

ANNUAL COMMUNITY ASSESSMENT

JURISDICTION State of South Dakota
PROGRAM YEAR START January 1
PERIOD COVERED BY ASSESSMENT: January 1, 2008 to December 31, 2008.

HUD is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This is to report the results of our review of the State of South Dakota's performance.

States submit their Consolidated Annual Performance and Evaluation Report (CAPER) in accordance with 24 CFR §91.520 (a) (b) and (c). Submission of the State's Community Development Block Grant (CDBG) annual Performance Evaluation Report (PER) continues to be required as part of the CAPER. The 2008 State of South Dakota CAPER is reporting accomplishments for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnerships (HOME) Program, and the Emergency Shelter Grants (ESG) Program for the first program year (PY) of the 5-year Consolidated Plan – 2008 to 2012.

Part I. Summary of Consolidated Plan/Action Plan Review and Assessment

The State of South Dakota is meeting the community development goals and objectives expressed in its 5-year Consolidated Plan and the specific project goals set forth in the 2008 Annual Action Plan. The projects funded by the CDBG, HOME and ESG programs in PY 2008 were consistent to accomplish the established goals and objectives.

The State has not expended any of the 2008 CDBG funds. The State exceeded the statutorily required 70 percent Low- to Moderate-Income (LMI) benefit during the 2006-2008 certification period reporting 92% LMI expenditure. The State is meeting the primary objective of the CDBG Program, the development of viable communities by providing suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

The State is meeting the requirements of the HOME Program by increasing the availability of affordable rental housing and homeownership opportunities, the preservation of existing housing stock through acquisition and rehabilitation of existing rental units and homeowner rehabilitation, and the funding of eligible housing projects undertaken by Community Housing Development Organizations (CHDOs). The State reported 138 HOME units in Table 3, page 20.

The State is meeting the requirements of the ESG Program through the funding of a variety of agencies across the State enabling them to continue their programs to prevent homelessness and provide emergency and domestic violence shelters for low-and moderate- income persons and families. As of February 28, 2008, the State ratio of drawn to committed funds was 42.9% for 2007 funds and 97.3 % for 2006 funds. The State is meeting the ESG match requirement.

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The State has implemented the Performance Measure rules as published in the Federal Register on March 7, 2006. The CAPER's Table 2 - "Addressing Priorities Outlined in the Consolidated Plan" and other charts and tables present a clear picture of each of the identified priorities with the 5 year indicators, the 1 year indicators and the actual PY 2008 accomplishments. The CAPER's Table 3 on pages 19 and 20- "Funds Committed/Allocated January 1, 2008 - December 31, 2008" presents satisfactory data for HOME and ESG funded activities.

Part I and Part II of the PER provides information on the CDBG-funded activities, beneficiary data, and a good evaluation of civil rights performance, affirmatively furthering fair housing, and use of minority and women-owned businesses. Part II provided the narratives required to address the statutory requirements of Section 104(e) of the Housing and Community Development Act of 1974. The state assistance is provided to units of general local government (UGLG) to address a range of needs including economic development (job retention and creation) and public facilities and infrastructure improvements, particularly in areas with primarily low- and moderate-income residents. The Part II narratives could be more complete and adapted to the specifics for each year rather than standardized language. The Program Year in paragraph 6 was inconsistent.

Part II. Summary of Grantee Performance

The CDBG PER lists the amount of funds drawn down as of December 31, 2008 and shows a zero balance remaining for the 2000 to 2002 grant allocations. The May 2008 monthly expenditure report for States, created by the State and Small Cities Division, Office of Block Grant Assistance shows that South Dakota currently has an unspent ratio of 2.48 times the current CDBG grant. The State is meeting the expectation that a grantee will have no more than 2.5 times the current grant amount in unexpended funds. We strongly encourage the State to continue to remain timely with the distribution of 2008 funds.

The State regulations at 24 CFR §570.489(a) limit the amount of yearly funds used for the state staff grant administration to three percent of the annual grant plus \$100,000. The State is within the administrative costs limitation. The UGLG recipients' administration amount is limited to 20 percent of the grant amount available and the State is within the limitation. Historically, South Dakota's CDBG funds are not used to fund public service activities. The expenditure of CDBG funds to assist low- and moderate-income persons is within the statutory requirement of 70 percent overall LMI benefit. With all CDBG funds disbursed, the 2000 allocation has an LMI benefit of 89.2%, the 2002 allocation has an LMI benefit of 77.5 %, and the 2003 allocation has an LMI benefit of 93.45%.

HOME - Based on a review of IDIS reports and HOME Snapshot and Performance reports, the State is not meeting the HOME requirements for commitment, CHDO reservation, and expenditure of its HOME funds. The April 30, 2009 HOME Deadline Compliance Report showed a \$825,286 shortfall in the commitment requirement. The State has reported a new commitment on May 1st of \$1,550,000 for Dakota Square Apartments. This should reflect in the May report.

The carry-over of more than \$2.7 million in program income reported on the HUD 40107 form is noted. Please provide an explanation regarding this significant balance. The State is reminded that program income is to be spent in a timely manner and is to be drawn before other HOME grant funds. The total expenditures required to comply with timeliness requirements are significant and will require adequate monitoring.

The Fair Housing and Equal Opportunity Review recommended that future reports contain an overview of the participation of minorities, persons with disabilities and non-English speaking persons for all programs. The State should also supply data and narrative concerning the number of accessible units constructed and the number of disabled persons assisted. As reported in the CAPER, no Minority Business Enterprises and Women Business Enterprises were awarded contracts for HOME projects, although it appears that good minority outreach was undertaken.

The State is reminded that the ESG certification verifies discharge planning for all state systems to eliminate the opportunities for homelessness. The annual performance reports of CoC funded grantees are evaluated as one benchmark of successful implementation of systems' planning. The APRs consistently indicate that participants have exited psychiatric facilities and other state institutions directly into homelessness. The State should continue to work with all appropriate systems to update and fully implement the discharge planning protocols to prevent homelessness.

Part III. HUD Evaluation and Conclusions

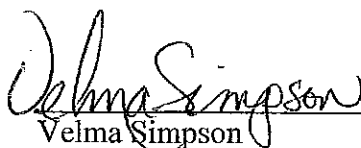
A. OVERALL EVALUATION - Overall, the State of South Dakota appears to be making strides in providing affordable housing and addressing its community development needs.

B. CONCLUSIONS AND FINDINGS

Community Planning and Development, Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the State of South Dakota, for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan (Community Development Block Grant, HOME Investment Partnership Act, and Emergency Shelter Grant) during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:


1. During the period specified above, the State of South Dakota has carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.
3. The State of South Dakota has the continuing capacity to carry out its approved program in a timely manner.

**PART IV APPROVAL
SUMMARY PREPARED BY**

 Community Planning and Development Representative May 4, 2009

Velma Simpson Title Date

REVIEW AND APPROVAL

 5/19/2009

Karen R. Clark Acting CPD Director Date