any amendments to the PRAC must also be signed and dated. [HUD's Monitoring Report for Sioux Falls for monitoring dates of August 12-16, 2019]

Owner Rental Assistance Contract (ORAC): The participating agency must develop an Owner Rental Assistance Contract (ORAC). The ORAC shall be submitted to the City for review and approval. Each file shall contain an ORAC between the property owner and the subrecipient that is tied to the lease period. The ORAC must be signed by the property owner and the subrecipient and be dated. Any amendments to the ORAC must also be signed and dated. [HUD's Monitoring Report for Sioux Falls for monitoring dates of August 12-16, 2019]

Rent Reasonableness: The subrecipient must disapprove a lease if the rent is not reasonable, based on rents that are charged for comparable unassisted rental units [24 CFR §92.209(f)]. The subrecipient must develop a Rent Comparable Worksheet which shall be submitted to the City for review and approval. Gross Rent information must be collected for at least three comparable unassisted rental units within the area. Rent for a proposed unit may be considered "reasonable" if its Gross Rent is no more than five percent above the average Gross Rent of the comparable units analyzed. A sample rent reasonableness checklist and certification is available at <https://www.hudexchange.info/resource/2098/home-rent->

[reasonableness-checklist-and-certification/](#). There are two standards to consider when approving or disapproving the rent for a unit.

1. Rent must comply with the established rent standard, as defined below.
2. Rent must be compared to other comparable units within the area. The rent of the proposed unit will be compared to rents for three other comparable units in the area.

Utility Allowances: The subrecipient must establish maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually [24 CFR §92.252(d)]. Proposed utility allowances shall be updated annually and submitted to the Housing Division.

Maximum Subsidy: The amount of the monthly assistance that may be paid to, or on behalf of, a family may not exceed the difference between the rent standard for the unit size established by the subrecipient and 30 percent of the family's monthly adjusted income [24 CFR §92.209(h)(1)]. This amount shall be prorated for partial months.

Minimum Tenant Contribution to Rent: Participating households will be required to pay a minimum contribution to rent pursuant to 24 CFR 92.209(h)(2). During the first three full months of assistance, the minimum contribution will be 30 percent of adjusted monthly income or \$0, whichever is greater. After the first three full months of assistance, the contribution will be the higher of 30 percent or the household's adjusted monthly income or \$100. This amount shall be prorated for partial months.

Rent Standard: Housing Division Policy is the TBRA rent standard shall be the Fair Market Rent for Sioux Falls, SD MSA set by HUD [24 CFR §92.209(h)(3)].

Housing Quality Standards: Housing occupied by a family receiving TBRA under this section must meet Housing Quality Standards set forth in 24 CFR §982.401. The City's Housing Division must inspect the housing initially and re-inspect it annually. [24 CFR §92.209(i)]

Occupancy Standards: Any assisted unit shall not be occupied by more than one family [Housing Division Policy]. §160.005 of the Code of Ordinances of the City of Sioux Falls defines a family as one person living alone or any of the following groups:

- a) Any number of people related by blood, marriage, adoption, guardianship, or foster care.
- b) Not more than three unrelated adults.
- c) A group of no more than seven people who are "handicapped" as defined by the Fair Housing Act, 42 U.S.C. §3606(h).

The Housing Division has established the occupancy standards below. These standards will specify the number of bedrooms needed by the household which affects (1) the unit size (number of bedrooms) appropriate for that family; and (2) the amount of the TBRA subsidy. The following standards may be modified on a case-by-case basis (i.e., pending child custody cases, chronic illnesses, family member who is absent most of the time, etc.). Fair housing rules allow a family to choose a smaller unit as long as that choice does not exceed two people per bedroom plus one additional person [Housing Division Policy unless overridden by City Ordinance, 2/11/2020].

- No more than two people are required to occupy a bedroom.

- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom.
- Children of the same sex (regardless of age) and couples co-habiting (whether or not legally married) must share a bedroom for purpose of assigning the appropriate bedroom size.
- An unborn child may be counted for the purpose of assigning the appropriate bedroom size.
- A live-in care attendant who is not a member of the family is not required to share a bedroom with another household member.
- Individual medical problems (i.e., chronic illness) sometimes require either separate bedroom for household members who would otherwise be required to share a bedroom or an extra bedroom to store medical equipment. (Note: Documentation supporting the larger sized unit and related subsidy is required.)
- In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military.

The family may select a larger housing unit than the size dictated by these occupancy standards, but the TBRA subsidy shall be based on the bedroom size deemed appropriate by the subrecipient according to these occupancy standards [Housing Division Policy].

In all cases, the unit must also meet Housing Quality Standards for acceptability. The dwelling unit must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room [24 CFR §982.401(d)(2)(ii)].

The subrecipient shall review the household composition at least annually. If the size or composition of the household changes, the household may be required to find a different unit to match their new size and composition.

Lead-Based Paint Poisoning Prevention in Certain Residential Structures – 24 CFR Part 35: Part 35 will apply for units constructed prior to 1978 and to be occupied by families that have one or more children of less than 6 years of age. If applicable, Part 35 applies to dwelling units, commons areas serving the dwelling units, exterior surfaces, on-site play areas and child care facilities [24 CFR §35.1200(b)(1)].

A visual assessment shall be conducted as part of the initial and periodic inspections of applicable units defined above [24 CFR §35.1215(a)(2)]. If a unit fails a visual assessment, the participating family will be required to find an alternate compliant housing unit.

Security Deposits: [24 CFR §92.209(j)] HOME TBRA funds may be used for security deposits. The maximum amount of HOME funds that may be provided for a security deposit shall not exceed one month's rent [24 CFR §92.209(j)(2) and SDCL 43-32-6.1]. Only the prospective tenant may apply for HOME security deposit assistance, although the participating jurisdiction may pay the funds directly to the tenant or to the landlord [24 CFR §92.209(j)(3)].

To receive this assistance, the requested security deposit must be listed in the lease. The subrecipient will pay the deposit directly to the property owner along with the initial rental assistance payment. Security deposits are provided as a grant to the Participant and are not required to be paid back to the subrecipient if the Participant receives their deposit back from the property owner when they move out.

Upon move out, the security deposit, after all expenses are taken out by the property owner, will be returned to the client.

Assistance will be available only for initial move-in. Participants who transfer to a new unit during participation will be required to pay the entire security deposit.

Use of Section 8 Assistance: In any case where assistance under section 8 of the 1937 Act becomes available from Sioux Falls Housing and Redevelopment Commission, recipients of TBRA under this part will qualify for tenant selection preferences to the same extent as when they received the HOME tenant-based rental assistance under this part [24 CFR §92.209(l)]. Tenant files must clearly identify if the family was on the waitlist for the Section 8 Housing Choice Voucher Program [HUD's Monitoring Report for Sioux Falls for monitoring dates of August 12-16, 2019].

Disposition of Funds: The participating agency will submit to the City a monthly request for reimbursement for costs incurred in the prior month. Housing Division staff will review each request for reimbursement to ensure all costs are substantiated and allowable. Reimbursement will be issued from the City to the subrecipient electronically via ACH (Automated Clearinghouse).

Project Completion: Completion is considered to have happened when (a) all income and demographic information has been provided to the City and entered into IDIS, and (b) funds have been expended for the final monthly rental assistance for the term of the agreement.

Record Retention: Both the subrecipient and the Housing Division shall retain all records for each funding year for five years after the period of rental assistance terminates [24 CFR §92.508(c)(3) and (4)]. If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later [24 CFR §92.508(c)(6).]

Subrecipient Policies: It is acknowledged that the subrecipient may have policies which delineate more restrictive requirements than the policies written here which is acceptable provided the subrecipient policies are compliant federal regulations and City ordinances.

FINANCIAL MANAGEMENT

Regulatory Citation:	24 CFR §570.501(b) and 570.502 24 CFR §92.504(a), 92.505, 92.508(5)(i) and (iii), and 92.508(6) 2 CFR §200.303
AHAB Initial Adoption Date:	
AHAB Most Recent Adoption Date:	

The Housing Division will utilize existing City Finance Department policies [<https://insite.siouxfalls.org/sites/ss/Budgeting/Accounting%20Manual%20-%20Capital%20As/Pages/default.aspx>]. Listed below are additional Housing Division policies applicable to the CDBG or HOME programs.

CDBG Account and Interest on this Account: The local CDBG account is not required to be an interest-bearing account (unless the interest is generated from grant advances). [Email dated 10/16/2018 from Katy Burke, Program Manager, HUD CPD Region VIII]

Disbursement of CDBG funds must occur in a timely manner. While there is no explicit time period, the general rule is that payment must take place within three business days of deposit of CDBG funds. [Basically CDBG, November 2007, Chapter 11, Section 11.9.2]

CDBG RL/Single-Family Rehab Account and Interest on this Account: A separate fund is established for the purpose of carrying out Single-Family Housing Rehabilitation Loan program activities which generate payments to the fund for the use in carrying out the same activities. This revolving loan fund's cash balance must be held in an interest-bearing account. The interest earned on CDBG funds held in this revolving loan account shall be considered interest earned on grant advances and must be remitted to HUD no less than annually. [24 CFR §570.500(b)]

HOME Account and Interest on this Account: The local account of the HOME Investment Trust Fund includes deposits of HOME funds disbursed from the Treasury account, any program income (from both the allocated funds and matching contributions in accordance with the definition of program income), and any repayments or recaptured funds as required by §92.503. The local account must be interest-bearing. [24 CFR §92.500(c)]

HOME funds drawn from the United States Treasury account must be expended for eligible costs within 15 days. Any interest earned within the 15-day period may be retained by the participating jurisdiction as HOME funds. Any funds that are drawn down and not expended for eligible costs within 15 days of the disbursement must be returned to HUD for deposit in the participating jurisdiction's United States Treasury account of the HOME Investment Trust Fund. Interest earned after 15 days belongs to the United States and must be remitted to the United States as provided in 2 CFR §200.305(b)(9), except interest amounts up to \$500 per year may be retained for administrative expenses. [24 CFR §92.502(c)(2)]

Contracts and Agreements (and Amendments): Contracts, agreements and amendments to contracts and agreements that are in excess of state bid limits per vendor, for each calendar year, shall be approved by the city council [§36.020 of the Code of Ordinances of the City of Sioux Falls]. The South Dakota state bid limit can be found at SDCL 5-18A-14.

Fund Commitment and IDIS: CDBG and HOME activities will be set up and funded in IDIS by one of the following listed in preferential order. The second option will only be used when the higher preferred IDIS users are unavailable.

1. Housing Program Specialist (must be a different Housing Program Specialist than who is administering the activity)
2. Housing Compliance Coordinator

Pay Requests/Accounts Payable: Any invoice or pay request is submitted to a Housing Program Specialist. The Housing Program Specialist will review the request and approve payment. Each pay request will also be reviewed and approved by the Housing Manager. Approved pay requests are submitted to an Accountant for processing.

When the funds that will be used for payment are from a federal source, the Housing Division Accountant creates a drawdown voucher in IDIS after the pay request is in the Munis financial management system so that the funds can be available when the check is released. For payroll and other administrative expenses, the draw is created in IDIS after the funds have been disbursed. IDIS vouchers will be reviewed and approved by one of the following listed in preferential order. Second and third options will only be used when the higher preferred approvers are unavailable.

1. Housing Manager
2. Housing Compliance Coordinator
3. Housing Program Specialist (must be a different Housing Program Specialist than who initiated the payment)

Loan Repayments/Program Income/Accounts Receivable: Loan repayments are received and recorded on the proper bank deposit slips. Deposit slips are sent to the Finance office who provides them to a courier for transport and deposit in the bank. Loan repayments are entered into Cursor Control as they are received and into IDIS monthly by one of the following listed in preferential order. The second and third options will only be used when the higher preferred recorders are unavailable.

1. Housing Technician
2. Housing Program Specialist
3. Housing Division Accountant

A journal entry is created to record the revenue on the general ledger by one of the following listed in preferential order. The second option will only be used when the higher preferred recorders are unavailable.

1. Housing Division Accountant
2. Finance Department Senior Accountant

Correspondence: If a check is ever not receipted in, the situation must be documented to show the reason it was not receipted and what was done instead (i.e. returned to customer, forwarded to another department, etc.).

Delinquent Accounts Receivable: Loans are considered delinquent after six months of late or nonexistent payment. Attempts will be made to collect on the accounts and bring them current. The first collection attempt would be by email (or phone if no email address is available). Further follow up is done by letter.

The Housing Division Accountant reviews delinquent loans quarterly to create a list of estimated uncollectible accounts. The estimated uncollectible list is reviewed annually to determine which loans should be removed from the records. The Housing Division will not write off a loan if the client still owns the property. The Housing Division will comply with §30.028 of the Code of Ordinances of the City of Sioux Falls. After reasonable collection efforts for accounts receivable under \$5,000, the city finance officer may determine that an account is uncollectible, and direct that the uncollectible amount be removed from the records and disclosed on that year's financial report. For accounts receivable of \$5,000 or more, the city council shall determine that an account is uncollectible, and by resolution direct that the uncollectible amount be removed from the records and disclosed on that year's financial report.

Record Retention for CDBG: All CDBG records will be saved and maintained a minimum of six years [Housing Division Policy]. Records associated with an Action Plan or CAPER will be maintained six years after the completion of the program year. Records for individual activities will be maintained six years after completion of the activity. Records pertaining to program income will be maintained six years after the receipt (which may be well after completion of the activity). Further detail on CDBG and federal retention requirements can be found at 24 CFR §570.502(a)(7) and 2 CFR §200.333.

Record Retention for HOME: All HOME records will be saved and maintained a minimum of six years [Housing Division Policy]. Records associated with an Action Plan or CAPER will be maintained six years after the completion of the program year. Records for individual activities will be maintained six years after completion of the activity. Records pertaining to program income will be maintained six years after the receipt (which may be well after completion of the activity). Further detail on HOME and federal retention requirements can be found at 24 CFR §92.508(c) and 2 CFR §200.333.

Subrecipient Monitoring & Risk Assessment Policy: The City will annually conduct a risk assessment for perennial subrecipients to determine a subrecipient monitoring schedule. Perennial subrecipients identified as high-risk or moderate-risk will require more scrutiny or more frequent on-site subrecipient monitoring. The risk assessment system complies with the requirements of 2 CFR 200.331(b)(1-4).

- (1) The subrecipient's prior experience with the same or similar subawards.
- (2) The results of previous audits including whether or not the subrecipient receives a single audit in accordance with subpart F audit requirements of this part and the extent to which the same or similar subaward has been audited as a major program.
- (3) Whether the subrecipient has new personnel or new or substantially changed systems and
- (4) The extent and results of Federal awarding agency monitoring (e.g. if the subrecipient also receives Federal awards directly from a Federal awarding agency).

It is important to note that City staff will always work closely with all subrecipients while an activity is being carried out and provide technical assistance to help avoid potential compliance issues.

City of Sioux Falls staff works closely with staff of Affordable Housing Solutions (AHS), a perennial subrecipient, in the administration of the Neighborhood Revitalization Program. Essentially one City FTE position is responsible for working with AHS and is dedicated to managing the Neighborhood Revitalization program. City staff is in contact with AHS staff at least weekly on projects underway. City staff scrutinizes all pay requests and the accompanying documentation before approving payment. In addition, City staff reviews applications to determine eligibility of potential purchasers/renters of housing units developed through this program. Therefore, there is nothing to monitor the subrecipient for in terms of eligibility of payments, application review or household eligibility. Because of the

constant interaction between the City and AHS, the City considers this subrecipient/program to be low risk, however occasional on-site reviews will be conducted to determine compliance.

One-time, or periodic, subrecipients of CDBG/HOME/City funds may be monitored for compliance dictated by Federal regulation, such as the requirement to monitor past HOME-assisted rental housing developments. In the case of HOME-assisted rental housing, the City will conduct an annual desktop monitoring of each project's rents and tenant incomes. The City is required to physically inspect a sampling of the assisted units and corresponding tenant files every three years. The City will monitor rental housing developments funded with City general funds and/or CDBG funds at the same schedule as the HOME-assisted projects. This paragraph stands alone and is not subject to the risk assessment policy.

In the administration of each activity, it is important to note that the City obtains and thoroughly reviews each pay request by requiring invoices and back up documentation. If this documentation is not sufficient and does not prove compliance with CDBG/HOME/City requirements, payment is not issued until compliance can be proven.

See the Subrecipient Monitoring Checklist and Risk Assessment Score Sheet.

PERSONALLY IDENTIFIABLE INFORMATION

Regulatory Citation:	2 CFR §200.79
AHAB Initial Adoption Date:	
AHAB Most Recent Adoption Date:	

Personally Identifiable Information (PII): Information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. [2 CFR §200.79]

There are two types of Personally Identifiable Information (PII). Identification of each type will dictate the actions needed to ensure its safety and integrity.

Public PII: This information is available in public sources such as telephone books, public web sites, and university listings. This type of information is considered to be Public PII and includes, for example, the following:

- First and Last Name
- Address
- Telephone Numbers
- Email addresses

Protected PII: This is defined as any information which, if lost, compromised or disclosed without authorization could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual. The following information can be considered Protected PII:

- Pay Statements
- Banking Statements and Account Data
- Tax Returns
- Social Security Number
- Email addresses
- Alien Registration Number
- Permanent Resident Card or other documents from U.S. Citizenship and Immigration Services
- Date and Place of Birth
- Mother's Maiden Name
- User Names and Passwords
- Credit Card Numbers
- Financial Records
- Household demographics and characteristics when linked to a specific name or address
- Other supporting documentation for applications used to verify program eligibility

Physical Security: The Housing Division is located in the City Center which is a secure building with access only for City employees or other authorized individuals. Files containing Protected PII shall be kept within the City Center. If there is an occasion where a file containing Protected PII needs to be taken outside the secure City Center, the Housing Division employee will ensure that the file does not leave their possession and is returned to the City Center as soon as possible. Paper records containing Protected PII shall be disposed of by placing the documents in one of the locked bins for secure shredding.

Electronic Security: Any electronic documentation containing Protected PII retained permanently or temporarily shall be on the City network which is password-protected. Employees must log off their computers at the end of the work day. In addition, existing City protocol is that all computers are locked after a short period of inactivity.

Confidentiality: All City employees must comply with Executive Order 175 which relates to confidentiality. In summary, any confidential information a City employee is exposed to or has access to on the job is not to be discussed or disseminated in any way outside of their job. Disciplinary action may be taken against employees who inappropriately discuss or disseminate confidential information without appropriate authorization.