

DRAFT
South Dakota's
Housing and Community Development
AMENDED 2019 Annual Action Plan for
ESG-CV Funding

Prepared by:

South Dakota Housing Development Authority
And
Governor's Office of Economic Development

For Public Comment
May 14 – May 20, 2020
Comments due by 5:00 P.M. CDT

Virtual Public Meeting
May 19, 2020, 3:00 CDT/2:00 MDT

(This page was intentionally left blank)

Alternative formats of this document are available upon request.

For information regarding Section 504 Accessibility, contact the SDHDA 504 Coordinator,

Andy Fuhrman at 1-800-540-4241.



Amended on May 12, 2020, to add ESG-CV funding provided through the CARES Act, to the PY2019 Annual Action Plan.

Executive Summary

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

1. Introduction

The 2019 Annual Action Plan, hereafter referred to as "the Plan", is the housing and community development planning document for the State of South Dakota. The Community Development Block Grant (CDBG), Emergency Solutions Grants Program (ESG), HOME Investment Partnerships Program (HOME) and the Housing Trust Fund (HTF) are U.S. Department of Housing and Urban Development's Community Planning and Development programs covered under the Plan. The overall goals of community planning and development programs are to develop viable communities by providing decent affordable housing and a suitable living environment and expanding economic opportunities primarily for low- and moderate-income persons. The primary means toward this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations in the production and operation of affordable housing and economic development. For the State of South Dakota, South Dakota Housing Development Authority (SDHDA) administers the HOME, HTF and ESG programs and the Governor's Office of Economic Development (GOED) administers the CDBG Program.

In addition to the programs listed above, other finance programs that are administered by SDHDA and are vital to the availability of affordable housing will also be addressed in this Plan. These programs are the Housing Tax Credit (HTC), Housing Opportunity Fund (HOF) and the Continuum of Care (CoC).

SDHDA is the lead agency for the South Dakota Housing for the Homeless Consortium (SDHHC) which is the statewide Continuum of Care (CoC). SDHDA is the collaborative applicant for the CoC, the administering agency for the Homeless Management Information System (HMIS), and lead agency for Coordinated Entry System.

2. Summarize the objectives and outcomes identified in the Plan

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

Housing demand remains strong. An awareness of housing needs and its interplay with economic development has communities incorporating housing code enforcement and looking for tools for rehabilitation of existing homes and new construction. This continued interest in housing has exposed gaps such as appraisal issues, lack of construction financing for single family homes, lack of development capacity, and lack of construction employees and development partners. In some communities a stigma exists with the term of "affordable housing" which must be addressed by defining affordable housing, who it serves, and the benefit it brings to a community.

South Dakota emphasizes housing opportunities geographically across the State for rental and homeownership; for the homeless to the homebuyer. The HOME Program is available for acquisition and/or rehab, new construction for rental and homeownership, homebuyer assistance, homeowner rehab and security deposit assistance. Housing Trust Fund will only be utilized for rental housing.

SDHDA will continue to provide housing opportunities for homeless, special needs population, as well as mixed income and workforce housing. SDHDA encourages changes to the ESG and Continuum of Care (CoC) programs to enhance and expand rapid re-housing and homelessness prevention services. Accessing affordable, permanent housing for individuals and families who are considered hard to house due to poor credit history, rental history, and criminal backgrounds is difficult; SDHDA will continue to evaluate opportunities to assist these individuals and families.

The State will continue to develop viable communities by providing a suitable living environment and expanding economic opportunities for low- and moderate- income persons through the Community Development Block Grant (CDBG) program. Public meetings and comments have identified the local level need for community development, infrastructure, public facilities, economic development, removal of abandoned blighted structures, and workforce training. There is also a high demand for workforce housing. Building South Dakota Fund, created and funded by the State of South Dakota, includes programs and funding for local infrastructure improvements, job grants, workforce education, and workforce housing, complementing the CDBG program.

SDHDA continues to partner with the Native American Homeownership Coalition to address barriers and build capacity and partnerships to increase homeownership opportunities for Native Americans both on and off Indian Reservations.

The Housing Needs Study Program which began in 2012, assists rural communities in evaluating their housing need. To date over 50 communities and two Indian Reservations have participated with many identifying a need for affordable and workforce housing. The barriers that seem most prevalent for development of new housing is the lack of development expertise and ability to find entities interested in taking on the risk of ownership and/or development. Recently the program was modified to allow communities to conduct a housing study update.

3. Evaluation of past performance

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

For program year 2018, SDHDA anticipated new construction of 150 rental units, acq./rehabilitation of 50 rental units, development of 20 service enriched housing units, assisting 150 households with homeowner rehab, 315 families with security deposit, 15 homebuyers with homebuyer assistance and funding 22 agencies with ESG funding.

2018 outcomes are based on projects reported as completed in IDIS during 2018, which can be skewed due to timing. Per the IDIS report HUD PR 23, 32 rental units were constructed, 296 households assisted with security deposit, eight homebuyer assistance and 58 homes rehabbed for a total of 394 housing units.

The 32 HOME designated rental units are reflective of four housing developments, of which three were completed in 2018. The fourth development (eight units) was an existing development whose activity was mistakenly re-opened. The total affordable housing units within the three developments total 107 housing units (90 new construction and 17 rehabilitation), all units were financed with HOME, Housing Tax Credits and/or Housing Opportunity Funds. The developments received funding approval in 2015. Annually, SDHDA approves funding for 150 to 200 new rental units. Completions resulted in meeting 60% of the new construction goal and 34% of the rehabilitation goal.

PR 23 reports 296 households were assisted with TBRA (Security Deposit), meeting 94% of the 315 goal. The goals of providing 20 units for special needs/service enriched housing (0 units produced) and 15 homebuyer assistance (8 homebuyers assisted) were not met.

For CDBG, the State continues to meet the objectives of promoting rational land use, providing increased economic opportunities, correcting deficiencies in public facilities and increasing efficiencies in public facilities that affect the public health, safety or welfare, especially of low and moderate income persons, by providing \$9,146,176.09 in CDBG grant obligations in 2018 to 18 different communities.

CDBG activities include awards to Leola (\$770,000), Box Elder (\$770,000), Tulare (\$760,484.17) and Montrose (\$151,500) totaling \$2,451,984.17 for water infrastructure system improvements. Pukwana (\$770,000), Frederick (\$770,000), Pierpont (\$618,000), and Springfield (\$770,000) received grants totaling \$2,928,000 to assist with wastewater projects. Bridgewater (\$765,000) was awarded funds for a storm sewer project. Presho (\$770,000) and Lead (\$519,500) were awarded \$1,289,500 for water/wastewater/storm sewer projects. Pierre received a \$770,000 for construction of a Boy's and Girls Club. Bowdle (\$25,000) and Keystone (\$242,861.44) water/wastewater projects received additional funding as did Aberdeen (\$7,810.48) for their BBB work. Scotland (\$90,020) and Burke (\$4,500) received funds to assist with the demolition of blighted properties. Yankton received two awards, one being an urgent need grant of \$366,500 for a water/storm sewer/bank stabilization and the

second being a workforce training request of \$205,000 to assist in training certified nursing assistants.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

A public meeting was held on February 14, 2019, to take public comments on the administration of the HOME, ESG, HTF and CDBG programs and receive comments on the administration of the non HUD funded programs of Housing Tax Credits and Housing Opportunity Fund, as well as the Citizen Participation Plan. This meeting was held prior to drafting of the 2019 Annual Action Plan. The public meeting was held at 2:00 Central Time, via on-line Skype meeting with optional attendance in persona at SDHDA's office or via a conference call. There were 60 attendees.

Notice of the above meeting and the available comment period, was provided through a public notice (paid ad) in the following daily newspapers: The Aberdeen American News; The Rapid City Journal; The Sioux Falls Argus Leader; The Watertown Public Opinion; The Brookings Register; The Yankton Daily Press & Dakotan; The Madison Daily Leader; The Mitchell Daily Republic; The Huron Plainsman; The Pierre Capital Journal; The Spearfish Black Hills Pioneer. Notice of the meeting was also provided through a press release, posting on SDHDA's website and an email sent to interested parties consisting of developers, lenders, city officials, nonprofit organizations, advocacy groups, service providers, homebuilders, local, state and federal agencies, real estate brokers/agents, community leaders, contractors, local and tribal housing authorities, local Rural Development officials, and individuals.

Public comments were due by 5:00 PM Central Time, February 22nd. Written comments were received from two organizations.

The Draft 2019 Annual Action Plan was available for a 30 day comment period which ran from March 6 through April 8, 2019. Notice of the availability of the plan, the 30 day comment period, and the scheduled public meeting were made available to the public per the Citizen Participation Plan. A paid public notice was provided to the daily papers, an email was sent to interested parties and notice was posted on SDHDA's website. The public meeting was held on March 21, 2019, and the public was able to attend via on-line Skype meeting, in person at SDHDA's office or via conference call. There were 28 meeting participants.

5. Summary of public comments

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

During the public meeting held February 14th, questions were asked for clarification of the information presented. Several questions were asked in relation to the ability of utilizing CDBG funds to remove

blighted structures and requesting the ability to remove commercial buildings in addition to residential homes.

Written comments received prior to the drafting of the 2019 Annual Action Plan include the following.

- Maintain funding for removal of dilapidated housing in small communities, as stand-alone program and expand the ability to remove dilapidated commercial buildings; Request the use of CDBG funding and other economic development funding to address outmigration, loss of sales revenue and loss of instant access to day to day necessities created by recent closing of chain stores in small rural communities;
- Request the use of CDBG funds as down payment assistance towards single-family housing purchases; and
- Reconsider the proposal to eliminate land trust as an eligible activity within the HOME Program.

During the 30 day comment period several written comments were received as follows.

- Question why SDHDA provides points for forced air furnace system.
- Request SDHDA to consider giving preference for serving households below 80% AMI for down payment/closing cost assistance.
- Comment that utilizing CDBG funds for demolition of blighted structures is cumbersome and time consuming. The activity is needed but would like an alternative funding source to make the program more effective.
- Request SDHDA to reconsider the requirement that operating and replacement reserve accounts must stay with the property during a transfer of ownership.
- Request SDHDA to remove the restriction of layering multiple grants or funding sources for homebuyer downpayment assistance for households over 80% AMI.
- Consideration of creating a housing task force to find and create viable and innovative solutions to housing.

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

The following are the comments that were not accepted and the reasons for not accepting them.

- Maintain funding for removal of dilapidated housing in small communities, as stand-alone program and expand the ability to remove dilapidated commercial buildings. GOED has removed the set-aside of funds for the Bulldoze, Build, Beautify (BBB) Program, however,

removal of dilapidated and blighted properties remains an eligible activity. Applicants can continue to apply for funds for this activity during the April or October application rounds so no change was made.

- Request the use of CDBG funding and other economic development funding to address outmigration, loss of sales revenue and loss of instant access to day to day necessities created by recent closing of chain stores in small rural communities. No change is being made to the CDBG program at this time due to the difficulty of meeting program objectives with the proposed activity.
- Request the use of CDBG funds as down payment assistance towards single-family housing purchases. Applicants can utilize HOME, Housing Opportunity Fund, Federal Home Loan Bank and other funding sources to provide down payment assistance. Due to the various funding sources available, it was determined that there is not a need to utilize CDBG funding for this activity.
- Reconsider the proposal to eliminate land trust as an eligible activity within the HOME Program. Due to lack of program guidance from US Department of Housing and Urban Development regarding the use of HOME Program funds for land trust activities, SDHDA will be removing land trust as an eligible activity. Funding for this activity is still available under the Housing Opportunity Fund.
- For the comment provided regarding the difficulty of using CDBG funding for the BBB program to remove dilapidated structures, it is important to note that both the HOME Program and Housing Opportunity Fund can assist with demolition of structures as long as replacement housing will be provided.
- Request SDHDA to consider providing additional incentive points for providing downpayment assistance to lower AMI households within the Housing Opportunity Fund. There was no change made since competitive points already exist for serving lower AMI households.
- Request SDHDA to consider removing the requirement that operating and replacement reserves stay with the development at time of ownership transfer. SDHDA will not be removing this requirement, however, additional language has been incorporated to allow SDHDA the ability to negotiate this requirement with existing development owners at time of ownership change. SDHDA understands the concerns this requirement presents but to ensure long-term viability and financial feasibility of the housing developments this decision must be made on a case by case basis.
- Consider the establishment of a task force to address housing by finding and creating viable and innovative solutions for housing. No task force is being created at this time. Currently there are several groups across the state that are working towards improving the housing situation in South Dakota and addressing the same topics as a task force.

7. Summary

The Governor's Office of Economic Development and South Dakota Housing Development Authority appreciate the comments and questions received during the drafting of the 2019 Annual Action

Plan. The public comment process provides an opportunity for GOED and SDHDA to hear concerns and recommendations for improving the programs. The comments are taken into consideration and evaluated based on how the program changes would impact program requirements, administration and performance as well as its impact on goals and objectives for the State.

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

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

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

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

Table 1 – Responsible Agencies

Narrative

South Dakota Housing Development Authority (SDHDA) in conjunction with the Governor’s Office of Economic Development (GOED) prepares the Consolidated Plan and the Annual Action Plans. SDHDA administers the HOME, Emergency Solutions Grants, and Housing Trust Fund Programs within the Rental Housing Development division. The CDBG Program is administered through the Finance Division of GOED.

Sioux Falls Housing & Redevelopment Commission administers Housing Opportunities for Persons with Aids (HOPWA) for South Dakota. Since the HOPWA funding received by Sioux Falls Housing & Redevelopment Commission, is on a competitive basis the program information is not required to be a part of the Statewide Consolidated Plan. Those interested in learning more about the program are encouraged to contact Sioux Falls Housing and Redevelopment Commission. Information regarding the Tri-State HELP program can be found at the following web address - <http://siouxfallshousing.org/index.php?page=tri-state-help>.

Consolidated Plan Public Contact Information

South Dakota Housing Development Authority, PO Box 1237, Pierre, SD 57501 - Lorraine Polak, Lorraine@sdhda.org; 605-773-3108; website - www.sdhda.org

Governor's Office of Economic Development, 711 East Wells Ave., Pierre, SD 57501 - LaJena Gruis, Lajena.gruis@sdreadytowork.com; 605-773-4633; website - www.sdreadytowork.com

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

1. Introduction

South Dakota Housing Development Authority (SDHDA) in conjunction with the Governor's Office of Economic Development (GOED) prepares the Consolidated Plan and the annual action plans. SDHDA administers the HOME, ESG, and the HTF programs through the Rental Housing Development division. The CDBG Program is administered through the Finance Division of GOED.

SDHDA and GOED staff participate in meetings with regional planning districts, local economic development offices, SD Department of Human Services and Social Services, city officials, public housing authorities, multi-family housing associations, homebuilder organizations, service agencies and nonprofit and for profit developers. The information sharing from these meetings provides suggestions, concerns, and recommendations regarding the housing and community development programs and how they are or are not effective in serving the state. In addition, knowledge gained by SDHDA and GOED staff regarding services, programs and assistance offered by the agencies listed above provides an opportunity to better coordinate services and ensure programs are effectively working together. Information gathering is a year-long process and is not limited to the four months during which time the annual action plan or the housing allocation plans are drafted.

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

SDHDA and GOED are members of several trade organizations and committees that increase the opportunity to coordinate efforts. At the state government level, SDHDA participates on the Behavioral Health Advisory Council (formerly the Mental Health Advisory Council), the State Independent Living Council, the SD WINS workgroup, and SDHDA's Executive Director and GOED's Commissioner attend the Governor's cabinet meetings. At the state level, SDHDA is a member of the South Dakota (SD) NAHRO, SD Homebuilders Association, SD Native American Homeownership Coalition, multi-family housing association, SD Building Officials, Central Board of Realtors, SD Coalition of Citizens with

Disabilities, SD Banker's Association, and the SD American Institute of Architects. At the national level, SDHDA is a member organization of National Association of Housing and Redevelopment Organizations (NAHRO) and National Council of State Housing Agencies (NCSHA). SDHDA and GOED are members of the Council of State Community Development Agencies providing information from the national perspective. Involvement with the different organizations provides SDHDA and GOED opportunities to interact and enhance coordination among public and assisted housing providers, private and government, health, mental health and service agencies and many other organizations throughout the year, as well as learn of successful programs in other states.

To assist in coordination of efforts, information regarding public meetings and training opportunities offered by partner agencies such as the Mental Health First Aid Training, are shared with housing management companies, ESG recipients, and members of the SD Housing for the Homeless Consortium as well as being posted on SDHDA's website.

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

The Statewide Continuum of Care (CoC) is South Dakota Housing for the Homeless Consortium (SDHHC). SDHDA is the lead agency for the CoC providing a great opportunity for coordination of efforts. SD Department of Education, SD Department of Veterans Affairs, SD Department of Social Services, Domestic Violence providers and service agencies are all active members of the CoC providing direct contact to information and resources.

CoC recipients are monitored to ensure their coordination with the partner agencies. In addition, scoring criteria for ESG and CoC selections is focused on documentation of coordination of efforts between these agencies and addressing the needs of the homeless as appropriate for their respective communities.

South Dakota is fortunate in that it does not have a large number of chronically homeless individuals and families. The majority of the chronically homeless are located in Sioux Falls and Rapid City. The SDHHC is working with current CoC recipients and other service providers to determine their interest in providing beds for the chronically homeless. Funding preference is given to those willing to serve the chronically homeless.

Additional preference is given to address youth and veterans homelessness. The SDHHC previously utilized technical assistance for the Vets@Home project and is currently maintaining an active master list of homeless veterans, as well as utilizing coordinated assessments and addressing gaps in services. Historically SDHHC also partnered with several agencies for the submission of an application for HUD's Youth Homelessness Demonstration Program, has participated in Corporation for Supportive

Housing and Collaborative Solutions Inc.'s Rural Youth Peer Network and is currently in process of organizing a Youth Advisory Board.

The Policy Advisory Council (PAC) for the SDHHC has several key members who include a formerly homeless individual, the Rapid City School District Homeless Liaison, a service coordinator for Veteran's Administration, a nonprofit agency providing youth services and a director from domestic violence shelter located on an Indian Reservation. Their presence on the PAC is very important since the PAC provides the direction for SDHHC and the PAC members provide valuable insight and knowledge specific to the identified populations and geographic areas.

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

SDHDA as the lead agency and Collaborative Applicant for the CoC, also administers the ESG Program and is the administrator of the HMIS system and the lead for the statewide Coordinated Entry System. As the one agency, SDHDA is aware of priority and processes with the different programs and works to ensure alignment. This provides a concerted effort and efficiencies in allocating funds to reach consistent performance measurements and achieve desired goals. The CoC has a HMIS committee that helps oversee the utilization of the software, encourage participation and formulate performance measurements and evaluation for ESG and CoC funded agencies.

The ESG selection committee consists of several PAC members of the SDHHC. This provides an opportunity for the PAC to learn more about other services and agencies to assist in addressing homelessness. In addition this provides an opportunity to ensure ESG funds were awarded to agencies and for services that are further enhancing the goals and objectives of SDHHC. Members of the PAC have also been involved in creation of the application selection criteria for the ESG program.

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

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Black Hills Council of Local Governments
	Agency/Group/Organization Type	Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Black Hills Council of Local Government participated in the public meeting. As a regional planning organization, Black Hills works with numerous communities to address their community development and housing issues. Participation of a planning district provides geographic representation and perspective of many rural communities. Staff from other regional planning districts were also in attendance representing Central SD Enhancement District, Southeast Council of Governments, First District, District III and Northeast Council of Governments.
2	Agency/Group/Organization	Lloyd Companies
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Staff from Lloyd Companies attended the public meeting. As a housing developer, Lloyds provides a different perspective on the administration of the housing finance programs and the effectiveness of developing affordable housing. Lloyds often partners with nonprofit service providers to develop housing for special needs. Staff from other housing development companies were also present during the public meeting.

3	Agency/Group/Organization	Sioux Empire Housing Partnership
	Agency/Group/Organization Type	Housing Services - Housing Services-Education
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Sioux Empire Housing staff participated in the public meeting and has partnered with SDHDA in addressing homebuyer counseling and renter's education.
4	Agency/Group/Organization	Oglala Sioux Lakota Housing Authority
	Agency/Group/Organization Type	Housing PHA Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Staff from Oglala Sioux Lakota Housing Authority attended the public meeting. As a tribal housing authority, the organization partners with SDHDA to address housing concerns on Indian Reservations.

5	Agency/Group/Organization	HOMES ARE POSSIBLE, INC.
	Agency/Group/Organization Type	Housing Services - Housing Services-Education Community Development Financial Institution
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	HAPI is a recipient of SDHDA funding, a developer of affordable housing, and provides homebuyer education. Staff from HAPI participated in the public meeting.
6	Agency/Group/Organization	Dakota Land Trust
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Staff from Dakota Land Trust participated in the public meeting. As the only entity in the state utilizing land trusts, this organization provides a different perspective of developing affordable single family homes.

7	Agency/Group/Organization	Inter-Lakes Community Action Partnership
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-homeless Services-Education Regional organization Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Staff from ICAP attended the public meeting. ICAP is recipient of HOME, ESG, CoC and other funding programs providing housing and services to different populations. Their involvement provides insight for serving different populations, economic diversity, and availability of services.
8	Agency/Group/Organization	Aberdeen Housing Authority
	Agency/Group/Organization Type	Housing PHA Services-homeless

<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Market Analysis</p>
<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Staff from Aberdeen Housing Authority participated in the public meeting. Aberdeen Housing utilizes the HOME program for development of housing units and security deposit assistance. The agency provides perspective of public housing authorities, serving families at risk of homelessness and provides information regarding the housing demand for the community of Aberdeen. Staff from other public housing authorities also participated in the public meeting.</p>

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

All agencies are welcome to participate in the public comment process. The agencies listed above were not specifically solicited to participate but instead represent the various partners who were a part of the public comment process. SDHDA did not specifically consult with any agency relating to the development of this annual action plan.

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

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	South Dakota Housing Development Authority	Developing permanent housing opportunities for the homeless is a goal that requires coordination of efforts. In 2018, the CoC implemented the statewide coordinated entry system (CES). With annual homeless counts, HMIS program reports and CES, there will be valuable information to help align housing and services for the homeless population with the goal of addressing the specific housing needs which may entail location, service area and target AMI levels.

Table 3 - Other local / regional / federal planning efforts

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation

Summarize citizen participation process and how it impacted goal-setting

A public meeting was held on February 14, 2019, to take public comments on the administration of the HOME, ESG, HTF and CDBG programs and receive comments on the administration of the non HUD funded programs of Housing Tax Credits and Housing Opportunity Fund, as well as the Citizen Participation Plan. This meeting was held prior to drafting of the 2019 Annual Action Plan.

The public meeting was held at 2:00 Central Time, via on-line Skype meeting with optional attendance via a conference call or in person at SDHDA's office. There were 60 attendees.

A second public meeting was held at 2:00 Central Time, on March 21st which was during the 30 day comment period. The public was able to participate via on-line Skype meeting, via conference call or in person at SDHDA's office. There were 28 participants.

Notice of the meetings and the available comment periods, were provided through public notices (paid ad) in the following daily newspapers: The Aberdeen American News; The Rapid City Journal; The Sioux Falls Argus Leader; The Watertown Public Opinion; The Brookings Register; The Yankton Daily Press & Dakotan; The Madison Daily Leader; The Mitchell Daily Republic; The Huron Plainsman; The Pierre Capital Journal; The Spearfish Black Hills Pioneer. Notices of the meetings were also provided through a press release, posting on SDHDA's website and emails sent to interested parties consisting of developers, lenders, city, state and federal officials, nonprofit organizations, advocacy groups, service providers, homebuilders, real estate brokers/agents, community leaders, contractors, local and tribal housing authorities, local Rural Development officials, and individuals.

Public comments were due by 5:00 PM Central Time, February 22nd and April 8th, 2019. Written comments were received from several organizations. Comments are reviewed by staff and if warranted, changes are made to the programs, policies or procedures.

SDHDA and GOED have active partners who provide continual feedback on administration of the programs, what is working, and what they would like to see change. Many times, this conversation results in SDHDA and GOED making appropriate changes to the programs prior to the

public comment process, reducing some of the participation process. SDHDA and GOED review all comments received and evaluate the financial and administrative impact that may result from such change, prior to accepting or rejecting the comment.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	Non-targeted/broad community	<p>There were 60 people in attendance at the February 14th public meeting and 28 participants for the March 21st meeting. Both meetings were accessible in person at SDHDA's office, on-line via Skype or via conference call. A copy of the presentation was available on SDHDA's website prior to the meetings.</p>	<p>During the public meeting, there were questions of clarification rather than comments to programs. Several questions and comments were related to the use of CDBG funds for removal of dilapidated buildings. Currently the BBB program targets removal of dilapidated residences and the public request to retain this program and expand it to also include commercial buildings within the community.</p>	<p>The set-aside of CDBG funds for the BBB program was eliminated. However utilizing CDBG funds for the removal of dilapidated buildings remains an eligible activity and applications for this activity can be submitted through the normal CDBG application cycle.</p>	

2	Newspaper Ad	Non-targeted/broad community	<p>Newspaper ads were provided to advertise the public meetings and the public comment periods. The ads ran in the daily newspapers and indicated that written comments were being requested, deadline for when comments were due, and the date and time of the public meetings.</p>	<p>Written comments were received by five individuals addressing the following items: Request expansion of CDBG program to assist rural communities in process of losing a chain retail store; retain and expand the BBB program within CDBG to also include retail/commercial buildings; retain land trust as an eligible activity within the HOME Program; question why competitive points were being awarded for certain type of multifamily heating system; request incentives to provide down payment and</p>	<p>All comments were considered and several comments resulted in changes being made to program requirements, processes or procedures. The two comments that were not accepted was to retain land trust as an eligible activity under the HOME program and to retain and expand the BBB program. While land trust is an eligible activity, there is no guidance from HUD on compliance monitoring of land trust and until such guidance is provided, SDHDA will not fund this activity with HOME funds.</p>	
---	--------------	------------------------------	--	---	--	--

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
				<p>closing cost assistance to AMIs below 80%; comment that financing for removal of blighted and dilapidated structures is needed but the CDBG program is cumbersome for this activity; and request SDHDA to remove the requirement that operating and replacement reserve accounts must be maintained with the development during a transfer of ownership.</p>		

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Internet Outreach	Interested parties	Two emails were provided to our housing partners, representing developers, community action agencies, homeless service providers, local, tribal and state government, public and Indian housing authorities, planning districts, service providers for those with disabilities, advocacy organizations and other interested parties. The email was forwarded to bring awareness of the public meetings, the comment period and to solicit participation and comments as outlined above.	Previously outlined above.	Previously outlined above.	

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

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

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

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

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

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	5,753,393	0	0	5,753,393	22,800,000	CDBG funds are primarily used to fund community projects. Eligible activities are detailed later in this plan.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	3,005,732	3,600,000	1,500,000	8,105,732	12,000,000	Majority of the HOME funds will be used for multifamily rental developments serving households at 30%, 40%, 50% and 60% AMI. A smaller portion of funds will be used for activities such as homeownership, security deposit assistance and homeowner rehabilitation.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	607,391	0	0	607,391	2,320,000	ESG funds typically assist 22 shelters across the state to provide services for homeless or those at risk of becoming homeless. Portion of ESG funds will be utilized for the Homeless Management Information System (HMIS).

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	3,000,000	0	2,000,000	5,000,000	12,000,000	The Housing Trust Fund will be utilized for rental housing targeted for households at or below 30% AMI.
Other	public - federal	Acquisition Housing Multifamily rental new construction Multifamily rental rehab	3,100,000	0	0	3,100,000	12,000,000	Housing Tax Credits will be used for multi-family rental housing development serving households at 60% AMI or less. SDHDA has adopted the income averaging option which allows household incomes to be up to 80% AMI maintaining the development's average of 60%.
Other	public - federal	Other	2,199,893	0	0	2,199,893	0	ESG-CV funds to be used to prevent, prepare for and respond to coronavirus.

Other	public - state	Acquisition Admin and Planning Conversion and rehab for transitional housing Homebuyer assistance Homeowner rehab Housing Multifamily rental new construction Multifamily rental rehab New construction for ownership Overnight shelter Rapid re-housing (rental assistance) Transitional housing	2,000,000	0	0	2,000,000	8,000,000	The Housing Opportunity Fund is state funded and created through Building South Dakota. Annual funding amount is subject to legislative action. The program is utilized for development of housing and services for households up to 115% AMI.
-------	----------------	---	-----------	---	---	-----------	-----------	--

Table 5 - Expected Resources – Priority Table

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

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

Per the HOME, HTC and HTF allocation plans, developments receive competitive points for leveraging of funds with other funding sources such as private, local, and owner equity. Under the HOME program the applicant must provide half of the match requirement (12.5 percent). Many developers are able to utilize tax abatements, reduced interest rates, reduction in rate for third party services, and donation of land or services. At this time SDHDA or GOED are not aware of any publically owned land or property within the state that may be used to address the needs identified in this plan.

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

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

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

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

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

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

Discussion

SDHDA utilizes a two year allocation plan for the HOME, ESG and HTF programs. However, the allocation plans for HOME and HTF are being modified in 2019 and are being made available for public comment.

Annual Goals and Objectives

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

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Develop new rental housing units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$2,000,000 HTF: \$2,000,000 Housing Opportunity Fund: \$700,000 Housing Tax Credits: \$2,000,000	Rental units constructed: 150 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Acquisition and Rehabilitation of rental units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$1,000,000 HTF: \$1,000,000 Housing Opportunity Fund: \$250,000 Housing Tax Credits: \$1,000,000	Rental units rehabilitated: 50 Household Housing Unit
3	Development of special needs housing	2013	2017	Affordable Housing Homeless Non-Homeless Special Needs		Affordable Housing	HOME: \$500,000 HTF: \$600,000 Housing Opportunity Fund: \$500,000 Housing Tax Credits: \$250,000	Rental units constructed: 20 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Utilize Emergency Solution Grants Program	2013	2017	Homeless			ESG: \$500,000 Housing Opportunity Fund: \$50,000	Tenant-based rental assistance / Rapid Rehousing: 100 Households Assisted Homeless Person Overnight Shelter: 3000 Persons Assisted Homelessness Prevention: 100 Persons Assisted Other: 22 Other
6	Provide homeownership opportunities	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000 Housing Opportunity Fund: \$50,000	Homeowner Housing Added: 20 Household Housing Unit Direct Financial Assistance to Homebuyers: 15 Households Assisted
7	Homeowner Rehabilitation	2013	2017	Affordable Housing		Affordable Housing	HOME: \$750,000 Housing Opportunity Fund: \$50,000	Homeowner Housing Rehabilitated: 150 Household Housing Unit
9	Workforce Training	2013	2017	Non-Housing Community Development Economic Development/Workforce Training		Non-housing Community Development	CDBG: \$400,000	Other: 200 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
10	Security Deposit Assistance	2013	2017	Affordable Housing		Affordable Housing Homelessness	HOME: \$200,000 ESG: \$25,000 Housing Opportunity Fund: \$15,000	Homelessness Prevention: 315 Persons Assisted
11	Homebuyer Assistance	2013	2017	Affordable Housing		Affordable Housing	HOME: \$200,000	Direct Financial Assistance to Homebuyers: 15 Households Assisted
12	Community Development	2018	2022	Non-Housing Community Development		Non-housing Community Development	CDBG: \$3,050,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 6300 Persons Assisted
13	Economic Development	2018	2022	Non-Housing Community Development		Non-housing Community Development	CDBG: \$500,000	Jobs created/retained: 20 Jobs Businesses assisted: 1 Businesses Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Develop new rental housing units
	Goal Description	Development of new rental housing units - utilize approximately \$2 million of HOME funds, \$2 million of Housing Trust Fund, \$2 million of HTC and \$500,000 of Housing Opportunity Fund annually to create 150 new rental housing units. Over a five year period this would provide a total of 750 new rental housing units. The combination of HOME funds and Housing Tax Credits is vital for meeting this goal. The additional funding provided through the Housing Trust Fund will provide an opportunity to develop additional housing units designated for 30% AMI.
2	Goal Name	Acquisition and Rehabilitation of rental units
	Goal Description	Utilize HOME funds in combination with Housing Tax Credits, Housing Trust Fund, and Housing Opportunity Fund for the acquisition and rehabilitation or just the rehabilitation of rental housing units. Approximately \$1 million of HOME, \$1 million of HTC, \$1 million of HTF and \$250,000 of HOF is anticipated to be utilized annually to rehabilitate 50 rental units - equating to 250 units over a 5 year period.
3	Goal Name	Development of special needs housing
	Goal Description	The goal is to utilize approximately \$500,000 in HOME funds and \$600,000 of Housing Trust Funds in combination with Housing Tax Credits and HOF to annually development of 20 rental units for special needs annually.
5	Goal Name	Utilize Emergency Solution Grants Program
	Goal Description	Provide ESG funds to emergency and domestic violence shelters across the state. Unit of measurement is to assist 22 shelters annually. Given the fact that majority of the shelters funded with ESG funds are domestic violence shelters, it is difficult to ensure clients served are not counted more than once since identifying information cannot be shared among agencies. It can be estimated that annually 3,000 people will be served by the shelters and 200 households will receive homelessness prevention/rapid rehousing assistance. The ESG funds will be provided to pay for operating expenses of the shelter, provide homelessness prevention and rapid rehousing services for clients and admin for HMIS and administrative expenses.

6	Goal Name	Provide homeownership opportunities
	Goal Description	The goal is to provide homeownership opportunities by utilizing the HOME and HOF programs. SDHDA also provides financial assistance through the First-Time Homebuyer Program and the Governor's House Program. HOME and HOF program funds will be utilized to develop single family homes and also provide downpayment and closing cost assistance. While the Housing Trust Fund has homeownership as an eligible activity, South Dakota will not be utilizing this funding source for this activity, at this time.
7	Goal Name	Homeowner Rehabilitation
	Goal Description	Provide funding opportunities to assist 150 homeowners annually with rehabilitation activities. Programs utilized would be the HOME and HOF programs.
9	Goal Name	Workforce Training
	Goal Description	The CDBG Program could allow up to a maximum of 15% of yearly allocation to be utilized to train low-to-moderate individuals annually. Demand for this activity has decreased with other programs offering workforce training in SD. We are setting aside \$400,000 to train up to 200 individuals each year.
10	Goal Name	Security Deposit Assistance
	Goal Description	To provide security deposit assistance to low income families at risk of becoming homeless. \$200,000 of HOME funds are set aside to assist approximately 315 households on an annual basis. Housing Opportunity Fund and ESG funds may also assist with security deposit assistance.
11	Goal Name	Homebuyer Assistance
	Goal Description	Annually \$200,000 of HOME funds are set-aside to assist homebuyers with the purchase of a single family home through a downpayment assistance program. It is anticipated that approximately 15 households will be assisted annually. The Housing Trust Fund program will not be utilized to assist with homeownership activities.

12	Goal Name	Community Development
	Goal Description	GOED will award grants to eligible activities that will improve community development and enhance the lives of those residents living there. Community development improvements will primarily be awarded for infrastructure such as water, wastewater, and storm sewer systems. Included with these types of project would be restoration of streets, sidewalks, and gutters that would have been removed or damaged during replacement of any below grade infrastructure. Other community development activities will consist of neighborhood facilities, youth centers, senior centers, broadband expansion, places that provide community safety measures such as fire halls and abuse shelters. Any eligible activity meeting community development needs will be considered. Determining goals for community development projects is difficult not knowing when a community will decide to upgrade old existing infrastructure or needing to upgrade or construct new community facilities. The State of South Dakota anticipates 8-12 applicants being awarded funding each year for community development projects. Number of persons to benefit will depend greatly on the size of the communities applying.
13	Goal Name	Economic Development
	Goal Description	GOED will fund a special project account with \$500,000 from the annual HUD allocation each year. The goal will be job creation when granting funds from this account. The number of jobs created will determine the amount of the award. For every \$25,000 of grant funding, 1 permanent job must be created.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

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

Funding Allocation Priorities

	Develop new rental housing units (%)	Acquisition and Rehab of rental units (%)	Develop special needs housing (%)	Utilize Emergency Solution Grants Program (%)	Provide home-ownership opportunities (%)	Home-owner Rehab (%)	Workforce Training (%)	Security Deposit Assistance (%)	Homebuyer Assistance (%)	Community Development (%)	Economic Development (%)	Total (%)
CDBG	0	0	0	0	0	0	8	0	0	82	10	100
HOME	50	12	10	0	10	12	0	4	2	0	0	100
ESG	0	0	0	100	0	0	0	0	0	0	0	100
HTF	60	20	20	0	0	0	0	0	0	0	0	100
Other Housing Opportunity Fund	45	15	10	0	10	10	0	0	10	0	0	100
Other Housing Tax Credits	70	15	15	0	0	0	0	0	0	0	0	100

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

The allocation priorities are a combination of past experience and goals to be accomplished. The housing needs in South Dakota vary by community and SDHDA's resources are utilized in a variety of ways thus the reason for having multiple allocation priorities. There is a need for additional rental units, homeownership activities, homeowner rehabilitation and security deposit assistance. A few activities have funds set-aside to assist in the administration of the program.

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

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

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

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

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

Introduction:

HOME, Housing Trust Fund, ESG and CDBG funding is open to all eligible applicants through application processes. The HOME Program Allocation Plan, the Housing Trust Fund Allocation Plan, the ESG Plan and the Consolidated Plan outline the application process for the respective programs. For ease of applicants, SDHDA has a combined application form and application cycle has been created for utilization of HOME, HTF, HOF and HTC. HOME set-asides and HOF funds can be applied for from January 1st - June 30th. Any remaining funds from these programs are then applied for in the August application cycle with the HTC and HTF programs.

Applicants apply directly to SDHDA for the housing programs. Applicants apply through their local planning district for CDBG funds with applications due in April and October of each year.

Distribution Methods

Table 8 - Distribution Methods by State Program

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

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The State of South Dakota will receive \$5,753,393 in CDBG funding in 2019. A minimum of 70 percent of the State's allocation will be used to fund projects that primarily benefit low and moderate-income persons. The CDBG program will provide grants to units of general local governments in non-entitlement areas with applicants being selected for funding based on the greatest need and most adequately addressing locally determined need of low and moderate-income persons, consistent with one or more of the following purposes:</p> <ol style="list-style-type: none"> 1. Promote more rational land use; 2. Provide increased economic opportunities for low and moderate-income persons; 3. Correct deficiencies in public facilities that affect the public health, safety or welfare, especially of low and moderate income-persons; 4. Increase efficiencies in public facilities, affecting public health, safety, or welfare. <p>CDBG funds will be distributed from three separate programs. Of the \$5,000,000 of CDBG funds anticipated to be received by the State, five hundred thousand dollars (\$500,000) for the Special Projects Account, five hundred thousand dollars (\$500,000) for the Imminent Threat Account, and the remainder of the annual allocation available for distribution through the Community Projects Account. A maximum of 15% of our annual allocation can be utilized for eligible Job Training or other program activities classified as Public Services. The State will withhold one hundred thousand dollars (\$100,000) plus 3 percent (3%) for program administration by the State and technical assistance provided to local governments through the State's six Planning Districts.</p> <p>CDBG program funds must be obligated to projects within 15 months of the State receiving the funds from HUD. It is our intention to stimulate applicants through a series of funding cycle deadlines which will be April 1, and October 1. Grant</p>
---	---

		<p>Amendments requesting additional funding will be considered at any time. Decisions will be based upon the information provided by the grantee justifying the need and impact of the additional funding. Additional requests for funding will need Governor approval with a new grant agreement being signed to supersede the original grant award.</p>
--	--	---

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Eligible applicants are counties and incorporated municipalities, excluding Sioux Falls, Rapid City and Tribal Governments.</p> <p>Projects must meet one of three national objectives and be an eligible activity as described in section 105(a) of the Act. National objectives are to eliminate slums and blight, benefit people of predominately low and moderate income, or an urgent need or an imminent threat to public health or safety. In addition, the following criteria must be met:</p> <ol style="list-style-type: none"> 1. Planning Districts must prepare the application and administer the grant through close out. 2. There is no limit to the number of 2019 grants eligible applicants may receive for themselves or on behalf of an ineligible applicant i.e. development corporation, rural water system, sanitary district, etc. 3. CDBG grants awarded prior to Year 2013 must be closed out before submitting a new application. A grantee that has an open grant awarded prior to 2013 and is open because of circumstances beyond their control may request a waiver submitted to GOED with the 2019 application. 4. A public hearing must have been conducted before an application may be submitted. 5. Application shall include data on the racial, ethnic, and gender characteristics of project beneficiaries. <p>Eligible projects and activities are defined in Section 105(a) of the Act. Questions should be addressed to CDBG staff within the Governor's Office of Economic Development or by contacting their Planning District Office.</p>
--	---

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Potential applicants can gather additional information by contacting the Governor's Office of Economic Development via phone - 605-773-4633 or contacting their Planning District Office.</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>CDBG funds will be distributed from three separate programs that address distinct areas of need. Of the \$5,753,393 of CDBG funds received by the State, five hundred thousand dollars (\$500,000) will be available through the Special Projects Account, five hundred thousand dollars (\$500,000) will be available through the Imminent Threat Account, and the remainder of the annual allocation will be available for distribution through the Community Projects Account. A maximum of 15% of our annual allocation can be utilized for eligible Job Training or other program activities classified as Public Services. The State will withhold one hundred thousand dollars (\$100,000) plus 3 percent (3%) for program administration by the State and technical assistance provided to local governments through the State’s six Planning Districts. At the discretion of the Commissioner of GOED, funds can be moved around within each program account. During the final grant cycle of each year, all accounts can be moved to Community Projects Account if the Commissioner so chooses and awarded at that time. Any amounts remaining in program accounts will be rolled forward into the next year and added to the community project account and obligated in the first round of funding in order to maintain timely distribution.</p>
--	--

	<p>Describe threshold factors and grant size limits.</p> <p>Size of Grants.</p> <ol style="list-style-type: none"> 1. Ceilings. There is a maximum of \$750,000 per grant application for project costs plus an additional \$20,000 of funding for project administration for a total maximum ceiling of \$770,000. 2. Individual grant amounts. Individual grants will be awarded only in amounts commensurate with the requirements of the proposed project. 3. Available funding. Each funding cycle will award approximately half of the annual funds available through the account. The Commissioner of Governor’s Office of Economic Development (GOED) has the discretion to increase or decrease the amount on any given funding cycle. <p>There is no limit to the number of grants from the 2019 program funds that an eligible applicant may receive for themselves or on behalf of an ineligible applicant such as an area development corporation, rural water system, sanitary district or other legally organized entity. All eligible applications not funded may be resubmitted.</p> <p>Previous CDBG Program grants awarded prior to Year 2013 must be closed out.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p> <p>Outcomes will be based on the number of projects completed, allocation of training dollars, and number of individuals assisted with training dollars.</p>
2	<p>State Program Name:</p> <p>South Dakota - ESG Program</p>
	<p>Funding Sources:</p> <p>ESG</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The Emergency Solutions Grants Program (ESG), formerly known as the Emergency Shelter Grants Program is a federal block grant authorized by subtitle B of the McKinney Vento Homeless Assistance Act and administered by the U.S. Department of Housing and Urban Development (HUD). The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) revised the Emergency Shelter Grants Program and renamed it the Emergency Solutions Grants Program. South Dakota will receive \$607,391 in ESG funding for 2019.</p> <p>As a result of the HEARTH Act, the new ESG expands the eligible activities for emergency shelter and homelessness prevention activities to include short- and medium-term rental assistance and services to stabilize and rapidly re-house individuals and households who are homeless or at risk of becoming homeless. One of the main changes to the ESG program is an increased focus on homelessness prevention services and rapid re-housing activities as evidenced with the emphasis on homelessness prevention and the addition of a new rapid re-housing activity.</p> <p>Emergency Solutions Grants will be utilized to provide services to homeless and those at risk of becoming homeless in the following eligible activities. It is important for applicants to remember that ESG funds are to be used for direct assistance, only when there is no other assistance available for the individual or household. Applicants should refer to 24 CFR Part 576.100 – 576.109 for further clarification on the following eligible activities:</p> <p>1) Street Outreach; 2) Emergency Shelter; 3) Homelessness Prevention; 4) Rapid Re-housing Assistance; 5) Homeless Management Information System; and 6) Administration.</p>
---	--

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applicants must be non-profits or units of local government. Governmental organizations such as public housing agencies and local housing finance agencies are not eligible applicants under the ESG Program. Applicants must be in compliance with ESG guidelines 24 CFR Part 576 and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws.</p> <p>Applicants must have written standards for providing ESG assistance that will be consistently applied throughout the program; must have established standard accounting practices including internal controls and fiscal accounting procedures which may include cost allocation plans; and be able to track agency and program budgets by revenue sources and expenses; must have available cash flow to effectively operate their programs since ESG funding is a reimbursement program.</p> <p>Applicants with outstanding monitoring or audit findings issued by the Internal Revenue Service, HUD, or SDHDA are not eligible ESG applicants and will not be eligible to receive an allocation of ESG funding. Applicants are encouraged to contact SDHDA to ensure no unresolved monitoring findings exist or to work to resolve any outstanding items.</p> <p>Eligible applicants must be able to demonstrate prior experience serving individuals and households at-risk of or experiencing homelessness; must have staff with demonstrated expertise in case management skills; will be required to utilize the Homeless Management Information System (HMIS); must be members of the South Dakota Housing for the Homeless Consortium and participate in the statewide Coordinated Entry System. Applications which show a concerted effort to coordinate services with other agencies and other funding sources to best serve the individuals and households.</p> <p>Due to the demand for the funds, ESG grants will be awarded based upon the following:</p>
--	--

	<ol style="list-style-type: none"> 1. Need for the funding to provide the corresponding services and assistance; 2. Plan for distribution of the funds in an effective and efficient manner; 3. Collaboration efforts with other agencies, and 4. Applicant's performance measurements resulting from the new ESG funding.
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Applicants must be non-profits or units of local government. Governmental organizations such as public housing agencies and local housing finance agencies are not eligible applicants under the ESG Program. Applicants must be in compliance with ESG guidelines 24 CFR Part 576 and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws. The availability of ESG Funds is presented to the general public through a press release, notice on SDHDA's website and email to all interested parties. SDHDA directly administers the ESG funds with sub-recipients directly providing the services.</p> <p>The ESG application form can be found on SDHDA's website - www.sdhda.org. Applications are due the last working day of May.</p> <p>Applications will be reviewed for completeness and will be scored and ranked based on the selection criteria outlined in the ESG allocation plan. A selection committee consisting of state employees from the Department of Labor, Education, and Public Safety, along with members from the Policy and Advisory Committee for the SD Housing for the Homeless Consortium (CoC) as well as SDHDA staff review the applications for final recommendation of awards.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>The Interim ESG Rule shifts the focus from emergency shelter to assisting people to quickly regain stability in permanent housing along with increasing communities’ capacity to engage in strategic planning and program oversight. Increase in planning and oversight can be accomplished by additional funding allowed for administrative activities.</p> <p>Administrative Activities – The Interim Rule increases the expenditure limit for administrative activities from 5 percent to 7.5 percent. SDHDA will make available to sub-recipients up to 2 percent of the ESG funds utilized for homelessness prevention, rapid re-housing and HMIS activities.</p> <p>Street Outreach and Emergency Shelter Activities - The total amount of ESG funds that may be used for street outreach and emergency shelter activities (also referred to as homeless assistance) cannot exceed 60% of the ESG allocation.</p> <p>Maximum amount of ESG grant funds eligible per agency is \$80,000.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Applicants are not limited (minimum or maximum) in the dollar amount of ESG funds that may be requested per the ESG application, however, the maximum grant amount is \$80,000. Applicants may receive less ESG funds than requested based on the Selection Criteria outlined in the ESG Plan. In addition, SDHDA must ensure federal program requirements are being met.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measurements will consist of the number of shelters receiving assistance, geographic distribution of services, the number of individuals being served, how quickly individuals are being permanently housed and any recurrences of homelessness. All ESG recipients report in HMIS and must participate in the statewide CoC and the coordinated entry system.</p>
<p>3 State Program Name:</p>	<p>South Dakota - HOME Program</p>
<p>Funding Sources:</p>	<p>HOME</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>SDHDA is the agency responsible for the administration of the HOME funds throughout the State of South Dakota, with the exception of Sioux Falls, which receives its own allocation of HOME funds, and the Indian reservations, which receive funds under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). Even though Sioux Falls receives their own allocation of HOME funds and Indian reservations receive NAHASDA funds, these areas are eligible to receive HOME funds from SDHDA. Funding limitations may be imposed in these areas if available HOME funds warrant such a change. SDHDA will receive \$3,005,732 in HOME Funds for 2019, in addition to \$3,600,000 of program income from 2018, and unused funds of approximately \$1,600,000. HOME Funds and HOME program income will be utilized for the following activities:</p> <ol style="list-style-type: none"> 1. To further the single family affordable housing goal, funds will be used for new construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties. HOME funds will also be available for homebuyer assistance and development subsidy. HOME funds are also set aside for particular homebuyer activities. 2. To further the goal of preservation of affordable rental housing, funds will be used for rehabilitation, conversion and acquisition with rehabilitation of rental properties. Funds will be also used for new construction of rental housing where there is an identified need. 3. HOME funds will also continue to be provided as financial resource to provide security deposit assistance for qualified households.
---	--

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Funds will be awarded annually (applications due last working day of August, awards within 75 days) to eligible applicants who rank the highest on the selection criteria set out within the HOME Program Allocation Plan. If funds remain upon completion of the application cycle, SDHDA may hold another application cycle. Applications requesting HOME funds from the established set asides may apply for funding anytime during the year, with the exception of the Difficult to Develop set aside.</p> <p>Selection Criteria consists of the following -</p> <ul style="list-style-type: none"> • Local Housing NeedDeep Income Targeting - serving lower income households • Extended Use Commitment - serving longer than standard affordability period • Construction Type - rehabilitation vs. new construction • Housing developed as part of a Concerted Community Revitalization Plan • Mixed Income use developments • Evidence of Financial support • Applicant Characteristics • Home Ownership • Service Enriched Housing • Units for Persons with Disabilities – HUD Section 811 • Accessibility of additional units • Leveraging of financial resources • Percentage of Soft Costs Used for Project Costs • Project Location
--	--

	<ul style="list-style-type: none"> • Developments serving individuals with children • Public Housing Notification of available units • Completeness of Plans and Specifications • Evidence of site control Evidence of financing commitments (construction and permanent)Evidence of equity commitment for HTC developments Availability of utilitiesProper ZoningPlatted propertiesProject Characteristics Additional information regarding these point categories and other selection criteria can be found in the HOME Program Allocation Plan.
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>HOME funds will be distributed geographically throughout South Dakota taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides: Community Housing Development Organization (CHDO) - 15% of annual allocation (\$450,860) per federal requirement. Once the set-aside has been committed, CHDO applications will be referred to the General Pool for potential funding. Homeowner Rehab - \$750,000 is set aside for Community Action Program (CAP) agencies and nonprofit agencies for rehabilitation of single family owner occupied properties. The agencies are eligible for an administrative fee (up to 7.5%) based on program expenses. Maximum grant amount of \$200,000 per sub recipient per year. Homebuyer Assistance - \$200,000 is set aside for financing to qualified households who are unable to obtain the total financing necessary for purchase of a single family home. The maximum gap loan is \$25,000 or 30 percent of the total acquisition costs less all granted and donated items, whichever is less. Security Deposit Assistance - \$200,000 is set aside for qualified Public Housing Authorities (PHAs) and nonprofit entities to provide security deposits to qualified households. Administrating agencies are eligible to receive up to 10% administrative fee for incurred expenses. Difficult to Develop - \$500,000 is set aside as grant financing for developments which are financially difficult to develop and cash flow due to characteristics such as serving special needs population, providing services, location or number of housing units. Homeownership Development - \$500,000 is set aside for interim construction financing of single family homes. Up to \$20,000 may be used as development subsidy per home when costs exceed appraised value. Homeowner and permanent financing must be identified at time of application. Rural Housing Development - \$1,000,000 is set aside for development of housing in rural communities (population of 5,000 or less) allowing applicants to apply anytime from January 1st through June 30th.</p>
--	--

<p>Describe threshold factors and grant size limits.</p>	<p>No more than 20 percent of the General Pool will be allocated to any one project; no more than a cumulative of 25 percent to any one developer/sponsor/owner and no more than 50 percent of the available General Pool will be allocated to any one community. If, after the initial application cycle, funds remain in the General Pool, an application from a developer/sponsor/owner or for any community which was awarded maximum funds under the initial application cycle may be eligible for additional HOME funds.</p> <p>The minimum amount of HOME funds invested in a project involving rental housing or homeownership is \$1,000 per each HOME assisted unit in the project.</p> <p>SDHDA will not process any application that SDHDA determines is not:</p> <ol style="list-style-type: none"> 1. Consistent with the purposes and goals of the HOME Allocation Plan; 1. Proposing an eligible activity; or 1. Financially feasible. <p>The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250. HOME funds may not exceed the per unit dollar limits established by HUD under the 234 Subsidy Limits, in addition, SDHDA has established total project cost limits that developers must adhere to. This information can be found in the 2018-2019 HOME Program Allocation Plan found on SDHDA's website - www.sdhda.org.</p> <p>For those projects which combine HOME and other governmental subsidies, SDHDA will perform a subsidy layering review in accordance with SDHDA HOME Subsidy Layering Policy, which incorporates the cost allocation requirements stated in HUD CPD Notice 915-11, dated December 22, 2015. A copy of this policy and notice is available from SDHDA upon request.</p>
---	---

	What are the outcome measures expected as a result of the method of distribution?	Outcome measures are the number of additional housing units geographically distributed for different income levels, types of housing units, and special needs housing.
4	State Program Name:	South Dakota - Housing Trust Fund
	Funding Sources:	Housing Opportunity Fund
	Describe the state program addressed by the Method of Distribution.	The Housing Trust Fund was enacted per the Housing and Economic Recovery Act of 2008. South Dakota Housing Development Authority administers the HTF program and in 2019 \$3 million will be available for allocation. Up to 10% of the funds will be retained by SDHDA for payment of program administration. The remaining 90% or \$2.7 million will be designated for permanent housing serving households at or below 30% AMI. The HTF program does have two set asides established for particular distribution. \$600,000 is set aside for developments located on Indian Reservations and \$600,000 is set aside for development of special needs housing.

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

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

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

Discussion:

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

AP-35 Projects – (Optional)

Introduction:

There are no 2019 projects to report at this time. Funding for CDBG, HOME, HTF and ESG projects will not be determined until after applications are received and evaluated, which typically does not occur until after the funding contracts are awarded by HUD. The CDBG applications are due in April and October. ESG applications are due the end of May and HOME and HTF applications are due the end of August.

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

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

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

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

AP-38 Project Summary

Project Summary Information

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

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

No

Available Grant Amounts

Not applicable

Acceptance process of applications

Not applicable

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

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

No

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

Not applicable.

AP-50 Geographic Distribution – 91.320(f)

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

South Dakota administers the HOME, Housing Trust Fund, Housing Tax Credit and ESG programs statewide. The CDBG program is administered in the CDBG service area. There are no Geographic Priorities being established at this time, except for funding set-asides for Indian Reservations under HTF and for rural communities (under 5,000 in population) under the HOME program. Funding under the programs is competitive in nature and many factors are taken into consideration when awarding funds,

such as demonstrated need, capacity of developer, financial feasibility of the development and geographic distribution. Scoring criteria dictates successful applications but currently the scoring is more influential on the type of project being developed and not geographic location (with the exception of being located near services).

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

Geographic Distribution

Target Area	Percentage of Funds

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

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

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

All other areas of the state are allowed to submit HOME applications during the application cycle with applications due the last working day of August.

Discussion

South Dakota administers the HOME, Housing Trust Fund, Housing Tax Credit and ESG programs statewide. The CDBG program is administered in the CDBG service area.

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

Affordable Housing

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

Introduction:

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

One Year Goals for the Number of Households to be Supported	
Homeless	4,500
Non-Homeless	705
Special-Needs	20
Total	5,225

Table 10 - One Year Goals for Affordable Housing by Support Requirement

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

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

Discussion:

Number of households supported and production and financing of the housing units listed above will be provided by ESG, HOME, Housing Trust Fund, Housing Tax Credit, Continuum of Care, and Housing Opportunity Fund.

The one year goals listed above consist of serving 4,500 homeless through the ESG program by providing overnight shelter, homelessness prevention or rapid rehousing activities. The non-homeless of 705 indicates the households served through rental assistance (security deposit), production of new units, rehabilitation of rental and homeowner occupied units in addition to assisting homeowners acquire housing units and production of 20 units of permanent housing for the homeless/special needs. The 705 units are then further defined in the second chart. The total of 200 units to be rehabbed consists of 50 multifamily units and 150 homeowner units. Reaching the goals for permanent housing for the homeless/special needs is typically the hardest goal to achieve. HTF designation to serve households at or below 30% AMI and setting aside funds for special needs housing will make this a positive program

for the targeted populations.

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

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

Introduction:

This is a statewide annual action plan and the local housing authorities are not specifically addressed in this plan. SDHDA does have a good working relationship with public housing and redevelopment commissions and is available to assist as needed. The housing authorities have partnered with SDHDA for development of new rental units as well as renovation activities for housing developments in their portfolio.

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

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

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

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

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

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

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

Introduction

Coordinated effort with the SD Housing for the Homeless Consortium will continue to provide opportunities to develop additional housing for homeless or those at risk of becoming homeless. Funding of the Housing Trust Fund provides another opportunity to specifically target extremely low-income and homeless populations. The \$3 million in HTF funding is estimated to develop 30 units designated for this income level. Due to uncertainty of future funding of HTF, SDHDA will not

allocate HTF as rental assistance. Instead funding will be provided upfront at time of development to lower costs thus reducing debt service and allowing the development to collect less rent but still be financially feasible. SDHDA has also set-aside \$600,000 of HTF specifically for the development of special needs/service enriched housing. The HOME and Housing Tax Credit programs continue to have point categories for development of housing for target populations.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

South Dakota Housing for the Homeless Consortium (SDHHC) has several avenues to help determine individual needs of homeless persons. With the Emergency Solutions Grants program, applicants can receive outreach funding to help locate, identify, and build relationships with homeless individuals and families to engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. This can be helpful in the smaller communities as those living unsheltered do not always know where to go for resources.

August 2018, SDHHC launched the statewide Coordinated Entry System (CES) which incorporates physical access points and a 1-800 call in number. As CES continues to expand, the individual assessments will provide additional information on characteristics and barriers identified by those entering CES as well as service gaps that exist.

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

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

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

SDHHC is in process of creating a Youth Advisory Board which will provide additional information pertaining to youth experiences. The first action to be taken with the youth is completion of surveys to

obtain a better understanding of their concerns, barriers and obtain their ideas of how to serve their needs.

SDHHC previously received technical assistance through the Vets@Home initiative which assisted in the creation of a statewide "master" list of individuals (homeless veterans). This effort has also provided insight on barriers and gaps that homeless veterans experience.

Addressing the emergency shelter and transitional housing needs of homeless persons

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

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

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

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

VA office.

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

Late 2017, SDHDA funded a program established to assist those considered "difficult to house" obtain suitable permanent housing. During 2018, SDHDA awarded funds to a nonprofit agency in Sioux Falls to administer the program. The funding is versatile and was created to fill the financial gaps as needed. As part of this program, the clients must receive rental housing education, case management, obtain employment and apply for mainstream resources as applicable. This program is being closely monitored to determine its impact on helping make the transition to permanent housing and continued funding will be dependent on successful outcomes.

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

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

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

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

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

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

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

Discussion

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

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

Introduction:

As barriers to affordable housing arise, SDHDA will review them and determine which course of action is

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

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

The barriers outlined in the 2017 Analysis of Impediments are not focused on public policies. The analysis is a statewide review with a broad focus. Below are action steps SDHDA continues to work on:

Impediment: Discrimination in the housing market -

Action Step:

1. SDHDA review new multifamily construction and rehabilitation projects to ensure compliance with design and construction standards and highlight common concerns identified and provide follow-up information and/or training to the architects and contractors.
 2. Evaluate whether a training on reasonable accommodation is necessary.
- Impediment: Difficulties in home purchase market

Action Step:

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

Impediment: Lack of available housing units

Action Step:

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

enriched housing.

Impediment: Lack of education

Action Step:

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

Impediment: Tenant selection criteria

Action Step:

1. Work with landlords and management companies to expand housing opportunities for those deemed as "hard to house".
2. Create and implement a landlord risk mitigation program.
3. Create policy and procedures regarding limited English proficiency.

Discussion:

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

AP-85 Other Actions – 91.320(j)

Introduction:

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

Actions planned to address obstacles to meeting underserved needs

To address obstacles of those underserved, a coordinated effort must take place at the state and local level among many agencies such as housing, labor, education, human services, social services, economic development and tribal relations. SDHDA's involvement with statewide councils and coalitions provides us the opportunity to learn of and understand obstacles that arise. Many times action steps planned

can only be to involve other parties who may be more relevant to address the issue at hand. Utilizing competitive scoring and providing additional funding opportunities such as the Housing Trust Fund are actions steps that can help address needs.

Actions planned to foster and maintain affordable housing

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

Actions planned to reduce lead-based paint hazards

All properties financed with HOME, Housing Trust Fund and ESG funds must meet the lead-based paint standards. The mitigation requirements for lead based paint can have a substantial impact on the affordability of housing. SDHDA has been working towards ensuring that the public is educated about these requirements and that awards using HOME funds are in compliance. To encourage compliance with this requirement, up to \$2,000 per unit of HOME funds awarded toward the encapsulation, abatement, or stabilization of Lead Based Paint and the corresponding inspection costs will be considered as grant funds and will not be required to be repaid. These costs must be pre-approved by SDHDA.

Actions planned to reduce the number of poverty-level families

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

Actions planned to develop institutional structure

As communities become aware of housing needs there is a desire for them to learn how to address their need. SDHDA has provided trainings to assist nonprofit organizations, communities, and individuals in different aspects of developing housing such as site selection, marketing, construction and operating

budgets. More specific trainings and meetings will continue to address this need as well as providing opportunities during the annual housing conference.

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

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

Program Specific Requirements

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

Introduction:

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

**Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)**

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

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

Other CDBG Requirements

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

HOME Investment Partnership Program (HOME) Reference 24 CFR 91.320(k)(2)

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

For 2019, SDHDA will receive \$3,005,732 in HOME funds to be used with an estimated \$3,600,000 of program income, and \$1,500,000 of remaining HOME funds for new construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties and homebuyer assistance and rehabilitation, conversion and acquisition with rehabilitation and new construction of rental properties. HOME funds will be distributed geographically taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides:

CHDOs - 15%

Homeowner Rehab - \$750,000

Homebuyer Assistance Program - \$200,000

Security Deposit Assistance Program - \$200,000

Difficult to Develop - \$500,000

Rural Housing Development - \$1,000,000

Homeownership Development - \$500,000

Homeowner Rehabilitation funds have been set aside for the rehabilitation of single family owner occupied properties, with a maximum grant amount of \$200,000 per sub recipient per year. The Homebuyer Assistance Program offers gap financing, up to \$25,000 as a deferred loan, to qualified households who are unable to obtain 100% financing for single family home purchase. Security Deposit Assistance Program funds are set aside for the purpose of providing security deposits to

qualified families and individuals. Difficult to Develop is grant financing for housing developments that by their nature due to size of project, location, or target population need grant financing to be feasible. Rural housing development set-aside allows housing developments in communities of 5,000 or less in population to apply for HOME set-aside throughout the year, allowing less competition and more technical assistance from SDHDA staff. Homeownership development set-aside can be utilized by non-profit organizations assisting individual in financing the construction of a single family residence. HOME funds will be used as construction financing to be repaid once the home is occupied and permanent financing is provided.

HOME funds will be leveraged with other funding sources such as housing tax credit equity, conventional financing, Federal Home Loan Bank, donations and owner equity. The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250. For projects combining HOME and other governmental subsidies, SDHDA certifies that prior to the commitment of funds to a project; SDHDA will evaluate the project in accordance with SDHDA's HOME Subsidy Layering Policy, which incorporates the cost allocation requirements outlined in HUD CPD Notice15-11, dated December 22, 2015. SDHDA certifies that it will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing.

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

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

1. Recapture: If the house is sold (voluntary or involuntary), or is no longer used as a principal residence prior to the end of the affordability period defined in Section III.C., SDHDA will recapture the entire amount of the HOME investment if the homebuyer acquired the home through the direct assistance of HOME funds. However, in the event of a sale such repayment shall be limited to the net proceeds, if any, of the sale. Net proceeds are the sales price minus the first mortgage repayment and closing costs.
2. Resale: For HOME projects that are provided assistance of HOME funds as a development subsidy, the following resale requirements apply: i. The housing must remain affordable to low-income homebuyers for the period of affordability per Section III.C. starting at the date of initial purchase. The purchaser's family income must be at or below 80 percent of area median income as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy the property as the purchaser's principal residence.
 - ii. The percentage of the purchaser's family income that can be used to pay the principal, interest, taxes, and insurance (PITI) is equivalent to the underwriting standards in the SDHDA

Homebuyer Assistance Policy and Procedure Manual.

iii. The seller will receive a “fair return on investment” which includes any capital investment made by the homeowner and seventy-five percent (75%) of net sale proceeds minus capital investment. SDHDA will receive the remaining twenty-five percent (25%) up to the amount of development subsidy provided.

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

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

1. Recapture: If the house is sold (voluntary or involuntary), or is no longer used as a principal residence prior to the end of the affordability period defined in Section III.C., SDHDA will recapture the entire amount of the HOME investment if the homebuyer acquired the home through the direct assistance of HOME funds. However, in the event of a sale such repayment shall be limited to the net proceeds, if any, of the sale. Net proceeds are the sales price minus the first mortgage repayment and closing costs.2. Resale: For HOME projects that are provided assistance of HOME funds as a development subsidy, the following resale requirements apply:

i. The housing must remain affordable to low-income homebuyers for the period of affordability per Section III.C. starting at the date of initial purchase. The purchaser’s family income must be at or below 80 percent of area median income as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy the property as the purchaser’s principal residence.

ii. The percentage of the purchaser’s family income that can be used to pay the principal, interest, taxes, and insurance (PITI) is equivalent to the underwriting standards in the SDHDA Homebuyer Assistance Policy and Procedure Manual.

iii. The seller will receive a “fair return on investment” which includes any capital investment made by the homeowner and seventy-five percent (75%) of net sale proceeds minus capital investment. SDHDA will receive the remaining twenty-five percent (25%) up to the amount of development subsidy provided.

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

Acquisition and Refinancing of Rental Properties. SDHDA will allow the acquisition or refinancing of

existing debt secured by multifamily housing that is being rehabilitated by HOME funds under the following conditions: 1. Management practices must be reviewed and it must be demonstrated that disinvestment has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period (no less than 15 years) can be maintained. If it is determined that disinvestment has occurred, SDHDA will finance the property only if the property is purchased through an arm's length transaction and the current owners and management agent are completely removed from the proposal. 2. New investment must be made to maintain current affordable units or create additional affordable units. The cost in terms of assistance to refinance or acquire and rehabilitate an existing property shall not exceed the amount of assistance to construct a new property of like quality. 3. HOME funds will be used as gap financing and total financing will be limited to 90 percent of the market value of the property (excluding all subsidies) or the total cost of the project as determined by an appraisal of the property. 4. In all cases, an analysis will be made to determine the risk of prepayment or opt out of the existing federal rental subsidy (i.e., a HUD Section 8 contract) and, therefore, the risk of losing the affordable housing supply. Those properties that are financially feasible, are located in a market with substantiated need, and indicate the greatest risk for converting to market rate housing will be given priority for funding. 5. At financing, and after completion of rehabilitation, if applicable, all major systems (roof, windows, heating, etc.) of property must be in like new or new condition. If these systems are not in need of repair at the time of application, sufficient reserves must be established to allow for replacement of such components if the normal life span would require such replacement prior to the end of the affordability period. Consideration will be given to functional obsolescence of the property. If it is not cost effective to overcome structural problems, the property may not be eligible for financing. 6. The term of the HOME loan will not exceed the expected remaining useful life of the property.

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

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

For 2019, the Emergency Solutions Grants (ESG) Program will be carried out in a similar manner to previous years, taking into account the goal for geographic distribution. SDHDA will continue to advertise and make available the ESG funds to units of local government and to private, nonprofit organizations where local government certification of approval of the proposed project will be obtained.

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

- A. Located in areas of racial/ethnic concentration; i.e. counties with 500 or more minority

persons and with 20 percent or more of its population comprised of minority individuals. Counties meeting this definition are Charles Mix, Coarsen, Dewey, Roberts, Shannon, and Todd; or

B. Located in areas of low-income concentration; i.e. counties having more than 40 percent of its population in poverty. Counties meeting this definition are Buffalo, Corson, Dewey, Mellette, Shannon, Todd, and Ziebach; or

C. Newly-formed, nonprofit organizations that have received their 501(c) (3) tax exempt ruling from the IRS within the last 3 years.

Grants will be awarded based on need, the State recipient's demonstrated ability to comply with Federal requirements, the completeness of the application and the amount of funds available for distribution. A committee of State employees will review the applications and make awards based on the expansion of homeless assistance provided, whether it is the number of additional homeless persons served or the amount of additional services provided. Consideration will also be given to the applicant's efforts at helping the homeless make the transition to permanent accommodations. Awards will be made within 65 days of the ESG award letter from HUD.

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

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

In 2018, SDHHC implemented a coordinated entry system for the state of South Dakota. CES has four identified physical access points and a 1-800 number call in center. SDHDA has contracted with Helpline Center in Sioux Falls to be the 1-800 call in center.

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

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

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

1. Either non-profit or unit of local government;
1. No outstanding findings or other issues;
1. Experienced homeless services/prevention providers;
1. Must be able to meet recordkeeping and reporting requirements including HMIS utilization;
1. Must be able to meet HMIS requirements; and
1. Must be a member of the Housing for the Homeless Consortium.

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

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

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

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

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR

576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

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

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

5. Describe performance standards for evaluating ESG.

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

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

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

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

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

Applications submitted by eligible recipients

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

N/A

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

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

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

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

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

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

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

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

Application Eligibility

SDHDA will only process applications that it determines are:

Consistent with the purposes and goals of this Plan;

1. Proposing an eligible activity;

1. Financially feasible.

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

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

All applicants agree to abide by HTF program requirements.

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

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

Local housing needs assessment completed within six (6) months of submission; Project narrative; Copy of letter sent to the chief executive officer of the local governing body; Utility allowance calculation and supporting documentation; Pro Forma evidencing 1.15 debt coverage ratio for the affordability period and term of HTF loan; Three years of annual financial statements from the owner, developer, and general partner; Calculation and documentation of annual operating expenses.; Attorney's opinion stating the applicant and development team members are in good standing; Evidence of site control; Proposed project site plan and typical floor plan; Documentation project site is properly zoned and current project's plat; Letters of notification to local housing authority outlining the type and number of units and the exact location of the proposed project; If the applicant is a nonprofit, a description of the organization and its activities; To obtain available points, applicants must submit local area map indicating other assisted housing, proximity to services; a completed Exhibit 4 signed by the Applicant and Architect; documentation of financial support; documentation of applicant characteristics; a letter of intent from the service provider detailing services being provided; and letter indicating housing is serving households with children; Letter of intent for construction, interim, and permanent financing; Acq./rehab projects built before 1978, signed Lead-Based Paint Disclosure of Information; Acq./rehab project must submit a relocation plan and budget; three years historical financials; a detailed description of the rehabilitation for exterior and by apartment unit; If applicable, copy of the Concerted Community Revitalization Plan and evidence the housing is or will be located within the associated qualified census tract; Documentation of utility availability and capacity at

site (i.e. water, sewer, electric, natural gas); Copy of Consultant Agreement if applicable.

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

Local Housing Needs up to 150 points

Extended Affordability Period - 30 points

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

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

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

Financial support up to 20 points

Leveraging of funds up to 30 points

Percentage of soft costs up to 30 points.

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

Serving households with children - 10 points.

Public Housing Notification - 10 points.

Promise Zone Designation - 20 points.

Readiness to Proceed up to 150 points.

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

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

Additional accessible housing units up to 15 points.

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

Development Characteristics up to 200 points.

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

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

As stated in the HTF Allocation Plan, SDHDA will focus on specific purposes and goals, one of which is the following: Assist in the construction or preservation of decent, safe, sanitary, and affordable housing in the areas of greatest demonstrated need in the community and in the State, ensuring distribution, both urban and rural, where and when possible, taking into consideration the historical significance of the property and area, the current housing market, and the prospects for future demand.

Competitive points are also provided for demonstrated housing need. Communities that have one or more housing developments under construction or in lease-up phase may receive zero points for housing need. In addition, the allocation plan states geographic distribution is a goal within the housing trust fund program. These items help to ensure geographic distribution of funds.

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

Within the point categories there are several items that are focused on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. Under Applicant Characteristics, the applicant can receive points by documenting prior housing development experience. Under Readiness to Proceed, SDHDA will award up to 150 points for projects that are able to demonstrate readiness to proceed. The items included within readiness to proceed are: architectural plan and specs more than 50 percent complete, having site control, commitment of construction financing, availability of utilities to the site, and the property is properly zoned and platted. In addition, the following disclaimers are outlined in the HTF allocation plan - SDHDA reserves the right to reserve and allocate HTF funds to any project. Further SDHDA reserves the right to deny HTF funds for any project, regardless of ranking under the project selection criteria, if it determines, in its sole discretion, the project is unacceptable based on, but not limited to, the following:

- a. comments from officials of local governmental jurisdictions,
- b. information indicating that a particular market is saturated with affordable housing projects,
- c. likelihood that the project may not comply with HTF program requirements in a timely manner,
- d. applicant's (including any related party's) lack of prior experience or unacceptable performance

related to project reservations, construction, and compliance with housing assistance or other government-sponsored programs, regardless of type and location, or

e. desirability of site based on SDHDA inspection.

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

As stated in the HTF allocation plan, in all cases, an analysis will be made to determine the risk of prepayment or opt out of any existing federal rental subsidy contract (e.g. HUD Section 8 contract) and the resulting risk of losing the affordable housing supply. Those properties that are financially feasible, that are located in a market with substantiated need, and that indicate the greatest risk for converting to market-rate housing will be given priority for funding.

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

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

Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.15 for the entire affordability period. Compensating factors such as developer's experience, types of financing utilized and financial strength of the applicant/owner may vary this requirement. The debt coverage ratio is the net operating income to the total annual debt service. Furthermore, the application must reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the period of affordability. Annually, income will be trended at two percent, expenses and replacement reserves will be trended at three percent, and vacancy will be projected at seven percent. A higher vacancy rate may be used for an acquisition/rehabilitation project if the project is currently sustaining higher vacancies and it is not reasonable to expect the project to achieve a seven percent vacancy rate within the first year. Balloon loan repayments will not be allowed.

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

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

Local Housing Needs up to 150 points

Extended Affordability Period - 30 points

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

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

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

Financial support up to 20 points

Leveraging of funds up to 30 points

Percentage of soft costs up to 30 points.

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

Serving households with children - 10 points.

Public Housing Notification - 10 points.

Promise Zone Designation - 20 points.

Readiness to Proceed up to 150 points.

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

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

Additional accessible housing units up to 15 points.

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

Development Characteristics up to 200 points.

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

Per the selection criteria, applicants are awarded points for utilizing other financial resources and for leverage of federal funds. The excerpts are below.

Financial Support (Maximum 20 points) - Proposals containing financial support in cash or in-kind services that assist with greater affordability are eligible to receive up to 20 points.

Leveraging (Maximum 30 points)

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

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

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

Yes

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

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress,

consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

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

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

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

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

2018-2019 subsidy amounts are outlined in Exhibit 6 of the HTC Allocation plan. Exhibit 6 is attached.

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

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

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

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

N/A

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

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

N/A

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

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