



WELCOME

**SDHDA and GOED
Public Meetings
2020**

Agenda

Welcome - Mark Lauseng, Executive Director
South Dakota Housing Development Authority (SDHDA)

2020 Annual Action Plan - Lorraine Polak, SDHDA

Community Development Block Grant - LaJena Gruis
Governor's Office of Economic Development (GOED)

Emergency Solutions Grants - Denise Albertson, SDHDA

HOME and Housing Trust Fund - Chas Olson, SDHDA

Housing Tax Credits - Scott Rounds, SDHDA

Housing Opportunity Fund - Amy Eldridge, SDHDA

Meeting Purpose

- ▶ SDHDA and GOED - administer federal programs
- ▶ Solicit public participation
- ▶ In-person public meetings
 - Jan. 27th - Rapid City
 - Jan. 28th - Pierre (also via Skype)
 - Jan. 29th - Aberdeen
 - Feb. 3rd - Sioux Falls
 - Feb. 4th - Yankton

Consolidated Plan

What is the Consolidated Plan?

- ▶ Planning document for the State of South Dakota
- ▶ Five year plan (2018-2022) housing and community development plan
- ▶ Created with public input
- ▶ Report to US Department of Housing and Urban Development for the following programs:
 - Community Development Block Grant (CDBG)
 - Emergency Solutions Grants Program (ESG)
 - HOME
 - Housing Trust Fund (HTF)

Purpose

Community Planning and Development Programs

To develop viable communities for low and moderate-income persons by providing:

- ▶ decent housing
- ▶ suitable living environment
- ▶ expanding economic opportunities

Purpose

Today's meeting is to gather public input regarding housing, homelessness, and economic opportunities for creation of the 2020 Annual Action Plan.

- ▶ What is working?
- ▶ How can we improve?
- ▶ What are some new ideas to consider?
- ▶ What additional information can we share?
- ▶ What questions do you have?

CDBG

Provide grant funding to units of general local government in non-entitlement areas, demonstrating greatest need and addressing local need of low and moderate-income persons.

National Program Objectives

Must meet one of three national objectives in addition to being eligible activity:

- Benefit to low and moderate income persons
- Eliminate slums and blight
- Urgent Need or Imminent threat to public health or safety

CDBG

State Program Objectives

- ▶ Promote rational land use
- ▶ Provide increased economic opportunities for low and moderate-income persons
- ▶ Correct deficiencies in public facilities, affecting public health, safety, or welfare
- ▶ Increase efficiencies in public facilities, affecting public health, safety, or welfare

2019 - CDBG

Application/Funding

- ▶ Incorporated Municipalities and Counties (except Sioux Falls, Rapid City, Tribes)
- ▶ Two Funding Rounds - April 1 & October 1
- ▶ Maximum Grant Amount - \$770,000
- ▶ 2019 Allocation was \$5,753,393
- ▶ Four separate accounts*
 - Community Projects Account - \$2.4 million*
 - Max. 15% - Public Service / Job Training activities
 - Blighted Housing Abatement Program - \$1,000,000
 - Special Projects Account - \$500,000
 - Urgent Need Account - \$500,000

2020 -CDBG Proposed Changes

- ▶ 2019 Allocation was \$5,753,393
- ▶ 2020 = ? We expect similar amount.
- ▶ \$1,143,424.38 carryover from 2019
- ▶ Three separate accounts*
 - Community Projects Account - \$4.1 million*
 - Max. 15% - Public Service* / Job Training activities
 - Special Projects Account - \$500,000
 - Urgent Need Account - \$500,000

CDBG

Contact Information:

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Emergency Solutions Grants Program

Funding to serve homeless or those at risk of becoming homeless

- ▶ Renovation or rehabilitation of a building used for emergency shelter
- ▶ Operating expenses of the emergency shelter
- ▶ Essential services and street outreach
- ▶ Rapid re-housing and homelessness prevention
 - Rental and security deposits
 - Rental and utility arrears
 - Rental assistance - up to 24 months
 - Other housing related expenses

Emergency Solutions Grants Program

- ▶ Applicants can be unit of local government or nonprofit organization (domestic violence agencies, community action agencies, homeless shelters)
- ▶ 18 month grant agreement
- ▶ Maximum grant of \$80,000
- ▶ Annually fund 20-25 organizations
- ▶ Each applicant must provide 1 for 1 match
- ▶ Annual application cycle; applications due end of May
- ▶ Estimated \$580,000 annual funding

Proposed Changes

- ▶ Match for volunteer hours increased to \$10/hour
- ▶ Beginning with the May 2020 submission SDHDA will be accepting ESG applications via electronic submission. This year will continue to accept via mail also.
- ▶ Consider accepting draw requests electronically through Kite works

HOME Program

Primary emphasis is Housing Development

- ▶ Preservation of existing affordable housing
- ▶ New Construction where there is identified need
- ▶ Special Needs Housing
- ▶ Homeownership Opportunities

HOME Program

- ▶ Applicants - nonprofit or for-profit developer
- ▶ New construction, Acquisition/Rehabilitation or Rehabilitation
- ▶ Multifamily or single family housing units
- ▶ Homeownership or rental housing
- ▶ Zero percent (0%) interest rate, variable terms
- ▶ Subordinated mortgage position
- ▶ Income and rent restrictions - at or below 80% AMI
- ▶ Match requirement of 12.5% of HOME amount
- ▶ Annual Application Cycle

HOME Program

Funding Amount

\$3.0 million entitlement, \$4.2 million program income

Current Set-asides

- ▶ CHDO (Community Housing Development Organizations)
- 15% of entitlement (est. \$450,000)
- ▶ Homeowner Rehabilitation - \$750,000
- ▶ Homebuyer Assistance Program - \$200,000
- ▶ Security Deposit Assistance Program - \$200,000
- ▶ Difficult to Develop - \$500,000
- ▶ Homeownership Development - \$500,000
- ▶ Rural Housing Development - \$1,000,000

HOME Program

Application Cycle

Applications due last working day of August, excluding applications for the following set-asides: Homeowner Rehabilitation, Homebuyer Assistance, Security Deposit Assistance, Homeownership Development, and Rural Housing Development.

Allocation Plan

2020-2021 Allocation Plan

Proposed Changes

HOME Program

- ▶ Specify abated taxes rule for Match
- ▶ Incorporate Section 104(d) requirements
- ▶ Add the Homebuyer Feasibility Analysis Tool for Homebuyer Assistance Set-aside
- ▶ Add the Cost Allocation Tool
- ▶ Specify ongoing CHDO certification requirements
- ▶ Clearly define DUNS and Sam.gov requirements (HTF)
- ▶ Increase Homeowner Rehabilitation Set-aside
- ▶ Ability to assist in emergency situations - disaster relief

Housing Trust Fund

- Created under the Housing and Economic Recovery Act of 2008; funded from Fannie Mae and Freddie Mac
- Interim rule published Jan. 2015 - <https://www.gpo.gov/fdsys/pkg/FR-2015-01-30/pdf/2015-01642.pdf>
- Housing for extremely low-income (30% AMI)
- May serve very low-income (50% AMI) if program funding exceeds \$1 billion

Housing Trust Fund

- Formula grant - received \$3.0 million minimum funding in 2019
- South Dakota utilizes funding for rental housing
- Rental housing 30 year affordability period
- Similar eligible activities as the HOME Program
- HOME and HTF income and rent limits published separately from Section 8
- Project failure requires State to repay HUD

Housing Tax Credits

- ▶ Administered by Internal Revenue Service
- ▶ New Construction, Acquisition/Rehabilitation and Rehabilitation of rental housing
- ▶ Multifamily or single family developments
- ▶ Equity financing, deed restrictions but no mortgage
- ▶ Income and rent restrictions - at or below 60% AMI or may use Average Income
- ▶ 2020 allocation \$3,217,500;
- ▶ Non-profit set-aside 10%
- ▶ SDHDA forward allocates tax credits
- ▶ Annual applications due last working day of August

Proposed Changes

Housing Tax Credits

- ▶ Exchange of HTC's - make this an option and implement parameters
- ▶ Additional HTC's - resulting from administrative procedures would not required to submit new application
- ▶ Average Income - incorporate SDHDA policies
- ▶ Excessive Costs - incorporate option for SDHDA to require general contractor cost certifications

Proposed Changes

HOME, Housing Trust Fund and Housing Tax Credits

- ▶ New application date - last working day in July
- ▶ Request all applications to be sent electronically
- ▶ Replace project cost limits with project finance limits
 - Based on zones
 - Developer and consultant fees based on finance limit
 - May still be denied if costs are determined to be excessive
 - Remove negative points for project costs
- ▶ Requests for additional financing must be offset with own resources
- ▶ Update project finance limits and zones
- ▶ Remove Section 811 program and associated scoring

Proposed Changes

HOME, Housing Trust Fund and Housing Tax Credits

- ▶ Move scoring for additional accessible units from general scoring to Project Characteristics (Exhibit 4)
- ▶ Modify scoring for Efficient Use of HTCs and HOME funds
- ▶ Increase points for rehab projects
- ▶ Revise general scoring to account for removal of Section 811 and Accessible Units
- ▶ Update Project Characteristics -Exhibit 4 (SF & MF)
 - Adoption of accessible units
 - Other miscellaneous updates
- ▶ Other miscellaneous administrative updates, corrections

Housing Opportunity Funds

- ▶ Created via 2013 legislative session within SB235 “Building South Dakota”
- ▶ Promote economic development by expanding housing
- ▶ Annual funding amount varies - estimated \$2.9 Million for 2020
 - 10% (\$290,000) Administration
 - 30% (\$783,000) for Sioux Falls and Rapid City
 - 70% (\$1,827,000) for other areas of the state
 - \$1,957,500 for housing development
 - \$652,500 for programs

Housing Opportunity Funds

- ▶ New construction, acquisition/rehabilitation and rehabilitation
- ▶ Programs can assist with building, purchasing and/or rehabilitating housing units, homelessness prevention activities, and community land trusts
- ▶ Income and rent restrictions - at or below 115% AMI

Proposed Changes

Housing Opportunity Fund

- ▶ Program funds to be expended and disbursed within two years - currently the term is three years
- ▶ Modify wording for points awarded for Other Program Funds
 - no points will be awarded if SDHDA programs are the other source of funds
 - no points awarded if other program funds are not for like activities - example, first mortgage lending is not match for down payment assistance program
- ▶ Modify affordability terms for homebuyer activities
- ▶ HOF draws will be allowed no more than twice per month
- ▶ Cost limit, Exhibit 4, electronic submission of applications, changes to correlate with other SDHDA programs

Timeline

- ▶ January 27 - February 4th - public meetings
- ▶ February 10th - written comments due to SDHDA and GOED
- ▶ March 3rd - SDHDA Board of Commissioners meeting to approve draft plans
- ▶ March 6th - 30 day public comment begins, draft plans available to the public
- ▶ March 17th - public meeting via Skype, 2:00 CT
- ▶ March 20th - 15 day comment period ends for 2019 Annual Performance Report
- ▶ April 8th - 30 day comment period ends for 2020 Annual Action Plan and housing allocation plans
- ▶ April 21th - SDHDA Board of Commissioners meeting to approve final plans
- ▶ May 29th - Emergency Solutions Grants applications due
- ▶ **July 31st - Proposed HOME, Housing Tax Credit, Housing Opportunity Fund and Housing Trust Fund applications due**

Comments

Comments are due by 5:00 PM (CT)
February 10, 2020

SDHDA

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Additional Items

Rental Housing Training - June 23rd - 25th in Pierre

Housing Needs Study Program

- ▶ Expanded to allow for housing study updates
- ▶ Same cost and program parameters
- ▶ Four years from completion of original housing study or ability to document substantial change in housing conditions

Wrap Up

Questions?

Thank you for attending!