

**SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
HOUSING TAX CREDIT
INCOME AVERAGING POLICY
2018 LIHTC APPLICATION ROUND**

On August 1, 2018, the SDHDA Board of Commissioners approved Resolution 18-08-N, authorizing the use of the Income Averaging set aside for certain HTC Projects that are in the development process. Based on the approved resolution, the following policy for Income Averaging will apply to all future HTC applications. This policy supersedes any Income Averaging information in the 2018-2019 HTC QAP.

- Up to 20 percent of the affordable units in the project may be rented to tenants whose incomes are 80 percent or less of the area median income (AMI).
- The rents for all units above 60 percent AMI may not exceed the 60 percent AMI rent unless documented and approved by SDHDA.
- Owner will only be allowed to increase rents above 60 percent AMI with prior approval from SDHDA.

A rent comp study must be provided to document the marketability of the 70 or 80 percent AMI rents. And the rents charged must meet the SDHDA standard of 85 percent of the 70 or 80 percent HTC rent limit for Sioux Falls and Rapid City or 80 percent of the 70 or 80 percent HTC rent limit for all other communities.

- The project must maintain the minimum set aside of 40 percent of the units being rented to tenants whose average income is at or below 60 percent AMI.
- Designated income levels can only be set at 10 percent increments from 20 percent AMI to 80 percent AMI.
- All units for the various AMI levels must be proportionately disbursed among the different unit sizes and buildings.
- Once the unit designations have been made, the owner will not be allowed to make additional changes. The unit designations will be disclosed in the Declaration of Land Use Restrictive Covenants.